TotalEnergies UK Pension Plan

Trustee's Annual Report for the Year ended 30 June 2024

Registered Number: 10261090

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The Trustee and Advisors to the Plan

The current Trustee is:

TOTALENERGIES PENSION TRUSTEE UK LIMITED
Registered Office:
10 Upper Bank Street
Canary Wharf
London E14 5BF

Company Registration Number: 04370265

The Directors of the Trustee are:

Employer Nominated

- Robert White (Chair)
- Shaun Kenny (resigned 18 September 2024)
- Brice Metois (resigned 18 September 2024)
- Chris Milligan (resigned 30 November 2023)
- Nicholas Parr (resigned 17 January 2024)
- Mark Tandy
- Hoan-Phi Edet (appointed 18 September 2024)

Member Nominated

- Shonagh Anderson
- Louise Cook
- Melanie Cook (resigned 17 January 2024)
- James Coull
- Ben Marchant (resigned 17 January 2024)
- Alan Smale

Participating Employers

- Hutchinson UK Limited
- Stop Choc Limited
- Total Bitumen UK Limited
- TotalEnergies E&P UK Limited
- TotalEnergies Gas and Power UK Limited
- TotalEnergies Marketing UK Limited
- TotalEnergies Finance Corporate Services Limited
- TotalEnergies Country Services UK Limited
- TotalEnergies Petrochemicals UK Limited
- Total Energies Renewables UK Limited

Secretary to the Trustee

- **Gavin Fennell**

Professional Advisors

The following professional advisors have been appointed by the Trustee:

Plan Actuary	James Miller Aon Solutions UK Limited Verulam Point Station Way St Albans AL1 5HE
Administrators	Gallagher Benefit Services (formerly Buck, A Gallagher Company) 5th Floor, Temple Circus Temple Way Bristol BS1 6HG
Auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Banker	NatWest Bank Plc St James & Piccadilly Branch 208 Piccadilly London W1A 2DG
Global Custodian	Northern Trust Global Services Limited 50 Bank Street Canary Wharf London E14 5NT
Investment Advisor	Lane Clark and Peacock 95 Wigmore Street London W1U 1DQ
Investment Managers	Baillie Gifford (fully disinvested 21 February 2024) Barings LLC (fully disinvested 29 August 2023) BlackRock Investment Management (UK) Limited (fully disinvested 3 April 2024) Columbia Threadneedle Investments (fully disinvested 18 June 2024) La Salle Investment Management Legal & General Investment Management Limited MFS Investment Management (fully disinvested 2 April 2024)
AVC Managers	Aviva Life & Pensions UK Limited Clerical Medical Investment Group Limited Phoenix Life Group Prudential PLC Scottish Friendly Assurance Limited Zurich Assurance Limited
Insurance Company	Pension Insurance Corporation Canada Life
Legal Advisor	Sackers LLP 20 Gresham Street London EC2V 7JE

Principal Employer

The Principal Employer of the Plan is:

TOTALENERGIES PENSION COMPANY UK LIMITED
Registered Office:
10 Upper Bank Street
Canary Wharf
London E14 5BF

Company Registration Number: 01518500

Trustee's Report

Introduction

The Trustee of the TotalEnergies UK Pension Plan ("the Plan") presents the annual report and financial statements of the Plan for the year ended 30 June 2024.

Background Information

The Plan was established on 5 June 2002 under a Definitive Trust Deed that has subsequently been amended from time to time. The Definitive Trust Deed and Rules is the complete guide to the operation of the Plan and the calculation of benefits and is the legal document governing the Plan.

The Plan has a Defined Benefit Section, which was contracted out of the State Second Pension (S2P) until April 2016, and a Defined Contribution Section, which was not contracted out. The Defined Benefit Section is closed to new entrants.

The DB section which had active members as at 31 December 2021 closed to future accrual. Consultation took place with the relevant DB membership and an introduction with the DC membership. Active members moved to new Heritage DC sections from 1 January 2022.

The Plan is a registered pension scheme with HMRC under the terms of the Finance Act 2004.

Trustee

The Trustee of the Plan is TotalEnergies Pension Trustee UK Limited. Details are shown on page 1.

In accordance with the Trustee's Memorandum and Articles of Association, the power of removing and appointing the Directors of the Trustee Company, apart from the member-nominated Directors, rests solely with the Principal Employer, TotalEnergies Pension Company UK Limited, so long as the action is compliant with provisions of the Pensions Act 1995. The power of removing and appointing the Trustee itself also rests with the Principal Employer.

In line with the Pensions Act 1995, the members had elected member-nominated Directors of the Trustee Company from a group of members who stood for election. During the year two of the Trustee Directors resigned. The Board comprises six Employer-Nominated Trustee Directors and six Member-Nominated Trustee Directors. The duties of the member-nominated Directors of the Trustee Company differ in no way from those of the other Trustee Directors of the Plan.

The Trustee has the overall responsibility of ensuring that the Plan is administered in accordance with the Trust Deed and Rules and in the best interests of the members. To assist with their duties, the Trustee Directors appoint professional advisors who are listed on page 2.

As necessary, the Trustee meets with the investment advisor to review the performance of the Plan's investments and to receive their recommendations on investment policy. The Trustee also meets on other occasions to determine day-to-day administration and other matters. All Directors of the Trustee have equal voting rights.

Going Concern

The Trustee regularly monitors the strength of the Employer Covenant with advice from its covenant adviser PwC.

In assessing whether the financial statements for the Trustee should be prepared on the going concern basis, the Trustee has considered current economic market conditions. The Trustee Chair confirmed the employer covenant report had been reviewed and following PwC's assessment the employer covenant remained strong with no concerns.

The Trustee has reviewed the long-term and short-term cash flow liquidity requirements, and the Trustee is satisfied that these arrangements will remain in place for a period of at least 12 months from signing of the financial statements. Following the recent buy-in the Long-term liquidity has been included in the schedule of contributions for the request for additional funds in 2026 and 2027 as advised by the Scheme Actuary.

The Trustee completed a Schedule of Contributions as of 30 June 2024, the Trustee will have continued access to adequate financial resources for a period of at least 12 months. The Trustee has stipulated in the Schedule the need for additional contributions from the participating employers on 1 January 2026 of £18m, 1 January 2027 of £18m and a final payment of £39m.

Short-term liquidity is reviewed on a weekly and monthly basis by UKPD. With the limited need to hold cash, as PIC now meet the monthly cash flow needs for member transactions, a process has been set up with the Principal Employer that if funds were needed to fund the pensioner payroll that a short-term loan of £10m has been formally agreed.

The Trustee receives regular updates on the funding level of the Plan, and this is monitored closely with support of the Plan Actuary and the investment consultant. The Plan Actuary has confirmed in the 30 June 2023 valuation that the technical provisions funding ratio was 140% on 30 June 2023.

On this basis the Trustee has determined that there is not a material uncertainty as to the ability of the Plan to continue as a going concern and therefore it remains appropriate to continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Principal Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

On 26 September 2024, the Trustee and Principal Employer finalised the actuarial valuation of the Plan as at 30 June 2023. This showed that at the valuation date:

The value of the Technical Provisions was: £2,172.4 million
The value of the assets at that date was: £2,250.1 million
Past service surplus £77.7 million
Funding level 104%

The Plan closed to future benefit accrual on 31 December 2021. All members in active service became deferred pensioners from that date. Pensions accrued to 31 December 2021 are no longer linked to salary increases after Plan closure.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method with a three-year control period.

Significant actuarial assumptions for the liabilities not covered by the buy-in

Discount rate: term dependent rates set by reference to the fixed interest gilt curve at the valuation date plus 0.5% p.a.

Future Retail Prices inflation: term dependent rates derived from the gilt market implied inflation curve at the valuation date.

Future Consumer Prices inflation: term dependent rates derived from the assumption for future retail prices inflation, less an adjustment agreed between the Trustee and the Principal Employer.
At 30 June 2023 this adjustment was set such that CPI inflation was assumed to be 0.6% p.a. below RPI inflation pre 2030 and 0.0% p.a. post 2030.

Pension increases: derived from the term dependent rates for future price inflation assuming future inflation volatility of 1.7% per annum for the retail prices index and 1.6% per annum for the consumer prices index allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Mortality: for the period in retirement, standard base tables S3PMA for male members and S3PFA for female members with scaling factors dependent on the type of member and business unit. Mortality improvements applied to the base tables based on the CMI 2022 core projections with a long-term rate of improvement of 1.50% per annum, a smoothing parameter of 7.0 and an initial adjustment parameter of +0.50%.

Significant actuarial assumptions for the liabilities covered by buy-ins (where they differ from above)

Post-retirement discount rate: term dependent rates set equal to the fixed interest gilt curve at the valuation date with no further adjustments.

Pension increases: derived from the term dependent rates for future price inflation using swaps market data to allow for the caps and floors on pension increases according to the provisions in the Plan's rules.

The technical provisions funding target the Trustee agreed for the Plan meets the requirements of the Pensions Act 2004 and aims to produce a prudent reserve of money to hold against the Plan's future funding needs. The Trustee has discussed a funding plan with the Principal Employer and they have accepted the target and agreed to make the contributions. The Plan relies on the Principal Employer and its financial support to:

- pay the future expenses of running the Plan each year;
- make extra contributions when there is a funding shortfall; and
- put in more money if the target set for funding the Plan turns out to be too low.

A new schedule of contributions was agreed in September 2024. The participating employers agreed to pay:

- £18 million due 1 January 2026;
- £18 million due 1 January 2027; and
- £39 million due 31 December 2027.
- Contributions to cover the Plan's budgeted running costs until 31 December 2024, after which the participating employers will meet the expenses of the Plan directly.
- Contributions (if needed) to maintain a balance in the Plan's bank account of at least £1 million.

In June 2024, the Trustee entered into a second bulk annuity policy with the Pensions Insurance Corporation that aimed to cover all remaining liabilities of the Plan that were not already covered by a bulk annuity policy. The Plan therefore holds insured assets which provide payments to the Plan to meet the vast majority of benefit payments to members. There are some liabilities that are known not to be covered by these policies which need to be met from the Plan's assets. The Trustee's intention is to amend the existing insured policies so that all future benefit payments will be covered by the insured policies. Additional contributions, as set out above, are expected to be needed from the participating employers to achieve this.

However, if at any time, the cost of amending the existing insurance policies is determined and either:

- the participating employers have already made the contributions necessary for the Trustee to pay this cost, then there will be no requirement to make further contributions; or
- the participating employers have not yet made the contributions to pay this cost, then the contributions above will be subject to a maximum of the contribution necessary to enable the Trustee to pay the costs required to amend the existing insurance policies.

The participating employers also pay contributions to the Defined Contribution Section of the Plan and, for participating employers with active members in the Defined Benefit Section at 31 December 2021, the Heritage Defined Contribution Section of the Plan.

The next actuarial valuation is due no later than 30 June 2026. At this point in time, the Trustee and Principal Employer will review the actuarial method and assumptions underlying the technical provisions, as well as the adequacy of the current Schedule of Contributions.

As part of the valuation, the Plan Actuary must also look at the Plan's solvency if it started to wind up (come to an end). Assessing the position on this basis is a statutory requirement for pension schemes and does not mean that the Principal Employer is thinking of ending the Plan.

The Plan Actuary looked at whether the Plan had enough money at the valuation date to buy insurance policies to provide members' benefits. Insurance companies have to invest in 'low risk' assets, which are likely to give low returns and their policy prices will include administration charges and a profit margin. This means that even if a scheme is fully funded on the ongoing basis, the solvency figure could be much less than 100%.

If the Plan had started winding up at 30 June 2023, the actuary estimates the amount the Plan needed to ensure benefits were paid in full (the full solvency position) was about £76 million higher than the assets held by the Plan. The Plan's assets covered about 97% of the estimated full solvency position.

Financial Status

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Full details of the financial progress of the Plan's investments are contained in the Investment Report of this report.

Membership

There are three main groups of members with an interest in the Plan. These are:

- current contributing or "active" members in service;
- deferred pensioners (people who have left the Plan and had their benefits preserved under the Plan); and
- pensioner members.

Changes in Membership

The following table sets out the changes in membership over the Plan year:

	Active Members		Deferred Members		Pensioner Members	
	Defined Benefit Section	Defined Contribution Section	Defined Benefit Section	Defined Contribution Section	Defined Benefit Section	Defined Contribution Section
Members at 30 June 2023	-	1,735	3,614	2,679	7,695	-
Adjustments	-	4	(41)	19	17	-
Adjusted members	-	1,739	3,573	2,698	7,712	-
Plus						
New entrants	-	140	-	126	285	-
Less						
Vested leavers	-	(130)	-	-	-	-
Child leavers	-	-	-	-	(2)	-
Retirements	-	(1)	(189)	(16)	-	-
Transfers out	-	(3)	(4)	(99)	-	-
Deaths	-	(1)	(8)	(2)	(303)	-
Commutations	-	-	(4)	-	(1)	-
Members at 30 June 2024	-	1,744	3,368	2,707	7,691	-

Adjustments are made due to late notification of movement. Included within the pensioner members at 30 June 2024 are 7,691 (2023: 5,628) pensioners whose pensions are paid from annuities held in the name of the Trustee.

Pensions

All pension increases were in accordance with the Trust Deed and Rules of the Plan and were between nil and 5.0% depending on the Plan Section. There were no discretionary increases awarded during the period. Deferred pensions were increased in accordance with statutory requirements.

Transfers Out

Transfers out are calculated and verified in the manner required by the Pensions Schemes Act (PSA) 1993 and were not less than the amount provided for by S97(1) of PSA 1993.

Investment Policy and Management (excluding AVC assets)

The Trustee has delegated the day to day management and custody of Plan investments (excluding AVCs) to the investment managers and global custodian listed on page 2.

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee which incorporated the Investment Strategy. A copy of the statement is included within the appendix.

Additional Voluntary Contributions (AVCs)

Members may supplement their benefits from the Plan by making additional voluntary contributions.

Employer Related Investments

None of the Plan's investment funds held exposures in employer related investments.

The Plan has not breached the statutory limit of 5% maximum self-investment at any time throughout the year.

Data Protection

The Trustee and the Plan Actuary hold personal information about members and beneficiaries under the Plan and are regarded as Data Controllers for data protection purposes. They will use the personal data for the purposes of administering the Plan efficiently and for the purposes of calculating and settlement of benefits as and when due and to determine the contribution levels. They are required to look after personal data in accordance with legal requirements. This means that they are responsible for deciding what personal information needs to be processed and the way in which that information is processed.

In processing personal data, they may need to pass personal information about members and beneficiaries, to the Plan's administrators, auditors, legal advisers, insurers and such third parties as may be necessary for the purposes of the Plan. Full details of the types of personal data that are held, how the information is used and who it is shared with are set out in the privacy notice. The privacy notice also sets out the rights of those whose personal data is held, and who to contact to exercise those rights, make a complaint, or generally raise any questions. A copy of the current privacy notice is available from the Secretary to the Trustee at the address overleaf.

Virgin Media Case

The Directors of the Company and Trustee of the TotalEnergies UK Pension Plan are aware of the Virgin Media case (which relates to the ruling that a lack of actuarial confirmation would render relevant amendments (made between 6 April 1997 and 5 April 2016) to affected contracted-out DB pension schemes' rules invalid and void, even if they did not adversely affect benefits). That case is currently subject to an appeal.

In light of the lack of certainty, including the appeal and the possibility of changes in legislation, the Directors and the Trustee of the Plan are awaiting the outcome of the appeal and any government reaction to it to clarify the actions which are necessary to investigate further.

In the absence of that investigation, neither the Directors nor the Trustee currently have reason to suppose that any necessary confirmation was not provided at the time of past amendments to the Rules of the Plan and therefore have no reason at this time to suppose that there is any additional pension liability arising from the case.

GMP Equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pensions ("GMP") for contracted-out pension schemes must be equalised between men and women in respect of service between May 1990 and April 1997. Employers have had to provide equal pensions to males and females since 17 May 1990, however, the State defined the level of GMP differently for males and females and this, combined with different increases in payment, means that in payment the pensions are unlikely to be equal. The Trustee is working with its advisers to understand the implication of this Ruling on the Plan and the equalisation of guaranteed minimum pensions between men and women in the context of the rules of the Plan and the value of any additional liability.

The estimated cost of GMP equalisation has been allowed for in the actuarial valuation as at 30 June 2023.

In June 2024, the Trustee of the TotalEnergies UK Pension Plan entered into an additional buy-in agreement with Pensions Insurance Corporation (PIC) which covered the remaining pension liabilities not covered by the existing buy-in contract. The initial premium paid covered the bulk of the liability with some limited exceptions (e.g. in relation to GMP equalisation) which are intended to be discussed and resolved during 2025 and 2026 as part of the true up process. It is likely to require an addition to the buy-in premium to cover those additional liabilities.

The Plan's administration processes now allow for the payment of transfer values which include an allowance for the value of GMP equalisation.

Following the buy-in in June 2024, the Trustee has reviewed the methodology for GMP equalisation and agreed to use method B.

On 20 November 2020, the High Court published a further judgement in the case of Lloyds Banking Group Pensions Trustees Limited focusing on the treatment of historic transfers out, where GMP equalisation adjustment is potentially needed. The judgement requires schemes to equalise all cash equivalent transfer values with 17 May 1990 – 5 April 1997 GMPs, and pay a top-up to the receiving scheme with interest at Bank base rate +1%. The Trustee is carrying out an exercise to review whether uplifts to past transfers out are needed.

Further Information

Any internal disputes that need to be resolved in relation to the TotalEnergies UK Pension Plan should be referred to:

Gavin Fennell
Secretary to the Trustee
TotalEnergies UK Group Pensions Department
10 Upper Bank Street
Canary Wharf
London E14 5BF

gavin.fennell@totalenergies.com

Questions about the information in this report, or about entitlement to benefits, or the Plan in general (including complaints), should also be sent to Gavin Fennell at the address above.

The Investment Report on pages 25 to 31 and the Implementation Statement on pages 32 to 51 form part of the Trustee's report.

The Trustee has produced a TCFD report, which is available on the Plan website at:
https://tcfd.pensioninfo.totalenergies.uk/

Signed on behalf of the Trustee: -

Trustee Director: Signed by: Rob White 341D1FC030AC4FA... Date: January 23, 2025 | 1:50 PM CET

Statement of Trustee's Responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

(i) show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Plan and financial information included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Trustee's responsibilities in respect of contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Plan and for monitoring that contributions are made to the Plan in accordance with the schedule.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 30 June 2024

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Plan under the Schedule of Contributions certified by the actuary on 21 December 2021 in respect of the Plan year ended 30 June 2024. The Plan Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year	**£m**
Employers:	
normal contributions	27.3
additional contributions	5.8
Members:	
normal contributions	0.7
Members' additional voluntary contributions	4.5
Contributions payable under the Schedule (as reported by the Plan Auditor) and as reported in the financial statements	38.3

Signed on behalf of the Trustee: -

Trustee Director: Signed by: Rob White 341D1FC030AC4FA...

Date: January 23, 2025 | 1:50 PM CET

Defined Contribution (DC) Governance Statement

Chair's DC Governance statement, covering 1 July 2023 to 30 June 2024

1. Introduction and members' summary

The TotalEnergies UK Pension Plan (the "Plan") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments, but bears the investment risk). A number of members of the DB Section, who have paid Additional Voluntary Contributions ("AVCs") on a DC basis, also have AVCs in the Plan's DC Section.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. We, the Trustee Directors of the Plan, are required to produce a yearly statement (signed by the Chair of Trustee) covering:

- the design and oversight of the auto-select (default) investment strategies, the Drawdown Lifestyle for the main DC Section benefits and the Cash Lifestyle for the DB AVC Section (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members for the default options and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the auto-select arrangements and other investment options remain suitable for the membership.
- We began a review of the auto-select arrangements for the DC section on 13 June 2023 which was concluded on 13 December 2023. The changes agreed as part of this review are being implemented after the Plan year end.
- We reviewed the phasing of assets within the Growth Fund in November 2022, leading to the decision to increase the allocation of the L&G Low Carbon Transition Global Equity Index Fund from 50% to 100%. In addition, the Trustee agreed to 50% of the Growth Fund being allocated to the currency hedged share class of the L&G Low Carbon Transition Global Equity Index Fund. The phasing of assets was completed in December 2023.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and we remain comfortable with the administrator's performance.

Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Plan is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the Plan's DC Section and who do not choose an investment option are placed into the Drawdown Lifestyle (the Default or "auto-select arrangement"). We recognise that most members do not make active investment decisions and instead invest in the auto-select arrangement. After taking advice, we decided to make the auto-select arrangement a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

A second investment option available within the Plan is also classified as a default. This is the Cash Lifestyle, which is the Default "auto-select" lifestyle arrangement for the DB AVC section held with L&G. In September 2024, after the end of the Plan year, this lifestyle was renamed the Lump Sum Lifestyle.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the Default auto-select arrangements.

Details of the objectives and our policies regarding the auto-select arrangements can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Plan's SIP covering the Default auto-select arrangements can be found in the Appendix.

The aims and objectives of the Default auto-select arrangements, as stated in the SIP, are as follows:

"The auto-select arrangements are structured to maintain a reasonable and diverse exposure to growth assets, as well as a provision for the taking of a tax-free cash lump sum, at retirement. They are designed to be broadly appropriate for a typical member within the Plan, but they will not be suitable for all members."

The default is reviewed every three years. We began the triennial review of the Default arrangements on 13 June 2023, just before the period covered by this Statement. The review was concluded on 13 December 2023. The performance and strategy of the Default were reviewed to check whether investment returns (after deduction of charges and costs) have been consistent with the aims and objectives of the Default as stated in the SIP, and to check that it continues to be suitable and appropriate given the Plan's risk profiles and membership. We are implementing the following changes to the lifestyle strategies:

- Shorten the de-risking period from 25 years to 15 years. As a result, members will maintain a higher risk portfolio for longer and have a higher allocation invested in the Growth Fund during the de-risking phase.
- Introduce a three-phased approach to the lifestyles to include a growth phase, approaching retirement phase and at-retirement phase.
- Amend the asset class allocation in the lifestyle strategies in the approach to retirement, which is expected to increase the risk and return profile for members and enable a higher integration of responsible investing within the strategies.
- Increase risk at-retirement for the Default Drawdown Lifestyle strategy by amending the asset class allocation.
- Renamed the Cash Lifestyle to the Lump Sum Lifestyle to better reflect what members are targeting at retirement.

We are satisfied that the current Default auto-select arrangements remain suitable for members and that the retirement targets of both auto-select arrangements remain appropriate due to the analysis of the Plan's membership and outcome projections.

As part of the previous review of the Default auto-select arrangement (which concluded on 8 June 2021), we agreed to review the phasing of assets within the Growth Fund after a year, at the midway point, in November 2022. Following this review the Trustee agreed to proceed with the increase to the allocation to the L&G Low Carbon Transition Global Equity Index Fund from 50% to 100% within the Growth Fund. In addition, we agreed to 50% of the Growth Fund being allocated to the currency hedged share class of the L&G Low Carbon Transition Global Equity Index Fund. The phasing of assets in the Growth Fund was completed in December 2023.

In addition to the triennial strategy review we also review the performance of the Default auto-select arrangements against their objectives on at least an annual basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Plan year concluded that the auto-select arrangements were performing broadly as expected.

Specified performance-based fees

None of the investments utilised with the default arrangements or the self-select options use performance-based fees.

Asset allocation breakdown

We are required to show the asset allocation of the default arrangements. In line with DWP's guidance we have also shown this asset allocation for different ages as at the Plan year end. We have assumed a target retirement age of 65, which is the official target retirement age of the Plan.

Drawdown Lifestyle (DC section default)

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0	1.1	3.2	10.0
Corporate bonds (UK and overseas)	0.0	3.6	10.8	26.4
UK government bonds	0.0	3.3	9.9	20.6
Overseas government bonds	0.0	1.5	4.6	6.1
Listed equities	100.0	88.6	65.9	29.5
Property*	0.0	0.9	2.6	3.4
Other	0.0	1.0	3.0	4.0

*The property allocation is in respect of the L&G 70:30 Hybrid Property Fund, which invests 70% in a Managed Property Fund, and 30% in a Global Real Estate Equity Index.

Lump Sum Lifestyle (DB AVC section default)

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0	1.1	3.2	22.7
Corporate bonds (UK and overseas)	0.0	3.6	10.8	47.8
UK government bonds	0.0	3.3	9.9	29.5
Overseas government bonds	0.0	1.5	4.6	0.0
Listed equities	100.0	88.6	65.9	0.0
Property*	0.0	0.9	2.6	0.0
Other	0.0	1.0	3.0	0.0

*The property allocation is in respect of the L&G 70:30 Hybrid Property Fund, which invests 70% in a Managed Property Fund, and 30% in a Global Real Estate Equity Index.

3. Processing of core financial transactions

The processing of core financial transactions is carried out by the administrator of the Plan – Gallagher. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Plan, transfers of assets between different investments within the Plan, and payments to members/beneficiaries.

We have received assurance from Gallagher that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Plan has a Service Level Agreement ("SLA") in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator to help it meet the SLA are as follows:

- preparation of a quarterly administration report which is presented to the Trustee and includes performance against SLAs covering timeliness for core transactions;
- a work management system which is reviewed daily for forthcoming workloads, with tasks allocated daily;
- daily review of bank balances by the treasury team;
- monthly cash reconciliation; and
- all monetary transactions are peer reviewed and authorised by 1 x senior administrator or team leader (transactions less than £250,000) or 2x senior administrators and/or team leader (transactions over £250,000) the transaction is then reviewed and released for payment by a treasury administrator and there is a final authorisation by an Administration Manager or above.

To help us monitor whether service levels are being met, we receive quarterly reports about the administrator's performance and compliance with the SLA. This is presented to the Administration Committee and also includes SLA performance in respect of core transactions for the DC Section.

Any issues identified as part of our review processes would be raised with the administrator immediately, and steps would be taken to resolve the issues according to their protocols. There were 8 member complaints relevant to the DC and DB AVC sections over the Plan year to 30 June 2024. This is an increase from no complaints last year. We continue to monitor the performance of Gallagher as administrator but are satisfied with Gallaghers performance and that the majority of the complaints are relatively minor.

Based on our review processes, we are satisfied that over the period covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan year

Core financial transactions for legacy Additional Voluntary Contributions ("AVC") providers

There were legacy AVC investments with five providers in the Plan during the year:

- Aviva
- Clerical Medical
- Phoenix Life
- Prudential; and
- Zurich.

Gallagher have requested information from these providers in relation to the processing of core financial transactions, however we have had limited responses at the time of writing.

Aviva

We have not been able to source updated information from Aviva, however they have previously confirmed that they operate SLAs and performance is measured against those SLAs, but are unable to share specific SLA details for the Plan's AVC policy. Failure to reach SLA levels will trigger an internal investigation and agreed actions would be taken to improve performance.

Prudential

We have not been able to source updated information from Prudential, but it has previously confirmed that they transitioned to 'End to End' reporting, which means that performance is measured against the total time taken to deal with a particular work item, from the day of receiving it through to the closure date of the work item. Prudential is only able to show end to end performance at the platform level.

Clerical Medical

We have not been able to source updated information from Clerical Medical, but it has previously confirmed that they do not have a service level agreement in place. At the time of preparing this Statement, Clerical Medical have been unable to provide details of their processes for core financial transactions.

Phoenix Life and Zurich

We have requested information on the processing of core financial transactions from Phoenix Life and Zurich. However, at the time of preparing this Statement, this information has not been received. We will continue to liaise with both of these providers via our administrator to obtain this information.

4. Member-borne charges and transaction costs

We are required to set out the ongoing charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum ("pa") figure and exclude administration charges since these are not met by the members.

We are also required to separately disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The transaction costs are borne by members.

The charges and transaction costs have been supplied by Legal & General ("L&G") who is the Plan's investment platform provider. When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and when it is executed. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term).

Default auto-select arrangements

The Default auto-select arrangement for the DC Section is the Drawdown Lifestyle. The Default auto-select arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Drawdown Lifestyle charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.10	0.10
15 years to retirement	0.13	0.15
10 years to retirement	0.16	0.20
5 years to retirement	0.19	0.25
At retirement	0.20	0.26

The Lump Sum Lifestyle strategy is also the Default auto-select arrangement for the DB AVC section. The annual charges for this lifestyle during the period covered by this Statement are set out in the table above.

Lump Sum Lifestyle charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.10	0.10
15 years to retirement	0.13	0.15
10 years to retirement	0.16	0.20
5 years to retirement	0.19	0.25
At retirement	0.14	0.08

The default arrangements do not have any performance based fees associated with them.

Self-select and AVC options

In addition to the two auto-select arrangements, members also have the option to invest in one other lifestyle, the Annuity Lifestyle, which targets annuity purchase, and several other self-select funds. The annual charges for the Annuity Lifestyle during the period covered by this Statement are set out in the table below:

Annuity Lifestyle charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.10	0.10
15 years to retirement	0.13	0.15
10 years to retirement	0.16	0.20
5 years to retirement	0.19	0.25
At retirement	0.07	0.10

The level of charges for each self-select fund (including those used in the Default) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the DC Section Default are shown in **bold**.

Self-select fund (L&G) charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Global Equity Fund	0.10	0.00
Overseas Equity Fund	0.09	0.00
UK Equity Fund	0.05	-0.05
Ethical Equity Fund	0.74	0.17
Corporate Bond Fund	0.07	0.34
Fixed Interest Gilt Fund	0.04	0.00
Index-Linked Gilt Fund	0.04	0.05
Growth Fund	0.07	0.05
Climate Aware Passive Equity Fund	0.06	0.01
Diversified Multi-Asset Fund	0.22	0.31
Cash Fund	0.11	0.07
Lump Sum Fund	0.14	0.08

Legacy AVC fund charges and transaction costs (% per annum)

Aviva

Fund name	TER*	Transaction costs*
Aviva Deposit Admin Pension Bonus Series	Not available	Not available
Aviva Mixed Investments (40-85%)	Not available	Not available
Aviva US Equity	Not available	Not available
Aviva UK Equity Fund	0.88%**	0.07%***
Aviva Property	Not available	Not available
Aviva European Equity	Not available	Not available
Aviva Global Equity	Not available	Not available
Aviva Pacific Equity	Not available	Not available
Aviva With-Profit	Not available	Not available
Aviva With-Profit Guaranteed	Not available	Not available

The Funds included in the table above are those that members were invested in as at 31 March 2023. *Aviva was unable to provide the TER and transaction costs for these funds in time for inclusion in this Statement. **As at 30 June 2023. *** As at 5 April 2023.

Prudential

Fund name	TER[1]	Transaction costs[2]
Prudential Deposit Fund	N/A*	0.00
Prudential Discretionary Fund	0.77	0.13
Prudential Global Equity Fund	0.77	0.20
With Profits Cash Accumulation Fund	N/A**	0.16

1Prudential as at 30 June 2024 2Prudential as at 31 December 2023.
*TER rates were not provided. Interest rates are declared on the first of each month, in line with the Bank of England base rate. Any interest is declared monthly and there are no explicit charges.
** There are no set charges as charges depend on the performance, investment returns achieved and expenses incurred.

Clerical Medical & Phoenix Life

We have requested information on TERs and transaction costs from Clerical Medical and Phoenix Life. However, as at the time of preparing this Statement, this information has not been received from all providers. We will continue to liaise with each of these providers via Gallagher to obtain this information.

Zurich

Fund name	TER*	Transaction costs*
Zurich With Profits 90:10 Fund	N/A**	0.06%

*Zurich as at 31 March 2024. **The Fund is a traditional with profits fund and as such charges are not explicitly set out. Fund expenses vary across different groups of plans and are taken into account when determining bonus rates each year.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, with the exception of the Growth Fund and Lump Sum Fund which are over the past three years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five and three years as this is the longest period over which figures were available, and should be more indicative of longer-term costs compared to only using figures over the Plan year.
- The illustration is shown for the Default auto-select arrangement (the Drawdown Lifestyle) and also the Lump Sum Lifestyle, as the Default auto-select arrangement for members' AVCs, as well as two funds from the Plan's self- select fund range. The two self-select funds shown in the illustration are:
- the fund with highest annual member borne costs (TER plus transaction costs) – this is the Ethical Equity Fund.
- the fund with lowest annual member borne costs – this is the UK Equity Fund.

Projected pension pot in today's money

	Default option		Cash Lifestyle		Ethical Equity Fund		UK Equity Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£6,100	£6,100	£6,100	£6,100	£6,100	£6,000	£6,100	£6,100
3	£10,400	£10,400	£10,400	£10,400	£10,500	£10,300	£10,500	£10,500
5	£15,100	£15,000	£15,100	£15,000	£15,200	£14,800	£15,200	£15,200
10	£28,000	£27,800	£28,000	£27,800	£28,600	£27,100	£28,600	£28,500
15	£43,200	£42,600	£43,200	£42,600	£44,400	£41,000	£44,400	£44,200
20	£61,000	£59,700	£61,000	£59,700	£63,200	£56,900	£63,200	£62,800
25	£80,600	£78,400	£80,600	£78,400	£85,500	£75,000	£85,500	£84,900
30	£101,500	£97,800	£101,500	£97,800	£112,100	£95,600	£112,100	£111,100
35	£123,100	£117,100	£123,100	£117,100	£143,600	£118,900	£143,600	£142,000
40	£141,800	£133,100	£135,800	£128,100	£181,000	£145,500	£181,000	£178,700

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The projection is for 40 years, being the approximate duration that the youngest Plan member has until they reach the Plan's Normal Pension Age.
- The starting pot size used is £4,000 This is the approximate average (median) pot size for active members of the Plan aged 25 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The starting salary is assumed to be £24,000. This is the approximate median salary for active members aged 25 or younger.

- Total contributions (employee plus employer) are assumed to be 8.0% of salary per year. This is a consistent approach to 2023 and is in line with the minimum total contribution that members receive based on auto-enrolment minimums.
- The projected annual returns used are as follows:
  - Default auto-select arrangement, Drawdown Lifestyle: 3.5% above inflation for the initial years, gradually reducing to a return of 1.0% above inflation at the ending point of the lifestyle.
  - Lump Sum Lifestyle: 3.5% above inflation for the initial years, gradually reducing to a return 0.5% below inflation at the end point of the lifestyle.
  - Ethical Equity Fund: 3.5% above inflation
  - UK Equity Fund: 3.5% above inflation

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Plan year, over periods to 30 June 2024. We have had regard to the statutory guidance in preparing this Section. The underlying funds used within the DC Section Default are shown in **bold**.

For arrangements where returns vary with age, such as for the Drawdown Lifestyle, Lump Sum Lifestyle and Annuity Lifestyle, returns are shown over the Plan year for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

Drawdown Lifestyle (Default auto-select arrangement for the DC Section) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	22.4	10.1
45	19.4	7.4
55	14.5	4.3

Lump Sum Lifestyle (Default auto-select arrangement for the DB AVC Section) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	22.4	10.1
45	19.4	7.4
55	14.5	4.3

Annuity Lifestyle (self-select lifestyle) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	22.4	10.1
45	19.4	7.4
55	14.5	4.3

Self-select fund net returns over periods to Plan year end

Fund name	1 year (%)	5 years (% pa)
Global Equity Fund	20.6	9.8
Overseas Equity Fund	21.7	12.3
UK Equity Fund	13.9	5.7
Ethical Equity Fund	19.8	10.2
Corporate Bond Fund	7.0	-5.7
Fixed Interest Gilt Fund	2.6	-9.0
Index-Linked Gilt Fund	-0.6	-7.5
Growth Fund*	22.4	N/A
Climate Aware Passive Equity Fund*	21.1	N/A
Diversified Multi-Asset Fund	9.2	1.9
Cash Fund	5.3	1.7
Lump Sum Fund*	7.6	N/A

**These funds were incepted in October 2021 therefore the 5-year performance to30 June 2024 is not available.*

Legacy AVC Options

As at the time of preparing this Statement, we have not received net return figures for the funds in which members are invested in the legacy AVC policies except for Zurich and Prudential, although we understand it has been requested by Gallagher. We will continue to periodically chase the providers, via Gallagher, to obtain this information. We have been able to find some fund information for the Prudential funds which is publicly available.

Prudential

Fund name	1 year (%)	5 years (% pa)
Prudential Deposit Fund	5.2	1.8
Prudential S3 Discretionary Fund	Not available**	Not available**
Prudential S3 Global Equity Fund	Not available**	Not available**
With Profits Cash Accumulation Fund*	4.3	5.5

**Performance to 31 December 2023 due to the fund declaring bonuses once a year.*

*** Prudential was unable to provide the net returns for these funds in time for inclusion in this Statement.*

Zurich

Fund name	1 year (%)	5 years (% pa)
Zurich With Profits 90:10 Fund	1.4	-3.7

**Zurich as at 31 December 2023. Note that the fund contract has underlying investment guarantees therefore members may not bear losses.*

The With-Profits fund returns stated are that of the underlying investments, which are the only figures that can be quoted. With Profits Funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

6. Value for members assessment

We are required to assess every year the extent to which member borne charges (including specified performance-based fees) and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The last review was dated 13 November 2024, which covered the Plan year to 30 June 2024. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that the fund charges are competitive for the types of fund available to members.

Our assessment included a review of the performance of the Plan's investment funds (after all charges and transaction costs) in the context of their investment objectives.

In carrying out the assessment, we also consider the other benefits members receive from the Plan, which include:

- our oversight and governance, including ensuring the Plan is compliant with relevant legislation, and holding regular meetings to monitor the Plan and address any material issues that may impact members;
- the design of the default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Plan website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Plan are receiving very good value for money for the charges and cost that they incur, for the reasons set out in this section.

This summary sets out our rating and the high-level rationale behind it. We have chosen a rating ranging from poor, fair, good to very good.

- **Charges** – Very good – the Company meets the majority of the costs of administering and running the Plan. The costs borne by members are very competitive, particularly with regard to the AVC arrangements with L&G.
- **Administration** – Very good – the administration service provided by Gallagher is of a good standard.
- **Governance** – Very good – the Pensions Team and Trustee Directors are very committed to the Plan and how it is run, holding regular meetings and making use of external advisors where appropriate.
- **Communications** – Very good – communications are clear, tailored and informative. The Trustee monitors the impact of communications quarterly.
- **Auto-select (default) investment arrangement** – Very good – the auto-select (default) investment strategy targets drawdown at retirement. The Trustee monitors the strategy and concludes that the investment arrangement continues to be suitable for the majority of members and is achieving its stated objectives.
- **Investment range** – Very good – The fund range is broad and members are offered multiple lifestyles, each targeting a different retirement option. There is also a specialist ethical fund option and climate aware fund available within the fund range. The Trustee remains satisfied that the fund range is sufficient, appropriate, not duplicated, and all funds are white-labelled with clear names.

- **At-retirement services** – Good – The Trustee offers both an advice service and access to a post-retirement product.
- **Plan design** – Very good – the Company and Trustee's commitment to the Plan is strong and demonstrated in the design and contributions. Contributions remain generous and members are provided with a large degree of contribution flexibility.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. We 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. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they are material. During the period covered by this Statement, we received training on SMPIs, which was presented by LCP at the DC Outcomes and Governance Sub Committee ("DCOG") meeting on 3 April 2024.

Additionally, we receive updates on topical pension issues from our advisers at DCOG meetings. For example, our advisers provided updates on the Government announcements including the Mansion House Reforms and the Autumn Statement at the December 2023 meeting.

We are familiar with and have access to copies of the Plan's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is formally reviewed annually and as part of making any change to the Plan's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

We are required to commit to completing the training, either at the relevant meetings or by personal study. All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year.

A training and development plan is maintained in line with best practice and the training programme is reviewed regularly to ensure it is up to date. This has not been reviewed in the Plan year, as it previously included training plans for up to the end of 2024. Additionally, the Plan has in place a structured induction process for new trustees. Candidates interviewing for Trustee positions are encouraged to complete the Regulator's toolkit. All Trustees have completed their Regulator's toolkits.

As at 30 June 2024 there were 8 Trustee Directors on the board, with half of these being member nominated trustee directors. 2 of the Trustees were women, and the Trustee Directors have a wide range of vocational backgrounds (including HR, Business Development and Legal) and therefore have different roles within the Board, for example Investment or Communications.

If a new topic is raised at a meeting, training will be provided as required prior to discussion or a decision being made. Specific training on Trustee Board and scheme Management skills has been provided to the Trustee Directors as mentioned above.

We hold ad-hoc training days when there is sufficient material to cover. Training needs is an item on each meeting agenda to allow us to identify any knowledge gaps by being asked whether we would benefit from any specific training, and we are made aware of external seminars that are relevant for us as Trustee Directors of the Plan, which we can attend. Ad-hoc training is provided as and when required.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe that we are well placed to exercise our functions as Trustee Directors of the Plan properly and effectively.

Signed by:
Rob White
341D1FC030AC4FA...
Date: January 23, 2025 | 1:50 PM CET

Signed by the Chair of Trustee of the TotalEnergies UK Pension Plan

Investment Report

1. Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Plan's asset portfolio is the responsibility of the investment managers and bulk annuity provider, who operate within the guidelines of their specific mandates.

Over the year under review, the DB Section’s investments of the TotalEnergies UK Pension Plan (the “Plan”) were managed by Legal & General Investment Management Limited ("LGIM"), MFS International (UK) Limited ("MFS"), BlackRock Investment Management (UK) Limited ("BlackRock"), Barings Asset Management Limited ("Barings"), Columbia Threadneedle Investments ("Columbia Threadneedle"), Baillie Gifford & Co Limited ("Baillie Gifford") and LaSalle Investment Management ("LaSalle").

In addition, the Trustee has bulk annuity contracts with Pension Insurance Corporation and Canada Life to insure benefit payments linked to the Plan’s pensioner members.

The DC Section and DB AVC Section’s investments are accessed via the Legal & General Assurance (Pensions Management) Limited (L&G) investment-only platform.

2. Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles (“SIP”) has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk. The SIP was reviewed and updated in June 2024. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant, and the appointed Scheme Actuary are consulted during the review. A copy of the latest SIP is available online at the following address https://pensioninfo.totalenergies.uk/library.

3. Custody of assets

The underlying DB Section’s assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers’ custodians and the Trustee.

The Trustee has a direct relationship with Northern Trust only in relation to the DB section. The Trustee reviews annually the procedures and controls operated by the custodian.

4. Departures from the SIP

There were no departures from the SIP over the Plan year.

5. Investment strategy

DB Section

The majority of the Plan’s DB assets are invested in buy-in policies with Pension Insurance Corporation PLC which broadly cover all of the Plan’s DB liabilities and benefit payments as they fall due. Any residual assets can be invested in such a way to preserve the funding position and to help meet any residual liabilities.

The following tables detail the distribution of invested assets at the financial year end by fund. This includes the bulk annuity policies, but excludes the AVC funds, which are summarised in the Defined Contribution ("DC") Section below, and the Trustee bank account. Figures may not sum due to rounding.

Fund	Asset class	Allocation as at 30 Jun 24 (£m)
LaSalle Indirect Property Fund	Property	2.3
Annuities/Buy-ins		2,223.7
Total		**2,226.0**

Source: Northern Trust, AON.

Material changes to the investments during the year ended 30 June 2024 are set out below:

- In August 2023, the Trustee fully redeemed from the Barings Multi Asset Credit fund with proceeds invested in the Columbia Threadneedle Bespoke Portfolio. The Trustee also reduced the Plan's synthetic equity exposure from 15% to 7.5% of non-insured Plan assets.
- In February 2024, the Trustee fully redeemed from the Baillie Gifford Global Alpha Growth Fund with the proceeds invested in the Columbia Threadneedle Bespoke Portfolio.
- In March 2024, the Trustee fully redeemed from the BlackRock Dynamic Diversified Growth Fund and MFS Global Concentrated Equity Fund. The proceeds were transferred to the Columbia Threadneedle Bespoke Portfolio. The Trustee also instructed Columbia Threadneedle to close out the synthetic equity positions.
- In April 2024, the Trustee instructed the in-specie transfer of gilts from LGIM pooled funds to the Columbia Threadneedle Bespoke Portfolio.
- In May 2024, the Trustee instructed gilt holding restructuring to enter into a price-lock portfolio that looked to match the movement in the preferred insurers premium payment.
- In June 2024, the Trustee transferred the majority of Plan assets to Pension Insurance Corporation PLC to pay for a bulk annuity contract premium.
- Over the Plan year, the Plan's property mandates with LaSalle continued to wind down and as a result, redemption proceeds were received.

DC Section and DB AVC Section

Members are able to invest in a wide range of individual asset class funds as well as multi asset funds, where the allocation is to a number of asset classes and managers selected by the Trustee. There are also three "lifestyle" fund options, where the underlying asset allocation is altered as a member approaches their target retirement date.

Members who do not make an active investment choice will be invested in the "auto-select lifestyle" strategy. The DC Section auto-select lifestyle strategy is intended for members who will draw down from their investment pot gradually once they retire. It is structured to maintain, what the Trustee believes to be, a reasonable and diverse exposure to growth assets, as well as a provision for the taking of a tax-free cash lump sum, at retirement. It is designed to be broadly appropriate for a typical member within the Plan, but it will not be suitable for all members.

There is also an auto-select lifestyle for DB AVC members, which is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting a cash lump sum at retirement. DC members can also choose to select this option.

The following tables detail the DC Section asset distribution at the financial year end by fund, including the AVC funds, and details of the investment strategy as set out in the Statement of Investment Principles.

DC Section Fund	Asset class	Allocation as at 30 June 24 £m	Allocation as at 30 June 23 £m
Global Equity Fund	Equities	37.3	28.0
UK Equity Fund	Equities	5.3	5.3
Overseas Equity Fund	Equities	26.0	19.4
Ethical Equity Fund	Equities	1.5	1.6
Corporate Bond Fund	Bonds	1.3	1.1
Index-Linked Gilt Fund	Bonds	1.9	1.7
Cash Fund	Bonds	3.6	3.2
Fixed Interest Gilt Fund	Bonds	0.4	0.2
Diversified Multi-Asset Fund	Diversified Growth	134.2	109.7
Climate Aware Fund	Equities	3.1	1.0
Growth Fund	Equities	221.8	185.7
Lump Sum Fund	Bonds	8.0	6.6
Total		**444.4**	**363.5**

Source: L&G

DB AVC Section Fund	Asset class	Allocation as at 30 June 24 £m	Allocation as at 30 June 23 £m
Global Equity Fund	Equities	1.7	1.6
UK Equity Fund	Equities	0.3	0.5
Overseas Equity Fund	Equities	1.0	0.9
Index-Linked Gilt Fund	Bonds	0.1	0.1
Cash Fund	Bonds	0.1	0.1
Diversified Multi-Asset Fund	Diversified Growth	2.4	2.4
Climate Aware Fund*	Equities	0.1	-
Growth Fund	Equities	1.4	1.6
Lump Sum Fund	Bonds	1.7	1.6
Total		**8.8**	**8.8**

Source: L&G. *Prior to the Plan year no assets within the DB AVC section were invested in this Fund.

Key changes to the DC Section's and DB AVC Section's investments during the Plan year end to 30 June 2024 are set out below:

The Trustee agreed to make changes to the underlying allocations of the Growth Fund used within the lifestyle strategies as follows:

- The Growth Fund has transitioned over a two-year period from the LGIM Global Equity (40:60) Index Fund to the LGIM Low Carbon Transition Global Equity Index Fund starting from October 2021. The intermediate allocation for the the transition was 50% LGIM All World Equity Index Fund and 50% LGIM Low Carbon Transition Global Equity Index Fund, which was achieved in the previous Plan year.
- On 8 September 2023, the Trustee began the second phasing of the Growth Fund, trading the LGIM All World Equity Index Fund for the currency hedged version of the LGIM Low Carbon Transition Global Equity Index Fund in tranches over 5 trade dates. The phasing was completed on 15 December 2023, and the final and current allocation for the Growth Fund remains as 50% LGIM Low Carbon Transition Global Equity Index Fund and 50% LGIM Low Carbon Transition Global Equity Index Fund (currency hedged).

The Trustee also made the following changes to the underlying funds within the Diversified Multi-Asset Fund:

- In March 2024, the Trustee decided to disinvest in the BlackRock DC Dynamic Diversified Growth Fund, and as a result agreed to change the allocations to the Diversified Multi Asset Fund. The 25% allocation to the BlackRock fund was to be invested into the Schroder Life Sustainable Future Multi Asset Fund, which already made up 25% of the fund. The change was completed in one trade on 17 April 2024.

6. Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of the DB Section over the one, three and five year periods to 30 June 2024, based on the performance of the investment managers before the deduction of fees. The performance excludes the bulk annuities contracts.

	One year (%)	Three years (% pa)	Five years (% pa)
Scheme	4.4%	-9.9%	-3.3%
Benchmark	5.2%	-9.2%	-2.8%

Source: Northern Trust. Performance excludes the bulk annuity contracts.

The following table shows the performance of the DC Section and DB AVC Section assets over the one-, three- and five-year periods to 30 June 2024, based on the performance of the investment managers after the deduction of fees.

	One year (%)	Benchmark (%)	Three years (% pa)	Benchmark (%)	Five years (% pa)	Benchmark (%)
Global Equity Fund	20.6	21.1	9.2	9.2	9.8	10.2
Overseas Equity Fund	21.7	22.2	10.0	10.3	12.3	12.5
UK Equity Fund	13.9	13.9	7.7	7.6	5.7	5.7
Ethical Equity Fund	19.8	21.6	5.0	10.1	10.2	12.0
Climate Aware Passive Equity Fund*	21.1	20.8	-	-	-	-
Growth Fund*	22.4	22.3	-	-	-	-
Diversified Multi Asset Fund	9.2	9.1	-1.3	1.5	1.9	2.9
Corporate Bond Fund	7.0	6.9	-12.5	-12.6	-5.7	-5.7
Fixed Interest Gilt Fund	2.6	2.5	-16.3	-16.3	-9.0	-9.0
Index-Linked Gilt Fund	-0.6	-0.8	-14.2	-14.2	-7.5	-7.5
Lump Sum Fund*	7.6	6.0	-	-	-	-
Cash Fund	5.3	5.3	2.8	2.9	1.7	1.8

Source: L&G, performance is shown net of fees. The performance in the table above refers to both the DC Section and the DB AVC Section. *These funds were added in October 2021, therefore performance over the 3 year and 5 year periods are not available.

7. Transaction costs

The Trustee is aware that indirect transaction costs will be incurred through the bid-offer spread on investments within the Plan's pooled investment vehicles and charges made within those vehicles.

For the Plan's sole investor arrangements, with Columbia Threadneedle and LaSalle, we have provided a breakdown of direct transaction costs (ie those charged to the Plan such as fees, commissions and stamp duty) over the year by main asset class and type of cost in the table below:

Asset class	Transaction Costs (£k)	Transaction Costs (%)
Property	334	1.9%
Total	**334**	**1.9%**

8. Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, can protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issues of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debtor equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice.

The Trustee has selected some priority ESG themes to provide a focus for monitoring the investment managers' voting and engagement activities. The Trustee reviews the themes regularly and update them as appropriate. The current priorities are climate change, human rights and business ethics.

The Trustee has communicated these stewardship priorities to the investment managers.

If the Trustee's monitoring identifies areas of concern, the Trustee will engage with the relevant manager in line with the escalation policy as outlined in the Investment Policy Document.

9. Trustee's policies on environmental, social and governance and ethical factors

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages managers to improve their practices where appropriate.

With regard to climate risks, the Trustee has agreed that it:

- Wants to follow best practice when it comes to regulatory requirements.
- Believes that climate change represents a systemic risk to society, the economy and the financial system.
- Believes that climate change is a financially material risk for the DB and DC Sections of the Plan.
- Believes that a transition to a low carbon economy presents risks and opportunities for financial markets.
- Believes that its fund managers should maintain awareness of climate risks and opportunities, such as emerging technologies and green markets, when selecting investments in the Plan's portfolios.
- Believes that transitioning energy investments to sustainable energy options and encourage fossil-fuel holdings to manage the climate transition appropriately is a better way to manage climate risk than disinvesting from these holdings.
- Believes that engagement with the Plan's investments, delegated to the fund managers, is an essential component in order to move to a low carbon economy.

The Trustee primarily considers financial matters (i.e. matters affecting risk and return, including climate change and other ESG considerations) for the selection, retention and realisation of investments in the DB Section. It will consider non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) on a secondary basis.

In the DC Section, the Trustee recognises that some members may wish for non-financial matters to be taken into account in their investments and therefore has made available an equity investment option to DC members to address this demand.

10. Trustee's policy on the implementation of asset manager arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices where the Plan's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

11. Employer related investments

As at 30 June 2024 there were no assets invested (2023: <0.01%) in Employer-related investments in the DB section of the Plan. For the DC and DB AVC section of the Plan, there were <0.4% invested in Employer-related assets at the white labelled fund level. These fall within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

12.Taskforce on Climate-Related Financial Disclosures (TCFD)

The Trustee has produced a TCFD report, which is available on the Plan website at:
https://tcfd.pensioninfo.totalenergies.uk/

Implementation Statement, covering the Plan Year from 1 July 2023 to 30 June 2024

The Trustee of the TotalEnergies UK Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. This needs to cover information for the defined benefit ("DB") and defined contribution ("DC") Sections of the Plan, and also covers Additional Voluntary Contributions ("AVC") benefits in respect of DB members ("AVC Section"). Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 10 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") issued in June 2022.

The Implementation Statement is set out in an equivalent order to how the Trustee has set out its SIP.

1. Introduction

The SIP was updated during the Plan year in September 2023 and June 2024 to reflect:

- The agreed changes to the DB Section's investment strategy as the Plan insured outstanding DB liabilities via the purchase of a buy-in policy;
- changes to section 8 on realisation of investments and responsible investments that allow for the purchase of the buy-in;
- changes to Appendix A given the completion of the buy-in; and
- the Trustee's policy in relation to investment in illiquid assets within the DC section (as agreed by Defined Contribution Outcomes and Governance ("DCOG") in June 2023).

As part of the SIP update, the Employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed all of the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

2.1 DB investment objectives

The Trustee's key objective for the DB section is that it should be able to meet benefit payments as they fall due. The Trustee has achieved this by purchasing a buy-in policies for all of the DB Section benefits with Pension Insurance Corporation ("PIC"). Following the purchase, DB Section assets comprise the buy-in policy, cash and a legacy property mandate which is due to be wound up in Q4 2024.

2.2 DC investment objectives

As part of the performance and strategy review of the DC default arrangement which commenced in June 2023 and concluded in December 2023 the Trustee considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan.

As part of the review, the Trustees agreed to change the structure of the lifestyle strategies to a phased approach, launch four new white-labelled funds and adding a few new underlying funds The transition to the phased approach was completed in September 2024 and the new underlying funds will be gradually introduced over the fourth quarter of 2024, post Plan Year end.

Based on the outcome of the strategy review analysis, the Trustee concluded that the relevant default strategies continue to be appropriate to meet the long and short-term investment requirements of the majority of DC and AVC Section members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The Trustee has made available two alternative lifestyle strategies and a self-select fund range to members covering all major assets classes as set out in the SIP. The Trustee monitors the take up of these funds.

The Drawdown Lifestyle is the default arrangement for the DC Section, while the Cash Lifestyle is the default arrangement for the DB AVC Section.

The Trustee regularly reminds members to review their investment holdings and check they are suitable for their risk tolerances and retirement planning. The Trustee, via the Defined Contribution Outcomes Group, reviews changes in member choices, behaviour and trends each year using administration reports and information provided by the internal pension team at TotalEnergies. Over the Plan year there were no material changes.

As part of the previous review of the auto-select arrangement concluded on 8 June 2021, the Trustee agreed to review the phasing of assets within the Growth Fund after a year, at the midway point, in November 2022. Following this review the Trustee agreed to proceed with the increase to the allocation to the L&G Low Carbon Transition Fund from 50% to 100% within the Growth Fund. In addition, the Trustees agreed to 50% of the Growth Fund being allocated to the hedged share class of the L&G Low Carbon Transition Fund. This change was completed in December 2023, during the Plan Year.

3. Investment strategy

3.1 DB investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the DB Section's investment strategy multiple times throughout the Plan year.

Key strategic changes to the DB Section's investments during the Plan Year to 30 June 2024 are set out below:

- In August 2023, the Trustee made a full redemption from the Barings Multi Asset Credit fund with proceeds invested in the Columbia Threadneedle Bespoke Portfolio. The Trustee reduced the Plan's synthetic equity exposure (from 15% to 7.5% of non-insured Plan assets). The Trustee increased the level of interest rate and inflation hedging as part of ongoing de-risking measures to the DB Section strategy.
- In February 2024, the Trustee made a full redemption from the Baillie Gifford Global Alpha Growth Fund with the proceeds invested in the Columbia Threadneedle Bespoke Portfolio. The Trustee increased interest rate and inflation hedging as part of further de-risking measures to the DB Section strategy.
- In March 2024, the Trustee made a full redemption from the BlackRock Dynamic Diversified Growth Fund and MFS Global Concentrated Equity Fund. The proceeds were transferred to the Columbia Threadneedle Bespoke Portfolio and the Trustee closed out the synthetic equity positions.
- In May 2024, as part of the buy-in transaction, the Trustee instructed Columbia Threadneedle (CT) to restructure the gilt holdings to match the PIC price lock portfolio. In June 2024, the Trustee made the premium payment to PIC
- In June 2024: The SIP was updated to reflect the recent purchase of a bulk annuity agreement with PIC.
- Over the Plan year, the Plan's property mandates with LaSalle continued to wind down.

3.2 DC investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy and performance of the default arrangements over the Plan Year as described in Section 2 above. The Trustee has decided to introduce a three-phased approach to the lifestyles to include a growth phase, transition phase and at-retirement phase. The Trustee decided to shorten the de-risking period from 25 years to 15 years to maintain a higher risk portfolio for longer and have a higher allocation invested in the Growth Fund during the de-risking phase. The Trustee has also agreed to amend the Diversified Multi Asset Fund to improve the asset allocation which will increase the risk and return portfolio for members. Furthermore, the Trustee has decided to increase risk at-retirement for the Default Drawdown Lifestyle Strategy by amending the asset class allocation.

As part of this review the Trustee made sure the Scheme's default arrangements were adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

The Trustee also reviewed retirement data as part of the December 2023 strategy review of the DC default arrangements, looking at how members chose to access their benefits as well as at what age they accessed them versus when they said they would. The Trustee found that 70% of members typically take their benefits before their Target Retirement Age.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy multiple times throughout the Plan year as part of its preparation for completing the buy-in of the DB liabilities, it considered the investment risks set out in Appendix A of the SIP.

The DC investment strategy review which commenced in June 2023 and concluded in December 2023 was carried out against the background of the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark and objectives.

The Trustee also periodically monitors its managers' responsible investment capabilities in conjunction with its investment adviser, including as part of its annual TCFD (Task Force on Climate-related Financial Disclosures) report. This report contains carbon emissions data of the Plan's investments within the Plan Year.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee also maintains a risk register and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include credit risk, equity risk, currency risk and counterparty risk. The Trustee's implementation of its policy for these risks during the year is summarised below.

The DB Section's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report.

With regard to collateral adequacy risk, over the Plan year, the Trustee held sufficient investments in the Columbia Threadneedle Equity Linked Bond portfolio, to be used as collateral for the synthetic equity positions.

There is also a risk that the performance of the Plan's assets and liabilities diverge in certain financial and economic conditions in the short term. Following the buy-in of the Plan's remaining liabilities, the Trustee considers these risks to broadly be mitigated for the Plan's DB members.

With regard to the risk of inadequate returns for DC members, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the two default options (the Drawdown Lifestyle for main DC Section members and the Cash Lifestyle for AVC Section

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1 The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

members) and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The risk of the DB Section's buy-in insurer failing to pay benefits has been mitigated by the selection of a reputable insurer, ongoing monitoring of the provider by LCP as the investment adviser, and the negotiation of a collateral arrangement with the insurer.

The Trustee considers overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate.

Together, the investment and non-investment risks set out in Appendix A of the SIP give rise generally to funding risk for the DB Section. The Trustee reviews the Plan's funding position as part of its annual actuarial report and in more detail triennially in the Actuarial Valuation, which reflects changes in the membership, financial conditions, and other experience.

The following risks are covered elsewhere in this Implementation Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

5. Implementation of the investment arrangements

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. It monitors any developments at managers and informs the Trustee promptly about any significant updates or events it becomes aware of with regard to the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes:

- any significant change to the investment process or key staff for any of the funds the Plan invests in;
- any material change in the level of diversification in the portfolio; and
- any change in ownership, particularly if this could lead to a change in the manager's investment process.

The Trustee generally looks to invite the Plan's investment managers to present at Investment Committee meetings, seeing each manager approximately once a year. However, given the move to a full buy-in for the DB Section the Investment Committee met with Columbia Threadneedle over the Plan year.

The Trustee was comfortable with all of its investment manager arrangements over the Plan Year.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using LCP's quarterly performance monitoring reports. The reports show performance over a variety of short- and longer-term periods up to 5 years. Performance is considered in the context of the manager's performance benchmark and investment objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

After the Plan period, the Trustee undertook a "value for members" assessment in November 2024 for the Plan Year to 30 June 2024 which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against Plans with similar sizes of mandates.

6. Realisation of investments

The Trustee reviews the DB Section's net current and future cashflow requirements at regular Investment Committee meetings. The Trustee's policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

To assist with cash flow management, over the Plan year, the Trustee had a holding in LGIM's liquidity fund, which is topped up from time to time and is an efficient way for the Trustee to disinvest when it requires cash to meet benefit outgo from time to time.

The cashflow requirements for the DB members were covered by the insurance policies as at the end of the Plan year.

It is the Trustee's policy is to invest in DC funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section's funds which the Trustee offered during the Plan Year are daily traded, enabling members to realise and change their investments effectively.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

Within the DB Section, the Trustee explicitly considered ESG issues as part of its consideration for the chosen bulk annuity provider.

Within the DC Section, the Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the Ethical Equity Fund as a self-select investment option to members.

As set out in Section 2.2, the Trustee agreed to proceed with the agreed changes to the Growth Fund to use underlying funds that favour companies with proven lower carbon emissions. The changes were completed in December 2023, during the Plan Year.

8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement These policies are:

- **Baillie Gifford**: Baillie Gifford's Engagement Policy
- **MFS:** MFS Proxy Voting Policies and Procedures
- **LGIM:** LGIM's Engagement Policy
- **BlackRock:** BlackRock Investment Stewardship
- **Schroders:** Schroders Engagement Blueprint
- **Columbia Threadneedle Investments:** Columbia Threadneedle's Proxy Voting Policy

However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

The Trustee also received quarterly updates on ESG and Stewardship related issues from its investment adviser.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed stewardship priorities for the Plan which were:

- Climate Change;
- Human Rights; and
- Business Ethics.

These priorities were selected because the Trustee views them as key market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Plan's members. The Trustee has communicated these priorities to its managers.

The Trustee agreed to maintain these stewardship priorities over the Plan year to 30 June 2024.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that held equities over the Plan year as follows:

- **BlackRock** Diversified Growth Fund.
- **Columbia Threadneedle** Responsible Global Equity Fund.
- **LGIM** All World Equity Index, Hybrid Property (70:30) and Low Carbon Transition Global Equity Index Fund (GBP currency hedged and unhedged versions).
- **MFS** Global Concentrated Equity Fund.
- **Schroders** Sustainable Future Multi Asset Fund (formerly the Dynamic Multi Asset Fund).
- **Baillie Gifford** Global Alpha Growth Fund.

For the DC Section we have included only the funds with equity holdings used in the default strategies given the high proportion of DC Section assets invested in these funds. In addition, we have also included self-select funds which incorporate ESG or ethical factors, recognising that members choosing to invest in these funds may be interested in this information.

In addition to the above, the Trustee contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. Commentary provided from these managers is set out in Section 9.4.

9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in November 2022, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

BlackRock

"The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets.

We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritize those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

We periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements."

Columbia Threadneedle Investments

"Generally, we feel that voting consistently across our clients' holdings gives them greater influence to effect positive change. We think carefully about how we vote, be that through execution of our Corporate Governance guidelines, or in discussion with portfolio managers on higher profile or more complex resolutions.

We can, however, accommodate clients' requests to vote on resolutions in a manner different to our policies, when they are invested in a segregated mandate.

Clients who wish to monitor voting decisions outside the normal reporting cycle can receive a preview of voting intentions for their portfolio. Alternatively, clients can be granted access to our voting platform on a read-only basis. For high-profile issues, we can pro-actively advise our clients on our intention to vote well in advance of the meeting. Our clients then have the option to state their preference and vote differently.

To ensure transparency, clients receive detailed vote reports including comments on resolutions where we do not support management. Vote reports are publicly available online the day after each shareholder meeting. Finally, annual vote statistics, case studies and other highlights are published on our website in our Stewardship Report.

We continue to investigate technology solutions to enable clients in pooled funds to express their voting intentions.

Our expectations of corporate governance standards at investee companies are embodied in our Global Corporate Governance Guidelines, which have been thoughtfully designed by our Corporate Governance Team, who specialise by market and/or region. These guidelines are translated into detailed proxy voting policies, including 25 market/regional variations that take into consideration local legal and regulatory environments as well as local codes of best practice and domestic investor expectations. We partner with ISS to consistently implement our bespoke voting approach. The policies are underpinned by the following principles of good corporate governance:

- *an empowered and effective board and management team*
- *appropriate checks and balances in company management structures*
- *effective systems of internal control and risk management covering all significant issues, including corporate responsibility*
- *a commitment to promoting a culture of transparency and accountability throughout the company that is grounded in sound business ethics; and*
- *remuneration policies that reward the creation of long-term shareholder value through the achievement of corporate objectives.*

In certain cases, vote decisions are arrived at through consultation with our investment teams. Controversial or high-profile meetings may be escalated to the Proxy Working Group, which contains representatives from each part of Columbia Threadneedle's business.

Our engagement activities and voting process consistently reinforce each other, and may include:

- *Active engagement with key companies ahead of the vote*
- *After voting, we actively inform companies of the reasons for voting against or abstentions*
- *Consultation with companies on voting other ESG matters outside of shareholder meetings*

We deploy our specialist corporate governance team on the most complex and sensitive cases, while voting on more routine, straightforward votes are cast using the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) who also provide recordkeeping and vote disclosure services.

We have also retained Glass, Lewis & Co., IVIS (in the UK) and ISS to provide proxy research services, similar to sell-side or broker research, to ensure quality and objectivity in connection with voting client securities. Other internal and external research is used to support vote decisions as appropriate."

LGIM

"All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

For more information, please refer to our policy document on the topic: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf"

MFS

"MFS maintains its own publicly available proxy voting policies and procedures (the MFS Proxy Policies), which guide all of our proxy voting decisions and provide a framework for voting decisions at approximately 2,000 meetings in over 50 markets each year. The exercise of voting rights is overseen by the MFS Proxy Voting Committee, which consists of eight senior members of MFS' Investment, Legal and Global Investment Support departments.

The day-to-day management of our proxy voting and engagement activity is performed by our stewardship team. While many voting issues fall within the scope of our policies, many votes require a case-by-case analysis by the stewardship team. As an active manager, we are able to combine the collective expertise of our stewardship team with the unique perspectives and experience of our global team of investment professionals. This process enables us to formulate viewpoints with multiple inputs, which we believe leads to well-informed voting decisions. This process also provides the investment team with an opportunity to better understand the stewardship team's viewpoint on a variety of topics, which enables our analysts and portfolio managers to integrate those viewpoints into their research process. As a result, when considering certain types of votes for which the MFS Proxy Voting Policies and Procedures do not provide explicit guidance, the proxy voting team and the investment team typically collaborate in assessing the voting matter.

Our stewardship team will engage in a dialogue or written communication with a company or other stakeholders when we *believe that the discussion will enhance our understanding of certain matters on the company's proxy statement that are of concern to shareholders or regarding certain thematic topics of focus for our proxy voting committee. Some of the issues we discuss with company management teams, board members and/or other company representatives include executive compensation, director accountability, as well as various environmental, social and governance issues. When engaging with companies, the proxy voting team aims to: (i) explain the rationale behind our proxy votes; (ii) exchange views on relevant ESG issues; and (iii) potentially effect positive change with respect to such issues.*

All proxy voting decisions are made in what we believe to be the best long-term economic interests of our clients."

Schroders

"We aim to take a consistent approach to voting globally, subject to regulatory restrictions, that is in line with our Proxy Voting Policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we are not afraid to vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context. Glass Lewis (GL) act as our one service provider to implement our own bespoke policy.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

We believe that all resolutions when we vote against the board's recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders".

Ballie Gifford

"Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients.

The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers.

Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets."

9.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	BlackRock	Columbia Threadneedle	LGIM	LGIM
Fund name	Diversified Growth Fund	Responsible Global Equity Fund	All World Equity Index Fund	Low Carbon Transition Global Equity Index Fund (GBP currency hedged and unhedged versions)
Total size of fund at end of the Plan Year	£493.9m	£1,350.0m	£4,611.2m	£5,050.3m
Value of Plan assets at end of the Plan Year*	- (DB) - (DC)	£1.6m (DC)	£39.0m (DC)	£226.2m (DC)
Number of equity holdings at end of the Plan Year	2,311	47	4,263	2,829
Number of meetings eligible to vote	556	49	6,679	4,782
Number of resolutions eligible to vote	6,992	724	65,048	47,600
% of resolutions voted	94.0%	100.0%	99.8%	99.8%
Of the resolutions on which voted, % voted with management	95.0%	94.3%	79.0%[1]	78.9%[1]
Of the resolutions on which voted, % voted against management	4.0%	4.7%	20.1%[1]	20.5%[1]
Of the resolutions on which voted, % abstained from voting	1.0%	1.0%	0.9%[1]	0.7%[1]

Of the meetings in which the manager voted, % with at least one vote against management	26.0%	34.7%	63.8%	65.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.0%	N/A**	10.8%	11.2%

*DC assets includes DB AVC assets.
**CTI do not report this as they apply their own custom policy for all their voting and do not consider deviation between their policy and the proxy adviser as a vote against recommendation.
1Figures may not sum to 100% due to rounding.

	Fund 5	Fund 6	Fund 7	Fund 8
Manager name	LGIM	MFS	Schroders	Baillie Gifford
Fund name	Hybrid Property (70:30) Fund	Global Concentrated Equity Fund	Sustainable Future Multi Asset Fund	Global Alpha Growth Fund
Total size of fund at end of the Plan Year	£2,687.7m	£231.3m	£1,006.0m	£2,718.0m
Value of Plan assets at end of the Plan Year	£6.8m (DC)	- (DB)	£68.1m (DC)	- (DB)
Number of equity holdings at end of the Plan Year	356	26	783	92
Number of meetings eligible to vote	399	24	711	90
Number of resolutions eligible to vote	4,134	507	8,884	1,189

% of resolutions voted	100.0%	100.0%	94.8%	96.7%
Of the resolutions on which voted, % voted with management	79.2%[1]	86.6%[2]	88.2%[3]	93.5%
Of the resolutions on which voted, % voted against management	20.6%[1]	3.2%[2]	11.9%[3]	6.1%
Of the resolutions on which voted, % abstained from voting	0.2%[1]	0.4%[2]	0.3%[3]	0.4%
Of the meetings in which the manager voted, % with at least one vote against management	68.9%	29.2%	54.4%	35.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	16.5%	N/A	9.6%	N/A

1Figures may not sum to 100% due to rounding.
3abstain votes are counted as votes against management when management has issued a recommendation on a proposal. If management has not issued a recommendation, all vote instructions (including abstentions) are counted as being with management. As such, if % abstain is greater than 0%, Rows may not add up to 100%.
2Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

9.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[2]2 for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf. The Trustee has interpreted "significant votes" to mean those that align with the Trustee's stewardship priorities.

The Trustee has reported on one significant vote per diversified fund and three of these significant votes per equity fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

BlackRock Diversified Growth Fund

BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as our active participation in market-wide policy debates, help inform these themes. The themes identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain BlackRock's vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to their clients and other stakeholders, and potentially represent a material risk to the investment they undertake on behalf of clients.

BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of their vote determination when it is most relevant to them. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements. One of the votes they have indicated as significant is detailed below:

National Australia Bank Limited, December 2023

- **Summary of resolution:** Approve Transition Plan Assessments
- **Relevant stewardship priority:** Climate change
- **Approx size of the holding at the date of the vote:** BlackRock did not provide this information
- **How they voted:** Against
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies control of a key decision, core to the company's ability to deliver their strategy and balance the interests of all stakeholders, to a third-party.

Columbia Threadneedle ("CT") Responsible Global Equity Fund

CT selects significant votes based on one or more criteria, including:

- Materiality of issues and the impact on shareholder value;
- Votes against the recommendation of the Board;
- Value/size of the shareholding relative to the total portfolio;
- The materiality of the vote to engagement outcomes
- Size of holdings in the company;

Mastercard Incorporated, June 2024

- **Summary of resolution:** Report on Lobbying Payments and Policy
- **Relevant stewardship priority:** Business Ethics

2 Vote reporting template for pension Plan implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

- **Approx size of the holding at the date of the vote:** 3.9%
- **Fund manager vote:** For
- **Outcome of the vote:** The proposal was not approved. Active stewardship (engagement and voting) continues to form an integral part of CT's research and investment process.
- **Rationale:** Enhanced controls over and disclosure of company and trade association lobbying is a growing good practice. Transparency around the company's primary lobbying issues and positions, as well as its key relationships with trade associations that engage on lobbying on its behalf, is advisable.

Alphabet Inc, June 2024

- **Summary of resolution:** Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies
- **Relevant stewardship priority:** Human rights
- **Approx size of the holding at the date of the vote:** 4.5%
- **Fund manager vote:** For
- **Outcome of the vote:** The proposal was not approved. Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
- **Rationale:** The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.

DexCom, Inc, May 2024

- **Summary of resolution:** Political Contributions Disclosure.
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote:** 1.5%
- **Fund manager vote:** For
- **Outcome of the vote**: The proposal was not approved. Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
- **Rationale:** Comprehensive, aggregate disclosure on political spending is best practice. Disclosure should include all state and local donations including support for organizations and ballot initiatives. In addition, the company should identify key relationships with trade associations that engage in lobbying on the corporation's behalf, as well as describe its policies and processes for giving. LGIM ask that the board provide ultimate oversight for political donations.

LGIM

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny.
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote.
- Sanction vote as a result of a direct or collaborative engagement.
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

They provide information on significant votes in the format of detailed case studies in LGIM's quarterly ESG impact and annual active ownership publications. LGIM provided details of "significant votes" in response to our request, which are detailed here:

LGIM All World Equity Index

Apple, Inc., February 2024

- **Summary of resolution:** Report on Risks of Omitting Viewpoint and Ideological Diversity from Equal Employment Opportunity Policy.
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote:** 4.0%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale:** A vote against is applied as LGIM as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in Equal Employment Opportunity policies does not appear to be a standard industry practice.

Alphabet Inc., June 2024

- **Summary of resolution:** Elect John L. Hennessy as Director.
- **Relevant stewardship priority:** Human Rights / Business Ethics.
- **Approx size of the holding at the date of the vote:** 1.4%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. A vote against is applied as LGIM expects a company to have at least one-third women on the board. Also, a vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. LGIM supports the equitable structure of one-share-one-vote and expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

Nestle SA, April 2024

- **Summary of resolution:** Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 0.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: N/A. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM is one of the co-filers of this resolution. LGIM call for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which LGIM believe will have negative impacts on the economy. As the largest food company in the world LGIM believe Nestle sets an example for the rest of the industry in terms of driving positive change and raising market standards.

LGIM Hybrid Property (70:30) Fund

Simon Property Group, Inc., May 2024

- **Summary of resolution:** Elect Glyn F. Aeppel as Director.
- **Relevant stewardship priority:** Human Rights / Business Ethics.
- **Approx size of the holding at the date of the vote:** 0.9%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
- **Rationale:** A vote against is applied as LGIM expects a company to have at least one-third women on the board. Also, a vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

LGIM Low Carbon Transition Global Equity Index Fund

NIKE, Inc., September 2023

- **Summary of resolution:** Report on Median Gender/Racial Pay Gap.
- **Relevant stewardship priority:** Human Rights.
- **Approx size of the holding at the date of the vote:** 0.2%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
- **Rationale:** A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.

Canadian National Railway Company, April 2024

- **Summary of resolution:** Management Advisory Vote on Climate Change.
- **Relevant stewardship priority:** Climate Change.
- **Approx size of the holding at the date of the vote:** 0.13%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was approved.
- **Rationale:** A vote FOR is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. Canadian National Railway Company's climate transition plan includes clear and approved science-based targets, specific actions, and governance framework.

Tesla, Inc., June 2023

- **Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 1.3%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most NEOs received modest or no compensation for FY2, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.

MFS Global Concentrated Equity Fund

MFS sets out to cast proxy votes in the best long-term, economic interest of clients. MFS does not, at this time, define a vote significant to particular strategies. They therefore post a complete record of firm-wide proxy voting reports. For compiling this report, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities; vote considered engagement with the issuer; and votes relating to certain thematic or industry trends. MFS provided details of ten "significant votes" in response to our request.

The three votes with the largest holdings that they have indicated as significant are detailed here:

Visa Inc, January 2024

- **Summary of resolution:** Submit Severance Agreement (Change-in Control) to Shareholder Vote.

- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 6.1%
- **How they voted:** Against.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale**: MFS voted “Against” this proposal, as the company has a policy which limits cash severance to a reasonable basis absent shareholder approval, and no significant concerns are identified with respect to the company's broad-based equity award treatment.

Accenture Plc, January 2024

- **Summary of resolution:** Renew the Board's Authority to Issue Shares Under Irish Law.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 4.9%.
- **How they voted:** For.
- **Outcome of the vote**: The proposal was approved.
- **Rationale**: MFS voted “For” this proposal, as the company is seeking approval representing only up to 20% of issued share capital, and the proposed amounts and the durations attached to the request are within recommended market best practice.

The Goldman Sachs Group, Inc., April 2024

- **Summary of resolution:** Report on Lobbying Payments and Policy.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 4.4%.
- **How they voted:** For.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale**: MFS voted “For” this proposal, as additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

Schroders Sustainable Future Multi Asset Fund

Schroders believe that all resolutions where they vote against the board’s recommendations should be classified as a “significant vote”. For example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

The details for three votes on which Schroders voted against management are detailed here:

Microsoft Corporation, December 2023

- **Summary of resolution:** SHP Regarding Report/Action on Climate Change
- **Relevant stewardship priority:** Climate change
- **Approx size of the holding at the date of the vote:** 1.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale:** We welcome the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options.

A.P. Moller - Maersk AS, March 2024

- **Summary of resolution:** SHP Regarding Reporting on Company's Compliance with International Human Rights Standards

- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding at the date of the vote:** <0.1%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** Following the failure of legislation progression of this topic area, Schroders are supportive of this proposal.

Apple Inc, February 2024

- **Summary of resolution:** SHP Regarding Race and/or Gender Pay Equity Report
- **Relevant stewardship priority:** Human Rights / Business Ethics.
- **Approx size of the holding at the date of the vote:** 0.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale:** Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report.

Ballie Gifford Global Alpha Growth Fund

Baillie Gifford view the following situations as criteria in determining which votes are "most significant" over the Plan Year:

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
- Where there has been a significant audit failing
- When the vote involves mergers and acquisitions
- Where Baillie Gifford have opposed the financial statements/annual report
- Where Baillie Gifford have the election of directors and executives; and
- Where Baillie Gifford identify material 'E' 'S' or 'G' issues that result in Baillie Gifford opposing management

Baillie Gifford provided details of ten "significant votes" in response to our request. The three votes with the largest holdings that they have indicated as significant are detailed here:

Meta Platforms, Inc., May 2024

- **Summary of resolution:** Shareholder resolution on equal voting rights.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 3.96%
- **How they voted:** For.
- **Outcome of the vote**: The proposal was not approved. Baillie Gifford supported the shareholder resolution on equal voting rights and communicated their decision to the Company. They explained that they would like them to consider equalising the economic value to the voting power in future. Upon their call several years ago, when they started supporting the proposal, they explained that this may be also considered as part of the succession planning for the founder, but they agree that the time scale may need to be long term.
- **Rationale**: Baillie Gifford supported the resolution on equal voting rights. Baillie Gifford believe that this is in the best interests of long-term shareholders.

Amazon.com, Inc., May 2024

- **Summary of resolution:** Shareholder resolution on gender/racial pay gap reporting.
- **Relevant stewardship priority:** Business ethics and human rights.
- **Approx size of the holding at the date of the vote:** 3.8%

- **How they voted:** For.
- **Outcome of the vote**: The proposal was not approved. This proposal received 29.4% votes against. This was the fifth time this proposal has been filed and Baillie Gifford have consistently supported. The company has not enhanced its reporting and Baillie Gifford's position remains unchanged. The company provides demographic data on its website and outlines good pay parity across employees in the same jobs using statistically-adjusted pay numbers. However, women and minorities are underrepresented in leadership positions compared with the broader workforce. Reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. Baillie Gifford fed their views back to the company both during a pre-AGM call and following the vote.
- **Rationale**: Baillie Gifford supported a shareholder resolution on gender/racial pay gap reporting. Baillie Gifford believe that women and minorities are underrepresented in leadership positions compared with the broader workforce, and reporting the unadjusted median gap would help to assess the structural bias regarding job opportunity and pay. Baillie Gifford believe a diverse workforce supports future business growth.

NVIDIA Corporation, June 2024

- **Summary of resolution:** Shareholder resolution on simple majority voting.
- **Relevant stewardship priority:** Business Ethics.
- **Approx size of the holding at the date of the vote:** 2.7%
- **How they voted:** For.
- **Outcome of the vote**: The proposal was approved. Baillie Gifford note that the board did not recommend voting against this shareholder proposal, suggesting an openness to considering changes to relevant bylaws in the future. Baillie Gifford plan on outlining our rationale for supporting this shareholder proposal when they next engage with the company.
- **Rationale**: Baillie Gifford supported the shareholder proposal on simple majority voting. Baillie Gifford believe that supermajority voting requirements can lead to entrenchment and make it difficult to implement positive corporate government reforms.

For the votes where the manager decided to vote against the company, the managers' policy for communicating ahead of the vote are listed below:

- **BlackRock** endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **LGIM** publicly communicates its vote instructions on its website with the rationale for all votes against management.
- **Columbia Threadneedle** did not communicate their vote in advance where they did vote against management.
- **MFS** may engage with issuers ahead of their vote at a shareholder meeting, however, they may not disclose their final vote decisions that are considered on a case-by-case basis.
- **Schroders** and **Baillie Gifford** did not disclose this information.

9.4 Votes in relation to assets other than listed equity

The following comments were provided by the Plan's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Plan Year:

The Trustee notes the following statements made by Columbia Threadneedle Investment, who manage the Plan's equity-linked bond mandate which holds equity derivative contracts and, as such, does not confer voting rights to the Plan:

"The TotalEnergies UK Pension Plan is invested in a LDI Private-Sub Fund ("the Fund") with Columbia Threadneedle Investments which holds the following investments:

- *Gilts*
- *Equity Futures*
- *Cash*
- *Columbia Threadneedle Sterling Liquidity Fund*

However, we see responsible investing and broader investment stewardship as part of our duty as an investor acting in the best interests of our clients and key to managing risk and supporting long term returns. Consequently we engage where we can with investee companies and financial counterparties and this includes LDI counterparties and counterparties and investee companies in our liquidity fund range in which the Private sub-fund is invested."

The Trustee notes that as at 30 June 2024, the Plan had fully divested from the LDI Private-Sub Fund to the insurer and so in practice, this wording will no longer apply going forward.

*The Trustee notes the following statements made by **LaSalle**, who manage segregated and indirect UK property mandates for the Plan (direct property mandate), which did not have any votes during the period, describing its general voting process:*

"LaSalle actively engages with the Companies by exercising voting rights and other rights attached to shares. Their voting activities are conducted in accordance with LaSalle's proxy voting policy. LaSalle monitor the Companies' approach towards matters such as business strategy, financial and non-financial performance and risk, capital structure, and relevant social, environmental and governance "ESG" metrics. The extent and manner of such monitoring activities will be determined having regard to the investment strategy, the size of the exposure, feasibility of effective monitoring and other relevant issues."

*The Trustee notes the following statements made by **LGIM** in respect of their funds invested in bonds, which do not convey voting rights:*

"Our Active Ownership approach does not materially differ on the basis of the type of exposure. We engage on behalf of all our clients' assets, and the Investment Stewardship team consider both our debt and equity exposures. We represent all clients in carrying out voting, engagement and advocacy activities in order to protect and enhance asset values over the long term and speak with one voice in our discussions with companies. From a bond-investor point of view, the only material difference versus equities is perhaps fewer concerns around shareholder rights. Our stewardship engagement is focussed on our global themes: climate, nature, people, governance, health and digitisation. We believe these themes are financially material to our clients' portfolios, often pose systemic risks and opportunities, and cover areas where we believe LGIM as an asset manager can influence change.

Votes are cast according to our instructions, guided by LGIM's voting policies and effected through an electronic voting platform called 'ProxyExchange', which is managed by Institutional Shareholder Services (ISS). We do not automatically follow the recommendations of proxy advisers. Over many years we have developed a granular custom voting policy with specific voting instructions driven by LGIM's expectations. These instructions apply to all markets globally, with minimum best practice standards that we believe all companies should observe, irrespective of local regulations or practices."

*The Trustee notes the following statements made by **Barings** in respect of their fund invested in bonds, which do not convey voting rights:*

"Proxy Voting is not applicable to Barings Global High Yield Credit Strategies Fund. Where the Fund holds equity, this is as a result of restructurings, often this equity will be private and usual proxy voting mechanisms are not applicable."

Independent Auditor's Statement about Contributions to the Trustee of the TotalEnergies UK Pension Plan

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the TotalEnergies UK Pension Plan in respect of the Plan year ended 30 June 2024 which is set out on page 11.

In our opinion contributions for the Plan year ended 30 June 2024 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 21 December 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 11, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee, for our work, for this statement, or for the opinions we have formed.

Julie Radcliffe

Julie Radcliffe
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 27 January 2025

Independent Auditor's report to the Trustee of the TotalEnergies UK Pension Plan

Opinion

We have audited the financial statements of the TotalEnergies UK Pension Plan ("the Plan") for the year ended 30 June 2024 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 30 June 2024 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Plan, and as it has concluded that the Plan's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee's (or its delegates including the Plan's administrators) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of Insurance policies and Property. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.

- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and from inspection of the Plan's regulatory and legal correspondence and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of contributions in our statement about contributions on page 52 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report, the report on actuarial liabilities, the summary of contributions and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 10, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustee, for our audit work, for this report, or for the opinions we have formed.

Julie Radcliffe
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 27 January 2025

Fund Account for the year ended 30 June 2024

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2024 £m	Total 30 June 2023 £m
Contributions & benefits					
Employer contributions		4.1	29.0	33.1	68.9
Employee contributions		-	5.2	5.2	2.9
Total contributions	5	4.1	34.2	38.3	71.8
Claims on term insurance		-	-	-	0.1
Transfers in	6	-	0.9	0.9	0.7
		4.1	35.1	39.2	72.6
Benefits paid or payable	7	(112.5)	(1.2)	(113.7)	(112.8)
Payments to and on account of leavers	8	(1.8)	(14.9)	(16.7)	(34.9)
Administrative expenses	9	(12.3)	-	(12.3)	(8.4)
Other payments	10	-	-	-	-
		(126.6)	(16.1)	(142.7)	(156.1)
Net (withdrawals)/additions from dealings with Members		(122.5)	19.0	(103.5)	(83.5)
Returns on investments					
Investment income	11	82.2	-	82.2	79.9
Change in market value of investments	12	(1.5)	64.7	63.2	(407.6)
Investment management expenses		(0.6)	-	(0.6)	(0.8)
Net loss on investments		80.1	64.7	144.8	(328.5)
Net decrease/(increase) in the Fund during the Year		(42.4)	83.7	41.3	(412.0)
Transfer between sections		1.9	(1.9)	-	-
Net assets of the Plan at 1 July		2,275.6	366.8	2,642.4	3,054.4
Net assets of the Plan at 30 June		2,235.1	448.6	2,683.7	2,642.4

The notes on pages 58 to 78 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 30 June 2024

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2024 £m	Total 30 June 2023 £m
Investment assets:	12				
Property		-	-	-	11.3
Pooled investment vehicles	14	1.0	444.4	445.4	1,539.0
Insurance policies	17	2,223.7	-	2,223.7	1,025.8
AVC investments	18	9.6	-	9.6	9.7
Other investments	15	0.9	-	0.9	1.1
Cash and cash equivalents		2.1	-	2.1	27.1
		2,237.3	444.4	2,681.7	2,614.0
Investment liabilities:					
Other investments	16	(0.5)	-	(0.5)	(0.9)
Total net investments		2,236.8	444.4	2,681.2	2,613.1
Current assets	22	12.2	5.0	17.2	41.4
Current liabilities	23	(13.9)	(0.8)	(14.7)	(12.1)
Net Assets of the Plan at 30 June		2,235.1	448.6	2,683.7	2,642.4

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Defined Benefit Section of the Plan, which takes into account such obligations is dealt with in the Report on Actuarial Liabilities on pages 5 to 6 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 58 to 78 form part of these financial statements.

These financial statements were approved by the Trustee on

Trustee Director: Signed by: Rob White 341D1FC030AC4FA... Date: January 23, 2025 | 1:50 PM CET

Notes to the Financial Statements

1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Plan has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee has considered the financial position of the principal employer TotalEnergies Pension Company UK Limited, its ultimate parent undertaking and controlling party, Total SE as well as the regulatory capital position of the annuity provider Pension Insurance Corporation.

The Trustee has also taken into account the impact on investments, future income and capital growth, portfolio liquidity and cashflow requirements. The Trustee is confident that the Plan will have sufficient funds to continue to meet is liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore, have prepared the financial statements on a going concern basis.

2 Identification of the financial statements

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee's Report.

3 Accounting policies

The principal accounting policies of the Plan are as follows:

3.1 The Plan's functional currency and presentational currency is pounds sterling (GBP).

3.2 Accruals concept

The financial statements have been prepared on an accruals basis, unless otherwise stated.

3.3 Contributions

Normal employer contributions, both for the Defined Benefit Section and the Defined Contribution Section are accounted for on an accruals basis at rates agreed between the Trustee and the Principal Employer based on the recommendation of the Actuary set out in the Schedule of Contributions. Deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and recovery plan or on receipt if earlier with the agreement of the Employer and Trustee. Normal employee contributions including Additional Voluntary Contributions (AVCs) are accounted for when deducted from pay, with the exception of contributions deducted from auto-enrolled members during the opt out period which are accounted for on the earlier of receipt or the expiry of the opt out period. Employer S75 debt contributions are accounted for when a reasonable estimate of the amount receivable can be determined. Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

From 1 January 2022, additional contributions to cover the budgeted expenses of the Plan not expected to be covered by the 1.5% expense loading in the DC contribution rates will be paid by the participating employers.

3.4 Benefits

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

3.5 Transfers

Individual transfers are accounted for when the transfer has been paid or received. Bulk transfers are accounted for when liability has been accepted by the Plan or the new receiving scheme.

3 Accounting policies (continued)

3.6 Investment Income

Interest on cash deposits and rental income is accounted for on an accruals basis. Annuity income is accounted for on a accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Income from fixed interest and index-linked securities is accounted for on an accruals basis.

3.7 Expenses

All administrative expenses are borne by the Defined Benefit Section of the Plan. Expenses shown in note 9 are accounted for on an accruals basis.

3.8 Valuation of Investments

Investment assets are included in the financial statements at their fair value at the year-end:

Pooled Investment vehicles
Pooled Investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment managers.

Equities
Equities are stated at the bid price or the last traded price at the date of the statement of net assets.

Property
La Salle Investment Management manage a property portfolio on behalf of the Plan. Direct property is freehold and reported at book cost until independently re-valued each December by Knight Frank LLP in line with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The last one remaining property in LaSalle Property Fund was sold during the year. The previous year-end valuation is based on the December 2022 valuations plus or minus any sales or purchases. Property funds are reported at single price at the year-end as provided by the investment manager.

AVC funds
AVC fund values are included in the financial statements at values quoted by the AVC providers.

Annuities
Annuities purchased by the Trustee which provide benefits for certain members are included in these financial statements at fair value. The value of these policies has been based on the related obligations as determined by the Plan Actuary using the most recent Scheme Funding valuation assumptions. The cost of purchasing these annuities is reported within the fund account under “Benefits payable”.

Bulk annuity policies are included in the statement of net assets at the value determined by the Plan Actuary on a basis consistent with the valuation of the Plan's liabilities using the most recent Scheme Funding valuation assumptions. Income arising from these annuity policies is included in annuity income.

3.9 Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affects the amounts reported for assets and liabilities as at the statement of net assets date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements.

4 Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account for the year ended 30 June 2023

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2023 £m
Contributions & benefits				
Employer contributions		41.3	27.6	68.9
Employee contributions		-	2.9	2.9
Total contributions	5	41.3	30.5	71.8
Other income		-	-	-
Claims on term insurance		0.1	-	0.1
Transfers in	6	-	0.7	0.7
		41.4	31.2	72.6
Benefits paid or payable	7	(112.1)	(0.7)	(112.8)
Payments to and on account of leavers	8	(21.4)	(13.5)	(34.9)
Administrative expenses	9	(8.4)	-	(8.4)
Other payments	10	-	-	-
		(141.9)	(14.2)	(156.1)
Net (withdrawals)/additions from dealings with Members		(100.5)	17.0	(83.5)
Returns on investments				
Investment income	11	79.9	-	79.9
Change in market value of investments	12	(424.8)	17.2	(407.6)
Investment management expenses		(0.8)	-	(0.8)
Net (loss)/returns on investments		(345.7)	17.2	(328.5)
Net (decrease)/increase in the Fund during the Year		(446.2)	34.2	(412.0)
Transfer between sections		1.6	(1.6)	-
Net assets of the Plan at 1 July		2,720.2	334.2	3,054.4
Net assets of the Plan at 30 June		2,275.6	366.8	2,642.4

4 Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

Statement of Net Assets (available for benefits) as at 30 June 2023

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2023 £m
Investment assets:	12			
Property		11.3	-	11.3
Pooled investment vehicles	14	1,175.5	363.5	1,539.0
Insurance policies	17	1,025.8	-	1,025.8
AVC investments	18	9.7	-	9.7
Other investments	15	1.1	-	1.1
Cash and cash equivalents		27.1	-	27.1
		2,250.5	363.5	2,614.0
Investment liabilities:				
Other investments	16	(0.9)	-	(0.9)
Total net investments		2,249.6	363.5	2,613.1
Current assets	22	37.6	3.8	41.4
Current liabilities	23	(11.6)	(0.5)	(12.1)
Net Assets of the Plan at 30 June		2,275.6	366.8	2,642.4

5 Contributions

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Employer contributions			
Normal	-	27.3	27.3
Additional	4.1	1.7	5.8
	4.1	29.0	33.1
Employee contributions			
Normal	-	0.7	0.7
Additional voluntary contributions	-	4.5	4.5
	-	5.2	5.2
	4.1	34.2	38.3

5 Contributions (continued)

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Employer contributions			
Normal	-	26.0	26.0
Deficit funding	36.9	-	36.9
Additional	4.4	1.6	6.0
	41.3	27.6	68.9
Employee contributions			
Normal	-	0.6	0.6
Additional voluntary contributions	-	2.3	2.3
	-	2.9	2.9
	41.3	30.5	71.8

Deficit funding contributions are being paid by the Principal Employer into the Plan in line with the Recovery Plan and Schedule of Contributions over 6 years. The latest estimated funding position on Risk Analyser showed a surplus of £65m on Technical Provisions, therefore no deficit contribution is needed into the DB section during the year (2023: £36.9m).

The DB additional contributions of £4.1m (2023: £4.4m) relate to contributions being received from 29 August 2023 to cover the budgeted expenses (including PPF levies and insured lump sum Defined Contribution Section death in service benefits, but excluding investment management expenses met directly from the Plan's assets) of the Plan.

The DC additional contributions above are in respect of Company funding of life assurance and administration expenses. All expenses are borne by the DB Section. Included within employer normal contributions is £5.3m (2023: £4.9m) in respect of DC salary sacrifice contributions.

6 Transfers in

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Individual transfers in from other schemes	-	0.9	0.9

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Individual transfers in from other schemes	-	0.7	0.7

7 Benefits paid or payable

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Pensions	103.2	-	103.2
Commutation of pensions and lump sum retirement benefits	9.2	0.8	10.0
Purchase of annuities	-	0.3	0.3
Lump sum death benefits	0.1	-	0.1
Taxation where lifetime or annual allowance exceeded	-	0.1	0.1
	112.5	1.2	113.7

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Pensions	99.2	-	99.2
Commutation of pensions and lump sum retirement benefits	12.4	0.5	12.9
Lump sum death benefits	0.2	0.2	0.4
Taxation where lifetime or annual allowance exceeded	0.3	-	0.3
	112.1	0.7	112.8

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Plan in exchange for the Plan settling their tax liability.

8 Payments to and on account of leavers

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Individual transfers out to other schemes	1.8	14.9	16.7

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Individual transfers out to other schemes	21.4	13.5	34.9

9 Administrative expenses

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Administration costs	5.4	-	5.4
Audit fee	0.1	-	0.1
Legal and Professional fees	6.7	-	6.7
PPF Levy	0.1	-	0.1
	12.3	-	12.3

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Administration costs	4.8	-	4.8
Audit fee	0.1	-	0.1
Legal and professional fees	3.4	-	3.4
PPF Levy	0.1	-	0.1
	8.4	-	8.4

The total administration costs include trustee fees and expenses of **£18,271** (2023: £11,931).

10 Other payments

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Group premiums on term insurance policies	-	-	-

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Group premiums on term insurance policies	-	-	-

The premium due to Zurich in 2024 of £12,862 only covered the Group Life policy (2023: £4,528).

11 Investment income

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Interest on cash deposits	3.5	-	3.5
Rental income	0.2	-	0.2
Annuity income	78.5	-	78.5
	82.2	-	82.2

11 Investment income (continued)

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Interest on cash deposits	4.3	-	4.3
Rental income	0.2	-	0.2
Annuity income	75.4	-	75.4
	79.9	-	79.9

Income in relation to the Defined Contribution Section has been directly re-invested within the fund and is accounted for in the unit prices of the pooled investment vehicles. Rental income is shown net of expenses of £0.3m (2023: £0.4m).

12 Reconciliation of investments

	Value at 1 July 2023 £m	Purchases at cost £m	Sales proceeds £m	Change in market value £m	Value at 30 June 2024 £m
Defined Benefit Section					
Property	11.3	0.5	(11.5)	(0.3)	-
Pooled investment vehicles	1,175.5	750.2	(1,969.3)	44.6	1.0
Insurance policies	1,025.8	1,244.9	-	(47.0)	2,223.7
AVC investments	9.7	7.9	(9.2)	1.2	9.6
	2,222.3	2,003.5	(1,990.0)	(1.5)	2,234.3
Cash and cash equivalents	27.1			-	2.1
Other investment assets	1.1			(1.5)	0.9
Other investment liabilities	(0.9)				(0.5)
	2,249.6				2,236.8
Defined Contribution Section					
Pooled investment vehicles	363.5	431.4	(415.2)	64.7	444.4

Included within sales and purchases are transfers of cash between investment managers of £17.9m. This reflects:

1. Switches totalling £1,239.4m in-specie assets were disinvested from Columbia Threadneedle, along with £5.5m cash from the trustee bank account directly into the annuity policy in relation to project Balzac.
2. Throughout the year, the total cash inflow of £17.9m was received from the pooled funds by fully disinvesting in L&G, Blackrock, MFS, BMO and Barings, also from the sale of the last one property in LaSalle.

There were also £397.9m of switches between funds held with Legal & General in the Defined Contribution Section.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Plan such as fees, commissions and stamp duty.

12 Reconciliation of investments (continued)

Management fees analysed by main asset class and type of cost are as follows:

	Fees £m	Commission £m	Total £m
2024 Property	0.1	-	0.1
2024 Total	0.1	-	0.1
2023 Total	0.1	-	0.1

In addition to the transaction costs disclosed above, indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. These costs are not identifiable.

For the Defined Contribution section investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Plan administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

Defined Contribution assets are fully allocated to members (2023: fully allocated).

13 Taxation

The Plan is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

14 Pooled investment vehicles

Pooled investment vehicles are managed by companies registered in the UK. The Plan’s investments, in pooled investment vehicles, at the year-end comprised:

	2024 £m	2023 £m
Defined Benefit Section		
Equity	-	154.3
Diversified	-	81.3
Equity-linked bonds – Specialised Investment Fund (“SIF”)	-	510.0
Bonds	-	334.4
Property	1.0	74.1
Cash	-	21.4
	1.0	1,175.5
Defined Contribution Section		
Equity	295.0	241.0
Diversified	134.2	109.7
Bonds	3.6	3.0
Cash	11.6	9.8
	444.4	363.5

Fixed Income Pooled Investment Vehicle – Specialised Investment Fund (“SIF”)

The SIF is a pooled arrangement where the Plan is the only participant in the fund. The aim is to assist the Plan to more closely match its liabilities by seeking to offset the impact of future changes in interest and inflation rates.

14 Pooled investment vehicles (continued)

Although the Plan owns units in a pooled fund, the underlying assets are closely monitored as part of a review of the LDI strategy. The following table provides a breakdown of the securities within the pooled SIF investment vehicle as at the year ended 30 June 2024:

	2024 £m	2023 £m
Bonds	-	457.4
Cash	-	10.8
Pooled investment vehicles – liquidity funds	-	38.5
Income receivable	-	1.5
Expenses	-	(0.1)
Futures – unrealised gain / (loss)	-	1.9
	-	510.0

15 Other investment assets

	2024 £m	2023 £m
Tax recoverable	0.4	0.3
Other debtors	0.5	0.8
	0.9	1.1

16 Other investment liabilities

	2024 £m	2023 £m
Other creditors	(0.5)	(0.9)
	(0.5)	(0.9)

17 Insurance policies

The Plan held insurance policies at the year-end as follows:

	2024 £m	2023 £m
Buy in annuity policy with PIC	991.8	1,023.2
Buy in annuity policy with PIC - 2024	1,228.5	-
Bulk annuity with Canada Life	3.4	2.6
	2,223.7	1,025.8

At 30 June 2024 the value of collateral held in relation to these assets was £2,264.8m (2023: £1,096.2m).

The values of the bulk annuities have been calculated using the approach set out in the Statement of Funding Principles dated 26 September 2024. The PIC bulk annuity values have been calculated using the member data supplied for the Plan’s funding valuation as at 30 June 2023. The values as at 30 June 2024 have then been calculated by rolling forward approximately the 30 June 2023 valuation calculations. In addition to the three insurance policies listed above are a small number of historical insurance policies, with a number of other insurance providers, which the Trustee has assessed the value of these policies as immaterial to the financial statements. The income from these historical insurance polices is included in note 11.

17 Insurance policies (continued)

The financial assumptions used for the roll forward are consistent with those used for the valuation as at 30 June 2023, but allow for the impact of changes in gilt and swap markets since that date, and an allowance for benefit outgo.

The value of the Canada Life bulk annuity was calculated as at 30 June 2024, with an adjustment to allow for expected member mortality between 30 June 2023 and 30 June 2024.

18 Defined Benefit Section AVC investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 30 June confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2024 £m	2023 £m
Legal & General – unitised fund	8.8	8.8
Prudential – with-profits, cash and unitised funds	0.4	0.4
Aviva – with-profits insurance policies	-	0.1
Clerical Medical – unitised funds	0.4	0.4
	9.6	9.7

Additional AVCs totalling less than £0.1m (2023: less than £0.1m) are held with MGM Assurance, Halifax, Zurich (with-profits insurance policies) and Phoenix Swiss Life (unitised fund).

Included within the investments are £1.0m (2023: £1.0m) of in-house AVCs allocated to individual members.

19 Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets which the entity can access at the assessment date.

Level 2 Inputs other than the quoted prices included within Level 1 which are observable (i.e. developed for the asset either directly or indirectly.)

Level 3 Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Plan's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	At 30 June 2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Defined Benefit Section				
Pooled investment vehicles	-	-	1.0	1.0
Insurance policies	-	-	2,223.7	2,223.7
AVC investments	-	9.3	0.3	9.6
Cash and cash equivalents	2.1	-	-	2.1
Other investment assets	0.9	-	-	0.9
Other investments liabilities	(0.5)	-	-	(0.5)
	2.5	9.3	2,225.0	2,236.8
Defined Contribution Section				
Pooled investment vehicles	-	444.4	-	444.4

19 Fair value determination (continued)

	At 30 June 2023			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Defined Benefit Section				
Property	-	-	11.3	11.3
Pooled investment vehicles	-	1,115.6	59.9	1,175.5
Insurance policies	-	-	1,025.8	1,025.8
AVC investments	-	9.3	0.4	9.7
Cash and cash equivalents	27.1	-	-	27.1
Other investment assets	1.1	-	-	1.1
Other investments liabilities	(0.9)	-	-	(0.9)
	27.3	1,124.9	1,097.4	2,249.6
Defined Contribution Section				
Pooled investment vehicles	-	363.5	-	363.5

20 Investment risk disclosures

When deciding how to invest the Plan's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate and inflation rate risk and other price risk, defined as follows:

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate and inflation rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates or expected inflation rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate and inflation rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determined the Plan's investment strategy after obtaining written professional advice from its professional investment adviser. The Plan has exposure to the aforementioned risks because of the investments held to implement the investment strategy, which is described in section 5 of the investment report within the Trustee's report. The Trustee manages investment risks, including credit risk and market risk, considering the Plan's investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Plan's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

20 Investment risk disclosures (continued)

The table below summarises the Plan's investments that have significant exposure to indirect credit and market risks.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Jun 24 £m	30 Jun 23 £m
Annuities / Buy-ins	●	○	●	●	2,223.7	1,025.8
LGIM All Stocks Index-Linked Gilts Fund	●	○	●	●	-	26.9
LGIM Over 15yr Index-Linked Gilts Index Fund	●	○	●	●	-	255.6
LGIM Sterling Liquidity Fund	●	○	●	○	-	21.4
MFS Global concentrated fund	○	●	○	●	-	77.6
BlackRock Dynamic Diversified Growth Fund	●	●	●	●	-	81.7
Barings Global High Yield Credit Strategies	●	●	●	○	-	52.0
Columbia Threadneedle Equity-linked bonds	●	○	●	●	-	510.0
Baillie Gifford Global Alpha Growth Fund	○	●	○	●	-	76.7
LaSalle Direct Property Fund	●	○	○	●	0.3	13.9
LaSalle Indirect Property Fund	●	○	○	●	2.3	98.3
Total					2,226.3	2,239.9

20 Investment risk disclosures (continued)

DB AVC Section Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Jun 24 £m	30 Jun 23 £m
Global Equity Fund	○	●	○	●	1.7	1.6
UK Equity Fund	○	○	○	●	0.3	0.5
Overseas Equity Fund	○	●	○	●	1.0	0.9
Index-Linked Gilt Fund	○	○	●	○	0.1	0.1
Cash Fund	○	○	○	○	0.1	0.1
Fixed Interest Gilt Fund	○	○	●	○	-	-
Diversified Multi-Asset Fund	●	●	●	●	2.4	2.4
Climate Aware Fund	○	●	○	●	0.1	-
Growth Fund	○	●	○	●	1.4	1.6
Lump Sum Fund	●	○	●	○	1.7	1.6
Total					**8.8**	**8.8**

DC Section Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Jun 24 £m	30 Jun 23 £m
Global Equity Fund	○	●	○	●	37.3	28.0
UK Equity Fund	○	○	○	●	5.3	5.3
Overseas Equity Fund	○	●	○	●	26.0	19.4
Ethical Equity Fund	○	●	○	●	1.5	1.6
Corporate Bond Fund	●	○	●	○	1.3	1.1
Index-Linked Gilt Fund	○	○	●	○	1.9	1.7
Cash Fund	○	○	○	○	3.6	3.2
Fixed Interest Gilt Fund	○	○	●	○	0.4	0.2
Diversified Multi-Asset Fund	●	●	●	●	134.2	109.7
Climate Aware Fund	○	●	○	●	3.1	1.0
Growth Fund	○	●	○	●	221.8	185.7
Lump Sum Fund	●	○	●	○	8.0	6.6
Total					**444.4**	**363.5**

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

20 Investment risk disclosures (continued)

Further information on these risks and the Trustee's approach to risk management is set out below.

Credit risk

Direct credit risk – Pooled funds

The Plan is subject to credit risk through its investments in pooled investment vehicles and sole investor arrangements. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

The Plan's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Plan's investments across a number of pooled funds. Therefore, this risk is minimal.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

A summary of the type of pooled investment vehicle arrangements held at the Plan year end is as follows:

Fund	Fund vehicle
LaSalle Indirect Property Fund	Share in limited partnership

A summary of pooled investment vehicles by type of arrangement is as follows:

Defined Benefit Section	2024 £m	2023 £m
Unit linked insurance contracts	-	303.9
Authorised unit trusts	1.0	200.6
Open ended investment company	-	128.5
Mutual investment umbrella funds	-	510.0
Property authorised investment funds	-	18.3
Managed Fund	-	14.2
	1.0	1,175.5

The pooled investment vehicle with Columbia Threadneedle is a sole investor fund and so the risk disclosures are required to be completed on a look-through basis as if the Plan directly held the underlying assets. As a result the Plan is subject to direct credit risk from the underlying gilts of £nil (2023: £457.4m), Columbia Threadneedle Sterling liquidity fund of £nil (2023: £38.5m) and other assets of £nil (2023: £10.8m) within the pooled investment. All physical assets in the bespoke fund are investment grade which only holds physical gilts (Investment Grade) and CT Sterling Liquidity fund (AAAmmf).

Defined Contribution Section	2024 £m	2023 £m
Unit linked insurance policies	444.4	363.5

20 Investment risk disclosures (continued)

The DC section and DB AVC section are invested via the L&G investment-only platform. As a result, the DC is only exposed to direct credit risk in relation to the platform provider.

Indirect credit risk – Bonds

The Plan is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Plan's investments in the LGIM All Stocks Index-Linked Gilts Fund, LGIM Over 15yr Index-Linked Gilts Index Fund, BlackRock Dynamic Diversified Growth Fund, Barings Global High Yield Credit Strategies, Columbia Threadneedle Equity-linked bonds, LaSalle Property Fund and LaSalle Indirect Property Fund. The Plan had fully disinvested from all funds except for the LaSalle Property Fund as at 30 June 2024.

Within the DC and DB AVC Sections, the indirect exposure to credit risk arises from the Plan's investments in the Corporate Bond Fund, Diversified Multi-Asset Fund and Lump Sum Fund. As at 30 June 2024 around 32% of the assets in the DC Section (2023: 32%) and for the DB AVC Section 47% as at 30 June 2024 (2023: 46%), were invested in funds or securities that are exposed to indirect credit risk.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

The gilts fund only invests in UK government bonds, therefore there is little credit risk associated with the underlying assets.

The multi-asset credit fund may have a greater exposure to bonds rated below investment grade rated and engage in stock lending or borrowing. This extra credit risk is managed by ensuring minimum credit ratings of counterparties and receipt of adequate collateral of a sufficiently high quality.

Indirect credit risk – Derivatives and repurchase agreements

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments and repurchase agreements to match the Plan's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily so as to aim to limit credit risk to one day's market movements.

Indirect credit risk – Property

Indirect credit risk arises in relation to underlying investments held in the property pooled investment vehicles. The property funds are exposed to the credit risk relating to the underlying tenants. This risk is mitigated by holding a diverse portfolio of investments with exposure to a range of properties and tenants.

Direct credit risk – Annuities

There is also direct credit risk associated with the Plan's insured bulk annuity with Pension Insurance Corporation and Canada Life, which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets. Therefore, this risk is minimal.

As at 30 June 2024 around 100% (2023: 80%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to credit risk.

Currency risk

As the Plan's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

20 Investment risk disclosures (continued)

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure, or implement separate currency hedging arrangements.

The Plan's assets that are exposed to indirect currency risk are the MFS Global concentrated fund, BlackRock Dynamic Diversified Growth Fund, Barings Global High Yield Credit Strategies and Baillie Gifford Global Alpha Growth Fund, which invest in non-Sterling investments that are not currency hedged. In practice, given the asset restructuring ahead of the purchase of the buy-in policy in June 2024 to insure the majority of Plan's liabilities, the Plan's assets are no longer exposed to any indirect currency risk. This is reflected in the table at the end of this section.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

As at 30 June 2024 around none (2023: 13%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to currency risk.

The Plan's DC and DB AVC assets that are exposed to indirect currency risk are the Global Equity Fund, Overseas Equity Fund, Ethical Equity Fund, Diversified Multi-Asset Fund, Climate Aware Fund and Growth Fund which invest in non-Sterling investments that are not currency hedged. As at 30 June 2024 around 95% (2023: 95%) of the Plan's DC assets and for the DB AVC Section 75% as at 30 June 2024 (2023: 73%), were invested in funds or securities that are exposed to indirect currency risk.

Interest rate and inflation rate risk

Interest rate risk and inflation risk is a material risk for the Plan given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Plan's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Plan's assets hedges part of the corresponding risks associated with the Plan's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the Plan invests in with material exposure to changes in interest rates are the LGIM All Stocks Index-Linked Gilts Fund, LGIM Over 15yr Index-Linked Gilts Index Fund, BlackRock Dynamic Diversified Growth Fund, Barings Global High Yield Credit Strategies and Columbia Threadneedle Equity-linked bonds. The multi-asset fund(s) have some sensitivity to changing interest rates, but this sensitivity will vary over time as the underlying investments change, and it is not expected to be a significant driver of returns due to the investment approaches of these funds. The amount invested in each of these mandates is shown in the table at the end of this section.

As at 30 June 2024 around 100% (2023: 88%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.

The Plan's DC and DB AVC assets invested in pooled bond funds are also subject to indirect interest rate risk. The Trustee believes that including exposure to bond funds within a lifestyle strategy targeting annuity purchase at retirement is appropriate since this reduces the volatility of the members' assets relative to annuity prices to give them more certainty. Bond funds are also offered as self-select options to members and may be used by members to diversify against other types of risk.

The assets within the Plan's DC and DB AVC Sections with material exposure to changes in interest rates are the Corporate Bond Fund, Index-Linked Gilt Fund, Fixed Interest Gilt Fund, Diversified Multi-Asset Fund and Lump Sum Fund. As at 30 June 2024 around 33% (2023: 33%) of the Plan's DC assets and for the DB AVC Section 48% as at 30 June 2024 (2023: 48%), were invested in funds or securities that are exposed to interest rate and inflation rate risk.

Other price risk

The Plan's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

20 Investment risk disclosures (continued)

The Trustee monitors this risk on a regular basis, looking at the performance of the Plan as a whole as well as each individual portfolio. The Trustee believes that the Plan's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The exposure to other price risk within the multi-asset mandates will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

As at 30 June 2024 around 100% (2023: 97%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to other price risk.

The assets within the Plan's DC and DB AVC Sections with material exposure to other price risk are the Global Equity Fund, UK Equity Fund, Overseas Equity Fund, Ethical Equity Fund, Diversified Multi-Asset Fund, Climate Aware Fund and Growth Fund. As at 30 June 2024 97% (2023: 96%) of the Plan's DC assets and for the DB AVC Section is 78% as at 30 June 2024 (2023: 78%), were invested in funds that are exposed to other price risk.

Concentration of investment

The Plan holds the following investments which exceed 5% of the net assets of the Plan at 30 June 2024:

	2024 £m	%	2023 £m	%
PIC buy in annuity policy	991.8	37.0	1,023.2	38.7
PIC buy in annuity policy - 2024	1,228.5	45.8	-	-
L&G over 15 year index linked gilt	-	-	255.6	9.7
Columbia Threadneedle LDI Private Sub-Fund 35 GBP	-	-	510.0	19.3
L&G Growth Fund	221.8	8.3	185.7	7.0

21 Self investment

None of the Plan's investment funds held exposures in employer related investments.

The Plan has not breached the statutory limit of 5% maximum self-investment at any time throughout the year.

22 Current assets

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Allocated to members			
Contributions due from employer in respect of:			
- Employer	-	0.4	0.4
- Other debtors	-	0.4	0.4
Contributions due from employee in respect of:			
- Employee	-	0.1	0.1
Cash balances	-	4.1	4.1
Not allocated to members			
Cash balances	11.4	-	11.4
Other debtors	0.8	-	0.8
	12.2	5.0	17.2

22 Current assets (continued)

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Allocated to members			
Contributions due from employer in respect of:			
- Employer	-	0.3	0.3
- Other debtors		0.3	0.3
Cash balances	-	3.2	3.2
Not allocated to members			
Cash balances	29.9	-	29.9
Other debtors	7.7	-	7.7
	37.6	3.8	41.4

Contributions due to the Plan at the Plan year end relate to June 2024 and were received subsequent to the year-end in accordance with the Schedule of Contributions.

23 Current liabilities

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2024 £m
Unpaid benefits	0.6	0.3	0.9
Insured pensions received in advance	8.4	-	8.4
Amounts due to Employer	3.6	-	3.6
Other creditors	1.2	0.5	1.7
Audit fees	0.1	-	0.1
	13.9	0.8	14.7

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Unpaid benefits	1.8	-	1.8
Insured pensions received in advance	6.3	-	6.3
Amounts due to Employer	2.1	-	2.1
Other creditors	1.3	0.5	1.8
Audit fees	0.1	-	0.1
	11.6	0.5	12.1

All Defined Contribution current liabilities are not allocated to members.

24 Related party transactions

The Principal Employer of the Plan is TotalEnergies Pension Company UK Limited.

There have been no transactions with related parties which have not been disclosed in these financial statements other than the provision of administration services by the Trustee and the appointed personnel of the Principal Employer. The Principal Employer and the Trustee have not charged the Plan for their services. At 30 June 2024, the amount due to the Principal Employer was £3.6m (2023: £2.1m). Of the Trustee Directors noted on page 1, 4 are members of the Plan at the year-end and James Coull, Rob White and Shonagh Anderson are in receipt of benefits. Benefits received are in accordance with the Trust Deed and Rules.

Fees and expenses of £18,271 (2023: £11,931) included in administration costs under Note 9 are paid for Shonagh Anderson and James Coull who are pensioner trustees relating to the year ended 30 June 2024, of which £3,548 was paid after the year end on 23 August 2024.

On 13 June 2024, the guarantee originally granted by TotalEnergies Holdings Europe S.A.S to the Trustee on 1 April 2019 was amended and restated. The amended and restated guarantee covers certain obligations of the Plan employers to the Plan and the Trustee.

25 Contingent Liabilities

25.1 GMP Equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pensions (“GMP”) for contracted-out pension schemes must be equalised between men and women in respect of service between May 1990 and April 1997. Employers have had to provide equal pensions to males and females since 17 May 1990, however, the State defined the level of GMP differently for males and females and this, combined with different increases in payment, means that in payment the pensions are unlikely to be equal. The Trustee is working with its advisers to understand the implication of this Ruling on the Plan and the equalisation of guaranteed minimum pensions between men and women in the context of the rules of the Plan and the value of any additional liability.

The estimated cost of GMP equalisation has been allowed for in the actuarial valuation as at 30 June 2023.

In June 2024, the Trustee of the TotalEnergies UK Pension Plan entered into an additional buy-in agreement with Pensions Insurance Corporation (PIC) which covered the remaining pension liabilities not covered by the existing buy-in contract. The initial premium paid covered the bulk of the liability with some limited exceptions (e.g. in relation to GMP equalisation) which are intended to be discussed and resolved during 2025 and 2026 as part of the true up process. It is likely to require an addition to the buy-in premium to cover those additional liabilities.

The Plan’s administration processes now allow for the payment of transfer values which include an allowance for the value of GMP equalisation.

Following the buy-in in June 2024, the Trustee has reviewed the methodology for GMP equalisation and agreed to use method B.

On 20 November 2020, the High Court published a further judgement in the case of Lloyds Banking Group Pensions Trustees Limited focusing on the treatment of historic transfers out, where GMP equalisation adjustment is potentially needed. The judgement requires schemes to equalise all cash equivalent transfer values with 17 May 1990 – 5 April 1997 GMPs, and pay a top-up to the receiving scheme with interest at Bank base rate +1%. The Trustee is carrying out an exercise to review whether uplifts to past transfers out are needed.

25.2 Virgin Media case

The Directors of the Company and Trustee of the TotalEnergies UK Pension Plan are aware of the Virgin Media case (which relates to the ruling that a lack of actuarial confirmation would render relevant amendments (made between 6 April 1997 and 5 April 2016) to affected contracted-out DB pension schemes' rules invalid and void, even if they did not adversely affect benefits). That case is currently subject to an appeal.

In light of the lack of certainty, including the appeal and the possibility of changes in legislation, the Directors and the Trustee of the Plan are awaiting the outcome of the appeal and any government reaction to it to clarify the actions which are necessary to investigate further.

25.2 Virgin Media case (continued)

In the absence of that investigation, neither the Directors nor the Trustee currently have reason to suppose that any necessary confirmation was not provided at the time of past amendments to the Rules of the Plan and therefore have no reason at this time to suppose that there is any additional pension liability arising from the case.

25.3 True Up

In June 2024, the Trustee of the TotalEnergies UK Pension Plan entered into an additional buy-in agreement with Pensions Insurance Corporation (PIC) which covered the remaining pension liabilities not covered by the existing buy-in contract. As part of the insurance policy a true up premium maybe due to PIC following a data verification process, as at the date of these financial statements the Trustee is not able to reasonably determine the amount (if any) that could be due. Additional contributions are expected to be needed from the participating employers to achieve this under the Schedule of Contributions certified by the actuary on 26 September 2024.

Certification of schedule of contributions

Name of scheme: TotalEnergies UK Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 5 August 2021.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 5 August 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:

Date: 21-Dec-2021

Name: James Miller

Qualification: Fellow of the Institute and Faculty of Actuaries

Address:
Verulam Point
Station Way
St Albans
AL1 5HE

Name of employer: Aon Solutions UK Limited

Certification of schedule of contributions

Name of scheme: TotalEnergies UK Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 30 June 2023 to be met by the end of the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 26 September 2026.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: DocuSigned by: 15324E0AC9E8461... | Date: 26-Sep-2024

Name: James Miller | Qualification: Fellow of the Institute and Faculty of Actuaries

Address:
Verulam Point
Station Way
St Albans
AL1 5HE

Name of employer: Aon Solutions UK Limited

Statement of investment principles for the TotalEnergies UK Pension Plan June 2024

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles (or SIP) sets out the policy of TotalEnergies Pension Trustee UK Limited (the "Trustee") on various matters governing decisions about the investments of the TotalEnergies UK Pension Plan (the "Plan").

There are two sections within the Plan, the Defined Benefit ("DB") section and the Defined Contribution ("DC") section.

The current investment arrangements of the Plan, based on the principles set out in this SIP, are detailed in the Investment Policy Document ("IPD"). The Trustee is responsible for updating the IPD as necessary.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it appropriately. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members in respect of the DC section, and at least once every three years.

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering proper written professional advice from Lane Clark & Peacock LLP ("LCP"), the Trustee's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice.

The Principal Employer was consulted on the SIP. The current investment managers of the Plan were given the opportunity to comment on a draft of those aspects of the SIP that are relevant to them. The managers are required to carry out their investment responsibilities in a manner consistent with this SIP.

1.3. What is the legal background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("OPSCGR 2015") (together, "the Regulations").

The Plan's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the definitive Trust Deed. A copy of the Trust Deed is available on request.

2. What are the Trustee's overall investment objectives for the DB section?

The Trustee's objective is that the DB section should be able to meet benefit payments as they fall due.

3. What risks does the Trustee consider and how are these measured and managed for the DB section?

When deciding how to invest the Plan's DB assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A.

Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

4. What is the DB Section's investment strategy?

The majority of the Plan's DB assets are invested in buy-in policies with Pension Insurance Corporation PLC which broadly cover all of the Plan's DB liabilities and benefit payments as they fall due. Any residual assets can be invested in such a way to preserve the funding position and to help meet any residual liabilities.

5. What is the Trustee's overall investment objective for the DC section?

The Trustee's objective is to provide a range of investments that are suitable for meeting members' long and short-term investment requirements.

What risks does the Trustee consider and how are these measured and managed?

The Trustee recognises the key risk is that members will have insufficient funds in retirement or funds that do not meet their expectations. This could be due to a number of factors, including insufficient contributions, lower than expected investment returns or adverse fluctuations in annuity prices if a member was to purchase a pension from an insurer. The Trustee considered the key risks when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considered the following sources of risk and mitigated them as follows:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.

  The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

- Risk of fund managers not meeting their objectives.

  This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.

  The Trustee monitors the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

- Risk of the lifestyle options being unsuitable for the requirements of some members.

  The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

- The risk of fraud, poor advice or acts of negligence.

  The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

6. What is the DC section's auto-select (default) investment strategy?

Members are able to invest in a wide range of individual asset class funds as well as a number of multi asset funds, where the allocation is to a number of asset classes and managers selected by the Trustee. There are also three "lifestyle" fund options, where the underlying asset allocation is altered as a member approaches their target retirement date.

Members who do not make an active investment choice will be invested in the "auto-select lifestyle" strategy. The auto-select lifestyle strategy is intended for members who will draw down from their investment point gradually once they retire. It is structured to maintain, what the Trustee believes to be, a reasonable and diverse exposure to growth assets, as well as a provision for the taking of a tax-free cash lump sum, at retirement. It is designed to be broadly appropriate for a typical member within the Plan, but it will not be suitable for all members.

There is also an auto-select lifestyle for DB members who hold additional voluntary contributions in the DC Section. It is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting a cash lump sum at retirement. DC members can also choose to select this option.

The third lifestyle strategy is intended for members that wish to buy a pension with an insurer at retirement. It is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting an annuity purchase and a cash lump sum at retirement.

All three lifestyle strategies have a common growth phase until 5 years to a members' target retirement date.

The funds and lifestyle strategies offered in the DC section of the Plan were selected by the Trustee considering the funds' objectives and investment process, expected returns, risks and other characteristics, and the Trustee's view of the needs and circumstances of the membership.

The Trustee realises that whilst no single option will be sufficient to manage all the various risks associated with defined contribution investment, the range is designed to be wide enough to enable individuals to manage the risks identified as they become relevant, according to each member's individual requirements.

7. Appointment of investment managers and custodian

The Trustee has signed investment management documentation with the investment managers setting out in detail the terms on which the portfolios are managed, including the need for suitable and appropriately diversified investment.

The Trustee has signed agreements with the DC platform provider, who makes available a range of investment options to members of the DC section.

The managers are all authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Details of the investment managers and their investment benchmarks and guidelines are given in the Investment Policy Document.

The custodian's primary role is the safekeeping of the assets. The custodian is authorised under the Financial Services and Markets Act 2000 to carry out such activities. The Trustee has appointed Northern Trust as the Plan's custodian. Furthermore, where the Plan invests in pooled funds, the fund managers have appointed custodians for the pooled funds.

8. Other matters

8.1. What is the Trustee's policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments of the Plan and in considerations relating to the liquidity of investments.

When appropriate, the Trustee, on the administrators' recommendation, determines the amount of cash required to meet obligations of the Plan to its beneficiaries and other outgoings and informs the investment managers of any liquidity requirements. The Trustee holds buy-in policies which pay the DB section's benefit cash flows.

8.2. What is the Trustee's policy on illiquid investments relating to the DC Section's default arrangement?

Illiquid assets are investments that may not be easily or quickly sold or exchanged for cash. Investments in the default lifestyle arrangement include illiquid assets through a small investment in UK real estate. Members aged between 40 and 65, assuming a target retirement age of 65, hold an investment in illiquid assets. The investment is held via a collective investment scheme that invests in UK freehold and leasehold property. At the same point in the default lifestyle arrangement there is also an investment in diversified growth funds, held via a collective investment scheme that can have invest in illiquid assets if the investment manager chooses to do so. The Trustee has included these allocations within the default arrangement because it believes it will help achieve the overall investment objective for the DC section by increasing returns for members and providing diversification benefits for members in the approach to retirement.

The Trustee believes long-term net investment returns can be enhanced by investing in illiquid assets and as such, is monitoring the market for developments for potential inclusion in the strategy. The Trustee recognises, however, that there are a number of risks with these types of assets such as the inability to easily realise holdings should the need arise. As such, the Trustee will assess further illiquid investments on a fund-by-fund basis, including but not limited to, fund availability on the investment platform, the expected return, the fees paid to managers and the structures in place to minimise the risks of investing in less liquid investments.

8.3. What is the Trustee's policy on financially material and non-financial matters?

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee expects its investment managers and buy-in provider to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages managers to improve their practices where appropriate.

With regard to climate risks, the Trustee has agreed that it:

- Wants to follow best practice when it comes to regulatory requirements.
- Believes that climate change represents a systemic risk to society, the economy and the financial system.
- Believes that climate change is a financially material risk for the DB and DC Sections of the Plan.
- Believes that a transition to a low carbon economy presents risks and opportunities for financial markets.
- Believes that its fund managers should maintain awareness of climate risks and opportunities, such as emerging technologies and green markets, when selecting investments in the Plan's portfolios.
- Believes that transitioning energy investments to sustainable energy options and encourage fossil-fuel holdings to manage the climate transition appropriately is a better way to manage climate risk than disinvesting from these holdings.
- Believes that engagement with the Plan's investments, delegated to the fund managers, is an essential component in order to move to a low carbon economy.

The Trustee primarily considers financial matters (i.e. matters affecting risk and return, including climate change and other ESG considerations) for the selection, retention and realisation of investments. It will consider non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) on a secondary basis.

In the DC Section, the Trustee recognises that some members may wish for non-financial matters to be taken into account in their investments and therefore has made available an equity investment option to DC members to address this demand.

8.4. What is the Trustee's policy on the exercise of investment rights?

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered The UK Stewardship Code issued by the Financial Reporting Council.

The Trustee supports the Principles set out in the UK Stewardship Code. In appointing and reviewing investment managers it will pay regard to the extent to which they support the Code and will take measures to ensure that managers' report regularly (at least annually) to the Trustee on their compliance with the Principles.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

8.5. Voting and engagement

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, can protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issues of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debtor equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice.

The Trustee has selected some priority ESG themes to provide a focus for monitoring the investment managers' voting and engagement activities. The Trustee reviews the themes regularly and update them as appropriate. The current priorities are climate change, human rights and business ethics.

The Trustee has communicated these stewardship priorities to the investment managers.

If the Trustee's monitoring identifies areas of concern, the Trustee will engage with the relevant manager in line with the escalation policy as outlined in the IPD.

8.6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices where the Plan's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

8.7. What are the responsibilities of the various parties in connection with the Plan's investments?

Appendix B contains brief details of the respective responsibilities of the Trustee, the investment adviser, the investment managers and the custodian. Appendix B also contains a description of the basis of remuneration of the investment adviser, the investment managers and the custodian.

8.8. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision of its own, it is the Trustee's policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis (at least annually), based on written advice.

8.9. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

For and on behalf of TotalEnergies Pension Trustee UK Limited

SHAUN KENNY June 28, 2024 | 2:22 PM CEST

The Trustee's policy towards risk, risk measurement and risk management

The Trustee considers that there are a number of different types of investment risk that are important for the DB and DC sections. These include, but are not limited to:

A1. Mismatching risk

Mismatching risk is the risk that the performance of the DB section's assets and liabilities diverges in certain financial and economic conditions. This risk has been largely mitigated as the Trustee holds buy-in policies that cover the entire membership.

A2. Inadequate long-term returns

This has been largely mitigated for the DB section as the Trustee holds buy-in policies that cover the entire membership.

In the DC Section, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a "lifestyle" strategy which automatically combines investments in pre-defined proportions that vary, and aim to decrease the level of expected investment risk, towards a member's retirement age.

A3. Buy-in insurer risk

This is the risk that the Plan's buy-in insurer fails to pay the benefits secured under the buy-in policies.

This risk is mitigated by having selected a reputable insurer on the basis of advice from LCP, and by negotiating a collateral arrangement so that in the event of the insurer's failure to pay (amongst other prescribed events) the Trustee can take control of a portfolio of collateral assets.

A4. Investment manager risk

Investment manager risk is the risk that the investment managers fail to meet their investment objectives.

The Trustee received investment advice from a suitably qualified individual on the selection of the fund managers. The Trustee monitors the investment managers on a regular basis.

A5. Risk from lack of diversification

Risk from lack of diversification is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustee's ability to meet its investment objectives.

The Trustee believes that the Plan's DB assets and DC default strategies are adequately diversified. For the DC section this is between different asset classes, within each asset class and across different investment managers. It also believes that the DC self-select options provide a suitably diversified range for members to choose from.

A6. Illiquidity/marketability risk

Liquidity/marketability risk is the risk that the DB section is unable to realise assets to meet benefit cash flows as they fall due.

The Trustee is aware of the DB section's cash flow requirements and believes that this risk has been mitigated through purchasing the buy-in policies.

For the DC section, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategies and diversifying the strategies across different types of investment.

A7. Custodian risk

Custodian risk is the risk that the custodian fails to ensure the safe-keeping of the Plan's assets, or fails to properly carry out its administrative duties.

The Trustee undertook investment advice on the selection of the custodian, and the Trustee monitors the reviews the performance of the custodian on a regular basis.

A8. Currency risk

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustee considers overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate.

A9. Interest rate and inflation risk

The Plan's DB and DC assets are subject to interest rate and inflation risk because some of the Plan's assets are held in bonds (including inflation index-linked bonds), via pooled funds. However, the DB section buy-in policies mitigate this risk.

For the DC section, funds that invest in bonds via pooled funds are included in the Annuity Lifestyle in particular, which targets annuity purchase at retirement. This reduces the volatility of the members' assets relative to annuity prices to give them more certainty. Bond funds are also included in the self-select fund range offered to members and may be used to diversify against other types of risk.

A10. ESG risks

ESG factors are sources of risk to the Plan's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

A11. Risk from excessive charges

Within the DC section, if the investment management charges together with other charges, (for example, platform services, transition costs and additional expenses) are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Plan are in line with market practice and assess annually whether these represent good value for members.

A12. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers. The Plan invests in some funds which invest in bonds that are classified as both "investment grade" and "non-investment grade" – the latter carrying greater credit risk but having a higher yield to compensate investors.

A13. Other risks

The Trustee recognises that there are other, non-investment, risks faced by the Plan. Examples include:

- mortality risk (the risk that members live, on average, longer than expected);
- sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Plan as anticipated). The Trustee has taken into account the strength of the employer's covenant in setting the Plan's investment strategy; and
- operational risks (eg the risk of errors and omissions in the handling of the Plan's assets or payment of Plan benefits)

The Trustee also has in place processes to consider and monitor these non-investment risks on a regular basis.

Responsibilities and charges

B.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service.

B.2. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- setting structures and processes for carrying out its role;
- selecting and monitoring the planned asset allocation;
- appointing an Investment Committee;
- appointing a DC Outcome & Governance Committee;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act.
- selecting direct investments; and
- considering recommendations from the Investment Committee and the DC Outcomes & Governance Committee.

The Trustee has delegated consideration of certain investment matters to the Investment Committee ("IC"), although any decisions remain the responsibility of the Trustee.

B.3. Investment Committee

In broad terms, the Investment Committee is responsible in respect of investment matters for:

- making recommendations to the Trustee covering:
  - the planned asset allocation;
  - the selection of investment advisers and fund managers;
  - investment structures and their implementation;
  - direct investments
- monitoring the investment advisers and fund managers;
- making ongoing decisions relevant to the operational principles of the Plan's investment strategy; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

B.4. DC Outcome & Governance Committee ("DCOG")

In broad terms, the DCOG is responsible in respect of investment matters for:

- the appropriateness of the Plan's 'auto-select' option for contractual/ auto-enrolment purposes;
- determining that the range of funds offered to members remains reasonable
- the continued appropriateness of, the Plan's 'Lifestyling' strategies; and
- the Plan's DC charging structure.

B.5. Investment managers

In broad terms, the investment managers will be responsible for:

- managing their respective portfolios, within the guidelines agreed with the Trustee;
- selecting individual investments with regard to their suitability and diversification; and
- providing the Trustee with regular information concerning the management and performance of their respective portfolios.

B.6. Investment platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- ensuring funds are priced correctly; and
- providing the Trustee with regular information concerning the management and performance of the assets.

B.7. Custodian

In broad terms, the custodian will be responsible for:

- the safekeeping and reconciliation of the Plan's investments;
- monitoring the buy-in collateral assets
- settling transactions; and
- administering income and tax payments.

B.8. Investment consultants

In broad terms investment consultants will be responsible, as requested by the Trustee / Investment Committee, for:

- advising on how material changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers and custodian;
- providing any required training on investment matters; and
- participating with the Trustee in reviews of this SIP.

B.9. Charging structures

All investment managers and platform receive fees calculated by reference to the market value of assets under management.

The Trustee has agreed terms of business with the Plan's investment advisers. The investment advisers receive a fixed fee for core services, and fee bases are agreed on case-by-case basis for any other projects.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

B.10. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

B.11. Working with the Plan's employer

When reviewing matter regarding the Plan's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.