



Siemens Benefits Scheme

Statement regarding Defined Contribution ('DC') governance

Year Ended 30 September 2024

Contents

Introduction	3
Default Arrangement	4
Statement of Investment Principles	4
Investment strategy review	5
Quarterly performance monitoring	5
Asset allocation	6
Net investment returns	7
Default Arrangement	7
Alternative lifestyle arrangements	7
Self-select investment funds	8
Legacy AVC funds	8
Investment charges	9
Default Arrangement	9
Alternative Lifestyle Arrangements	10
Self-select investment funds	10
Legacy AVC funds	11
Illustrations of the cumulative effect of costs and charges	12
Default Arrangement	12
Alternative fund elections	14
Administration and core financial transactions	16
Processing of core financial transactions	16
Delivering value for members	18
Assessing value	18
Assessing Trustee's knowledge and understanding	19
General Trustee training	20
Training completed during the Scheme Year	20
Policies and processes	21
Trustee self-assessment	21
Appendix 1 – Statement of Investment Principles	23

Introduction

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee to prepare an annual statement regarding governance and include this in the annual report.

This statement has been prepared by the Trustee Directors of the Siemens Benefit Scheme (the “Trustee”) in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations (“the Administration Regulations”) 1996 (as amended). It describes how the Trustee has met the statutory governance standards in respect of the DC Section (the “DC Section”) of the Siemens Benefit Scheme (the “Scheme”) in relation to:

- the default arrangement
- disclosure of net investment returns
- assessment of charges and transaction costs
- value for members assessment
- requirements for processing financial transactions
- the requirement for trustee knowledge and understanding

between 1 October 2023 and 30 September 2024, the 2023/24 scheme year (“the Scheme Year”).

With effect from 1 October 2023, following a formal consultation process, the DC Section closed, and no further contributions were payable. Active members were enrolled in the Siemens Pension Savings Plan, which is a section of the Standard Life DC Master Trust arrangement, from 1 October 2023. For all DC Section members, a transfer of existing savings to the new arrangement took place in phases across November and December 2023. The Trustee is exploring alternative options for the DB AVC arrangements that remain in the Scheme.

For completeness, the Trustee has produced this final statement for the DC Section following the transfer of members to the Siemens Pension Savings Plan (‘the Master Trust transfer’).

Default Arrangement

Prior to the Master Trust transfer, the Scheme was used as a Qualifying Scheme for auto-enrolment purposes. For the purposes of the Administration Regulations the “Flexible Access Lifestyle” was the Scheme’s Default Arrangement (the “Default Arrangement”).

The aim of the Default Arrangement was to provide members with the potential for higher levels of growth during the accumulation of their retirement savings and then to gradually diversify their investments to reduce volatility whilst maintaining the potential for a modest level of growth in excess of inflation. The Default Arrangement was primarily provided for members who joined the Scheme and were unwilling or felt unable to make investment choices.

The Default Arrangement invested in the Scheme’s “Opportunity Fund” until 25 years before a member’s selected retirement age. During this ‘growth’ phase, the strategy aimed to provide real (i.e. above inflation) growth over the long term.

25 years from a member’s selected retirement age, lower risk and more diverse investments were gradually introduced, including protection and income generating investments, initially through the Scheme’s “Balanced Fund” and then through the Scheme’s “Consolidation Fund”.

Statement of Investment Principles

The statement of investment principles (“SIP”) governs the Trustee’s decisions about investments, including its aims, objectives, and policies for the Scheme’s Default Arrangement. Appended to this statement is a copy of the Scheme’s latest SIP which included the Default Arrangement and has been prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. In particular, the SIP covers:

- The Trustee’s policies on risk, return and ethical investing; and
- How the Default Arrangement is intended to ensure that assets are invested in the interests of members and beneficiaries.

In line with regulatory requirements, the SIP also includes detail surrounding the Trustee’s policies in relation to:

- Stewardship of the assets the Scheme invests in. Specifically: taking account of financially material considerations (including climate change); ‘non-financial’ matters; stewardship of investments (including engagement); and monitoring and exercise of voting rights associated with investments.
- The arrangements with the underlying asset managers that invest the Scheme’s assets on the Trustee’s behalf.

Investment strategy review

The Trustee reviewed the strategy of the Default Arrangement at least once every three years or without delay following a significant change in investment policy or the demographic profile of members. The most recent triennial review of the Default Arrangement, carried out by the Trustee at meetings held on 9 June and 21 September 2022, included a full membership analysis and mathematical modelling to assess projected retirement outcomes for a range of representative members.

Importantly, this review concluded that:

- Key characteristics of the membership profile of the DC Section such as average age remained broadly consistent since the triennial review completed in 2019, recognising an increase in the proportion of deferred members due to several business reorganisations.
- Trustee investment beliefs which had been used to set the Default Arrangement three years earlier remained appropriate.
- The lifestyle approach in place supported appropriate outcomes for the current membership.

No changes were made to the investment strategy as a result of the 2022 review.

Quarterly performance monitoring

Prior to the Master Trust transfer, on a quarterly basis, the Trustee monitored both the experienced risk (as measured by variability of returns and maximum expected losses) and return metrics of the Default Arrangement relative to targets. This allowed the Trustee to identify whether the strategy was performing as expected and ascertain the source of any underperformance.

These metrics were supported by a more detailed report at each quarterly Investment, Covenant and Funding Committee (ICFC) meeting which set out the performance of the underlying managers in all Scheme funds, including the Default Arrangement and the self-select fund range. The quarterly report covered various time periods, from inception of the funds to the latest quarter, with a focus on long-term performance (in line with the long-term savings horizon of most of the membership). The ICFC reviewed these reports and raised any concerns about investment performance of specific managers, taking action if and when necessary.

The final quarterly monitoring reports were produced as at 30 September 2023.

Performance-based fees

Regulation requires that, where a fee is calculated by reference to the returns from investments held by the Scheme and is not calculated by reference to the value of a member's rights under the Scheme, the Trustee must state the amount of any such performance-based fees in relation to each default arrangement. In the case of the Scheme, no such fees were applicable to the default arrangement over the period.

Asset allocation

In line with required disclosure, the table below shows the asset allocation for the Default Arrangement at specific ages, just prior to the Master Trust transfer (as at 30 September 2023).

Asset class	Asset allocation (%)			
	25 years old	45 years old	55 years old	65 years old (NRA)
Cash	0.0	0.5	3.2	7.3
Bonds	0.0	2.1	14.6	41.6
Listed equities	78.7	76.3	62.7	37.7
Private equity	0.0	0.0	0.0	0.0
Infrastructure	5.9	5.8	5.2	3.3
Property	13.9	13.6	12.1	7.7
Private debt	0.0	0.0	0.0	0.0
Other	1.5	1.7	2.2	2.4

Source: Fidelity and underlying managers

Net investment returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which Scheme members were invested in during the year. Net investment returns refers to the returns on funds minus all member-borne transaction costs and charges.

- The net investment returns have been prepared having regard to statutory guidance.
- It is important to note that past performance is not a guarantee of future performance.
- The net returns for the Default Arrangement are based on a member having a selected retirement age of 65.

Default Arrangement

Flexible Access Lifestyle		
Performance to 30 November 2023	Net returns (% p.a.)	
Age of member at start of investment reporting period	1 year	5 years
25	4.5	5.8
45	4.4	5.4
55	3.9	4.2

Source: Fidelity

Alternative lifestyle arrangements

Annuity Lifestyle and Cash Lifestyle		
Performance to 30 November 2023	Net returns (% p.a.)	
Age of member at start of investment reporting period	1 year	5 years
25	4.5	5.8
45	4.4	5.4
55	3.9	4.2

Source: Fidelity

The two alternative lifestyle arrangements targeting annuity and cash mirror the asset allocation of the Default Arrangement until 5 years before the normal retirement age of 65. As such, the net investment returns are the same as the Default Arrangement up until this age (and the tables above show matching figures). Net investment returns are expected to vary thereafter as the type and composition of assets changes to better match how the member is expected to take their benefits in retirement.

Self-select investment funds

Investor Plan Funds		
Performance to 30 November 2023	Net returns (% p.a.)	
	1 year	5 years
Opportunity ¹	4.5	5.8
Balanced ¹	3.2	2.9
Consolidation ¹	2.6	2.5
Global equity – index tracker	10.6	8.7
Inflation linked annuity target	-6.8	-4.4
Cash	4.5	1.3
Global equity – active	12.6	10.2
Property and infrastructure	-6.1	2.0
UK equity – index tracker	0.8	4.4
Shariah	20.7	14.7
Ethical	2.1	1.5
Fixed annuity target	-4.2	-3.1

Source: Fidelity

1. Funds underlying the Default Arrangement.

Legacy AVC funds

Legacy AVC funds – Unit Linked		
Performance to 30 September 2024	Net returns (% p.a.)	
	1 year	5 years
Aegon BlackRock UK Equity Index	8.0	3.5
Aegon Baillie Gifford Balanced Managed	8.6	4.6
Aegon Long Gilt	-8.9	-10.4
Aegon Cash	4.5	1.6
Aviva UK Equity Tracker	8.7	4.3
Aviva Lifestyle Retirement 2035	8.2	5.8
ReAssure Managed Pension Accumulator	13.3	4.5

Source: Providers, Financial Express Analytics

Legacy AVC funds – With-Profits		
Performance to 30 September 2024 ¹	Net returns (% p.a.)	
	1 year	5 years
Aegon	3.0	2.1
Aviva	Not available	Not available
Prudential	2.5	1.4
ReAssure ²	5.0	5.0
Royal London	1.1	1.5
Scottish Widows	1.0	0.5

Source: Providers

1. Where the providers have not explicitly provided return information, the net returns shown are the bonus rates declared on the funds over the relevant period. Net returns shown reflect the available data, as follows: period to 31 December 2023 for Royal London and Scottish Widows; period to 15 March 2024 for Prudential; period to 1 April 2024 for Aegon.

2. The ReAssure Guaranteed Pension Accumulator Fund has a minimum 5% growth interest rate on the underlying unit prices. Net returns shown are the interest rates declared on the fund, which have been at the guaranteed 5% level since 2002.

Investment charges

The Trustee is required to regularly monitor the level of charges borne by members through the Default Arrangement and each fund which members are able to select or in which assets relating to members are invested.

These charges comprise:

- **Charges:** these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;
- **Transaction Costs:** these are not explicit and are incurred when the Scheme's fund manager buys and sells or lends or borrows assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds.

The Trustee is also required to confirm that the charges on the Default Arrangement have not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

In accordance with regulation 25(1)(a) of the Administration Regulations, the Trustee has calculated the "charges" and, so far as they were able to do so, the "transaction costs", borne by members of the Scheme for the period 1 October 2023 to 30 September 2024.

There is no market benchmarking data available for transaction costs and these are volatile from one year to the next depending on the extent of trades within funds.

There can, on occasion, be a negative transaction cost (profit) as a result of the underlying trades in a fund. However, a floor of 0% p.a. has been applied in these instances to avoid potentially understating the total level of costs and charges.

Default Arrangement

Prior to the Master Trust transfer, the level of charges and transaction costs applicable to the Default Arrangement in the Scheme varied depending on the number of years left until a member's selected retirement age, as shown in the table below.

As required, the TER of the Default Arrangement remained well below the regulatory charge cap of 0.75% for all terms to retirement.

Default Arrangement											
Years to retirement	>30 - 10	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.20 - 0.32	0.33	0.35	0.36	0.38	0.39	0.41	0.43	0.45	0.47	0.47
Transaction costs % p.a.	0.07 - 0.13	0.15	0.15	0.17	0.18	0.19	0.20	0.21	0.23	0.24	0.24
Total costs % p.a.	0.27 - 0.45	0.48	0.50	0.53	0.56	0.58	0.61	0.64	0.68	0.71	0.71

Alternative Lifestyle Arrangements

In addition to the Default Arrangement, two alternative lifestyle strategies were offered for members with different requirements, the Traditional Annuity Lifestyle and the Cash Out Lifestyle.

Prior to the Master Trust transfer, the level of charges and transaction costs applicable to these arrangements in the Scheme also varied depending on the number of years left until a member's selected retirement age, as shown in the tables below.

Traditional Annuity Lifestyle											
Years to retirement	30-10	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.20 – 0.32	0.33	0.35	0.36	0.38	0.34	0.30	0.27	0.23	0.20	0.20
Transaction costs % p.a.	0.07 – 0.13	0.15	0.15	0.17	0.18	0.16	0.14	0.12	0.10	0.08	0.08
Total costs % p.a.	0.27 – 0.45	0.48	0.50	0.53	0.56	0.50	0.44	0.39	0.33	0.28	0.28

Cash Out Lifestyle											
Years to retirement	30-10	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.20 – 0.32	0.33	0.35	0.36	0.38	0.34	0.31	0.27	0.24	0.20	0.20
Transaction costs % p.a.	0.07 – 0.13	0.15	0.15	0.17	0.18	0.16	0.14	0.12	0.10	0.09	0.09
Total costs % p.a.	0.27 – 0.45	0.48	0.50	0.53	0.56	0.50	0.45	0.39	0.34	0.29	0.29

Self-select investment funds

The levels of charges and transaction costs applicable to all funds in which assets relating to members were invested were as follows:

Investor Plan Funds	TER ¹ % p.a.	Transaction costs ² % p.a.	Total costs % p.a.
Opportunity ³	0.20	0.07	0.27
Balanced ³	0.49	0.22	0.71
Consolidation ³	0.40	0.31	0.71
Global equity - index tracker	0.11	0.00	0.11
Inflation linked annuity target	0.13	0.05	0.18
Cash	0.14	0.01	0.15
Global equity - active	0.68	0.39	1.07
Property and infrastructure	0.43	0.09	0.52
UK equity - index tracker	0.10	0.08	0.18
Shariah	0.34	0.00	0.34
Ethical	0.40	0.11	0.51
Fixed annuity target	0.13	0.00	0.13

Source: Fidelity

1. The total expense ratio (TER) is a measure of the total costs associated with managing and operating an investment fund.

2. The aggregate transaction costs consists of any transaction costs incurred while buying, selling, lending or borrowing investments within a fund. Transaction costs are for the twelve-month period to 30 September 2023.

3. Funds underlying the Default Arrangement.

Legacy AVC funds

A limited number of members of the Scheme are invested in legacy AVC funds. These funds do not form part of the Investor Plan and are invested with a range of other providers. The Trustee has requested details from the providers of the costs and charges applying to arrangements in place for any part of the Scheme Year to allow this to be presented in line with the above information for the Investor Plan. This information is presented below.

Legacy AVC funds – Unit Linked	TER ¹ % p.a.	Transaction costs ² % p.a.	Total costs % p.a.
Aegon BlackRock UK Equity Index	0.77	0.03	0.80
Aegon Baillie Gifford Balanced Managed	0.78	0.20	0.98
Aegon Long Gilt	0.76	Not available ³	Not available
Aegon Cash	0.76	0.00	0.76
Aviva UK Equity Tracker	0.57	0.02 ⁴	0.59
Aviva Lifestyle Retirement 2035	0.56	0.15 ⁴	0.71
ReAssure Managed Pension Accumulator	1.11	Not available ³	Not available

Legacy AVC funds – With-Profits	TER ¹ % p.a.	Transaction costs ² % p.a.	Total costs % p.a.
Aegon	0.76	0.07	0.83
Aviva	0.89	0.01 ⁴	0.90
Prudential	1.07 ⁶	0.16 ⁵	1.23
ReAssure	Not available ⁶	Not available ³	Not available
Royal London⁷	1.45 ⁶	Not available ³	Not available
Scottish Widows	Not available ⁶	0.23 ⁵	Not available

Source: Providers

1. The total expense ratio (TER) is a measure of the total costs associated with managing and operating an investment fund.
2. The aggregate transaction costs consists of any transaction costs incurred while buying, selling, lending or borrowing investments within a fund.
3. At the date of publishing, the providers have been unable to supply the required cost information. The Trustee will continue to request this information.
4. Aviva transaction costs are for the twelve-month period to 30 June 2024.
5. Prudential and Scottish Widows transaction costs are for the twelve-month period to 31 March 2024.
6. Charges on these funds are not explicit – provider estimates of these costs are shown for Prudential and Royal London. ReAssure and Scottish Widows do not disclose any charges information for the With-Profits funds held.
7. We have treated the ReAssure Guaranteed Pension Accumulator Fund as a With Profits fund for reporting purposes.

Illustrations of the cumulative effect of costs and charges

To help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided three illustrations of the cumulative effect of costs and charges on the value of typical members' retirement savings over the period to their retirement.

It should be noted that these illustrations are forward looking but cover Scheme arrangements prior to the Master Trust transfer. Members are therefore no longer invested in these funds. However, the illustrations should give a general indication of the cumulative impact of costs and charges on member fund values over time for funds of a similar nature.

The illustrations have been prepared having regard to statutory guidance and selecting suitable representative members. They are based on assumptions about the future which are set out below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what will happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, **they are not a substitute for the individual and personalised illustrations which are provided to members in Annual Benefit Statements.**

Default Arrangement

The following illustrations show the impact of costs and charges for three different representative members invested in the Default Arrangement, which was the arrangement that most of the membership were invested in. Each chart shows a projection of the member's retirement savings (estimated fund value) at retirement age, with and without costs and charges applied. The tables below show the same projections but in monetary amounts at 5-year age intervals. Note all projections assume salary increases in line with inflation only. The charts and figures provide illustrations only, which make no allowance for future promotional or other salary growth during a member's working life, nor contribution increases.

Illustration 1: Example member A (Youngest Active) - A Scheme member aged 16 who has 49 years to go until their retirement at age 65. The member has a current salary of £16,800 and future contributions of 8% p.a. of salary, including employer contributions. The member has a current fund value of £0. Note, no allowance has been made for promotional salary increases nor any increase in contribution rate over time.

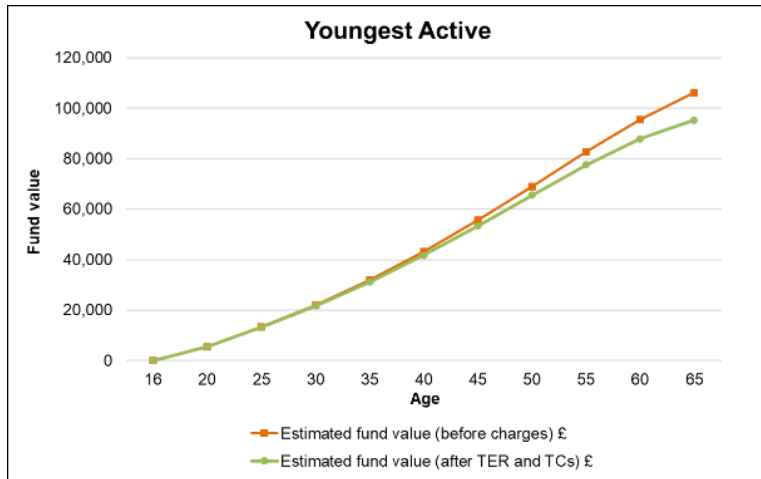


Illustration 2: Example member B (Average Active) - A Scheme member aged 41 who has 24 years to go until their retirement at age 65. The member has a current salary of £50,000 and future contributions of 15.6% p.a. of salary, including employer contributions. The member has a current fund value of £77,000.

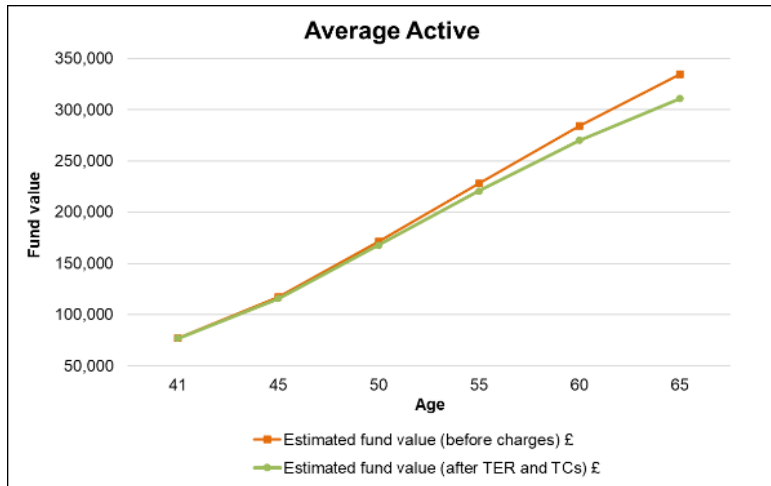
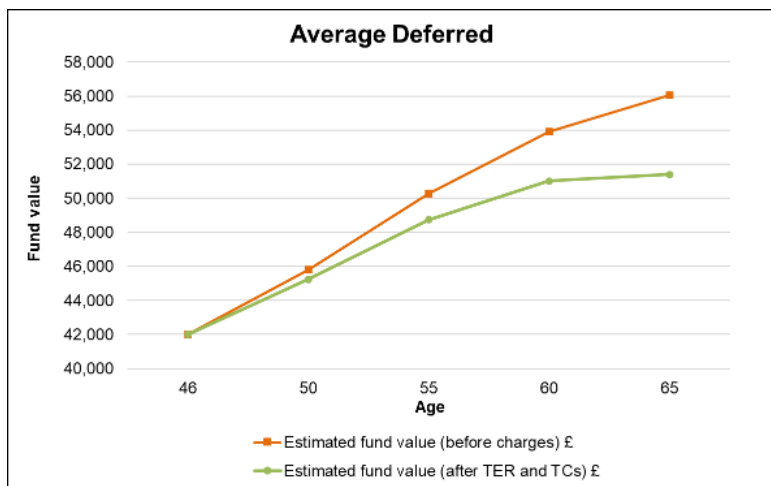


Illustration 3: Example member C (Average Deferred) - A Scheme member aged 46 who has 19 years to go until their retirement at age 65. The member is deferred and is no longer making contributions. The member has a current fund value of £42,000.



Example member A – Youngest Active invested in the Default Arrangement			Example member B – Average Active invested in the Default Arrangement			Example member C – Average Deferred invested in the Default Arrangement			
Age	Value before charges (£)	Value after charges (£)	Effect of charges (£)	Value before charges (£)	Value after charges (£)	Effect of charges (£)	Value before charges (£)	Value after charges (£)	Effect of charges (£)
20	5,570	5,550	20	-	-	-	-	-	-
25	13,340	13,190	150	-	-	-	-	-	-
30	22,100	21,690	410	-	-	-	-	-	-
35	31,990	31,170	820	-	-	-	-	-	-
40	43,140	41,730	1,410	-	-	-	-	-	-
45	55,610	53,360	2,250	116,930	115,860	1,070	-	-	-
50	69,060	65,590	3,470	171,150	167,690	3,460	45,810	45,240	570
55	82,770	77,540	5,230	228,230	220,560	7,670	50,300	48,740	1,560
60	95,610	87,930	7,680	284,550	270,150	14,400	53,930	51,010	2,920
65	106,130	95,240	10,890	334,930	310,740	24,190	56,060	51,400	4,660

Source: Investment advisor, based on data provided by Fidelity and THPA

Alternative fund elections

For comparison purposes, the below tables illustrate the projected retirement savings of being invested in the highest cost fund (the Global Equity Active Fund) and the lowest cost fund (the Global Equity Index Tracker Fund). These tables are based on the same example members as shown in the Default Arrangement illustrations to allow for direct comparison with the table above.

Highest cost fund (Global Equity Active Fund)

Example member A – Youngest Active invested in the Global Equity Active Fund			Example member B – Average Active invested in the Global Equity Active Fund			Example member C – Average Deferred invested in the Global Equity Active Fund			
Age	Value before charges (£)	Value after charges (£)	Effect of charges (£)	Value before charges (£)	Value after charges (£)	Effect of charges (£)	Value before charges (£)	Value after charges (£)	Effect of charges (£)
20	5,790	5,700	90	-	-	-	-	-	-
25	14,590	14,030	560	-	-	-	-	-	-
30	25,480	23,940	1,540	-	-	-	-	-	-
35	39,000	35,730	3,270	-	-	-	-	-	-
40	55,750	49,750	6,000	-	-	-	-	-	-
45	76,510	66,440	10,070	125,060	121,540	3,520	-	-	-
50	102,250	86,290	15,960	198,000	186,670	11,330	49,880	48,260	1,620
55	134,160	109,910	24,250	288,420	264,150	24,270	61,830	57,420	4,410
60	173,710	138,020	35,690	400,510	356,340	44,170	76,650	68,310	8,340
65	222,740	171,450	51,290	539,460	466,010	73,450	95,010	81,270	13,740

Source: Investment advisor, based on data provided by Fidelity and THPA

Lowest cost fund (Global Equity Index Tracker Fund)

Age	Example member A – Youngest Active invested in the Global Equity Index Tracker Fund			Example member B – Average Active invested in the Global Equity Index Tracker Fund			Example member C – Average Deferred invested in the Global Equity Index Tracker Fund		
	Value before charges (£)	Value after charges (£)	Effect of charges (£)	Value before charges (£)	Value after charges (£)	Effect of charges (£)	Value before charges (£)	Value after charges (£)	Effect of charges (£)
20	5,570	5,560	10	-	-	-	-	-	-
25	13,340	13,280	60	-	-	-	-	-	-
30	22,100	21,930	170	-	-	-	-	-	-
35	31,990	31,640	350	-	-	-	-	-	-
40	43,140	42,540	600	-	-	-	-	-	-
45	55,720	54,760	960	117,140	116,710	430	-	-	-
50	69,900	68,480	1,420	173,080	171,780	1,300	46,250	46,050	200
55	85,910	83,870	2,040	236,180	233,570	2,610	52,170	51,670	500
60	103,960	101,150	2,810	307,360	302,900	4,460	58,850	57,980	870
65	124,330	120,520	3,810	387,650	380,700	6,950	66,390	65,060	1,330

Source: Investment advisor, based on data provided by Fidelity and THPA

Assumptions and data for illustrations:

- Annual salary growth and long-term inflation are assumed to be 2.5% p.a. (consistent with the assumption used for Scheme Statutory Money Purchase Illustrations).
- Real salary growth assumption is 0.0%.
- The contribution rate for example member A was the default contribution rate (8% total contributions).
- The contribution rate for example member B was the average contribution rate (15.6% total contributions).
- Contributions are assumed to be payable until age 65.
- Values shown are estimates and are not guaranteed.
- Projected pension pot values are shown in today's money terms, and do not need to be reduced further for the effect of future inflation.
- Where data shows a negative transaction cost (profit) as a result of underlying trades in a fund, a floor of 0% has been applied to avoid potentially understating the total level of costs and charges.
- The assumed annual growth rate (gross) for each underlying fund is as follows:
 - Opportunity Fund: 5.0%
 - Balanced Fund: 3.0%
 - Consolidation Fund: 3.0%
 - Global Equity Active Fund: 7.0%
 - Global Equity Index Tracker Fund: 5.0%
- The transaction costs have been averaged over a 5-year period to allow for more realistic cost assumptions.

Administration and core financial transactions

Processing of core financial transactions

The Trustee is required to make sure that core financial transactions in the Scheme are processed promptly and accurately.

These transactions were undertaken on behalf of the Trustee by the Scheme administrator, Trafalgar House Pension Administration Limited ('THPA') and its investment platform provider, FIL Life Assurance Limited.

What are core financial transactions

Core financial transactions include (but are not limited to):

- the investment of contributions;
- transfers of members' assets to or from the Scheme;
- switches between investment funds in the Scheme;
- payments out of the Scheme to members or their beneficiaries.

The Trustee has an administration agreement with THPA that sets out the services provided, the respective roles and responsibilities and the expected performance targets of the administrator. Performance is measured against the Service Level Agreement ('SLA') – the agreed time to process cases and transactions and the % of time that these timescales should be achieved.

With active member contributions being directed to the Master Trust arrangement with Standard Life from 1 October 2023, the administration and core financial transactions SLA over the period covered tasks such as transfers in and out of the Scheme, retirements, and deaths. THPA aimed to accurately complete all financial transaction within 5 working days, except for a death settlement (3 working days).

Prior to the Master Trust transfer, the Trustee had policies in place to provide clarity on certain aspects of administration. The Trustee expected the Scheme to be administered in accordance with these policies, for example, how members could access flexible DC retirement income payments from within the Scheme.

Historically, the Trustee received regular reports and updates to help them monitor the performance and effectiveness of the Scheme administrator. This monitoring included:

- The Scheme administrator providing fortnightly administration reports, which included reporting against SLAs and, where practical to do so, SLA information split between Scheme sections to aid DC monitoring. These reports were reviewed by the Senior Pensions Manager and fortnightly meetings were held on behalf of the Trustee to monitor the ongoing administration and SLAs. This was reported to the Trustee on a quarterly basis.
- The Senior Pensions Manager engaged in regular dialogue with the Trustee and bringing any administration matters (operational or financial) to their

attention. The Senior Pensions Manager considered THPA's key processes and controls to make sure high standards of performance were being maintained.

- Reviewing the Scheme administrator's "Internal Control Statement" annually which describes the activities THPA undertook to ensure the administration of their pension business was carried out in accordance with the requirements of the law and had good standards of governance and internal controls. There were no qualifications in the most recent Internal Control Statement produced.

With no contributions payable to the Scheme from 1 October 2023, administration reports took the form of operational updates which included work volume summaries and performance against SLAs. These were provided on a monthly rather than fortnightly basis.

The Trustee is satisfied that during this Scheme Year:

- THPA were operating appropriate procedures, checks and controls and on the whole operating within the agreed SLA;
- There have been no material administration errors in relation to processing core financial transactions; and
- All material core financial transactions have been processed promptly and accurately during the Scheme year.

Delivering value for members

Assessing value

Charges and transaction costs borne by members can have a significant impact on the value of their investment. Prior to the Master Trust transfer, the Trustee historically assessed the extent to which charges and transaction costs represented good value for members on an annual basis.

In the case of the DC Section, members only directly paid for fund management services, while Siemens paid for the cost of scheme management and governance, as well as the costs of administration and communications. The costs of all funds in the DC Section were subject to extensive discussion when the Default Arrangement was put in place and were subject to an annual review in accordance with regulation 25(1)(b) of the Administration Regulations.

In prior years, the Trustee engaged a professional consultant to conduct a value for members assessment based on a framework agreed with the Trustee. The Scheme consistently scored well in these assessments.

After completing its consultation with active and prospective members on 16 June 2023, the Trustee determined that by moving members' DC savings to the Siemens Pension Savings Plan (a section of the Standard Life DC Master Trust arrangement) the overall value attached to these savings would not be adversely impacted. Specifically, all members are expected to be better off in relation to ongoing charges in the Siemens Pension Savings Plan. Standard Life were the preferred provider following a thorough selection process in which they scored well across various assessment areas including governance, administration, communications, and investment choice. The Trustee maintained a checklist of considerations as a formal audit, updated several times over the prior Scheme Year, with the final iteration on 18 September 2023.

An in-depth transition strategy was developed between all relevant parties, and the transfer of the DC Section was completed in various phases across November and December 2023. All members are expected to be better off in relation to ongoing charges, and Standard Life covered any transition charges incurred. The Pensions Regulator were notified in advance of the transfer.

Following the transfer of the DC Section assets, the Trustee is exploring alternative options for the DB arrangements that remain in the Scheme.

Assessing Trustee's knowledge and understanding

The Trustee Directors' own knowledge and understanding, together with the advice available to them, enables them to properly exercise their functions as trustees of the Scheme. The Trustee Directors at the end of the Scheme Year are set out below.

Independent Chair of the Trustee Company
Martine Trouard-Riolle <ul style="list-style-type: none">• Professional and independent Chair of the Scheme. Experienced professional trustee with a legal background who has to comply with strict training requirements every year.• On the Board since 2021 and became Chair with effect from 1 January 2023.
Company Nominated Trustee Directors
Damien Powell <ul style="list-style-type: none">• Finance Background• Trustee Director since October 2022
David Helm <ul style="list-style-type: none">• Finance background• Trustee Director since 2018
Joanne Sutherland <ul style="list-style-type: none">• Finance background• Trustee Director since January 2024
Sarah Jones <ul style="list-style-type: none">• Sustainability background• Trustee Director since June 2020
Nigel Aldcroft <ul style="list-style-type: none">• Finance Background• Trustee Director since September 2022
Member Nominated Trustee Directors
Gary Weir <ul style="list-style-type: none">• Finance background• Trustee Director since December 2022
Kevin Tutton <ul style="list-style-type: none">• Background in commercial and management• Trustee Director since September 2020
John Cartwright <ul style="list-style-type: none">• Background in commercial and management• Trustee Director since June 2023

General Trustee training and changes to the Board

New Trustee Directors must complete an induction with the Scheme Secretary and the Pensions Regulator's eLearning course / Trustee Knowledge and Understanding modules (the Trustee Toolkit) within six months of appointment. They must also look to complete the PMI's Award in Pension Trusteeship within eighteen months.

There were two changes to the Board during the Scheme Year, with Harriet Padina resigning on 6 December 2023 and Joanne Sutherland being appointed on 1 January 2024. Following the Scheme Year, Joanne resigned on 31 October 2024. Both Harriet and Joanne served as Company Nominated Trustee Directors.

There are three Trustee Directors yet to complete the PMI award, and all of these are now outside of the eighteen-month expectation. These Trustee Directors have set April 2025 as the expectation for completion.

All new Trustee Directors also complete an induction process by attending additional sessions covering administration, investment, covenant, legal, actuarial and finance issues relevant to the Scheme.

Training completed during the Scheme Year

During the Scheme Year, the Trustee Directors have met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding). Specific training included the following:

General Code of Practice

- In September 2024, training was provided by the Scheme Secretary setting out the standards expected by the Pensions Regulator under the new General Code of Practice and the work required to ensure the Scheme is compliant with these standards.

Pensions Dashboards

- In September 2024 training was provided by the Scheme Administrator on the Pensions Dashboards framework and the role of trustees. Since this time the Scheme Secretary has worked with the Trustee and Scheme Administrator in ensuring the Scheme is compliant.

As well as specific training sessions, the Trustee Directors receive updates on developments relating to pensions from the legal and investment advisors at each quarterly full Board meeting. These updates are used to identify any areas where additional training is required.

A training log is maintained for each Trustee Director which supports the above.

The Trustee's training needs are considered as part of the routine business at each quarterly Trustee Board meeting and in the ongoing dialogue between the Scheme Secretary, Trustee and its advisers. Where training needs are identified, appropriate action is taken.

Policies and processes

The Trustee has specific policies and guides in place, for example a Governance Plan, a Policy and Procedure for Managing Conflicts of Interest and a Data Protection Policy. These are used by the Trustee Directors to run the Scheme on a daily basis.

There are also specific process documents and policies between the Trustee and the Company and between the Trustee and the Administrators. As an example, the Administration and Communications Committee use the Ill Health Guide and the Death Benefits Guide on a regular basis to determine whether applicants can be awarded an ill health pension and how to determine where death benefits should be paid.

The Trustee Directors review several governance logs quarterly. All policies are reviewed at least on an annual basis. All key Scheme documents and policies, including the Trust Deed and Rules and Statement of Investment Principles are kept electronically and are available for reference and use by the Trustee as and when required. All Trustee Directors are familiar with these key Scheme documents. The Trustee has engaged with its professional advisers regularly throughout the Scheme Year to ensure it exercises its functions properly and takes professional advice where needed. A few of the areas that support this statement are set out below:

- Discussions around the move to the Siemens Pension Savings Plan (Standard Life DC Master Trust arrangement) which is referenced in various places throughout this statement;
- Production of an Implementation Statement;
- Updating the risk register; and
- Reviewing quarterly investment reports to assess performance against benchmarks and overall Scheme aims and objectives as set out in the SIP for the funds that remain following the bulk transfer of DC funds to the Siemens Pension Savings Plan.

Trustee self-assessment

The Trustee Directors take part in an annual performance assessment and feedback process, the last of these being in Q1 2024. The results of this assessment were positive, with no key changes made as a result other than to streamline meetings and the processes around them to increase efficiencies.

Historically, the Trustee Directors would ask each of the key advisors to complete an assessment of the effectiveness of the Trustee Board across 10 common areas. This assessment would be completed every three years, with the most recent assessment in April 2021. The decision was made not to complete an April 2024 assessment since feedback should be (and is) an ongoing process.

The Trustee Directors previously completed an annual assessment of the Trustee's Knowledge and Understanding covering 81 different areas, of which 61 were either DC-specific or relevant to the Trustee Directors in their role overseeing both DB and DC pension arrangements, for example knowledge of the Trust Deed and Rules. The Trustee Directors assessed themselves as being "on track" in all areas in their last full

assessment (June 2023), and this document continued to be reviewed until the bulk transfer to the Master Trust arrangement was completed in late 2023.

The Trustee Directors together believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

The Trustee Directors consider that they meet the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as the Trustee of the Scheme.

The Statement regarding DC governance was approved by the Trustee and signed on its behalf by the Chair of the Scheme:

Name	
Signature	
Date	

Appendix 1 – Statement of Investment Principles

