

Baxi Group Pension Scheme

Annual Statement by the Chair of the Trustee Board for the year to 31 March 2024

What is this Statement for?

It's important that you can feel confident that your savings in the Baxi Group Pension Scheme ("the Scheme") are being looked after and give good value. This Statement sets out how the Trustee Directors ("the Trustee") ensure this and how they have managed the Scheme in the last year and what they aim to do in the coming year. This Statement covers the Defined Contribution ("DC") Section as well as the Additional Voluntary Contributions ("AVCs") paid by members of the Defined Benefit ("DB") Section.

Throughout this document, we refer to the "Scheme year" as the 12 months ended 31 March 2024.

A copy of this Statement, together with other key statements and information about how the Scheme is managed are posted on-line at www.baxipensions.co.uk.

What's in this Statement?

We've included information on the following areas in this Statement:

- 1 How we manage your Scheme – who the Trustee Directors are and what guides our decision making;
- 2 Investment options – what we have done to check the performance and suitability of the Scheme's investment options, especially those used by members who don't want to make an investment choice (known as the "default arrangements");
- 3 Investment performance - what returns the investment options have given over the last year;
- 4 Costs and charges – what costs and charges members have paid in the last year and how these might impact the size of a typical member's savings in the Scheme over time;
- 5 Value for Members - how the quality of the Scheme's services (including the investment returns on your savings), which members pay for, compare to other pension schemes;
- 6 Administration – how well the Scheme has been administered including how promptly and accurately key transactions (such as the investment of your contributions) have been processed;
- 7 Trustee knowledge and understanding – what we as Trustee Directors have done to maintain and improve our level of knowledge and obtain the professional advice we need to look after the Scheme for you; and
- 8 Completed and future actions – what key actions the Trustee took in the last year and what we aim to do in the coming year to continue to improve the Scheme for all our members.

What were the highlights from the last 12 months?

1 How we manage your Scheme

The Statement of Investment Principles ("SIP"), which sets out the Trustee's policies on how your contributions should be invested, was last reviewed in November 2023. You can find a copy of the SIP online at www.baxipensions.co.uk. The implementation statement describing how the Trustee has followed its policies set out in the SIP has been published and can also be found online at www.baxipensions.co.uk.

At 31 March 2024 the Scheme had 2,946 members and a total asset size of £87.3 million.

2 Investment options

No full review of the investment options was due to be carried out in the Scheme year, and no changes were made to the investment options.

Post Scheme year end, with the input of the Trustee's investment adviser, a full review of the performance and suitability of the default arrangement was completed on 20 May 2024. Whilst the overall structure of the default arrangement remains unchanged, the Trustee has agreed to make changes to some of the underlying funds and the split between those funds. These are designed to improve environmental, social and governance ("ESG") integration and manage periods of difficult investment market conditions. These changes have been implemented post Scheme year end and will be reported on in more detail in next year's Chair's statement.

The Trustee receives reports from its advisers and presentations from its appointed managers at each quarterly meeting to ensure that the Scheme's investment strategy continues to be appropriate for the Scheme's membership.

3 Investment performance

Whilst investment performance over the Scheme year was in line with - or even better - than expectations, investment markets were turbulent due to high inflation. As a result, the performance of the Scheme investments was impacted, as were many other pension schemes.

Over the year to 31 March 2024, the funds used in the Scheme's default arrangement saw investment returns rise in value between 6.20% and 26.92% (or, put another way, an increase between £62.02 and £269.24 for every £1,000 invested).

The investment returns produced by the funds in the default arrangement were in line with the funds' objectives. The Trustee has considered this again as part of the May 2024 review.

4 Cost and charges

Members pay for the Scheme's investment charges while the Company pays for the Scheme's administration, communications, and governance services.

We continually monitored these costs and charges during the last year:

The charges for the "default arrangement", the BGPS Drawdown Lifestyle, ranged from 0.13% to 0.51% of the amount invested (ranging between £1.34 to £5.07 for every £1,000 invested) – which is well within the "charge cap" in our Scheme required by the Government of 0.75% p.a. (£7.50 for every £1,000 invested).

We have also looked at how the costs and charges taken out of a typical member's pension pot each year might affect its future size when they come to retire. Over a 20-year period, the current level of costs and charges for the Scheme's default arrangement, the BGPS Drawdown Lifestyle, could reduce the size of an average member's pension pot (who contributes a total of 9% into their pension) in today's money by around £6,525 leaving a pot size of around £124,926 at age 65. We use other assumptions to get to this figure, and you can find more information about the impact of costs and charges as well as the assumptions we are using in Appendix 3.

5 Value for Members

Each year we look at the costs and charges members pay as well as the range and quality of the services members pay for and see how they compare with similar pension schemes. Value is not solely about cost, but also on the full range of services that members have access to and on the quality of the overall provision.

Value is measured on a scale from 'poor' to 'excellent'. In determining the rating, we look at certain criteria and whether they have been met during the Scheme year, as well as whether any improvements are required. We found that the Scheme provided good value in the last year. Over the next year we aim to focus on

improving value for you will be to continue to monitor investment performance and work on improving how we communicate with you.

6 Administration

We check that the administration of the Scheme is operating smoothly at our quarterly meetings and found that:

- All the key financial transactions were processed promptly and accurately by Buck, a Gallagher company, who administer the Scheme.
- For the majority of the year, the wider administration of the Scheme was completed within the service standards we agreed with Buck, a Gallagher company, 97.1%, 97.9%, 91.0% and 85.2% of all cases were completed within the service standards for quarters 2, 3 and 4 of 2023 and quarter 1 of 2024, respectively.
- The drop in service levels in the last two quarters were due to additional requirements implemented to prevent pension scams and resourcing issues. Buck, a Gallagher company, has confirmed they have employed additional team members, which should improve SLAs.
- There were 6 complaints (less than 1% of membership) but these were promptly resolved by Buck, a Gallagher company.

7 Trustee knowledge and understanding

It's important that we as Trustee Directors keep our knowledge of pension and investment matters up to date and have access to professional advice, and we undergo training to help us do this.

All of the Trustee Directors attended training sessions during the year on subjects such as cyber security and diversity, equality and inclusion. The Trustee also held a Training Day to cover a variety of training topics. Please see Section 7 (page 28) for more details on the above.

Overall, the Trustee Directors believe that they have the right skills and expertise together with access to good quality professional advice so that they can run your Scheme properly – this will be assessed again at the next Trustee effectiveness review which will be carried out in the next Scheme year.

8 Completed and future actions

During the last year we:

- Regularly assessed fund fees, suitability and performance through input from the Scheme's DC investment adviser;
- Held a Trustee Training Day and covered a variety of topics which the Trustee Directors previously indicated they required training on;
- Improved Value for Members by:
 - *Working closely with our advisers to produce engaging communications issued to members to help aid education on their benefits; and*
 - *Continuing to work on the communications strategy review to ensure consistency between Trustee and Company communications.*
- Reviewed the DC Annual Business Plan and the DC Objectives;
- Reviewed the performance of the investment consultants against set objectives;
- Reviewed how well the Scheme complied with the DC Code of Practice;
- Arranged for the publication of this Statement, together with the SIP in a publicly searchable location on the internet with a note of this location in the annual benefit statements;

- Considered whether value for money for members would be improved by transferring the assets to a Master Trust. We concluded that the Scheme provided good value and so it was currently not appropriate to do so; and
- Reviewed and updated the SIP to reflect changes in regulation such as stating our policy on investing in illiquid assets.

In the coming year (which will be covered by the next Statement), we intend to:

- Continue reviewing the Scheme communications;
- Rectify the inadvertent default arrangements (the BGPS Annuity Lifestyle and the BGPS Cash Lifestyle);
- Undertake a triennial strategy review on the investment funds being offered to members (this was completed after the Scheme year on 20 May 2024);
- Undertake an assessment of how well the Scheme complies against the General Code of Practice;
- Continue to ensure compliance with the General Code and prepare for the first Own Risk Assessment (ORA) which will be due in 2026; and
- Complete our yearly implementation statement describing how we have followed the policies in the Scheme's SIP.

The Trustee believes that this work will help you get the best out of our Scheme.

We were unable to obtain some information on the Scheme – this is set out in the Missing Information section at the end of this Statement. We are chasing the fund managers for this missing information. The rest of this Statement goes into more detail – please read on if you want to find out more about how we have managed your Scheme in the last year.

We hope this Statement is of help to you planning for your future. If you have any questions, please contact the Scheme Administrator (Buck, a Gallagher company, PO Box 319, Mitcheldean, GL14 9BF. T: 0330 123 9581, email: baxipensions@buck.com).

Introduction

The Scheme provides benefits on a DC basis. This means that your benefits will largely be based on the amount of contributions paid in by you and Baxi, investment returns net of fees and how you choose to use your retirement savings. Governance requirements apply to all DC pension arrangements, like the Scheme, to help members achieve a good outcome from their pension savings. The Trustee is required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 1 April 2023 to 31 March 2024.

For the record

This Annual Statement regarding governance has been prepared in accordance with:

Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent regulations.

_____ Date: _____

Chris Parrott, BESTrustees Limited

Chair of the Trustee of the Baxi Group Pension Scheme

1 How we manage your Scheme

At 31 March 2024, the Trustee Directors of the Scheme were:

- BESTrustees Limited, represented by
Chris Parrott
- Diane Sutherland
- Katie Wright
- Claire Carlin
- Steve Randall
- John McFaul (Pensioner representative)

Simon Oliver stepped down as Trustee Director in May 2023.

The Scheme is governed by a formal Trust Deed and Rules. The Trustee must operate the Scheme in accordance with the Trust Deed and Rules and the legal and regulatory regime.

The SIP sets out the Trustee's investment policies which the Trustee, with the help of its advisers, reviews at least every three years. The last review was carried out in November 2023. This updated SIP incorporated further requirements on illiquid assets. You can find a copy of the SIP online at www.baxipensions.co.uk.

Over the year to 31 March 2024, the number of members in the Scheme's DC section grew from 2,772 to 2,946 while the total value of members' pension pots increased from £72.8 million to £87.3 million.

2 Investment options

Default arrangement (the BGPS Drawdown Lifestyle)

The Scheme's default arrangement, the BGPS Drawdown Lifestyle, is designed for members who join the Scheme and do not choose an investment option. The Trustee is responsible for the governance of the default arrangement, which includes setting and monitoring its investment strategy.

The Trustee decided that the default arrangement should be a lifestyle strategy, which means that members' contributions are automatically moved to less risky funds as they approach their selected retirement date.

The main investment objectives for the default arrangement are in outline:

- To provide better member outcomes at retirement while subject to a level of investment risk which is appropriate to the majority of members who do not make active investment choices.
- To manage the principal investment risks faced by an average member during their membership of the Scheme.
- To avoid making a decision for a member as to how they will use their savings at retirement. This will mean the fund invests in a blend of different investment classes - bonds, cash and diversified growth funds.
- To invest in funds which are expected over the long-term to deliver strong returns relative to inflation for members over 20 years from retirement.
- To progressively invest in funds which are expected over the long-term to deliver good returns relative to inflation, while seeking to control the level of volatility in fund values compared to equities, for members 10 to 20 years from retirement whose DC savings are expected by then to have grown to a size where the value at risk is material.
- During the last 10 years before retirement, to increasingly invest in lower risk funds which are expected to help mitigate fluctuations in the sizes of both members' fund values and the benefits members are likely to take at retirement.

The SIP covering the default arrangement is appended to this Statement. It sets out the principles governing how decisions about investments are made. It explains the Trustee's policy on things such as choosing investments, risk and return and the extent to which we take account of ESG considerations when taking investment decisions. Please note that the SIP covers all the Scheme's investments.

No full review of the performance and suitability of the default arrangement was due to be undertaken during the Scheme year. The last full review was completed on 15 September 2021 with the help of the Trustee's investment adviser. It was intended that the next full review would take place by 15 September 2024, or immediately following any significant change in investment policy or the Scheme's member profile.

A full review of the performance and suitability of the default arrangement was completed on 20 May 2024 with the help of the Trustee's investment adviser. The overall structure of the default arrangement remains unchanged, however, the Trustee has agreed to make the following changes to the underlying funds and the split between the underlying funds:

- Growth Phase – The BGPS Equity Fund will be replaced with the BGPS Future World Fund for equity investments.
- Consolidation Phase – Within the BGPS Diversified Growth Fund, the manager combination has been updated to a split of 75% Legal & General Investment Management ('LGIM') Diversified Fund / 25% Insight Broad Opportunities Fund (from the previous 50% / 50% split).

- At-Retirement Phase – Within the BGPS Pre-Drawdown Fund, the 15% allocation to the LGIM Corporate Bond Fund has been removed, replaced by a new allocation of 75% LGIM Retirement Income Multi Asset and 25% LGIM Sterling Liquidity.

These changes are designed to improve ESG integration and manage volatility levels. Some of these changes will also impact the Annuity and Cash Lifestyles. These changes will be implemented post Scheme year end and will be reported on in more detail in next year’s Chair’s statement.

It is intended that the next full review will take place by 20 May 2027, or immediately following any significant change in investment policy or the Scheme’s member profile.

The Trustee believes that the default arrangement is appropriate for the majority of the Scheme’s members because:

- Its investment performance has been consistent with its investment aims and objectives which are outlined in the SIP.
- The Trustee has taken into account the demographics of the Scheme membership and the Trustee’s views on how the membership might behave at retirement. This included several factors such as: members’ projected pot sizes at retirement, contribution levels, the level of replacement income during retirement that members are likely to require and the likely return on investment after the deduction of charges payable on the funds used by the default option. The demographic profile of the membership had not changed materially.
- Its design continues to meet its principal investment objectives. The Trustee selected a lifestyle strategy providing flexibility at retirement (which has a similar structure to an income drawdown target). It believes this is appropriate for the majority of members who are either unable to decide how to take their retirement benefits or might take their benefits in a combination of ways and at different points in time.
- The default arrangement manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default arrangement, the Trustee has explicitly considered the trade-off between risk and expected returns.
- Assets in the default arrangement are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member’s portfolio as a whole. The majority of the Scheme’s assets are invested in regulated products that trade mainly on regulated markets.

Asset allocation disclosure

The following table shows the asset allocation for the Scheme’s default arrangement for members of different ages, as at 31 March 2024. The asset allocation disclosure meets the Department of Work and Pensions (‘DWP’) statutory guidance “Disclose and Explain asset allocation reporting and performance-based fees and the charge cap” as at January 2023.

Default arrangement (the BGPS Drawdown Lifestyle)

| Asset class | Percentage allocation – average 25 y/o (%) | Percentage allocation – average 45 y/o (%) | Percentage allocation – average 55 y/o (%) | Percentage allocation – average 1 day prior to State Pension Age (%) |
|-------------|--|--|--|--|
| Cash | 0.0% | 0.0% | 2.1% | 25.0% |

| | | | | |
|------------------------|-------------|-------------|-------------|-------------|
| Bonds | 0.0% | 0.0% | 22.0% | 45.3% |
| Listed equities | 100.0% | 100.0% | 38.7% | 13.7% |
| Private equity | 0.0% | 0.0% | 0.0% | 0.0% |
| Infrastructure | 0.0% | 0.0% | 0.0% | 0.0% |
| Property / real estate | 0.0% | 0.0% | 5.0% | 0.0% |
| Private debt / credit | 0.0% | 0.0% | 9.6% | 9.7% |
| Other assets | 0.0% | 0.0% | 22.6% | 6.2% |
| Total | 100% | 100% | 100% | 100% |

Note: The asset allocation figures presented have been calculated from the fund allocations detailed in the respective fund factsheets as of 31 March 2024. For members whose asset allocation at the selected age on the default glidepath involves multiple funds, we have determined the overall asset allocation based on the proportion of assets held in each fund.

Other default arrangements

The BGPS Annuity Lifestyle and the BGPS Cash Lifestyle are also deemed default arrangements and are subject to the same governance requirements as the Scheme's primary default arrangement (the BGPS Drawdown Lifestyle). They are both reported as 'inadvertent' defaults for the purpose of this Statement. This is due to the transition from Columbia Threadneedle to Legal & General in December 2018, when members were automatically moved from the old Annuity and Cash Lifestyles to the BGPS Annuity and Cash Lifestyles, respectively. The Trustee is looking to rectify the inadvertent defaults over the next Scheme year.

Other default arrangements (the BGPS Annuity Lifestyle)

| Asset class | Percentage allocation – average 25 y/o (%) | Percentage allocation – average 45 y/o (%) | Percentage allocation – average 55 y/o (%) | Percentage allocation – average 1 day prior to State Pension Age (%) |
|------------------------|--|--|--|--|
| Cash | 0.0% | 0.0% | 2.1% | 25.0% |
| Bonds | 0.0% | 0.0% | 22.0% | 75.0% |
| Listed equities | 100.0% | 100.0% | 38.7% | 0.0% |
| Private equity | 0.0% | 0.0% | 0.0% | 0.0% |
| Infrastructure | 0.0% | 0.0% | 0.0% | 0.0% |
| Property / real estate | 0.0% | 0.0% | 5.0% | 0.0% |
| Private debt / credit | 0.0% | 0.0% | 9.6% | 0.0% |
| Other assets | 0.0% | 0.0% | 22.6% | 0.0% |
| Total | 100% | 100% | 100% | 100% |

Other default arrangements (the BGPS Cash Lifestyle)

| Asset class | Percentage allocation – average 25 y/o (%) | Percentage allocation – average 45 y/o (%) | Percentage allocation – average 55 y/o (%) | Percentage allocation – average 1 day prior to State Pension Age (%) |
|------------------------|---|---|---|---|
| Cash | 0.0% | 0.0% | 2.1% | 100.0% |
| Bonds | 0.0% | 0.0% | 22.0% | 0.0% |
| Listed equities | 100.0% | 100.0% | 38.7% | 0.0% |
| Private equity | 0.0% | 0.0% | 0.0% | 0.0% |
| Infrastructure | 0.0% | 0.0% | 0.0% | 0.0% |
| Property / real estate | 0.0% | 0.0% | 5.0% | 0.0% |
| Private debt / credit | 0.0% | 0.0% | 9.6% | 0.0% |
| Other assets | 0.0% | 0.0% | 22.6% | 0.0% |
| Total | 100% | 100% | 100% | 100% |

Other investment options – self-select funds

The Trustee recognises that the default arrangement will not be suitable for the needs of every member and so the Scheme also offers members a choice of other investment options including alternative lifestyle options and self-select funds. The main objectives of these investment options are:

- To cater for the likely needs of a wider range of members.
- To cater for members looking to take different benefits at retirement than those targeted by the default arrangement.
- To cater for members who believe that the risk profile of the default arrangement is not appropriate to their needs, but who do not want to take an active part in selecting where contributions are invested.
- To offer a wider range of asset classes, levels of risk and return and different investment approaches including ethical investment.
- To support members who want to take a more active part in how their savings are invested by allowing them some flexibility in their selection of funds.

The Trustee carries out an in-depth review of the performance and suitability of these other investment options at least every three years. The last full review was completed on 15 September 2021, as part of the review of the default arrangement. No full review of the performance and suitability of other investment options was due to be undertaken during this Scheme year. It was intended that the next full review would take place by 15 September 2024, or immediately following any significant change in investment policy or the Scheme’s member profile.

Post Scheme year end, an in-depth review of the performance and suitability of these other investment options was completed on 20 May 2024, as part of the review of the default arrangement. Whilst the overall structure of the default arrangement remains unchanged, the Trustee has agreed to make changes to some of the underlying funds and the split between those funds. These are designed to improve environmental, social and governance (“ESG”) integration and manage periods of difficult investment market conditions. These

changes have been implemented post Scheme year end and will be reported on in more detail in next year's Chair's statement.

It is intended that the next full review will take place by 20 May 2027, or immediately following any significant change in investment policy or the Scheme's member profile.

The Trustee receives quarterly investment monitoring reports from its DC investment adviser. These reports include performance both against each manager's benchmarks and the strategic targets set for each phase of the default as well as the other investment options, which is updated with performance data every quarter. The Trustee's quarterly reviews that took place during the Scheme year concluded that the default arrangement and the other investment options were performing broadly as expected and were consistent with the aims and objectives of the default and the other investment options as stated in the SIP.

Other investment options – legacy AVCs (relating to members in the Scheme's DB Section)

The Scheme also held legacy AVCs during the period covered by this Statement, invested in With Profits Funds with Clerical Medical, Phoenix Life, Clerical Medical (but held with Utmost Life) and Scottish Friendly. Unit linked funds are held with Legal & General.

3 Investment performance

Introduction

The presentation of the investment performance takes into account the statutory guidance issued by the DWP.

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements as well as investment options that members are able to select and in which members were invested during the Scheme year. The net returns are shown as an annual geometric compound percentage, as set out in the statutory guidance.

The annual geometric compound percentage calculation is a way to determine the average return on your investment, accumulated over multiple periods. When measured over multiple years, the annual geometric compound percentage is meant to serve as an indication of what your investment returns were, on average, each year.

Investment conditions

The Trustee notes that performance has improved over the Scheme year compared to the previous Scheme year and will continue to closely monitor investment performance over the next Scheme year.

Default arrangement

The investment performance of the funds used in the BGPS Drawdown Lifestyle net of costs and charges expressed as a percentage were:

| Fund | 1 year 1 April 2023 – 31 March 2024 (%) | 1 year 1 April 2023 – 31 March 2024 (per £1,000) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 3 years 1 April 2021 – 31 March 2024 (per £1,000) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (per £1,000) |
|------------------------------|--|--|---|---|---|---|
| BGPS Equity Fund | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| BGPS Diversified Growth Fund | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |
| BGPS Pre Drawdown Fund | 6.20 | £62.02 | 1.45 | £14.51 | 2.57 | £25.74 |

Source: Legal & General

For the BGPS Drawdown Lifestyle the investment return varies depending on your age and how far you are from your selected retirement age.

| Age of member in 2024 (years) | 1 year 1 April 2023 – 31 March 2024 (%) | 1 year 1 April 2023 – 31 March 2024 (per £1,000) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 3 years 1 April 2021 – 31 March 2024 (per £1,000) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (per £1,000) |
|-------------------------------|--|---|--|--|--|--|
| 25 | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| 45 | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| 55 | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |
| 60 | 7.84 | £78.38 | 1.97 | £19.71 | 3.11 | £31.13 |

Source: Legal & General

Other default arrangements

BGPS Annuity Lifestyle

The investment performance of the funds used in the BGPS Annuity Lifestyle net of costs and charges expressed as a percentage were:

| Fund | 1 year 1 April 2023 – 31 March 2024 (%) | 1 year 1 April 2023 – 31 March 2024 (per £1,000) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 3 years 1 April 2021 – 31 March 2024 (per £1,000) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (per £1,000) |
|------------------------------|--|---|---|--|--|--|
| BGPS Equity Fund | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| BGPS Diversified Growth Fund | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |
| BGPS Pre Retirement Fund | 3.43 | £34.28 | -8.30 | -£82.99 | -3.44 | -£34.39 |
| BGPS Cash Fund | 5.06 | £50.59 | 2.37 | £23.73 | 1.57 | £15.66 |

Source: Legal & General

For the BGPS Annuity Lifestyle the investment return varies depending on your age and how far you are from your selected retirement age.

| Age of member in 2024 (years) | 1 year 1 April 2023 – 31 March 2024 (%) | 1 year 1 April 2023 – 31 March 2024 (per £1,000) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 3 years 1 April 2021 – 31 March 2024 (per £1,000) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (per £1,000) |
|----------------------------------|--|--|---|--|--|---|
| 25 | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| 45 | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| 55 | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |
| 60 | 6.15 | £61.48 | -3.44 | -£34.44 | -0.25 | -£2.48 |

Source: Legal & General

BGPS Cash Lifestyle

The investment performance of the funds used in the BGPS Cash Lifestyle net of costs and charges expressed as a percentage were:

| Fund | 1 year 1 April 2023 – 31 March 2024 (%) | 1 year 1 April 2023 – 31 March 2024 (per £1,000) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 3 years 1 April 2021 – 31 March 2024 (per £1,000) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (per £1,000) |
|------|--|---|---|--|--|--|
|------|--|---|---|--|--|--|

| | | | | | | |
|------------------------------|-------|---------|------|--------|-------|---------|
| BGPS Equity Fund | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| BGPS Diversified Growth Fund | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |
| BGPS Cash Fund | 5.06 | £50.59 | 2.37 | £23.73 | 1.57 | £15.66 |

Source: Legal & General

For the BGPS Cash Lifestyle the investment return varies depending on your age and how far you are from your selected retirement age.

| Age of member in 2024 (years) | 1 year 1 April 2023 – 31 March 2024 (%) | 1 year 1 April 2023 – 31 March 2024 (per £1,000) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 3 years 1 April 2021 – 31 March 2024 (per £1,000) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (per £1,000) |
|-------------------------------|--|---|--|--|--|--|
| 25 | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| 45 | 26.92 | £269.24 | 9.37 | £93.71 | 11.09 | £110.94 |
| 55 | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |
| 60 | 9.47 | £94.73 | 2.49 | £24.91 | 3.65 | £36.52 |

Source: Legal & General

Other investment options – self-select funds

Over the year to 31 March 2024, net investment performance for the self-select funds ranged from a fall in value of 5.86% (a fall in value of £58.62 per £1,000 invested) for the BGPS Index-Linked Gilts Fund to a rise in value of 32.15% (a rise in value of £321.52 per £1,000 invested) for the BGPS Islamic Equity Fund.

Over the 3 years to 31 March 2024, net investment performance for the self-select funds ranged from a fall in value of 10.02% p.a. (a fall in value of £100.16 p.a. per £1,000 invested) for the BGPS Index-Linked Gilts Fund to a rise in value of 14.75% p.a. (a rise in value of £147.47 p.a. per £1,000 invested) for the BGPS Islamic Equity Fund.

For the self-select funds the investment return does not vary depending on your age and how far you are from your selected retirement age.

Other investment options – legacy AVCs

The Scheme also held legacy AVCs during the period covered by this Statement, invested in With Profits Funds with Clerical Medical, Phoenix Life, Clerical Medical (but held with Utmost Life) and Scottish Friendly.

The investment performance for the With Profits funds was as follows:

| | 1 year 1 January 2023 – 31 December 2023 (%) |
|--|---|
| Clerical Medical With Profits Fund | 4.0% |
| Phoenix LL Pension Traditional With Profits – V1 Fund | 5.9% |
| Clerical Medical Unitised With-Profit Fund held with Utmost Life | 8.0% |

| | |
|----------------------------------|------|
| Scottish Friendly – With Profits | 4.1% |
|----------------------------------|------|

This information is provided gross of fees; the With Profits providers cannot provide performance net of charges and transaction costs, due to the way With Profits Funds operate. The With Profits providers calculate performance based on their own reporting periods, which are different to the Scheme's reporting period.

More information

Investment returns for all self-select funds over one-year, three-year and five-year periods to 31 March 2024 are shown in Appendix 4.

Further information on the funds, how they are invested and their investment performance during the year, can be found in the factsheets in the Downloads section of the Scheme's website at www.baxipensions.co.uk

4 Costs and charges

The charges and costs borne by members or the Company for the Scheme's services are:

| Service | By members | By the Company |
|-------------------------|------------|----------------|
| Investment management | Yes | - |
| Investment transactions | Yes | - |
| Administration | - | Yes |
| Governance | - | Yes |
| Communications | - | Yes |

The presentation of the charges and costs, together with the projections of the impact of charges and costs (both shown later in Appendices 2 and 3), takes into account the relevant statutory guidance issued by the Department for Work and Pensions.

The Trustee of the Scheme has followed the statutory guidance in all areas.

Charges

The charges quoted in this Statement are the funds' Total Expense Ratios ("TERs"). The TER consists of a fund's Annual Management Charge ("AMC") and Operating Costs and Expenses ("OCE"). OCEs include, for example, the fund's custodian costs. While the AMC is usually fixed, the OCE, and hence the TER, can vary slightly from day to day. The charges are deducted by the investment platform manager Legal & General before the funds' unit prices are calculated, and so are borne by members.

Transaction costs

The funds' transaction costs are in addition to the funds' TERs and can arise when:

- The fund manager buys or sells part of a fund's portfolio of assets; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on where each fund is invested and stock market conditions at the time. Transaction costs can include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes).

Transaction costs are deducted before the funds' unit prices are calculated, and so are borne by members. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

The Financial Conduct Authority ("FCA") requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission).

The transaction costs shown in this Statement are those taken from funds while members are invested in them. The transaction costs shown here do not include any costs members may incur from time to time when buying or selling units in the Legal & General funds caused by the fund manager's unit price for a fund moving from a "bid" to "offer" basis (or vice versa) or any other "dilution levy" when units in that fund are bought or sold to protect the value of the fund for other investors.

Member-borne charges and transaction costs

The charges and transaction costs have been supplied by the Scheme's investment managers.

It was not possible to obtain the charges and transaction costs for some of the legacy AVC funds. More details are given in "Missing Information" at the end of this Statement.

Performance-based fees

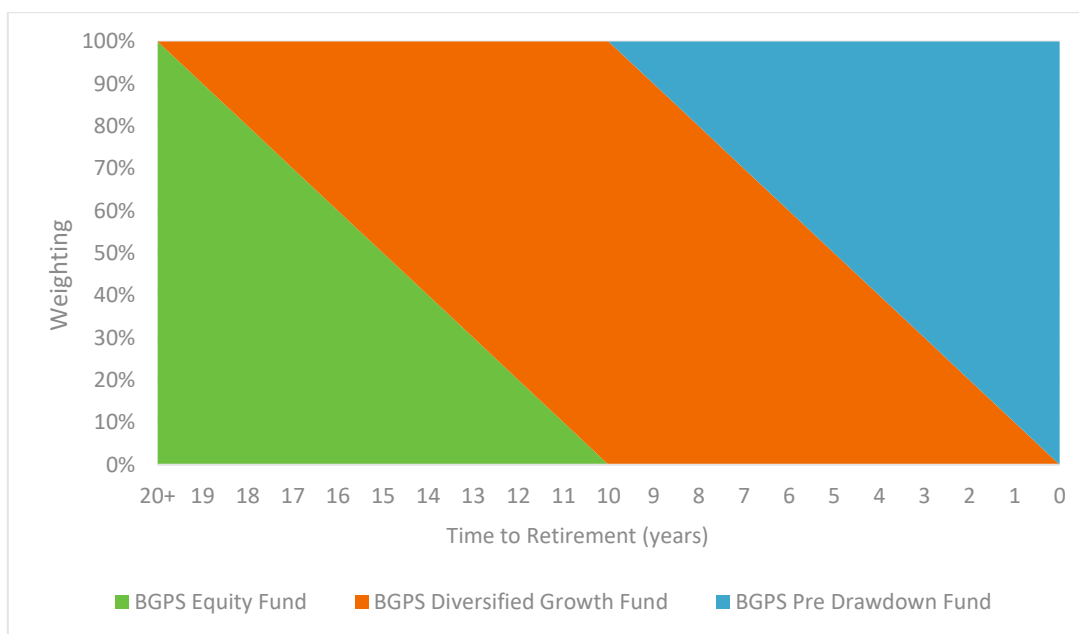
There were no performance-based fees which were deducted from the default arrangement during the Scheme Year.

Default arrangements

The default arrangement, the BGPS Drawdown Lifestyle, is a “lifestyle strategy” which invests contributions in funds according to how far each member is from retirement. This means that the level of charges and transaction costs borne by members can vary from year to year depending on how close members are to their selected retirement age and in which fund they are invested at that time.

Default arrangement charges and transaction costs

BGPS Drawdown Lifestyle



During the year covered by this Statement the member-borne charges for the BGPS Drawdown Lifestyle default arrangement were in a range from 0.13% to 0.51% p.a. of the amount invested or, put another way, in a range from £1.34 to £5.07 per £1,000 invested.

The transaction costs borne by members in the BGPS Drawdown Lifestyle default arrangement during the year were in a range from a saving of 0.02% to a cost of 0.08% p.a. of the amount invested or, put another way, in a range from a saving of £0.17 to a cost of £0.79 per £1,000 invested.

For the period covered by this Statement, the annualised charges and transaction costs are:

| Period to retirement | Charge | | Transaction costs | |
|----------------------|--------|--------------|-------------------|--------------|
| | p.a. | £ per £1,000 | p.a. | £ per £1,000 |
| 20+ years | 0.13% | £1.34 | 0.08% | £0.79 |
| 15 years | 0.32% | £3.20 | 0.03% | £0.31 |
| 10 years | 0.51% | £5.07 | -0.02% | -£0.17 |
| 5 years | 0.39% | £3.86 | 0.00% | -£0.02 |
| At retirement | 0.27% | £2.66 | 0.01% | £0.12 |

Source: Legal & General

The average charge for the default arrangement, the BGPS Drawdown Lifestyle, over a 40 year savings period was 0.24% p.a.

The table in Appendix 2a gives the charges and transaction costs for each fund used by the BGPS Drawdown Lifestyle.

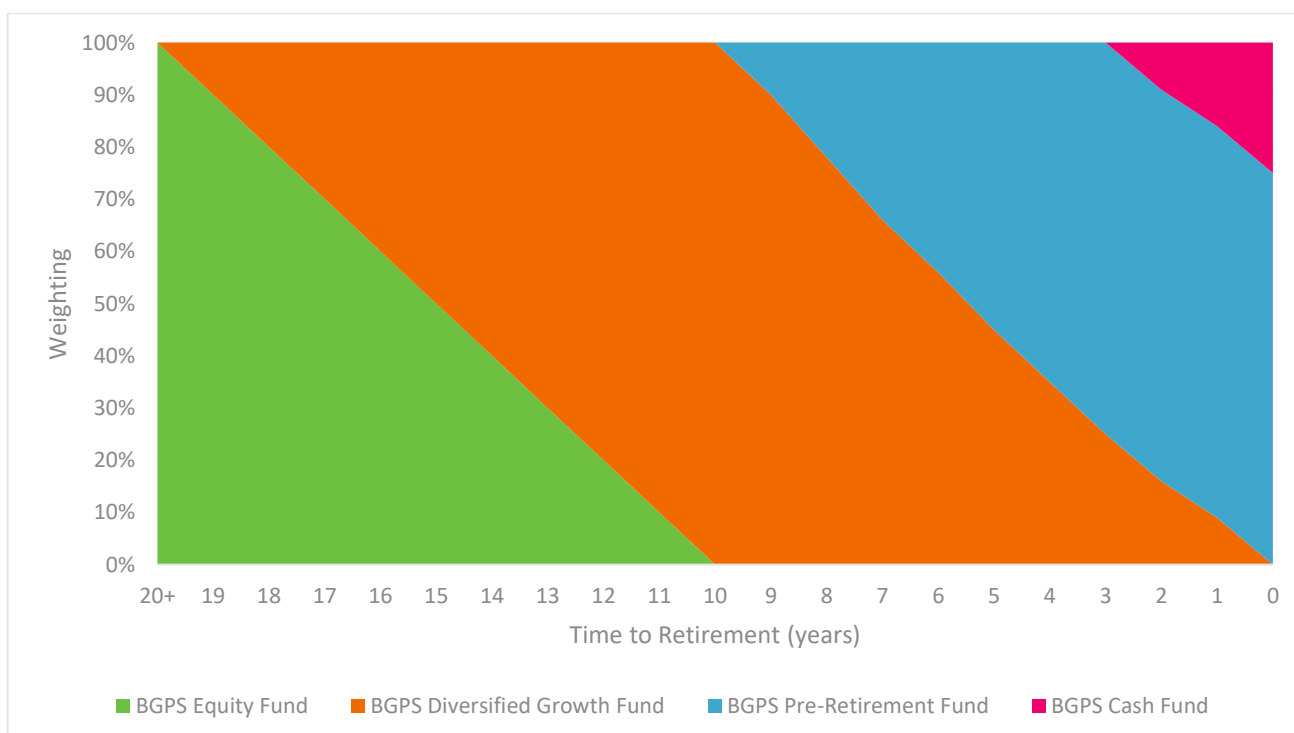
The Scheme is a qualifying scheme for auto-enrolment purposes and the member borne charges for the BGPS Drawdown Lifestyle complied with the charge cap during the year covered by this Statement.

The following investment options (the BGPS Annuity Lifestyle and the BGPS Cash Lifestyle) are also considered to be “default arrangements” for some members.

Other default arrangements’ charges and transaction costs

BGPS Annuity Lifestyle

The BGPS Annuity Lifestyle is a “lifestyle strategy” which invests contributions in funds according to how far each member is from retirement. This means that the level of charges and transaction costs borne by members can vary from year to year depending on how close members are to their selected retirement age and in which fund they are invested at that time.



During the year covered by this Statement the member-borne charges for the BGPS Annuity Lifestyle were in a range from 0.13% to 0.50% p.a. of the amount invested or, put another way, in a range from £1.34 to £5.07 per £1,000 invested.

The transaction costs borne by members invested in the BGPS Annuity Lifestyle during the year were in a range from a saving of 0.06% to a cost of 0.08% p.a. of the amount invested or, put another way, in a range from a saving of £0.64 to a cost of £0.79 per £1,000 invested.

For the period covered by this Statement, the annualised charges and transaction costs are:

| Period to retirement | Charge | Transaction costs |
|----------------------|--------|-------------------|
|----------------------|--------|-------------------|

| | p.a. | £ per £1,000 | p.a. | £ per £1,000 |
|---------------|-------|--------------|--------|--------------|
| 20+ years | 0.13% | £1.34 | 0.08% | £0.79 |
| 15 years | 0.32% | £3.20 | 0.03% | £0.31 |
| 10 years | 0.51% | £5.07 | -0.02% | -£0.17 |
| 5 years | 0.31% | £3.10 | -0.04% | -£0.35 |
| At retirement | 0.15% | £1.46 | -0.06% | -£0.64 |

Source: Legal & General

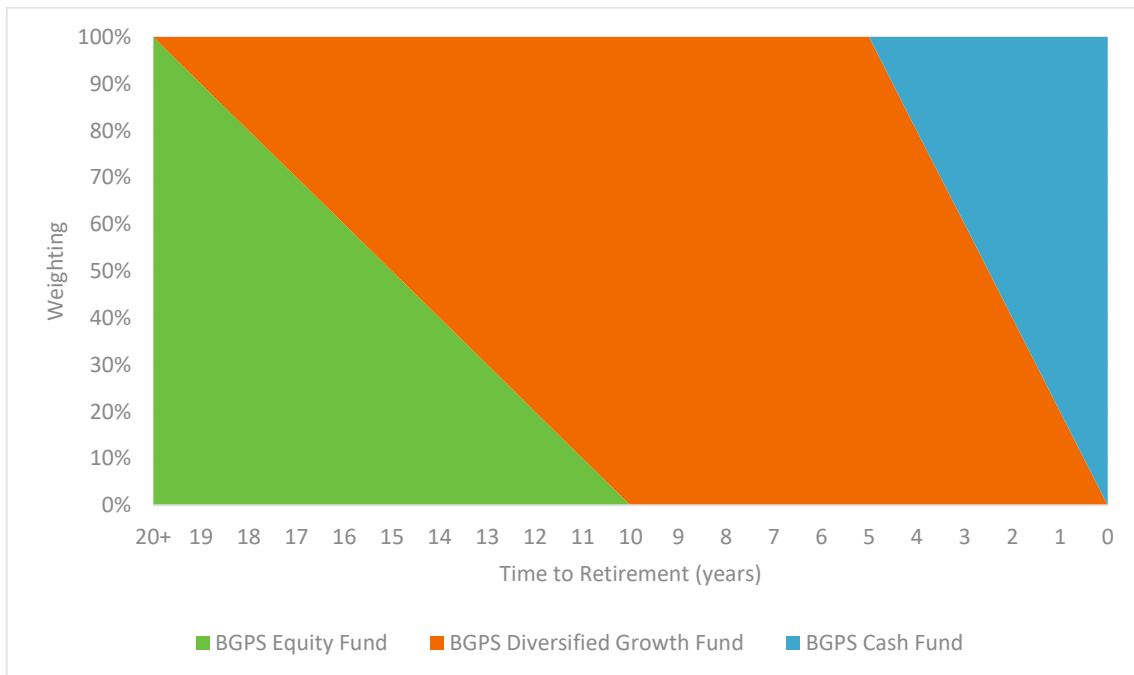
The average charge for the BGPS Annuity Lifestyle over a 40 year savings period was 0.22% p.a.

The table in Appendix 2b gives the charges and transaction costs for each fund used by the BGPS Annuity Lifestyle.

The Scheme is a qualifying scheme for auto-enrolment purposes and the member borne charges for the BGPS Annuity Lifestyle complied with the charge cap during the year covered by this Statement.

BGPS Cash Lifestyle

The BGPS Cash Lifestyle is a “lifestyle strategy” which invests contributions in funds according to how far each member is from retirement. This means that the level of charges and transaction costs borne by members can vary from year to year depending on how close members are to their selected retirement age and in which fund they are invested at that time.



During the year covered by this Statement the member-borne charges for the BGPS Cash Lifestyle were in a range from 0.13% to 0.50% p.a. of the amount invested or, put another way, in a range from £1.34 to £5.07 per £1,000 invested.

The transaction costs borne by members invested in the BGPS Cash Lifestyle during the year were in a range from a saving of 0.10% to a cost of 0.08% p.a. of the amount invested or, put another way, in a range from a saving of £1.03 to a cost of £0.79 per £1,000 invested.

For the period covered by this Statement, the annualised charges and transaction costs are:

| Period to retirement | Charge | | Transaction costs | |
|----------------------|--------|--------------|-------------------|--------------|
| | p.a. | £ per £1,000 | p.a. | £ per £1,000 |
| 20+ years | 0.13% | £1.34 | 0.08% | £0.79 |
| 15 years | 0.32% | £3.20 | 0.03% | £0.31 |
| 10 years | 0.51% | £5.07 | -0.02% | -£0.17 |
| 5 years | 0.51% | £5.07 | -0.02% | -£0.17 |
| At retirement | 0.13% | £1.35 | -0.10% | -£1.03 |

Source: Legal & General

The average charge for the BGPS Cash Lifestyle over a 40 year savings period was 0.25% p.a.

The table in Appendix 2b gives the charges and transaction costs for each fund used by the BGPS Cash Lifestyle.

The Scheme is a qualifying scheme for auto-enrolment purposes and the member borne charges for the BGPS Cash Lifestyle complied with the charge cap during the year covered by this Statement.

Self-select funds

During the year to 31 March 2024 the charges for the self-select funds were in a range from 0.05% to 0.70% of the amount invested or, put another way, in a range from £0.50 to £7.00 per £1,000 invested.

The transaction costs borne by members in the self-select funds during the year to 31 March 2024 were in a range from a saving of 0.10% to a cost of 0.11% of the amount invested or, put another way, in a range from a saving of £1.03 to a cost of £1.13 per £1,000 invested.

The table in Appendix 2c gives the charges and transaction costs for each self-select fund.

Other investment options

Legacy AVCs

The Scheme also held legacy AVCs during the period covered by this Statement, invested in With Profits Funds.

With-Profits AVCs

Some legacy AVCs are invested in With Profits Funds with Clerical Medical, Phoenix Life, Utmost Life and Scottish Friendly.

The Trustee last reviewed the legacy AVC arrangements on 28 February 2023. It is difficult for the Trustee to assess the value for members of With-Profits Funds because investment returns, charges and costs are pooled across all policyholders, and each member will have a different perception of the value of the guarantees attached. The collective nature of With-Profits Funds means that it is not possible for the Trustee to improve value for members.

The Trustee agreed that it would not be in the interest of members invested in the With Profits Funds to be transferred somewhere else due to the nature of the guarantees.

The Trustee will review the With Profits Funds again in three years' time, no later than 2026.

Charges and transaction costs for legacy AVCs

Clerical Medical With-Profits Fund

The Clerical Medical AVCs are invested in the Clerical Medical With-Profits Fund.

The transaction costs for the Clerical Medical With-Profits Fund over the Scheme year were 0.25%. Clerical Medical were unable to provide the charges over the Scheme year, and the Trustee will keep requesting this missing information.

Phoenix Life

The Phoenix Life AVCs are invested in the London Life Pension Traditional With Profits – V1 fund.

During the period 1 January 2023 to 31 December 2023, the level of member borne charges expressed a “Total Expense Ratio” borne by members was 1% and the transaction costs were 0.13%. The information over the Scheme year has not been made available by Phoenix yet. The Trustee will keep requesting this information.

Utmost Life

The Utmost Life AVCs are invested in the Clerical Medical With-Profits Fund, which is held with Utmost Life.

The Annual Management Charge for the Clerical Medical With-Profits Fund over the Scheme Year was 0.5% and the transaction costs were 0.25%.

Scottish Friendly

The Scottish Friendly AVCs are invested in the Scottish Friendly With Profits Fund.

The transaction costs for 2023 are 0.01% and the charges for a typical conventional Scottish Friendly With Profits Fund is 0.2%.

The table in Appendix 2d gives the funds’ charges and transaction costs for the legacy AVC funds.

Money Purchase Underpin

Some members in the DB Section of the Scheme have a money purchase underpin to their benefits. This only applies to members of the NPP and IMI sections within the DB Section of the Scheme.

The underpin was not triggered in respect of any members during the period covered by this Statement. It is not expected to apply to any members in practice, either now or in the future.

Impact of costs and charges - illustration of charges and transaction costs

The Trustee has asked the Scheme’s DC advisers to illustrate the impact over time of the costs and charges borne by members.

These illustrations show projected fund values in today’s money before and after costs and charges for a typical member at several stages up to retirement for a selection of funds and with a total contribution rate of 10% (3% employee and 7% employer).

The tables in Appendix 3 to this Statement show these figures for the following investment options, together with a note of the assumptions used in calculating these illustrations.

- The default arrangement, the BGPS Drawdown Lifestyle; as well as
- Two alternative lifestyle options:
 - The BGPS Annuity Lifestyle
 - The BGPS Cash Lifestyle
- Two funds from the Scheme’s self-select fund range:
 - Fund with the highest charges – the BGPS Property Fund and
 - Fund with the lowest charges – the BGPS Index-Linked Gilts Fund.

The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne fees and allowing for transaction costs.

As an example, for a member who joined the default arrangement at age 45, the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today’s money from £131,451 to £124,926.

Notes on illustrations

- These illustrated values are not guaranteed and may not prove to be a good indication of how your own savings might grow;
- The transaction cost figures used in the illustrations are those provided by the managers over a four year reporting period i.e. the last four years since the funds were implemented with Legal & General;
- Projected pension pot values are shown in today’s terms, and do not need to be reduced further for the effect of future inflation.

Please see the notes to the tables in Appendix 3 for the assumptions used in calculating these illustrations.

5 Value for Members

Each year, with the help of its advisers, the Trustee carries out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members. Value is not simply about low cost – the Trustee also considers the quality and scope of provision compared against similar schemes and available external benchmarks.

Approach

The Trustee adopted the following approach to assessing Value for Members for the last year:

- Services – considered the investment, administration and communication services where members bear or share the costs;
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement;
- Comparison – the cost and quality of each service were compared against similar schemes and available external comparisons;
- Rating – each service was rated on the below basis.

Results for the year ended 31 March 2024

The Scheme provided **Good** Value for Members in the year ended 31 March 2024.

Rating rationale

Members only pay for investment services. The rationale for the rating of the investment services was in outline:

| Service and weighting | Rating | Rationale |
|----------------------------|-------------|--|
| Investment 100% | Good | <p>The Scheme's investments are held with the Legal & General Investment Management ("LGIM") investment only platform.</p> <p>The default arrangement was well under the 0.75% p.a. charge cap requirement. In the BGPS Drawdown Lifestyle, charges range from 0.134% p.a. (during the growth phase), 0.507% p.a. (during the consolidation phase) to 0.266% p.a. (at the end of the de-risking phase).</p> <p>The other default lifestyles are the BGPS Annuity Lifestyle and BGPS Cash Lifestyle. In the BGPS Annuity Lifestyle, charges range from 0.134% p.a. (during the growth phase), 0.507% p.a. (during the consolidation phase) to 0.146% p.a. (at the end of the de-risking phase). In the BGPS Cash Lifestyle, charges range from 0.134% p.a. (during the growth phase), 0.507% p.a. (during the consolidation phase) to 0.135% p.a. (at the end of the de-risking phase).</p> <p>The self-select fund charges range from 0.05% p.a. to 0.70% p.a. which the Trustee believes offers good value.</p> <p>In the BGPS Drawdown Lifestyle the transaction costs range from a saving of 0.017% p.a. to a cost of 0.079% p.a. depending on how far from retirement the member is.</p> <p>In the BGPS Annuity Lifestyle and the BGPS Cash Lifestyle the transaction costs range from a saving of 0.103% p.a. to a cost of 0.079% p.a. depending on how far</p> |

| Service and weighting | Rating | Rationale |
|-----------------------|--------|--|
| | | <p>from retirement the member is. The transaction costs for the self-select funds range from a saving of 0.103% p.a. to a cost of 0.113% p.a.</p> <p>The Trustee provides two alternative lifestyle arrangements and 15 funds for the membership to self-select. The self-select range includes both an ESG tilted fund and an Islamic fund, further enhancing value for members.</p> <p>No full review of the investment options was due to be carried out in the Scheme year, and no changes were made to the investment options.</p> <p>The Trustee monitored investment performance against benchmarks on a quarterly basis for the default arrangement as well as the other investment options. The Trustee notes that the Scheme year was turbulent for markets due to high inflation and is comfortable that the reasons for the underperformance are not specific to the Scheme. The Trustee also notes that performance has improved over the Scheme year compared to the previous Scheme year and will continue to closely monitor investment performance over the next Scheme year.</p> |

The Trustee has agreed an action plan for the following year to improve value where necessary and obtain any missing information. This action plan, along with details of the missing information and value assessment limitations, are detailed in other sections of the Chair's Statement.

Overall Value for Money

The Pensions Regulator's non-mandatory overall value for money considers all the Scheme's services to members where the members and/or the Company bear the cost. In addition to investment, this includes administration, communications, and governance and retirement.

The Scheme provided **Good** Overall Value for Money in the year ended 31 March 2024.

6 Administration

The Trustee has appointed Buck, a Gallagher company, a specialist third-party provider of pensions administration services, to administer the Scheme on its behalf.

Core financial transactions

The Trustee monitored core financial transactions during the year including:

- The receipt and investment of contributions (including inward transfers of funds);
- Switches between investment options; and
- Payments of benefits (including retirements and outward transfers of funds).

Service levels

The Trustee has a service level agreement in place with the Scheme's administrator, which covers the accuracy and timeliness of all administration work including core financial transactions such as:

- The investment of contributions
- Switching investment options
- Payments of benefits
- Providing quotations of benefits to members who are retiring or leaving the Scheme
- Producing annual benefit statements
- Responding to ad hoc enquiries from members.

The main service standards are:

- Death in service or deferment and transfer-in calculation and payment within 5 working days;
- Leaving service options (i.e. refunds, deferred benefits, retirement benefits and transfers out) calculation and payment within 10 working days;
- Deferred benefits certificate within 5 working days;
- Retirement quotation provision within 10 working days;
- Illustration calculation within 10 working days;
- Transfer-in calculation and acceptance within 10 working days;
- Passing AVCs enquiries to insurer within 5 working days;
- General enquiries within 10 working days;
- Annual Renewal and Benefit Statements certificate within 40 working days; and
- Individual Benefit Statements certificate upon request within 10 working days.

Buck, a Gallagher company, aims to complete 90% of its administration work and core financial transactions within these service levels.

The Trustee understands that Buck, a Gallagher company, monitors its performance against these service levels by:

- Maintaining all the processes subject to AAF audit;
- Monitoring daily transactions;
- Monitoring daily workflow items;
- Regular internal audits of administration procedures; and
- Reviewing the level, causes and resolution of complaints.

The Trustee monitored core financial transactions and administration service levels during the year by:

- Checking that contributions deducted from members' earnings have been paid promptly to the Scheme by the Company;
- Receiving, reviewing and discussing quarterly reports from the administrator on the processing of financial transactions and other administration processes against the agreed service levels – the performance against service levels over the reporting year was 97.1% in Q2 2023, 97.9% in Q3 2023, 91.0% in Q4 2023 and 85.2% in Q1 2024. While the earlier quarters met the pre-set target of 90%, Q1 2024 fell slightly short. Buck, a Gallagher company, confirmed they have employed additional team members which should improve SLAs.
- Receiving reports from the Scheme's Auditor; and
- Considering member feedback including any complaints (of which there were six during the Scheme year).

The Scheme's administrators, Buck, a Gallagher company, have confirmed to the Trustee that there are adequate internal controls to ensure that core financial transactions relating to the Scheme are processed promptly and accurately. The internal controls can be provided on request, if needed.

The Trustee has an Administration Sub-Committee in place, which meets four times a year, ahead of Trustee meetings, to address administration matters in greater detail. The Trustee meets with the Scheme administrators at the Administration Sub-Committee meetings, as well as the Trustee meetings, and any issues are raised with the Trustee as soon as possible.

The Trustee reviewed the Scheme Administrator in March 2022 and agreed that the administration services remained appropriate and competitive.

Data quality

The Trustee asks the Scheme's administrator to confirm that they have undertaken an audit of the Scheme's common data (which is the key data needed by the Scheme to calculate members' benefits such as dates of birth), to ensure that the records for all members are accurate and up to date.

The last data quality audit was undertaken in May 2022. This showed that common data was present for 92.98% of membership data – compared to 94.52% at the last assessment (April 2020) so is broadly unchanged. The audit also showed that conditional data was present for 94.57% of membership data. This was much higher than the last assessment (52.95%) in April 2020 as the Trustee and Buck, a Gallagher company, had reviewed the Scheme-specific tests that were carried out within the audit, which led to a higher score.

Over the next year the Trustee will continue to monitor common and conditional data and where possible, improve the quality of the Scheme's data.

Cyber security

The Trustee is conscious of the growing threat of cyber-attacks on pension schemes.

Each year the Trustee asks the Scheme's administrator to confirm that their cyber security arrangements are effective and up to date. The Trustee expects that the Scheme's administrator will report any security breach immediately and ensure that members are notified as soon as possible.

No cyber security review was undertaken during the Scheme year. The Trustee asked Grant Thornton to undertake a cyber security review on its behalf, which was completed on 10 November 2021. As a result of this review, personal identifiers have been removed to increase member confidentiality, all Scheme transfer information is being uploaded to a secure portal rather than being sent by email, and a cyber security Incident Response Management Plan has been put in place.

The Trustee undertook a Trustee Training Day on 21 September 2023 and Cyber Security is one of the covered topics.

Overall

Overall, the Trustee is satisfied that during the year:

- Core financial transactions were processed accurately, promptly and efficiently;
- There have been no material administration errors in relation to processing core financial transactions;
- The wider administration of the Scheme achieved the agreed service standards; and
- The Scheme's cyber security arrangements are effective.

Bulk transfers of assets

There were no bulk transfers carried out during the year to 31 March 2024.

Security of assets

The situation regarding the security of where pension contributions are invested is complex. It can vary from scheme to scheme and from fund to fund within each scheme. To-date there have only been a few instances where members of schemes such as ours have seen their benefits reduced as a result of a financial failure of a provider or fund manager.

The Trustee has reviewed the structure of the funds used within the default arrangement, the BGPS Drawdown Lifestyle, and other investment options.

The Trustee has considered the various risks to which the Scheme is exposed, and details of its policy on the management of the key investment-related risks can be found in the SIP. The safe custody of the Scheme's assets is delegated to professional custodians, selected and monitored by the pooled funds providers. The role of the custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee therefore believes that the current structures are appropriate for members when compared to other possible structures.

The Trustee takes the security of assets into account when selecting and monitoring the funds used by the Scheme.

7 Trustee knowledge and understanding

The Scheme's Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Section 247 and 248 of the Pensions Act 2004 requires that each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Scheme, the Scheme's SIP and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally;
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as Trustee Director, sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to funding and investment of the assets of occupational pension schemes; and
- Be able to demonstrate that their combined knowledge and understanding, together with available advice from their advisers, enables them to properly exercise their functions as Trustee Directors.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the Scheme year are set out below.

Current practices

The Trustee Director's current practices to maintain and develop their level of knowledge and understanding of matters relating to the Scheme are set out below.

- There is a structured induction process for newly appointed Trustee Directors, which includes one-to-one training from the legal and actuarial advisers and the Scheme's DC advisers. Newly appointed Directors are also asked to complete the Pensions Regulator's "Trustee Toolkit" within 6 months of becoming a Trustee Director;
- Ongoing training is provided to ensure that Trustee Directors maintain a working knowledge of the Scheme's Trust Deed and Rules, the Scheme's SIP as well as the investment concepts and principles relevant to the Scheme, contract documents in relation to administration of the Scheme and the law and legislation relating to pension schemes and trusts, as well as working knowledge of documents setting out Trustee policies;
- Trustee Directors are encouraged to undertake further study and qualifications which support their work as Trustee Directors;
- The Trustee Directors have an annual plan in place for ongoing training appropriate to their duties;
- The effectiveness of these practices and the training received are reviewed regularly;
- The Trustee Directors carry out regular assessments to confirm and identify any gaps in their knowledge and skills; and
- The Trustee Directors also receive quarterly "hot topics" from their advisers covering technical and legislative/regulatory changes affecting DC (and AVC) schemes in general.

Trustee training

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps. The Trustee's advisers raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers typically deliver training on such matters at Trustee meetings, DC Sub-Committee meetings or Trustee Training Days if they are material. The Trustee undertook

a Trustee Training Day on 21 September 2023; this covered topics including Cyber Security and Diversity, Equality and Inclusion.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. The Trustee Directors completed a questionnaire in advance of the training session to assess their knowledge against a list of key topics. The training programme each year takes account of the results of this session, aiming to address the identified gaps over time.

The Trustee Directors periodically receive training on the Trust Deed and Rules and the balance of powers within the Scheme. The Trustee does not receive this training yearly but it considers both with its advisers as part of Trustee meetings and Sub-Committee meetings. The last training session on the Trust Deed and Rules was carried out in 2019.

During the period covered by this Statement, the Trustee received training on the following topics (in addition to the topics covered at the Trustee Training Day):

| Date | Topic | Aim/benefit to the Trustee | Trainer |
|---|-------------------------|---|----------------|
| 2 May 2023 (Investment Sub-Committee meeting) | Diversified Growth Fund | To equip trustees with in-depth knowledge of investment strategies, performance evaluation, and risk oversight for the BlackRock Diversified Growth Fund. | BlackRock |
| 20 September 2023 (Investment Sub-Committee meeting) | Diversified Growth Fund | To equip trustees with in-depth knowledge of investment strategies, performance evaluation, and risk oversight for the Insight Broad Opportunities Fund. | Insight |
| 29 November 2023 (Investment Sub-Committee meeting) | Diversified Growth Fund | To equip trustees with in-depth knowledge of investment strategies, performance evaluation, and risk oversight for the LGIM Diversified Growth Fund. | LGIM |
| 29 February 2024 (Trustee meeting) | Discretionary benefits | To ensure trustees possess comprehensive knowledge of the decision-making processes associated with discretionary benefits in pension plans. | Pinsent Masons |

Governing documentation

All the Trustee Directors have access to copies of and are familiar with the current governing documentation for the Scheme, including the Trust Deed and Rules (together with any amendments) and SIP. The Trustee refers to the Trust Deed and Rules as part of deciding to make any changes to the Scheme, and the SIP is formally reviewed at least every three years and as part of making any change to the Scheme's investments. The SIP was last reviewed in November 2023.

The Trustee Directors test their familiarity with the Scheme's documentation, pensions law/regulations and the Pensions Regulator's DC Code of Practice 13 and supporting Guides by completing an annual self-assessment against the DC Code.

Skills, experience and diversity

DC matters are dealt with by a DC Sub-Committee, to ensure sufficient time is dedicated to DC matters. Four DC Sub-Committee meetings were held over the reporting period. The DC Sub-Committee reports back to the full Trustee Board at quarterly Trustee meetings. Investment matters (including DC) are dealt with by an Investment Sub-Committee, which also met four times over the Scheme year.

There is a professional trustee on the Board. Advisers attend all Trustee meetings and Sub-Committee meetings. The professional trustee and the advisers provide input and explanations or training on matters as they are discussed. This ensures that the Trustee receives “on the job” training.

The Trustee periodically considers the diversity of the board in relation to core characteristics such as gender, age and ethnicity and to the mix of skills, experience and cognitive diversity. The Trustee does not itself have the power to select new Trustee Directors. However, where vacancies on the board arise, the Trustee will liaise with the Company to seek to recruit new trustees who enhance the diversity of the board and its overall effectiveness.

No Trustee effectiveness review was carried out over the Scheme year. The last review was carried out in January 2021 and the next review will be carried out at the September 2024 Trustee training day.

Trustee advisers

The Trustee has appointed suitably qualified and experienced actuaries, legal advisers, investment consultants and benefit consultants to provide advice on the operation of the Scheme in accordance with its Trust Deed and Rules, legislation and regulatory guidance. The Trust Deed and Rules is maintained in consolidated form, to aid understanding.

The Trustee periodically reviews the appointment of its advisers. The Trustee last formally reviewed Buck, a Gallagher company, in March 2022, and the rest of its advisers in the first quarter of 2018. The Trustee keeps these appointments under ongoing review.

Reviews

The Trustee undertook the following reviews during the last year:

| Date | Review of |
|--|---|
| 16 November 2023 (DC Sub Committee meeting) | The DC annual business plan and the DC objectives, which enables the Trustee Directors to ensure they receive appropriate training over the year, in line with Scheme objectives. |
| 16 November 2023 (DC Sub Committee meeting) | How well the Scheme complied with the DC Code of Practice. |
| November 2023 | The SIP to reflect changes in regulation such as stating our policy on investing in illiquid assets. |
| Ongoing | Scheme communication materials to ensure consistency between Trustee and Company communications. |

Overall

The Trustee Directors are satisfied that during the last Scheme year they have:

- Taken effective steps to maintain and develop their knowledge and understanding; and
- Ensured they received suitable advice.

Over the next reporting year, the Trustee Directors will be:

- Continuing to develop their knowledge and understanding by undertaking regular training sessions, as per the Training Plan; and
- Ensuring they receive suitable advice during the next year by reviewing the effectiveness of their advisers.

The Trustee Directors are satisfied that the combination of their knowledge and understanding together with access to suitable advice enabled them to properly exercise their duties during the period covered by this Statement.

8 Completed and future actions

During the last year we:

- Regularly assessed fund fees, suitability and performance through input from the Scheme's DC investment adviser;
- Held a Trustee Training Day and covered a variety of topics which the Trustee Directors previously indicated they required training on;
- Improved Value for Members by:
 - *Working closely with our advisers to produce engaging communications issued to members to help aid education on their benefits; and*
 - *Continuing to work on the communications strategy review to ensure consistency between Trustee and Company communications.*
- Reviewed the DC Annual Business Plan and the DC Objectives;
- Reviewed the performance of the investment consultants against set objectives;
- Reviewed how well the Scheme complied with the DC Code of Practice;
- Arranged for the publication of this Statement, together with the SIP in a publicly searchable location on the internet with a note of this location in the annual benefit statements;
- Considered whether value for money for members would be improved by transferring the assets to a Master Trust and concluded that the Scheme provided good value and so it was currently not appropriate to transfer to a Master Trust; and
- Reviewed and updated the SIP to reflect changes in regulation such as stating our policy on investing in illiquid assets.

In the coming year (which will be covered by the next Statement), we intend to:

- Continue reviewing the Scheme communications;
- Rectify the inadvertent default arrangements (the BGPS Annuity Lifestyle and the BGPS Cash Lifestyle);
- Undertake a triennial strategy review on the investment funds being offered to members (this was completed after the Scheme year on 20 May 2024);
- Undertake an assessment of how well the Scheme complies against the General Code of Practice;
- Continue to ensure compliance with the General Code and prepare for the first Own Risk Assessment (ORA) which will be due in 2026; and
- Complete our yearly implementation statement describing how we have followed the policies in the Scheme's SIP.

Missing information

The Trustee has been unable to obtain information on:

- The charges and transaction costs for the following legacy AVCs during the period covered by this Statement:
 - Phoenix LL Pension Traditional With Profits – V1 Fund – charges and transaction costs are, however, available for the period 1 January 2023 to 31 December 2023.
- The charges for the Clerical Medical With Profits Fund during the period covered by this Statement.

The following steps are being taken to obtain the missing information for the future:

- The Trustee requested the information from the providers and is continuing to chase for responses;
- The Trustee is pressing for greater disclosure of costs and charges for the With Profits Funds; and
- The Trustee has asked for reasons why the missing information is not available and a timescale for when it will be available.

Appendix 1
Statement of Investment Principles

Appendix 2

Table of funds and charges

2a Default arrangement – the BGPS Drawdown Lifestyle

The funds' charges (as "Total Expense Ratios") and transaction costs in the last Scheme year used in the BGPS Drawdown Lifestyle default arrangement were:

| Fund | ISIN * | Charges ** | | Underlying Fund *** | Transaction costs | |
|------------------------------|--------------|-------------------------------|----------------------------|---|-------------------------------|----------------------------|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| BGPS Equity Fund | GB00B8ZVK362 | 0.134% | £1.34 | LGIM World Equity Index Fund – GBP Hedged | 0.079% | £0.79 |
| BGPS Diversified Growth Fund | GB00B8ZVK818 | 0.507% | £5.07 | LGIM Diversified Fund | -0.017% | -£0.17 |
| | | | | Insight Broad Opportunities Fund | | |
| BGPS Pre Drawdown Fund | GB00B8ZVL220 | 0.266% | £2.66 | LGIM Retirement Income Multi Asset Fund | 0.012% | £0.12 |
| | | | | LGIM AAA-AA-A Corporate Bond All Stocks Index | | |
| | | | | LGIM Sterling Liquidity | | |

Source: Legal & General

2b Lifestyle options outside the default arrangement – considered inadvertent defaults

The two lifestyle options below are considered inadvertent defaults.

The funds' charges (as "Total Expense Ratios") and transaction costs in the last Scheme year used in the BGPS Annuity Lifestyle option were:

| Fund | ISIN * | Charges ** | | Underlying Fund *** | Transaction costs | |
|------------------------------|--------------|-------------------------------|----------------------------|---|-------------------------------|----------------------------|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| BGPS Equity Fund | GB00B8ZVK362 | 0.134% | £1.34 | LGIM World Equity Index Fund – GBP Hedged | 0.079% | £0.79 |
| BGPS Diversified Growth Fund | GB00B8ZVK818 | 0.507% | £5.07 | LGIM Diversified Fund | -0.017% | -£0.17 |
| | | | | Insight Broad Opportunities Fund | | |
| BGPS Pre-Retirement Fund | GB00B8ZVL774 | 0.150% | £1.50 | LGIM Pre-Retirement Fund | -0.051% | -£0.51 |
| BGPS Cash Fund | GB00B8ZVLL12 | 0.135% | £1.35 | LGIM Sterling Liquidity | -0.103% | -£1.03 |

Source: Legal & General

The funds' charges (as "Total Expense Ratios") and transaction costs in the last Scheme year used in the BGPS Cash Lifestyle option were:

| Fund | ISIN * | Charges ** | | Underlying Fund *** | Transaction costs | |
|------------------------------|--------------|-------------------------------|----------------------------|---|-------------------------------|----------------------------|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| BGPS Equity Fund | GB00B8ZVK362 | 0.134% | £1.34 | LGIM World Equity Index Fund – GBP Hedged | 0.079% | £0.79 |
| BGPS Diversified Growth Fund | GB00B8ZVK818 | 0.507% | £5.07 | LGIM Diversified Fund | -0.017% | -£0.17 |
| | | | | Insight Broad Opportunities Fund | | |
| BGPS Cash Fund | GB00B8ZVLL12 | 0.135% | £1.35 | LGIM Sterling Liquidity | -0.103% | -£1.03 |

Source: Legal & General

2c Self-select funds

The funds' charges (as "Total Expense Ratios") and transaction costs in the last Scheme year for the self-select funds were:

| Fund | ISIN * | Charges ** | | Underlying Fund *** | Transaction costs | |
|--|--------------|-------------------------------|----------------------------|---|-------------------------------|----------------------------|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| BGPS UK Equity Fund | GB00B8ZVLN36 | 0.132% | £1.32 | LGIM UK Equity Index | -0.016% | -£0.16 |
| BGPS World Equity Fund | GB00B8ZVLT97 | 0.152% | £1.52 | LGIM World (ex UK) Developed Equity Index Fund | 0.022% | £0.22 |
| BGPS Sterling Hedged World Equity Fund | GB00B8ZVLQ66 | 0.133% | £1.33 | LGIM World (ex UK) Developed Equity Index Fund - GBP Hedged | 0.081% | £0.81 |
| BGPS Emerging Markets Fund | GB00B8ZVK925 | 0.226% | £2.26 | LGIM World Emerging Markets Equity Index | 0.113% | £1.13 |
| BGPS Global (50:50) Equity Fund | GB00B8ZVLX34 | 0.149% | £1.49 | LGIM Global Equity Fixed Weights (50:50) Index Fund | 0.025% | £0.25 |
| BGPS Islamic Equity Fund | GB00B8ZVLG68 | 0.352% | £3.52 | LGIM HSBC Islamic Equity Index | -0.065% | -£0.65 |
| BGPS Diversified Growth Fund | GB00B8ZVK818 | 0.507% | £5.07 | LGIM Diversified Fund Insight Broad Opportunities Fund | -0.017% | -£0.17 |
| BGPS Future World Fund | GB00B8ZVL550 | 0.204% | £2.04 | LGIM Future World Fund | 0.090% | £0.90 |
| BGPS Pre-Retirement Fund | GB00B8ZVL774 | 0.150% | £1.50 | LGIM Pre-Retirement Fund | -0.051% | -£0.51 |
| BGPS Retirement Income Fund | GB00B8ZVL998 | 0.370% | £3.70 | LGIM Retirement Income Multi Asset Fund | 0.075% | £0.75 |
| BGPS Gilts Fund | GB00B8ZVKL47 | 0.061% | £0.61 | LGIM All Stocks Gilts Index | 0.053% | £0.53 |
| BGPS Index-Linked Gilts Fund | GB00B8ZVKJ25 | 0.050% | £0.50 | LGIM All Stocks Index Linked Gilts Fund | 0.031% | £0.31 |
| BGPS Corporate Bond Fund | GB00B8ZVLZ57 | 0.065% | £0.65 | LGIM AAA-AA-A Corporate Bond All Stocks Index | -0.058% | -£0.58 |
| BGPS Property Fund | GB00B8ZVKD62 | 0.700% | £7.00 | Threadneedle Property Fund (GBP) | 0.093% | £0.93 |
| BGPS Cash Fund | GB00B8ZVLL12 | 0.135% | £1.35 | LGIM Sterling Liquidity | -0.103% | -£1.03 |

Source: Legal & General

2d Legacy AVCs

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year for the legacy AVC funds were:

| Fund | ISIN * | Underlying Fund*** | Charges ** | | Transaction costs | |
|--|--------|--------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | | | % p.a. of the amount invested | £ p.a. per £1,000 invested | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Clerical Medical Unitised With-Profit Fund held with Utmost Life | N/A | N/A | 0.50% | £5.00 | 0.25% | £2.50 |
| Phoenix LL Pension Traditional With Profits – V1 Fund† | N/A | N/A | 1.00% | £10.00 | 0.13% | £1.27 |
| Scottish Friendly – With Profits | N/A | N/A | 0.20% | £2.00 | 0.09% | £0.92 |
| Clerical Medical With Profits Funds†† | N/A | N/A | Not available | Not available | 0.25% | £2.50 |

Source: Utmost Life / Phoenix Life / Scottish Friendly / Clerical Medical

†The Charges and Transaction Costs figures given here are for the reporting period 1 July 2022 to 30 June 2023. The Trustee is requesting more recent information.

††The Trustee is requesting the missing information.

* ISIN = the International Securities Identification Number unique to each fund.

** Charges = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses.

***Underlying Fund = the fund in which the Scheme's top level Fund invests.

Appendix 3

Tables illustrating the impact of charges and costs

The following tables show the potential impact of the costs and charges borne by a typical member on projected values in today's money at several times up to retirement for a selection of funds:

3a For the default arrangement (the BGPS Drawdown Lifestyle)

For members initially aged 45 with a starting pot size of £30,000, an annual salary of £37,500 and a total contribution of 9% p.a. (3% employee, 6% employer).

| Years to retirement | Before costs and charges £ | After costs and charges are taken £ |
|---------------------|----------------------------|-------------------------------------|
| 0 | 131,451 | 124,926 |
| 3 | 115,591 | 110,365 |
| 5 | 105,219 | 100,898 |
| 10 | 80,233 | 78,164 |
| 15 | 54,742 | 54,154 |
| 20 | 30,000 | 30,000 |

Source: Hymans Robertson

For members initially aged 22 with a starting pot size of £0, an annual salary of £20,000 and a total contribution of 9% p.a. (3% employee, 6% employer).

| Years to retirement | Before costs and charges £ | After costs and charges are taken £ |
|---------------------|----------------------------|-------------------------------------|
| 0 | 174,004 | 161,072 |
| 3 | 160,708 | 149,628 |
| 5 | 151,828 | 142,090 |
| 10 | 129,812 | 123,645 |
| 15 | 104,466 | 101,132 |
| 20 | 76,406 | 74,622 |
| 25 | 51,929 | 51,000 |
| 30 | 32,644 | 32,231 |
| 35 | 17,525 | 17,392 |
| 40 | 5,746 | 5,730 |
| 43 | 0 | 0 |

Source: Hymans Robertson

3b For the alternative lifestyle options available to members

For members initially aged 45 with a starting pot size of £30,000, an annual salary of £37,500 and a total contribution of 9% p.a. (3% employee, 6% employer).

| Years to retirement | BGPS Annuity Lifestyle Option | | BGPS Cash Lifestyle Option | |
|---------------------|-------------------------------|-------------------------------------|----------------------------|-------------------------------------|
| | Before costs and charges £ | After costs and charges are taken £ | Before costs and charges £ | After costs and charges are taken £ |
| 0 | 144,299 | 137,928 | 129,191 | 122,465 |
| 3 | 121,542 | 116,403 | 116,237 | 110,549 |
| 5 | 107,829 | 103,560 | 105,699 | 101,130 |
| 10 | 80,233 | 78,164 | 80,233 | 78,164 |
| 15 | 54,724 | 54,154 | 54,724 | 54,154 |
| 20 | 30,000 | 30,000 | 30,000 | 30,000 |

Source: Hymans Robertson

For members initially aged 22 with a starting pot size of £0, an annual salary of £20,000 and a total contribution of 9% p.a. (3% employee, 6% employer).

| Years to retirement | BGPS Annuity Lifestyle Option | | BGPS Cash Lifestyle Option | |
|---------------------|-------------------------------|-------------------------------------|----------------------------|-------------------------------------|
| | Before costs and charges £ | After costs and charges are taken £ | Before costs and charges £ | After costs and charges are taken £ |
| 0 | 192,027 | 178,857 | 171,040 | 157,868 |
| 3 | 169,328 | 158,164 | 161,663 | 149,903 |
| 5 | 155,711 | 145,957 | 152,542 | 142,427 |
| 10 | 129,812 | 123,645 | 129,812 | 123,645 |
| 15 | 104,466 | 101,132 | 104,466 | 101,132 |
| 20 | 76,406 | 74,622 | 76,406 | 74,622 |
| 25 | 51,929 | 51,000 | 51,929 | 51,000 |
| 30 | 32,644 | 32,231 | 32,644 | 32,231 |
| 35 | 17,525 | 17,392 | 17,525 | 17,392 |
| 40 | 5,746 | 5,730 | 5,746 | 5,730 |
| 43 | 0 | 0 | 0 | 0 |

Source: Hymans Robertson

3c For the highest charging and lowest charging self-select funds:

For members initially aged 45 with a starting pot size of £30,000, an annual salary of £37,500 and a total contribution of 9% p.a. (3% employee, 6% employer).

| Years to retirement | BGPS Property Fund (highest charging) | | BGPS Index-Linked Gilts Fund (lowest charging) | |
|---------------------|---------------------------------------|---------------------------|--|---------------------------|
| | Before costs and charges £ | After costs and charges £ | Before costs and charges £ | After costs and charges £ |
| 0 | 124,694 | 113,122 | 161,975 | 159,346 |
| 3 | 107,722 | 98,945 | 135,126 | 133,232 |
| 5 | 96,999 | 89,849 | 118,856 | 117,365 |
| 10 | 72,143 | 68,306 | 83,257 | 82,526 |
| 15 | 49,884 | 48,389 | 53,977 | 53,718 |
| 20 | 30,000 | 30,000 | 30,000 | 30,000 |

Source: Hymans Robertson

For members initially aged 22 with a starting pot size of £0, an annual salary of £20,000 and a total contribution of 9% p.a. (3% employee, 6% employer).

| Years to retirement | BGPS Property Fund (highest charging) | | BGPS Index-Linked Gilts Fund (lowest charging) | |
|---------------------|---------------------------------------|---------------------------|--|---------------------------|
| | Before costs and charges £ | After costs and charges £ | Before costs and charges £ | After costs and charges £ |
| 0 | 128,338 | 109,323 | 201,522 | 195,757 |
| 3 | 115,094 | 99,153 | 174,659 | 170,050 |
| 5 | 106,705 | 92,619 | 158,318 | 154,372 |
| 10 | 87,187 | 77,109 | 122,363 | 119,752 |
| 15 | 69,607 | 62,723 | 92,508 | 90,859 |
| 20 | 53,802 | 49,396 | 67,786 | 66,809 |
| 25 | 39,623 | 37,062 | 47,379 | 46,853 |
| 30 | 26,930 | 25,662 | 30,596 | 30,355 |
| 35 | 15,596 | 15,141 | 16,855 | 16,775 |
| 40 | 5,504 | 5,444 | 5,665 | 5,655 |
| 43 | 0 | 0 | 0 | 0 |

Source: Hymans Robertson

Assumptions

The assumptions used in these calculations were:

- The opening DC pot size for members within the Scheme is £30,000, which was the average pot size for members at 31 March 2024.
- A contribution in current day terms of £3,375 p.a., which was the average contribution (9%) using a salary of £37,500. This was the average salary for members as at 31 March 2024.
- The gross investment return for each fund above was:

| Fund | Return % p.a. |
|------------------------------|---------------|
| BGPS Equity Fund | 7.00% |
| BGPS Diversified Growth Fund | 4.00% |
| BGPS Pre Drawdown Fund | 3.50% |
| BGPS Pre-Retirement Fund | 6.00% |
| BGPS Cash Fund | 2.00% |
| BGPS Property Fund | 4.00% |
| BGPS Index-Linked Gilts Fund | 6.00% |

- In the projections, an inflationary increase of 2.5% was applied and a real salary growth rate of 1%;
- The TERs over the reporting period as reported in this Statement;
- The transaction costs over the last five Scheme years;
- The assumptions as used in the Statutory Money Purchase Illustrations included with members' benefit statements have otherwise been used;
- For funds where transaction costs over the reporting period were negative, the calculations assume no transaction costs for prudence.

Please note that these illustrated values:

- Are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice;
- Have used assumptions which may differ in the future to reflect changes in regulatory requirements or investment conditions;
- Will be affected by future, and as yet unknown, changes to the Scheme's investment options;
- Are not guaranteed;
- (for the lifestyle strategies) Depend upon how far members are from retirement as the funds used change over time;
- May not prove to be a good indication of how your own savings might grow;
- Comply with the Technical Actuarial Standards (TAS) 100: Principles for Technical Actuarial Work.

Appendix 4

Investment performance

Self-select funds

The investment performance of the self-select funds during periods up to 31 March 2024 net of all costs and charges expressed as an annual percentage were:

| Fund | 1 year 1 April 2023 – 31 March 2024 (%) | 3 years 1 April 2021 – 31 March 2024 (% p.a.) | 5 years 1 April 2019 – 31 March 2024 (% p.a.) |
|--|---|---|---|
| BGPS UK Equity Fund | 8.44 | 7.90 | 5.54 |
| BGPS World Equity Fund | 24.54 | 11.77 | 13.49 |
| BGPS Sterling Hedged World Equity Fund | 28.21 | 9.44 | 12.31 |
| BGPS Emerging Markets Fund | 5.77 | -0.95 | 3.58 |
| BGPS Global (50:50) Equity Fund | 13.90 | 8.78 | 8.58 |
| BGPS Islamic Equity Fund | 32.15 | 14.75 | 15.67 |
| BGPS Diversified Growth Fund | 9.47 | 2.49 | 3.65 |
| BGPS Future World Fund | 16.18 | 8.98 | 10.27 |
| BGPS Pre-Retirement Fund | 3.43 | -8.30 | -3.44 |
| BGPS Retirement Income Fund | 6.97 | 2.29 | 3.74 |
| BGPS Gilts Fund | -0.13 | -7.59 | -3.86 |
| BGPS Index-Linked Gilts Fund | -5.86 | -10.02 | -5.46 |
| BGPS Corporate Bond Fund | 4.83 | -3.73 | -0.97 |
| BGPS Cash Fund | 5.06 | 2.37 | 1.57 |

| | | | |
|--------------------|------|------|------|
| BGPS Property Fund | 0.56 | 2.54 | 0.42 |
|--------------------|------|------|------|

Source: Legal & General

For the self-select funds the investment return does not vary depending on your age and how far you are from your selected retirement age.