

The Sumitomo Mitsui Banking Corporation Europe Limited Pension Scheme

Annual statement by the Chair of the Trustees for the year to 31 December 2023

Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of The Sumitomo Mitsui Banking Corporation Europe Limited Pension Scheme (“the Scheme”) are required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 1 January 2023 to 31 December 2023.

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: _____

Signed by the Chair of Trustees of The Sumitomo Mitsui Banking Corporation Europe Limited Pension Scheme

1 Investment strategy and underlying investments

1.1 Default arrangement

The Scheme does not have a default arrangement as it is not used as a “Qualifying Scheme” for auto-enrolment purposes. The Scheme is part of a hybrid arrangement. During the Scheme year, members’ assets were invested in line with the investment strategy for the defined benefit (“DB”) section of the Scheme

The Scheme is closed to new members. It originally closed to new members on 5 April 1999 but was reopened on 1 January 2003 to certain members (Sakura DC members) following the closure of the Sakura Bank Limited Retirement Benefits Scheme. The latest Statement of Investment Principles setting out the objectives of the scheme agreed by the Trustees can be found in Appendix 1

1.2 The underlying investment funds

The Scheme invested in 32 different underlying investment funds during the year to 31 December 2023, as shown below, in line with the investment strategy of the DB section of the Scheme. At the end of the year, the strategy was invested in 21 of these funds, all of which were bond funds. The fund allocation is constant irrespective of the age of the member.

Below, we have listed all the funds in which members’ assets were invested at some point during the year. Please note that DC members did not hold all of these funds at the end of the year as the DB investment strategy changed during the year.

- LGIM UK Equity Index Fund
- LGIM Future World Global Equity Index Fund - GBP Currency Hedged
- LGIM Future World GBP Corporate Bond Index Fund
- LGIM Sterling Liquidity Fund
- LGIM 2027 Gilt Fund
- LGIM 2034 Gilt Fund
- LGIM 2038 Gilt Fund
- LGIM 2042 Gilt Fund
- LGIM 2046 Gilt Fund
- LGIM 2047 Gilt Fund
- LGIM 2049 Gilt Fund
- LGIM 2055 Gilt Fund
- LGIM 2060 Gilt Fund
- LGIM 2065 Gilt Fund
- LGIM 2068 Gilt Fund
- LGIM 2071 Gilt Fund
- LGIM 2024 Index-Linked Gilt Fund
- LGIM 2027 Index-Linked Gilt Fund

- LGIM 2030 Index-Linked Gilt Fund
- LGIM 2032 Index-Linked Gilt Fund
- LGIM 2035 Index-Linked Gilt Fund
- LGIM 2037 Index-Linked Gilt Fund
- LGIM 2040 Index-Linked Gilt Fund
- LGIM 2042 Index-Linked Gilt Fund
- LGIM 2047 Index-Linked Gilt Fund
- LGIM 2050 Index-Linked Gilt Fund
- LGIM 2055 Index-Linked Gilt Fund
- LGIM 2058 Index-Linked Gilt Fund
- LGIM 2062 Index-Linked Gilt Fund
- LGIM 2068 Index-Linked Gilt Fund
- LGIM 2073 Index-Linked Gilt Fund
- LGIM 2053 Green Gilt Fund

In December 2023, the Equity funds (the LGIM UK Equity Index and the LGIM Future World Global Equity Fund) were sold with the proceeds being re-invested in the LGIM Future World GBP Corporate Bond Index Fund.

A review of the Scheme's underlying investment funds took place in February 2022. The review considered the appropriateness of the investment strategy and the Scheme's investment structure. The following changes were agreed:

- Separate the DC Section from the DB Section's investment arrangements to create a separate investment strategy that was more appropriate for DC members.
- Invest DC Section members' assets in an investment strategy that will provide the opportunity for greater levels of growth and target improved member outcomes. The existing strategy was considered to be too defensive in nature (since it invested in traditionally lower risk asset classes such as UK government bonds (gilts), which generally provide lower, but more reliable, rates of return). The new strategy will invest in a more appropriate fund that will provide more opportunities for investment growth for the DC Section members.
- Move DC Section members' assets into the L&G Future World Multi Asset Fund.

The above changes took place over early 2024 (i.e. after the Scheme year-end) and the Trustees will update the Statement of Investment Principles following the changes.

2 Investment performance

The presentation of the investment performance takes into account the statutory guidance issued by the Department for Work and Pensions (“DWP”). The Trustees have followed the statutory guidance in all areas. The Trustees note that the strategy in place is not one where the net return varies with age (such as a lifestyle strategy or TDF (target date fund)) so have not set out age specific returns. The available investment returns for all funds over several periods of time to 31 December 2023 are shown in Appendix 4. Please note that certain historic performance data is not available for all funds, as explained further in Appendix 4.

The following returns should be put in the context of a challenging period for bond markets following the mini budget in 2022 and a subsequent rise in both bond yields and interest rates more generally.

The underlying investment funds

Over the year to 31 December 2023 the underlying investment funds saw returns of between:

- a rise in value of 19.73% or, put another way, a rise of £197.30 for every £1,000 invested for the LGIM Future World Global Equity Index Fund – GBP Currency hedged; to
- a fall in value of 14.56%, or a fall of £145.60 for every £1,000 invested for the LGIM 2068 Index-Linked Gilt Fund

The Trustees are satisfied that all the underlying investment funds have performed in line with their respective objectives (to perform in line with their respective index benchmark) over the year.

Over the longer 5-year period from December 2018 to December 2023 the underlying investment funds saw returns of between:

- a rise in value of 6.6% p.a. or, put another way, an average rise of £66.00 each year for every £1,000 invested for the LGIM UK Equity Index Fund; to
- a fall in value of 14.45% p.a., or an average fall of £144.50 each year for every £1,000 invested for the LGIM 2068 Index-Linked Gilt Fund

More information

Investment returns for all funds over several periods of time to 31 December 2023 are shown in Appendix 4. Please note that certain historic performance data is not available for all funds, as explained further in Appendix 4.

3 Charges and transaction costs

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

Service	By members	Shared	By the employer
Investment management	-	-	Yes
Investment transaction costs	Yes	-	-
Administration	-	-	Yes
Governance	-	-	Yes
Communications	-	-	Yes

3.1 Charges

As highlighted above, the employer pays for the investment charges, with the exception of additional expenses or "investment transaction costs" as shown above. 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.

During the year, the charges paid by the employer for the 32 underlying funds were in a range from 0.03% to 0.21% of the amount invested or, put another way, in a range from £0.31 to £2.13 per £1,000 invested.

Following a review of the charges, the Scheme's investment advisers, Hymans Robertson LLP, negotiated a new, lower flat fee for the Gilt Funds and Index-Linked Gilt Funds. From 1 October 2021 the flat fee for these funds is 0.03% p.a.

The table in Appendix 2 gives the charges for each of the 32 underlying investment funds that were invested over the year to 31 December 2023.

All investment charges, with the exception of transactions costs are paid for by the employer.

3.2 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 paid for by members and are deducted from a member's funds before the funds' unit prices are calculated. 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 do not include any costs members may incur from time to time when buying or selling units in the provider's funds caused by the fund manager's unit price for a fund moving from a "bid" to "offer" basis (or vice versa).

3.3 Member-borne charges and transaction costs

The charges and transaction costs have been supplied by the Scheme's investment manager, Legal & General ("LGIM"), and AVC provider, Aegon.

The presentation of the charges and costs, together with the projections of the impact of charges and costs, takes into account the statutory guidance issued by the DWP.

Full details of the annualised charges and transaction costs, for all funds, for the period covered by this statement can be found in Appendix 2.

3.4 The underlying investment funds

The transaction costs in the investment funds during the year to 31 December 2023 were in a range from -0.15% to 0.47% of the amount invested or, put another way, in a range from -£1.50 to £4.73 per £1,000 invested. Some of the funds have experienced very high transaction costs over the period.

Some of the underlying investment funds have reported negative transaction costs (the only costs paid by members) in the 12 months covered by this Statement. Negative transaction costs arise where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission), resulting in a net gain for members.

The table in Appendix 2 gives the transaction costs for each fund.

3.5 Additional Voluntary Contributions ("AVCs")

Members in the Scheme invest over a range of 8 funds for their AVC with Aegon as the provider, however this is now closed to new contributions. The list of funds can be found in Appendix 2.

During the year the charges borne by members for the AVC funds were in a range from 1.00% to 1.06% or, to put another way, in a range from £10.00 to £10.60 per £1,000 invested. While these charges appear relatively high, they are broadly in line with fees in the wider AVC market.

The transaction costs borne by members in the AVC funds during the year to 31 December 2023 were in a range from 0.00% to 0.13% of the amount invested or, put another way, in a range from £0.00 to £1.30 per £1,000 invested.

The table in Appendix 2 shows the charges and transaction costs borne by members for each AVC fund.

3.6 Money Purchase underpin

The DC Section of the Scheme was contracted out on a Guaranteed Minimum Pension ("GMP") basis up to and including 5 April 1997. As a result, members of the DC Section who joined before 1997 have a GMP underpin. For members where the GMP underpin applies, the GMP value of the underpin is calculated on death, retirement or transfer and is compared to the value of the investments standing to the credit of that part of their pension savings account that is derived from pre-6 April 1997 contributions at the time when the Trustees disinvest them. The member is then entitled to the higher of the two amounts.

The GMP underpin was not triggered by any members during the period covered by this Statement.

3.7 Impact of costs and charges

The Trustees have asked the Scheme's investment adviser 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 transaction costs and charges for typical members up to retirement. Members only pay for transaction costs and therefore the illustrations show pot sizes after transaction costs are deducted.

The tables in Appendix 3 to this Statement show these figures for the mix of investment funds which members are invested in (all members are subject to the same investment strategy), together with a note of the assumptions used in calculating these illustrations.

As an example, based on the average age of a member with DC benefits of 54, a current pension pot of £16,300 and normal retirement age of 60, the level of charges and costs seen in the last year would decrease their projected pot value at retirement in today's money from £18,771 to £18,757 (that is, by £14).

For the youngest member with DC benefits, aged 42, a current pension pot of £7,700 and normal retirement age of 60, the level of charges and costs seen in the last year would decrease their projected pot value at retirement in today's money from £11,760 to £11,734 (that is, by £26).

For members with DC benefits with an average age of 45 (i.e. members aged between 40 and 50), average current pension pot is £5,700 and normal retirement age of 60, the level of charges and costs seen in the last year would decrease their projected pot value at retirement in today's money from £8,112 to £8,097 (that is, by £15).

For members with DC benefits with an average age of 55 (i.e. members aged between 50 and 60), average current pension pot is £14,500 and normal retirement age of 60, the level of charges and costs seen in the last year would decrease their projected pot value at retirement in today's money from £16,310 to £16,300 (that is, by £10).

Appendix 3 includes more detailed illustrations and important notes of the assumptions used in calculating these illustrations. 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 allowing for transaction costs deductions.

Please note that:

- These illustrated values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- these illustrated values are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice;
- the assumptions used may differ in the future to reflect changes in regulatory requirements or investment conditions;
- these illustrated values will be affected by future, and as yet unknown, changes to the Scheme's investment funds;
- these illustrated values are not guaranteed;
- these illustrated values may not prove to be a good indication of how your own savings might grow; and
- these illustrations comply with the Technical Actuarial Standards (TAS) 100: Principles for Technical Actuarial Work.

The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting of costs, charges and other information: guidance for trustees and managers of occupational pension Schemes" on the projection of an example member's pension savings.

4 Value for Members

Each year, with the help of our advisers, the Trustees carry 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 (VFM). Value is not simply about low cost – the Trustees also consider the quality and scope of provision compared against similar schemes and available external benchmarks.

Approach

The Scheme's total assets (i.e. DB Section plus DC Section assets) are greater than £100 million, and so the Scheme is not subject to The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') which set out the requirements for a more detailed assessment for smaller schemes.

The Trustees adopted the following approach to assessing VFM for the last year:

- Services – considered the services where members bear or share the costs;
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement;
- Comparison – compared the cost and quality of each service against similar schemes and available external comparisons; and
- Rating – rated each service from poor to excellent.

The VFM assessment only considers the services where members bear or share the costs. The costs of each service are borne by:

Category	Paid for by members	Paid for jointly	Paid for by the Company
Investment management	N	N	Y
Investment transactions	Y	N	N
Administration	N	N	Y
Communications	N	N	Y
Scheme management and governance	N	N	Y

All charges (in respect of investment management, administration, communications, and scheme management and governance) are paid for by the Company. Transaction costs (which include the costs associated with buying and selling investments) are the only fees that are paid for by members. These are paid out of a member's fund before the performance is calculated.

Results for the year ending 31 December 2023

The Scheme provided **AVERAGE** VFM in the year ending 31 December 2023.

Value for Members

The rationale for the rating of investment services (being the only area of the Scheme where members bear or share the costs) was in outline:

Service and weighting	Rating	Rationale
Investment 100%	Average	<p>The only “costs” experienced by members in respect of the investment funds are the transaction costs which are reflected in the performance of the funds and ranged from - 0.15% p.a. to 0.47% p.a.</p> <p>Some of the underlying investment funds have reported negative transaction costs (the only costs paid by members) in the 12 months covered by this assessment. Negative transaction costs arise where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission), resulting in a net gain for members.</p>
Administration 0%	Not rated as members do not bear or share in these costs.	
Communication 0%	Not rated as members do not bear or share in these costs.	
Governance 0%	Not rated as members do not bear or share in these costs.	

Members pay fees for the AVC arrangements, which includes investment and admin fees. The charges on these funds are relatively high compared with most DC schemes but are broadly in line with charges on other AVC arrangements. Therefore, we believe the VFM of the AVC arrangements are also AVERAGE but the Trustees will be seeking to review the AVC arrangements in the next 12 months to assess whether better value can be achieved for members.

The Trustees have 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 section 7 of this Chair’s Statement. Full details of the approach used to assess value can be found in the VFM assessment.

5 Administration

The Trustees appointed the Scheme's administrator (Hymans Robertson LLP) with effect from 1 March 2019 to administer the Scheme on their behalf.

5.1 Core financial transactions

The Trustees have a specific duty to ensure that core financial transactions (including the transfer of members' assets out of the Scheme and payments to and in respect of members) relating to the Scheme are processed promptly and accurately. Over the year to 31 December 2023 these transactions were undertaken on the Trustees' behalf by the Scheme's administrator (Hymans Robertson LLP) and the investment manager, Legal and General ("LGIM").

The Trustees monitored core financial transactions during the year. As the Scheme does not receive contributions or facilitate the switching of investment funds, core financial transactions are centred around the payment of benefits (including retirements and outward transfers of funds).

5.2 Service levels

The Scheme has a service level agreement ("SLA") in place with the Scheme's administrator which prescribes the level of service expected in relation to various administrative tasks, including:

- provision of retirement pack and quotation of benefits within 7 working days of member request;
- payments of benefits notified to the Trustees within 5 working days;
- provision of transfer value quotation within 15 working days of member request;
- payment of transfer value notified to the Trustees within 5 working days;
- provision of leaver option pack within 7 working days of member request;
- response to members enquiries within 7 working days; and
- provision of deferred benefit statements (for those members of the DC Section who also have a DB Section pension and who wish to learn the current value of their DB pension) upon request within 7 working days.

The Scheme's administrator aims to ensure that 95% of all these processes are complete within these service levels. The Scheme's administrator has on average achieved the SLA's described above over the Scheme year.

The Trustees understand that the Scheme's administrator monitors its performance against these service levels by:

- Maintaining compliance with ISO, the international standard for establishing, implementing, maintaining and continually improving an Information Security Management System ("ISMS");
- Maintaining accreditation with the Pensions Administration Standards Association ("PASA");
- Monitoring daily transactions;
- Monitoring daily workflow items;
- Regular internal audits of administration procedures; and
- Reviewing the level, causes and resolution of complaints.

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

- Receiving and reviewing quarterly reports from the Scheme's administrator on the processing of financial transactions and other administration processes against the agreed service levels;

- considering the reasons for and resolution of any breaches of service standards; and
- considering member feedback including any complaints.

The Scheme's administrator has confirmed to the Trustees that there are adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme year.

The Trustees are satisfied that the service standards have continued to be competitive.

5.3 Data quality

The Trustees receive reports from the Scheme's administrator confirming 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.

Common and conditional scores from the recent scheme return were 88.8% and 5.9% respectively. The Trustees noted that these scores covered both the DB and DC Sections of the Scheme as the administrators are unable to run the report on data quality individually for each Section. The drop in score is due to a change in TPR's guidance for measuring data quality. It is important to note that the scores are reflective of both the DB and DC scheme combined and the score above is not reflective of the data quality for the DC section of the scheme. A key reason for the low score is the way in which historic data has been passed on from the Scheme's previous administrators. The Trustees continue to monitor the administrator and the data scoring on a regular basis, and since the start of 2024, the Trustees has noted a meaningful improvement in the data quality scoring.

Since conducting the data quality audit the Trustees instructed the Scheme's administrator to:

- review and rectify data where possible;
- conduct a mini-tracing exercise with a professional tracing service to trace members with missing addresses; and
- review member files and investigate whether the required data is held/update member records accordingly.

Over the next year the Trustees will continue to take actions to maintain and improve the quality of the Scheme's data.

5.4 Cyber security

The Trustees are conscious of the growing threat of cyber-attacks on pension Scheme information.

The Trustees have confidence in the Scheme administrator's robust systems and are content that their cyber security arrangements are effective and up to date.

The Scheme administrator undertakes a number of checks to ensure its processes relating to the Scheme adhere to appropriate information security controls.

Independent external checks are carried out regularly and include:

- Annual reviews and tests of a large number of data security controls;
- An independent annual internal controls assurance audit by a firm of Chartered Accountants. In addition to procedural operating controls, they report on information technology, covering access rights to systems and data; integrity and resilience of the Scheme's information processing environment; maintenance and development of systems hardware and software; and recovering from processing interruptions; and

- An external consultancy company carries out an updated range of penetration tests covering an array of cyber-threats designed to identify areas of vulnerability. The tests can include network security testing, remote access and remote worker security testing and application security testing.

Internal checks, carried out by the Scheme administrator, include:

- Internal audits on the controls within the ISO 27001 Statement of Applicability (being an international standard for establishing, implementing, maintaining and continually improving an Information Security Management System);
- Periodic information security risk assessments on selected information assets against a range of possible vulnerability threats; and
- Managerial spot-checks to ensure compliance with information security policies.

The Trustees expect that the Scheme administrator will report any security breach immediately and ensure that members are notified as soon as possible, if as a result of the breach there is a high risk of individuals' rights and freedoms being adversely affected.

5.5 Own Risk Assessment (“ORA”)

Each year the Trustees carry out an assessment of the effectiveness of the controls which are in place to manage the risks faced by the Scheme. The Trustees have been kept up to date by their advisers on the future requirement to produce an Own Risk Assessment (“ORA”) which is, broadly speaking, an assessment of how well governance systems are working within the Scheme and the way potential risks to the Scheme are managed. The Trustees will prepare their first ORA and comply with their new duties within the required timescales, which is 31 December 2025.

5.6 Overall

The Trustees are satisfied that over the period covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls and operating in accordance with the SLA;
- core financial transactions were processed promptly and accurately;
- 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;
- the Scheme's common data is accurate and up-to-date;
- the Scheme's cyber security arrangements are effective; and
- An action plan is in place to improve the quality of the data held by the Scheme.

5.7 Bulk transfer of assets

During the year there was a large-scale transfer between funds affecting members as a result of the following changes to the Scheme's investments:

- In December 2023, the Equity funds (the LGIM UK Equity Index and the LGIM Future World Global Equity Fund) were consolidated into the LGIM Future World GBP Corporate Bond Index Fund alongside.

The Trustees reviewed the way in which the transfer was to be conducted and received reports on the transaction costs incurred during the transfer.

The transition costs were £82,141.75 on a transfer of £58.8 million. The Trustees are happy that LGIM have carried out the switches correctly and at minimal costs (0.14% of the value in transition) and risks to members were mitigated so far as is practicable. These costs were paid for by members proportionally across the entire

scheme (DB and DC), meaning that DC members would have paid for a small proportion of the total transactions quoted above.

5.8 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 because of a financial failure of an investment provider or fund manager.

The Trustees believe that the current structure is appropriate for members when compared to other possible structures. The 32 investments funds invested over the year to 31 December 2023 are all Life Funds which means that they are subject to protection under the Financial Services Compensation Scheme (“FSCS”) in the event of the financial failure of LGIM. Additionally, assets in LGIM Life Funds are ring-fenced from the rest of the Legal & General Group which means that, in the event of the insurer facing financial difficulties, the rest of the Legal & General Group is unable to draw on the assets in the Life Funds.

The Trustees recognise the importance of the security of members’ assets and will continue to keep this under review. The Trustees take the security of assets into account when selecting and monitoring the funds used by the Scheme.

The changes made by the Trustees to the underlying investment funds in the last year did not materially affect the security of assets as the expanded range of funds are similar in structure to the previous range and therefore provide the same protections to members’ assets.

6 Trustee knowledge and understanding

The Trustees 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 must:

- Be conversant with the Trust Deed and Rules of the Scheme, the Scheme's statement of investment principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law.

6.1 Current practices

The Trustees' current practices to maintain and develop their level of knowledge and understanding of matters relating to the Scheme are:

- There is an induction process for newly appointed Trustees who are asked to complete the Pensions Regulator's "Trustee Toolkit" within 6 months of becoming a Trustee and who are also provided with key documents and sources of information in relation to the Scheme and management of pension Schemes;
- Trustees are encouraged to undertake further study and qualifications which support their work as Trustees;
- The Trustees have a plan in place for ongoing training appropriate to their duties;
- The effectiveness of these practices and the training received are reviewed annually;
- Training is provided to ensure that Trustees maintain a working knowledge of the Scheme's Trust Deed and Rules, the Scheme's Statement of Investment Principles 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;
- The Trustees carry out regular assessments to confirm and identify any gaps in their knowledge and skills;
- The Trustees conduct regular assessments of the management of the risks and opportunities relating to climate change;
- The Trustees also receive quarterly "hot topics" from their adviser covering technical and legislative changes affecting defined contribution (and additional voluntary contribution) schemes in general.

6.2 Trustee training

The Trustees, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps and this awareness is used in the setting of the Trustees' training priorities throughout the year. The Trustees' investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustees' advisers typically deliver training on such matters at Trustee meetings if they are material.

Individual training records are maintained and reviewed annually by the Chair of Trustees to identify knowledge gaps, if any. If any gaps are identified these are addressed within the Trustees' priorities for the year ahead which is used to inform future training sessions.

All the Trustees have completed the Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law). A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Scheme has a structured induction process for new trustees.

During the period covered by this Statement, the Trustees received training on the following topics:

Date	Topic	Aim/benefit	Trainer
17/05/2023	Training on TPR's DB funding code	To enhance the Trustees' knowledge of the code of practice and how to comply with funding requirements	Hymans Robertson LLP
17/05/2023	Training on options for insuring the Scheme's benefits	To improve the Trustees understanding of the options available to insure the Scheme's benefits	Hymans Roberson LLP
12/12/2023	Training on DEI	To improve the Trustees awareness of DEI and its impacts in the market	Allen & Overy

6.3 Governing documentation

All the Trustees have access to copies of and are familiar with the current governing documentation for the Scheme, including the Trust Deed & Rules (together with any amendments) and Statement of Investment Principles ("SIP"). The Trustees refer to the Trust Deed and Rules as part of deciding to make any changes to the Scheme, and, where relevant, deciding individual member cases, and the SIP is formally reviewed at least every three years and as part of making any change to the Scheme's investments.

The Trustees test their familiarity with the Scheme's documentation, pensions Regulations and the Pensions Regulator's General Code of Practice using a questionnaire, this last took place in May 2023.

6.4 Skills, experience and diversity

A questionnaire is used to carry out an annual evaluation of the Trustees' knowledge and to help to identify training needs. The Trustees also carry out a regular evaluation of the performance and effectiveness of the Trustee Board as a whole, measured against the objectives in the Scheme's business plan.

6.5 Trustee advisers

The Trustees have 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 Trustees review the effectiveness of its advisers annually and periodically reviews the appointment of its advisers.

6.6 Reviews

The Trustees undertook the following reviews during the last year:

Review of:-
The practices to maintain and develop Trustee knowledge and understanding
The effectiveness of the training programme and training for the coming year
Gaps in the Trustees' knowledge and skills
The overall effectiveness of the Trustee Board (including equality, diversity and inclusion)
Effectiveness of advisers
Appointment of advisers

6.7 Overall

Taking into account the knowledge and experience of the Trustee, along with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustees believe they are well placed to exercise their functions as Trustees of the Scheme properly and effectively.

7 Our key actions last year and plans for the next year

During the last year the Trustees undertook the following (over and above “business as usual”):

- An annual high-level review of the Scheme’s investment options;
- Completed a review of the Scheme’s AVC arrangement with Aegon to ensure that the investment options/charges remain suitable.

In the coming year (which will be covered by the next Statement), the Trustees intend to carry out the following:

- Consider next steps to improve value for members with AVC policies including a review of the ongoing appropriateness of Aegon as the Scheme’s AVC provider.
- Transfer all DC members into a strategy which is more suitable for them going forward.
- Continue to work with the administrator to improve data quality.
- Consider whether the current trust-based structure remains appropriate and meets the needs of the DC members

The Trustees believe that this work will help our members achieve improved member outcomes.

8 Missing information

The Trustees are satisfied that they have obtained full information on charges and transaction costs.

Appendix 1

Statement of Investment Principles

This is the Statement of Investment Principles (the “Statement”) made by the Trustees of The Sumitomo Mitsui Banking Corporation Europe Limited Pension Scheme (“the Scheme”) in accordance with the Pensions Act 1995 (as amended). The Statement, which was approved by the Trustees on 17 May 2023, is subject to periodic review at least every three years and without delay after any significant change in investment policy

In preparing this Statement, the Trustee has consulted with the employer to the Scheme (“The Sumitomo Mitsui Banking Corporation Europe Limited Pension Scheme”) and has taken and considered written advice from the Investment Practice of Hymans Robertson LLP.

The Trustees are aware of the Myners Code of Conduct for Investment Decision Making and has reviewed its responsibilities and activities in the context of the Code.

The Trustees are supportive of the UK Stewardship Code which seeks to improve the quality of engagement between institutional investors and investee companies. Where appropriate, the Trustees expect investment managers to comply with the code and to produce a statement of their commitment to the code.

Scheme objective

1 To guide it in the strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustee has adopted the following objectives:

2 Defined Benefit Section

- To achieve a reasonable risk-adjusted return against the appropriate benchmarks.
- To ensure that the assets will be sufficient to meet the Scheme’s Statutory Funding Objective, in conjunction with any deficit recovery contributions from the Company where agreed.
- To target full funding on a long term basis, at which point the Scheme would be able to invest in secure assets that are expected to match members’ projected benefit payments.

Defined Contribution Section

- To maximise the value of members’ retirement benefits, within an acceptable level of risk.
- To provide members with a degree of choice and flexibility to meet their risk and return requirements.
- To avoid over complexity in investment for ease of transparency and in order to keep administration costs to a reasonable level.

For employee members, benefits are based on service completed but take account of future salary increases. The value of liabilities is calculated on the basis agreed by the Trustee and the Scheme Actuary. The funding position is monitored regularly by the Trustee and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

Investment strategy

The Trustee has translated its objectives into a suitable strategic (asset allocation, Appendix 1) benchmark for the Scheme. The strategic benchmark is consistent with the Trustee’s view on the appropriate balance between seeking an enhanced long-term return on investments and reducing short-term volatility and risk.

The strategic benchmark is reflected in the choice and mix of funds in which the Scheme invests.

The investment strategy takes account of the maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of

disclosed surplus or deficit (relative to the funding bases used) and the Trustees view of the covenant of the principal employer.

The Trustees monitor strategy relative to its agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years following actuarial valuations of the Scheme, and will normally be reviewed annually. Written advice is received as required from professional advisers.

The Trustees monitor the performance of Scheme investments relative to agreed criteria on a regular basis.

The Trustees have delegated all day to day investment decisions to authorised investment managers.

Choosing investments

The Trustee has appointed Legal & General Investment Management (“LGIM”) to manage Scheme investments. LGIM are authorised under the Financial Services and Markets Act 2000 to undertake investment business. The Trustees, after taking appropriate advice, have chosen to invest in LGIM pooled funds. LGIM have some discretion on the implementation of the investment strategies of each fund. The Trustees are satisfied that the pooled funds selected are consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity.

Kinds of investment to be held

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds.

The Scheme may also make use of contracts of insurance, derivatives and contracts for difference (or in pooled funds investing in these products) for the purpose of efficient portfolio management or to hedge specific risks. The Trustees consider all of these classes of investment to be suitable in the circumstances of the Scheme.

Investment Strategy

The investment funds used are expected to deliver a specific performance target, which overall will align to deliver the broader Scheme investment strategy. The Trustees ensure that all manager engagements have clearly defined benchmarks, objectives and management parameters.

Where appropriate, and where commercial considerations permit, the terms of the mandate and the basis on which the manager is engaged might be defined specifically for the Scheme. Where such tailoring is not directly achievable, the Trustees will invest in pooled funds where the objectives of the fund and the policies of the investment manager will be evaluated by the Trustees to ensure that they are appropriate for the needs of the Scheme. The trustees are satisfied that the pooled funds selected are consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity.

Investment Management Remuneration

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set on an ad valorem basis. Where appropriate to the nature of the mandate, the term of the mandate and the role the mandate plays within the investment strategy, the Trustees may agree to a fee structure where the manager is incentivised to deliver outperformance relative to an agreed benchmark, typically in conjunction with a lower ad valorem fee. The Trustees periodically review the fees paid to all its managers against industry standards.

Investment Time Horizon

The Trustees recognise the long-term nature of its liability profile and appoints its managers to invest in such a way that generates long term sustainable returns. The Trustees will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the Scheme objective.

The duration of each mandate is determined by the Trustees at the inception of each mandate. For open-ended investments, the Trustees generally engage managers on an ongoing basis with no pre-determined term of appointment. For such mandates, the Trustees expect the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated although all mandates are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy. For close-ended investments, the Trustees expect the term of the appointment to be the lifetime of the investment.

Balance between different kinds of investments

The Scheme's investment manager will hold a mix of investments which reflects their views relative to their respective benchmarks or return targets. Within each major market each manager will maintain a diversified portfolio of stocks.

The manager of the passive funds in which the Scheme invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

Risk

The Scheme is exposed to a number of risks which pose a threat to the Scheme meeting its objectives. The principal risks affecting the Scheme are:

Funding risks

Financial mismatch – The risk that Scheme assets fail to grow in line with the developing cost of meeting the liabilities.

Changing demographics –The risk that longevity improves and other demographic factors change, increasing the cost of the Scheme benefits.

Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Scheme's liabilities. Climate change is a particular systemic risk that has the potential to cause economic, financial and demographic impacts.

The Trustees measure and manage financial mismatch in two ways. As indicated above, the Trustees have set a strategic asset allocation benchmark for the Scheme. The Trustees assess risk relative to that benchmark by monitoring the Scheme's asset allocation and investment returns relative to the benchmark. The Trustees also assess risk relative to liabilities by monitoring the delivery of returns relative to liabilities.

The Trustees keep mortality and other demographic assumptions, which could influence the cost of benefits, under review. These assumptions are considered formally at triennial valuations and the Trustees may enter into insurance contracts (bulk annuities or longevity swaps) to reduce these demographic risks.

The Trustees seek to mitigate systemic risks through a diversified portfolio, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks

Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

Illiquidity - The risk that the Scheme cannot meet its immediate liabilities because it has insufficient liquid assets.

Currency risk – The risk that the currency of the Scheme's assets underperforms relative to Sterling (i.e. the currency of the liabilities).

Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

Environmental, Social and Governance (“ESG”) risks – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.

Climate risk - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

The Trustees manage asset risks as follows. The Trustees provide a practical constraint on Scheme investments deviating greatly from the intended approach by investing in a range of pooled funds each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within their expected parameters.

By investing across a range of assets, including quoted equities, bonds (and possibly in the future bulk annuity policies), the Trustees recognise the need to access funds in the short term to pay benefits. The risk of manager underperformance is mitigated by the inclusion of passive investment mandates within the investment portfolio.

The decision to appoint only one investment manager does involve some degree of risk (from potential underperformance of that manager) which the Trustee accepts as a reasonable compromise given the size of the portfolio.

The Trustee’s approach to the consideration of ESG risks and climate risk is set out in further detail below.

Other provider risk

Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers.

Custody risk - The risk of loss of Scheme assets, when held in custody or when being traded.

Credit default - The possibility of default of a counterparty in meeting its obligations.

The Trustees monitor and manage risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Scheme, or has delegated such monitoring and management of risk to the appointed investment manager as appropriate (e.g. custody risk in relation to pooled funds). When carrying out significant transitions, the Trustees seek professional advice.

Expected return on investments

The investment strategy aims to achieve a return on Scheme assets, which taken in conjunction with, contributions is sufficient over time to match growth in the Scheme’s pension liabilities.

Realisation of investments

The majority of the Scheme’s investments may be realised quickly if required.

Manager engagement

Performance Evaluation

The Trustees review the nature of Scheme investments on a regular basis, with reference to suitability and diversification. The Trustees seek and considers written advice from a suitably qualified person when determining the appropriateness of each manager and mandate for the Scheme, particularly in relation to diversification, risk, expected return and liquidity. If, at any time, investment in a security or product not previously known to the Trustees is proposed, appropriate advice is sought and considered to ensure its suitability.

The Trustees monitor its managers performance against their respective benchmark on a quarterly basis over a long-term time horizon. The manager is expected to provide explanation for any significant deviations away from benchmark.

Portfolio turnover

The Trustees have expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustees' knowledge of the manager, investment process and the nature of the portfolio. Whilst the Trustees expect performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustees expect managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period. The Trustees will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

The Trustee will request turnover costs incurred by the asset manager over the Scheme reporting year.

Consideration of financially material factors in investment arrangements

The Trustees recognise that the consideration of financially material factors over the appropriate time horizon of the investments, including ESG factors, is relevant at different stages of the investment process.

Strategic considerations

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

Given the inherent uncertainty, the Trustees have not made explicit allowance for the risks of climate change in setting their strategic benchmark.

Structural considerations

Given the discretion afforded to the Investment Manager, the Trustee expects that the Investment Manager will take account of all financially material factors including the potential impact of ESG factors in the implementation of their mandate.

Selecting investment managers

In passive mandates, the Trustees recognise that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustees accept that the role of the passive manager is to deliver returns in line with the benchmark and believe this approach is in line with the basis on which their current strategy has been set. The Trustees will review the index benchmarks employed for the Scheme on at least a triennial basis.

In selecting new investment managers for the Scheme, where relevant to the investment mandate, the Trustees explicitly considers potential managers' approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.

The Trustees meet with the Scheme's investment manager regularly, and the manager is expected to address manager performance and company engagement. The manager will be challenged on their approach where this is not aligned to the Trustees' policies.

The Trustees expect its investment consultants to provide input and analysis to assist the Trustees in assessing their manager's performance. Where necessary, the Trustees will highlight any areas of concern identified during such reviews to the manager as part of its engagement process and request that the manager takes appropriate action. This may include concerns over performance, risk management, stewardship practices, investment process and operational issues and, where such concerns are raised, the Trustees will require the manager to demonstrate levels of improvement. Failure to achieve the desired improvements will result in the mandate being reduced or terminated.

Consideration of non-financially material factors in investment arrangements

Given the objectives of the Scheme, the Trustees have not considered any non-financially material factors in the development and implementation of their investment strategy. The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

Stewardship

The Trustees recognise that stewardship encompasses the exercise of voting rights, engagement by and with investment managers and the monitoring of compliance with agreed policies.

Voting and engagement

The Trustee has adopted a policy of delegating voting decisions to their Investment Manager on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The Investment Manager is expected to exercise the voting rights attached to individual investments in accordance with their own house policies and taking account of current best practice including the UK Stewardship Code.

On an annual basis, the Trustees will request their Investment Manager provides details of any change in their policies.

The Trustees annually reviews the investment manager's adherence to the UK Stewardship Code, UNPRI and other relevant industry codes or standards where applicable. In the event that a manager does not adhere to a recognised set of principles for responsible investment, the Trustees should take reasonable steps to ensure that they are comfortable with the policy that the manager has in place in respect of this.

The Trustees do not engage directly but believe it is appropriate for their investment managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to consider the management of conflicts of interest and improve corporate behaviours, improve performance and mitigate financial risks. Where necessary, the investment manager is expected to notify the Trustees of any issue on which it may be beneficial for the trustees to undertake further engagement. The Trustees will review engagement activity undertaken by their investment managers as part of its broader monitoring activity

The trustees separately consider any conflicts of interest arising in the management of the Scheme and their investments and has ensured that investment manager has an appropriate conflicts of interest policy in place.

Monitoring

The Trustees review manager voting activity on an annual basis in conjunction with their investment adviser. Where the Trustees deem it appropriate, any issues of concern will be raised with their manager for further explanation.

Additional Voluntary Contributions (AVCs)

The Trustee gives members the opportunity to pay AVCs to AEGON Scottish Equitable. A range of funds is available for investment at members' discretion.

Appendix 1: Asset Allocation Benchmark

Asset Class	Benchmark Allocation
Income Assets	20.0%
Corporate Bonds	20.0%
Matching Assets	80.0%
Gilts	Allocation across Gilts, ILGs and cash to match liability profile after accounting for corporate bond exposures
Index-Linked Gilts	
Cash/ cash-like	

*Strategic expected level may change based on updated liability benchmarks. This will lead to deviation from central allocation but will be designed to meet the agreed objectives using the above asset classes in similar proportions. Furthermore, where the scheme has a funding surplus, this will, all else equal, increase the allocation to cash and cash like funds to avoid 'over-hedging' the liabilities.

Appendix 2: Version Control

Version	Commentary	Date
1.0	Original statement (Hymans format) incorporating Scheme ESG & RI commitments	June 2019
2.0	Statement updated for October 2020 regulatory requirements	June 2020
3.0	Asset allocation benchmark updated to reflect the Scheme's de-risking in December 2021 and equity fund consolidation in March 2022. The wording on the first Trustee objective (DB) has also been tweaked to reflect a 'favourable return' on passive index funds being misleading.	June 2022
4.0	Asset allocation benchmark updated to reflect the Scheme's equity de-risking in March 2023.	May 2023
5.0	Asset allocation benchmark updated to reflect the addition of corporate bonds to the Scheme's overall allocation.	December 2023

Appendix 2

Table of funds and charges

The funds' charges (as "Total Expense Ratios" or "TERs", as described in paragraph 3.1 above) and transaction costs in the last year used for the funds were:

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
2024 Index-Linked Fund	0.03	0.29	-0.13	-1.39
2027 Gilt Fund	0.03	0.30	0.03	0.25
2027 Index-Linked Fund	0.03	0.30	-0.05	-0.54
2030 Index-Linked Fund	0.03	0.30	-0.04	-0.41
2032 Index-Linked Gilt	0.03	0.30	0.03	0.28
2034 Gilt Fund	0.03	0.30	0.01	0.11
2035 Index-linked Fund	0.10	0.99	0.00	0.01
2037 Index-Linked Gilt Fund	0.03	0.30	-0.04	-0.37
2038 Gilt Fund	0.03	0.30	0.03	0.31
2040 Index-Linked Fund	0.03	0.30	0.03	0.28
2042 Gilt Fund	0.03	0.30	-0.03	-0.32
2042 Index-Linked Gilt Fund	0.03	0.30	-0.09	-0.89

2046 Gilt Fund	0.03	0.30	0.28	2.85
2047 Gilt Fund	0.04	0.35	0.11	1.06
2047 Index-Linked Fund	0.03	0.29	0.05	0.51
2049 Gilt Fund	0.03	0.30	0.47	4.73
2050 Index-Linked Fund	0.03	0.30	0.12	1.22
2055 Gilt Fund	0.03	0.30	0.05	0.46
2055 Index-Linked Gilt Fund	0.03	0.30	-0.02	-0.19
2058 Index-Linked Gilt Fund	0.03	0.30	-0.01	-0.11
2060 Gilt Fund	0.03	0.30	0.00	0.01
2062 Index-Linked Fund	0.03	0.30	0.05	0.52
2065 Gilt Fund	0.03	0.30	0.14	1.39
2068 Gilt Fund	0.04	0.37	0.18	1.77
2068 Index-Linked Fund	0.03	0.30	0.08	0.77
2071 Gilt Fund	0.03	0.30	0.04	0.35
2073 Index Linked Gilt Fund	0.03	0.30	-0.15	-1.51
Future World GBP Corporate Bond Index Fund	0.17	1.73	-0.04	-0.43
Future World Global Equity Index Fund	0.21	2.13	0.07	0.65
Sterling Liquidity Fund	0.17	1.66	-0.05	-0.54

2053 Green Gilt Fund	0.03	0.31	0.14	1.35
UK Equity Fund	0.16	1.62	-0.02	-0.16

Source: LGIM

The table below shows the charges and transaction costs borne by members for each AVC fund.

Fund	Charge		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Scheme Number 24301				
Aegon Long Gilt Fund	1.01	10.10	0.04	0.40
Aegon European Fund	1.02	10.20	0.01	0.10
Scheme Number 26012				
Aegon High Equity WP Fund	1.00	10.00	0.08	0.80
Aegon Mixed Fund	1.02	10.20	0.04	0.40
Aegon Pacific Fund	1.06	10.60	0.13	1.30
Aegon Global Fund	1.02	10.20	0.03	0.30
Aegon American Fund	1.02	10.20	0.00	0.00
Scheme Number 70613 [1]				
Aegon Mixed Fund	1.02	10.20	0.04	0.40
Aegon UK Equity Fund	1.01	10.10	0.10	0.10
Aegon International Fund	1.02	10.20	0.04	0.40
Aegon American Fund	1.02	10.20	0.03	0.30
Aegon European Fund	1.02	10.20	0.01	0.10

Source: Aegon [1] Includes 0.4% Fund Charge Rebate for Paid Up Members

Appendix 3

Tables illustrating the impact of charges and costs

The following tables show the potential impact of the transaction costs borne by typical members (i.e. only transaction costs on investments as all other charges are paid for by the employer) on projected values in today's money at several points up to retirement for a selection of age ranges. The following calculations assumes a fixed allocation to each fund and that the strategy will not change in the future.

3a For the "average" member age 54 with normal retirement age of 60 invested across all 21 available funds

Years to retirement	Before costs and charges £	After costs and charges are taken £
6	£16,300	£16,300
5	£16,688	£16,686
4	£17,085	£17,081
3	£17,492	£17,485
2	£17,908	£17,899
1	£18,335	£18,323
0	£18,771	£18,757

Source: Hymans Robertson LLP, LGIM

3b. For the youngest member aged 42 with normal retirement age of 60 invested across all 21 available funds

Years to retirement	Before costs and charges £	After costs and charges are taken £
18	£7,700	£7,700
17	£7,883	£7,882
16	£8,071	£8,069

15	£8,263	£8,260
14	£8,460	£8,456
13	£8,661	£8,656
12	£8,867	£8,861
11	£9,078	£9,071
10	£9,295	£9,285
9	£9,516	£9,505
8	£9,742	£9,730
7	£9,974	£9,961
6	£10,212	£10,196
5	£10,455	£10,438
4	£10,704	£10,685
3	£10,958	£10,938
2	£11,219	£11,197
1	£11,486	£11,462
0	£11,760	£11,734

Source: Hymans Robertson LLP, LGIM

3c. For members aged between 40 and 50 (an average age of 45) with normal retirement age of 60 invested across all 21 available funds

Years to retirement	Before costs and charges £	After costs and charges are taken £
15	£5,700	£5,700
14	£5,836	£5,835
13	£5,975	£5,973
12	£6,117	£6,115
11	£6,262	£6,259
10	£6,412	£6,408
9	£6,564	£6,559
8	£6,720	£6,715
7	£6,880	£6,874
6	£7,044	£7,036
5	£7,212	£7,203
4	£7,384	£7,373
3	£7,559	£7,548
2	£7,739	£7,727
1	£7,923	£7,910
0	£8,112	£8,097

Source: Hymans Robertson LLP, LGIM

3d. For members aged between 50 and 60 (an average age of 55) with normal retirement age of 60 invested across all 21 available funds

Years to retirement	Before costs and charges £	After costs and charges are taken £
5	£14,500	£14,500
4	£14,845	£14,843
3	£15,199	£15,195
2	£15,560	£15,555
1	£15,931	£15,923
0	£16,310	£16,300

Source: Hymans Robertson LLP, LGIM

The assumptions used in these calculations were:

- The opening DC pot size is:

- Illustration 3a: £16,300, which was the average pot size for all members at 31 December 2023;
- Illustration 3b: £7,700, which was the pot size at 31 December 2023 for the youngest member;
- Illustration 3c: £5,700, which was the average pot size at 31 December 2023 for members aged between 40 and 50; and
- Illustration 3d: £14,500, which was the average pot size at 31 December 2023 for members aged between 50 and 60.

- A contribution in current day terms of £0 p.a. (as the Scheme no longer accepts contributions).

The assumed investment return allowing for inflation (of 2.5% p.a.) for each fund above was:

Fund	Gross return % p.a.	Net return % p.a.
LGIM Future World Global GBP Corporate Bond Index Fund	3.0	0.5
LGIM 2053 Green Gilt Fund	5.0	2.5
LGIM 2034 Gilt Fund	3.0	0.5
LGIM 2038 Gilt Fund	5.0	2.5
LGIM 2042 Gilt Fund	5.0	2.5
LGIM 2047 Gilt Fund	7.0	4.5
LGIM 2060 Gilt Fund	7.0	4.5
LGIM 2065 Gilt Fund	7.0	4.5
LGIM 2068 Gilt Fund	7.0	4.5
LGIM 2071 Gilt Fund	7.0	4.5
LGIM 2030 Index-Linked Gilt Fund	3.0	0.5
LGIM 2035 Index-Linked Gilt Fund	5.0	2.5
LGIM 2037 Index-Linked Gilt Fund	5.0	2.5
LGIM 2040 Index-Linked Gilt Fund	5.0	2.5
LGIM 2042 Index-Linked Gilt Fund	5.0	2.5

LGIM 2050 Index-Linked Gilt Fund	7.0	4.5
LGIM 2055 Index-Linked Gilt Fund	7.0	4.5
LGIM 2058 Index-Linked Gilt Fund	7.0	4.5
LGIM 2062 Index-Linked Gilt Fund	7.0	4.5
LGIM 2068 Index-Linked Gilt Fund	7.0	4.5
LGIM 2073 Index-Linked Gilt Fund	7.0	4.5

The rate of increase in costs and charges is 2.5% p.a.

The assumptions as used in the Statutory Money Purchase Illustrations included with members' benefit statements have otherwise been used.

Please note that these illustrated values:

- have been produced using 1-year transaction costs as opposed to 5-year averaged transactions costs, this is due to the inclusion of several new funds over the year and the 5-year data not being available;
- have been calculated using inferred investment returns, in the case of 2 funds, Future World Global GBP Corporate Bond Index Fund and 2068 Gilt Fund. We have calculated the volatility of the first fund using a Global Corporate Bond Index and we have based the volatility of the second fund on similar funds, in this instance, the 2065 and 2071 Gilt Fund;
- are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice;
- use assumptions that 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;
- may not prove to be a good indication of how your own savings might grow; and
- comply with the Technical Actuarial Standards (TAS) 100: Principles for Technical Actuarial Work.

Appendix 4

Investment performance

The presentation of the investment performance takes into account the statutory guidance issued by the DWP. The Trustees have followed the statutory guidance in all areas. The Trustees note that the strategy in place is not one where the net return varies with age (such as a lifestyle strategy or TDF (target date fund)) so have not set out the age specific returns.

The investment performance for each of the funds during periods up to 31 December 2023 net of all costs and charges expressed as an annual geometric compound percentage were:

Fund	1 year %	3 years % p.a.	5 years % p.a.
LGIM Sterling Liquidity Fund	4.8	2.1	1.5
LGIM Future World GBP Corporate Bond Index Fund	9.5	-4.3	1.1
LGIM Future World Global Equity Index Fund GBP Hedged	21.3	6.8	N/A
UK Equity Index Fund	7.9	8.6	6.6
LGIM 2027 Gilt Fund	4.6	-3.7	-0.5
LGIM 2034 Gilt Fund	5.8	-8.0	-1.8
LGIM 2038 Gilt Fund	4.9	-10.0	-3.0
LGIM 2042 Gilt Fund	3.8	-12.9	-4.0
LGIM 2046 Gilt Fund	2.9	-15.0	-5.0
LGIM 2047 Gilt Fund	1.8	-18.3	-6.5
LGIM 2049 Gilt Fund	2.3	-16.4	-5.7

LGIM 2055 Gilt Fund	0.2	-18.7	-6.9
LGIM 2060 Gilt Fund	-1.6	-20.3	-7.5
LGIM 2065 Gilt Fund	-3.3	-23.8	N/A
LGIM 2068 Gilt Fund	-2.5	-23.4	-8.5
LGIM 2071 Gilt Fund	-3.7	-27.6	N/A
LGIM 2024 Index-Linked Gilt Fund	3.5	5.0	3.2
LGIM 2027 Index-Linked Gilt Fund	7.0	1.7	2.1
LGIM 2030 Index-Linked Gilt Fund	7.7	0.1	1.6
LGIM 2032 Index-Linked Gilt Fund	6.9	-2.8	0.4
LGIM 2035 Index-Linked Gilt Fund	6.9	-4.6	-0.3
LGIM 2037 Index-Linked Gilt Fund	5.4	-7.9	-1.9
LGIM 2040 Index-Linked Gilt Fund	2.6	-10.6	-3.3
LGIM 2042 Index-Linked Gilt Fund	0.7	-12.7	-4.5
LGIM 2047 Index-Linked Gilt Fund	-1.8	-16.8	-6.6
LGIM 2050 Index-Linked Gilt Fund	-3.7	-18.9	-7.7
LGIM 2055 Index-Linked Gilt Fund	-5.9	-20.5	-8.7
LGIM 2058 Index-Linked Gilt Fund	-10.1	-25.0	-11.2
LGIM 2062 Index-Linked Gilt Fund	-12.1	-26.3	-12.0

LGIM 2068 Index-Linked Gilt Fund	-14.6	-31.1	-14.5
LGIM 2073 Index-Linked Gilt Fund	N/A	N/A	N/A
LGIM 2053 Green Gilt Fund	N/A	N/A	N/A

Source: LGIM.

Where performance is marked as N/A this means longer term performance is not available due to the inception date of the fund in question.

Additional Voluntary Contributions (“AVCs”)

Fund	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)
Aegon Long Gilt Fund	1.0	-17.9	-7.1	0.2
Aegon European Fund	14.7	6.2	10.4	6.8
Aegon High Equity With Profits Fund*	0.0	1.7	3.4	4.6
Aegon Mixed	6.2	1.4	7.0	5.8
Aegon Global Fund	11.9	3.6	11.9	9.2
Aegon North American	18.1	10.6	14.2	12.6
Aegon UK Equity	4.7	4.9	5.9	4.1
Aegon International	15.1	3.5	13.6	11.0

Source: Aegon

*The Aegon High Equity With Profits Fund offers a guarantee that the unit price will not fall if held to maturity. The investment returns shown above for this fund represent the investment return net of annual management charges but does not incorporate the charges for guarantees (this charge was 0% from 2018 to 2022, the most recent data available at this time). Actual with-profits payouts also incorporate the effects of smoothing of investment returns and will therefore not necessarily reflect the returns shown.