

AON RETIREMENT PLAN

ANNUAL CHAIR'S STATEMENT - DC SECTION

YEAR ENDED 31 MARCH 2024

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ('the Administration Regulations') place a legal requirement on Aon UK Trustees Limited ('the Trustee') to prepare an annual statement regarding governance for inclusion in the annual Trustee Report and Accounts. The Administration Regulations apply to the Aon Retirement Plan's ('the Plan') defined contribution ('DC') pension arrangements and aim to help members achieve a good outcome from their retirement savings.

This statement issued by the Trustee, covers the period from 1 April 2023 to 31 March 2024 (the 'Plan year') and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures as required by the Administration Regulations, in relation to the following:

1. The Default arrangements
2. Net investment returns
3. Member borne charges and transaction costs in relation to:
 - i. Default arrangements
 - ii. Self-select funds
 - iii. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustees knowledge and understanding

Additional required information is provided in the Appendices as follows:

- Appendix A: transactions costs for the funds underlying the Retirement Pathways Funds to Drawdown, Annuity and Cash
- Appendix B: required disclosures in respect of DC pots that members are entitled to transfer from the Aon MasterTrust to the Plan at retirement to fund their defined benefit tax-free pension commencement lump sum.

1. The Default arrangements

The Trustee is required to design the Default arrangements in members' interests and keep it under review. The Trustee will need to take account of the level of costs and the risk profile that are appropriate for the Plan's membership in light of the overall objective of the Default arrangements' strategy.

The Plan is not used for auto enrolment purposes; however, a Default arrangement is available to members and this targets income drawdown in retirement – the Aon Managed Retirement Pathway Funds to Drawdown - otherwise known as the Primary Default.

The Aon Managed Retirement Pathway Funds to Cash is treated as a Default arrangement- otherwise known as the Secondary Default. This is because, as part of the closure of the

Prudential With-Profit AVC Fund in 2021, some members' AVC funds were automatically transferred to this arrangement. As these members did not make an active investment choice this arrangement must, by law, be reported on in the Chair's Statement and the SIP as an additional Default. This means it is subject to the requirements for an investment strategy review to be undertaken at least every three years and without delay following any significant change in investment policy or the demographic profile of relevant members.

This statement is accompanied by the Plan's 'Statement of Investment Principles' (SIP), which governs decisions about investments in the Default arrangements, along with their aims and objectives as follows:

- "Asset choice" to ensure members have an appropriate choice of assets for investment; and
- "Return objective" to enable members to benefit from investment in "growth" assets until they approach retirement, when they will be able to switch to "matching" assets which are more related to their income and cash in retirement.

The Trustee's investment strategy has been chosen to enable members to maximise the likelihood of achieving these objectives.

Investment strategy review

The Trustee implements the Plan's DC investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider, available fund range and day to day management of the funds to Aon Investments Limited ('AIL'). The Trustee maintains responsibility for the investment fund options made available to members and takes advice as required from its professional advisers.

The Default arrangements were not formally reviewed in the Plan year. The last review was completed on 21 November 2022. This assessment was made by considering the chosen Default strategies in light of the characteristics of the Plan membership, and recent changes made within the underlying funds by AIL as delegated investment manager. No changes were made to the Default arrangements as a result.

The Trustee undertakes a formal review of the Default arrangements every 3 years. The next formal review is due to take place by 21 November 2025.

Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Plan and is not calculated by reference to the value of the member's rights under the Plan, the Trustee must state the amount of any such performance-based fees in relation to each Default arrangement. The Trustee confirms that, in the Plan year, no performance based fees were incurred by members in the Default arrangements.

Performance monitoring

Performance of all funds is monitored on a quarterly basis by the DC Sub Committee who, among other things, track performance against the respective fund benchmarks.

Over the year, this Committee noted strong positive returns for the majority of members, however, they expressed concern at the active management of the Aon Managed Initial Growth Phase Fund, which had continued to underperform the passive approach of the 'Core' fund range. The Committee invited AIL to meetings throughout the year to provide updates.

In Q1 2024, AIL advised the Committee that they were proposing making changes to the equity portfolio within the growth phase of the Aon Managed Retirement Pathway Funds, to reduce the allocation to multi-factor equities, with a corresponding increase to Climate Transition equities. The equity portfolio changes are expected to reduce performance volatility relative to benchmark whilst maintaining the overall return expectations. There were also planned changes to the strategy in the approach to (and through) retirement. The most significant change is an increase in the allocation to the Short Term Inflation Linked Fund, given the increase in real yields. The

changes within the portfolio for members approaching and through retirement reduce portfolio risk whilst retaining long term expected returns in line with the fund objectives.

The Committee concluded that the Default arrangements were performing broadly as expected and in line with the aims and objectives of the strategy as set out in the SIP, and are satisfied that ALL's proposed changes are consistent with their objectives.

Default arrangements asset allocation

The Trustee is required to disclose details of full asset allocations of investments for each Default arrangement. The tables below shows the percentage of assets allocated in the Default arrangements to specified asset classes over the Plan year to 31 March 2024.

(i) Primary Default - The Aon Managed Retirement Pathway Funds targeting Drawdown

Asset class	Average asset allocation over year to 31 March 2024 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.5	0.5	1.4	2.8
Bonds	0.0	0.0	10.8	46.8
<i>Corporate bonds</i>	0.0	0.0	4.3	10.7
<i>Fixed interest government bonds</i>	0.0	0.0	1.4	8.3
<i>Index-linked government bonds</i>	0.0	0.0	2.2	20.3
<i>Other bonds</i>	0.0	0.0	2.9	7.5
Listed equities	90.6	90.6	76.1	36.2
<i>UK equities</i>	2.9	2.9	2.4	1.2
<i>Developed market equities (excluding UK)</i>	78.0	78.0	65.6	31.2
<i>Emerging markets</i>	9.7	9.7	8.1	3.8
Infrastructure	1.3	1.3	1.1	0.4
Property	7.6	7.6	6.1	2.3
Other	0.0	0.0	4.5	11.5

Source: AIL

(ii) Secondary Default - The Aon Managed Retirement Pathway Funds targeting Cash

Asset class	Average asset allocation over year to 31 March 2024 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.5	0.5	1.4	100.0
Bonds	0.0	0.0	10.8	0.0
<i>Corporate bonds</i>	0.0	0.0	4.3	0.0
<i>Fixed interest government bonds</i>	0.0	0.0	1.4	0.0
<i>Index-linked government bonds</i>	0.0	0.0	2.2	0.0
<i>Other bonds</i>	0.0	0.0	2.9	0.0
Listed equities	90.6	90.6	76.1	0.0
<i>UK equities</i>	2.9	2.9	2.4	0.0
<i>Developed market equities (excluding UK)</i>	78.0	78.0	65.6	0.0
<i>Emerging markets</i>	9.7	9.7	8.1	0.0
Infrastructure	1.3	1.3	1.1	0.0
Property	7.6	7.6	6.1	0.0
Other	0.0	0.0	4.5	0.0

Source: AIL

2. Net investment returns

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

The net annualised returns have been prepared having regard to statutory guidance and are shown in tables (i) and (ii) below.

The net returns for the Aon Managed Retirement Pathway Funds shown in table (i) below are based on a member having a Target Retirement Age of 65. As the Aon Managed Retirement Pathway Funds have the same type and composition of assets until 5 years before retirement (until age 60 where the Target Retirement Age is 65), the net returns are the same up until this age, and can vary thereafter as the type and composition of assets changes to better match how the members are expected to take their benefits in retirement (drawdown, annuity, cash).

(i) The Aon Managed Retirement Pathway Funds targeting Drawdown (Primary Default), The Aon Managed Retirement Pathway Funds targeting Cash (Secondary Default) and the Aon Managed Retirement Pathway Funds targeting Annuity

Performance to 31 March 2024	Net return (% p.a.)	
	1 year	5 years
Age of member in 2024		
25	15.3	8.2
45	15.3	8.2
55	13.8	7.5

Source: AIL

(ii) Self-select investment funds

Performance to 31 March 2024	Net return (% p.a.)	
	1 year	5 years
Fund name		
Aon Managed Global Impact Fund*	13.6	N/A
Aon Managed Global Equity Fund	16.6	9.2
Aon Managed Active Global Equity Fund	15.4	10.4
Aon Managed Initial Growth Phase Fund	15.5	8.5
BlackRock UK Equity Index (BLK) Fund	7.0	4.9
Aon Managed UK Equity (Legacy)*	32.5	N/A
Aon Managed Property and Infrastructure Fund	5.1	1.9
Aon Managed Diversified Asset Fund	9.1	4.0
Aon Managed Diversified Multi Strategy Bond Fund	5.5	1.7
Aon Managed Long Term Inflation Linked Fund	-7.7	-6.8
Aon Managed Pre-Retirement Bond Fund	3.3	-3.5
Aon Managed Liquidity Fund	5.1	1.5
LGIM Ethical Global Equity Index Fund	22.3	13.7
HSBC Islamic Global Equity Index Fund	29.6	16.9

Source: AIL

*The Aon Managed Global Impact Fund was launched on 31 October 2020 and the Aon Managed UK Equity (Legacy) Fund was launched on 31 January 2020. Therefore, performance over 5 years to 31 March 2024 is not available.

It is important to note that past performance is not a guarantee of future performance.

3. Member Borne Charges and Transaction costs

The Trustee is required to regularly monitor the level of costs and charges borne by members through the investment funds. These charges comprise:

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

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

The information in this section has been provided by AIL. The Retirement Pathway Funds are target date funds which have a number of different vintages depending on the retirement date being targeted. Each fund covers a three year target retirement period (e.g. 2025-2027, 2028-2030 etc.).

(i) Default arrangements

The TER for the Default arrangements, along with the transaction costs (TCs), are shown in the table below. Although the Plan is not used for auto-enrolment purposes, the TER is well within the legislative charge cap of 0.75% p.a. for schemes that are used for auto-enrolment purposes.

Default Arrangement	TER (% p.a.)	TCs (% p.a.)	Total Costs (% p.a.)
Aon Managed Retirement Pathway Funds to Drawdown (Primary Default)			
▪ All vintages of the Fund and the Perpetual Fund	0.26 - 0.27	0.03 – 0.11	0.29 – 0.38
Aon Managed Retirement Pathway Funds to Cash (Secondary Default)			
▪ All vintages of the Fund	0.27	0.02 – 0.09	0.29 – 0.36

Source: AIL

(ii) Self-select funds

The TERs and available TCs for each self-select fund are shown in the tables below.

Strategies	TER (% p.a.)	TCs (% p.a.)	Total Costs (% p.a.)
Aon Managed Retirement Pathway Funds to Annuity			
▪ All vintages of the Fund and the Perpetual Fund	0.25 – 0.27	0.00 – 0.09	0.25 – 0.36

Source: AIL

Individual Funds	TER (% p.a.)	TCs (% p.a.)	Total Costs (% p.a.)
Aon Managed Global Impact Fund	0.72	0.09	0.81
Aon Managed Global Equity Fund	0.18	0.02	0.20
Aon Managed Active Global Equity Fund	0.79	0.07	0.86
Aon Managed Initial Growth Phase Fund	0.19	0.03	0.22
BlackRock UK Equity Index (BLK) Fund	0.05	0.11	0.16
Aon Managed UK Equity (Legacy)	0.88	0.04	0.92
Aon Managed Property and Infrastructure Fund	0.32	0.11	0.43
Aon Managed Diversified Asset Fund	0.26	0.17	0.43
Aon Managed Diversified Multi Strategy Bond Fund	0.35	0.45	0.80
Aon Managed Long Term Inflation Linked Fund	0.14	0.00	0.14
Aon Managed Pre-Retirement Bond Fund	0.25	0.00	0.25
Aon Managed Liquidity Fund	0.16	0.02	0.18
LGIM Ethical Global Equity Index Fund	0.36	0.00	0.36
HSBC Islamic Global Equity Index Fund	0.35	0.02	0.37

Source: AIL

A full listing of the underlying funds in the Retirement Pathway Funds to Drawdown, Annuity and Cash, and the respective TCs is shown in Appendix A.

On occasions, transactions can arise that do not lead to a cost but instead to a profit. As the requirement is to report on costs, these transactions are shown as a 0% p.a. cost in the table above.

(iii) Illustration of the cumulative effect of costs and charges

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

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

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

The illustrations are shown for a member invested in the Aon Managed Retirement Pathway Funds to Drawdown (Primary Default) and Aon Managed Retirement Pathway Funds to Cash (Secondary Default).

The illustrations are shown as a chart and a table as follows:

- Chart: This shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied.
- Table: As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included comparison figures with other types of investments as follows:
 - Aon Managed Active Global Equity Fund* - the highest charging fund available on a self-select basis
 - BlackRock UK Equity Index Fund - the lowest charging fund available on a self-select basis

**Whilst the Aon Managed UK Equity (Legacy) has the highest total cost this fund is no longer available for members to choose to invest in.*

Assumptions and data for illustrations:

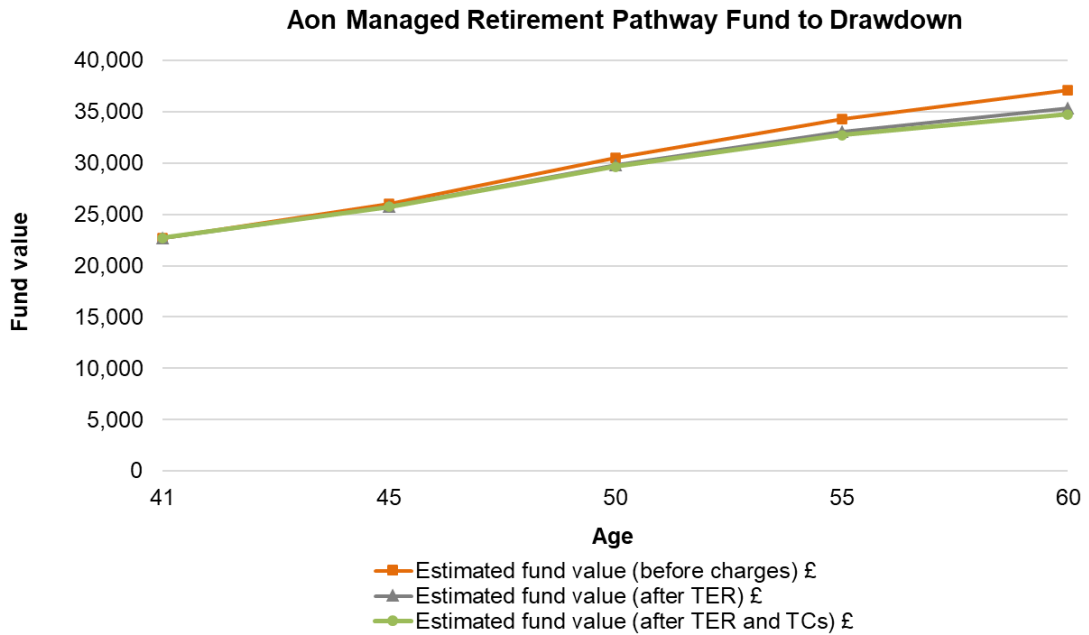
- *Annual salary growth and inflation is assumed to be 2.5% p.a.*
- *The starting fund value used in the projection is representative of the averages for the Plan*
- *Projected net annual returns are as follows:*

○ Aon Managed Initial Growth Phase Fund*	6% p.a.
○ Aon Managed Global Impact Fund*	7% p.a.
○ Aon Managed Diversified Asset Fund*	4% p.a.
○ Aon Managed Diversified Multi Strategy Bond Fund*	2% p.a.
○ Aon Managed Passive Corporate Bond Fund*	4% p.a.
○ Aon Managed Short Term Inflation Linked Fund*	2% p.a.
○ Aon Managed Up to 5 Year Gilt UK Fund*	2% p.a.
○ Aon Managed Liquidity Fund*	2% p.a.
○ Aon Managed Active Global Equity Fund	6% p.a.
○ BlackRock UK Equity Index Fund	6% p.a.

**Funds underlying the Default arrangements (Drawdown and Cash)*
- *The assumptions used for projecting fund values are those set out in Actuarial Standards Technical Memorandum version 5.1. This specifies the actuarial assumptions and methods to be used in the calculation of Statutory Money Purchase Illustrations.*
- *The TERs used are as set out earlier in the Statement. The transaction costs have been averaged over a five year period (where available) to reduce volatility, and a floor of 0% pa has been applied so as not to potentially understate the effect of charges on fund values over time.*

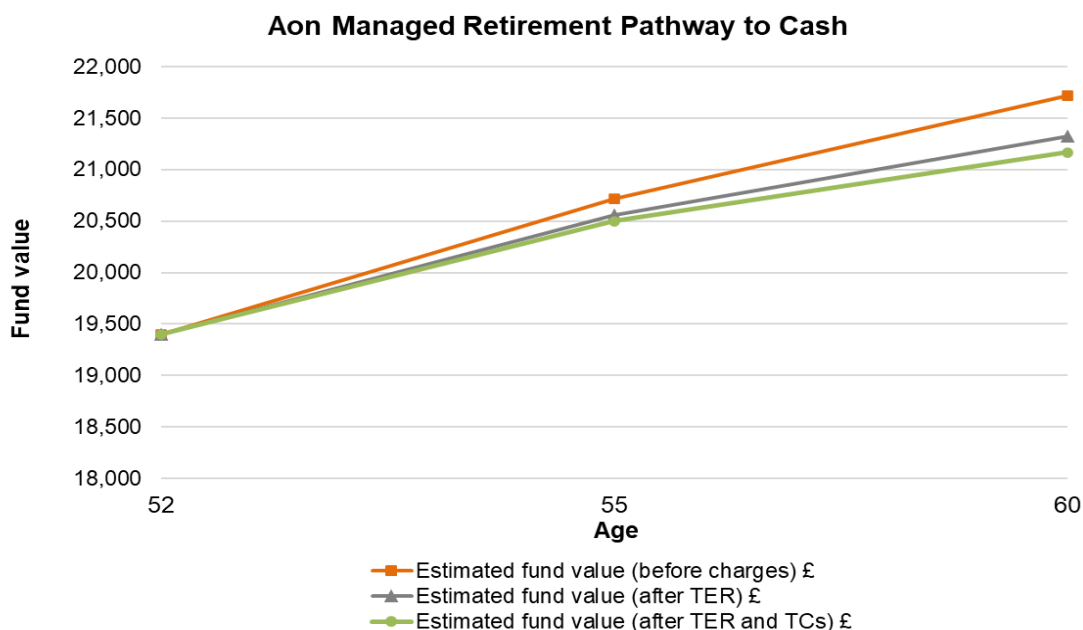
All projected retirement savings are shown at today's values, and do not need to be reduced further for the effect of future expected inflation.

Illustration 1 is based on the youngest deferred member who is aged 41 with a retirement age of 60 years. The member has a current fund value of £22,700 and is invested in the Aon Managed Retirement Pathway Fund to Drawdown (Primary Default). No further contributions are made to the Plan.



Projected Pension Account in today's money									
Age	Aon Managed Retirement Pathway Fund to Drawdown			BlackRock UK Equity Index			Aon Managed Active Global Equity		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
41	22,700	22,700	0	22,700	22,700	0	22,700	22,700	0
45	26,060	25,740	320	25,960	25,860	100	25,960	25,140	820
50	30,490	29,640	850	30,710	30,440	270	30,710	28,560	2,150
55	34,300	32,750	1,550	36,320	35,840	480	36,320	32,450	3,870
60	37,100	34,770	2,330	42,960	42,190	770	42,960	36,870	6,090

Illustration 2 is based on the average deferred member who has 8 years to retirement and is invested in the Aon Managed Retirement Pathway Fund to Cash (Secondary Default). The member has a current fund value of £19,400. No further contributions are made to the Plan.



Projected Pension Account in today's money									
Age	Aon Managed Retirement Pathway Fund to Cash			BlackRock UK Equity Index			Aon Managed Active Global Equity		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
52	19,400	19,400	0	19,400	19,400	0	19,400	19,400	0
55	20,720	20,500	220	21,460	21,390	70	21,460	20,940	520
60	21,720	21,170	550	25,380	25,180	200	25,380	23,790	1,590

Members are advised to consider both the level of costs and charges and the expected return on assets (i.e. the risk profile of the strategy) in making investment decisions.

4. Value for Members assessment

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

Every year, the Trustee captures all member-borne charges, including transaction costs, and considers the benefits of membership of the Plan's DC arrangements so they can assess whether members are getting good value. The most recent assessment was completed in 2024.

There is no legal definition of "good value" or the process of determining this for Plan DC members. Therefore, working in conjunction with our advisers, Aon, the Trustee has developed a cost-benefit analysis framework to assess whether members receive good value from the Plan relative to the costs and charges members pay. Benchmarking relative to other pension arrangements and/or industry best practice guidelines is also undertaken.

The costs borne by members are the Total Expense Ratio (TER) charge and transaction costs and are set out earlier in this statement. The Trustee has considered the benefits of membership under the following four headings: Plan governance, investments, administration and member communications and engagement.

The Trustee's beliefs have formed the basis of the analysis of the benefits of membership. A summary of the assessment outcome is set out below:

Plan governance

- The Trustee regularly reviews and updates its governance processes and procedures to ensure that these meet regulatory and industry best practice requirements; for instance, the Trustee has developed, and is managing, a register of policies, processes and procedures in line with the Pension Regulator's new expectations on trustees to demonstrate that they operate an effective system of governance.
- The Trustee Board has a DC Sub-Committee (DCSC) that focuses on all matters relating to the DC arrangements, and with a focus on good member outcomes.
- This Sub-Committee works alongside the Governance, Risk and Audit Sub-Committee ('GRASC'), the Administration and Communications Sub-Committee ('ACSC') and the Funding and Investment Sub-Committee (FISC), which meet quarterly.

Investments

- The Plan offers a variety of Retirement Pathway Fund strategies, targeting three retirement options, and self-select funds covering a range of risk profiles and asset classes. The investment funds available have been designed, following advice from the Plan's investment adviser, with the specific needs of the Plan's members in mind.
- The structure of the Primary Default suitably reflects how members are expected to access their funds at retirement.
- The Trustee and its advisers have monitored performance closely and an investment strategy review is carried out triennially to assess suitability of the investments available to members. The last review had regard to the manner in which members take their benefits from the Plan and other criteria that may change how members access their savings in future.

Administration and member experience

- The Trustee is satisfied that the Plan administrator has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.
- Members have online access to their policies and a member helpline is available. The member experience is monitored through surveys that members are asked to complete after contacting the helpline, call statistics and complaint details.

Member communications and engagement (including support at retirement)

- The Plan provides communications that are accurate, clear, informative and timely. The Trustee believes the Plan's communications help members better understand their DC savings and take appropriate actions.
- The Plan makes use of a variety of communication media, including access to well-developed online tools and helpful information around retirement planning via the Plan's member website.
- Members can access help to support them in their decision making in the form of investment guides, plan booklets and pre-retirement support.
- Members have access to a retirement service, which provides practical information about the retirement options available and specialists are on hand who can provide guidance or advice.
- The Plan pays for members to receive one round of impartial financial advice from the preferred Independent Financial Adviser (IFA), and the advice takes account of all their

private pension savings. If members commission additional rounds of advice, members are required to pay for this. However, as the preferred IFA is in place for the whole Plan and all members, the cost of this advice is expected to be significantly cheaper than if the member uses the services of a different IFA. Nevertheless, where members prefer to use a different IFA, the Plan will make a one-off contribution towards the cost of financial advice relating to their ARP benefits.

Does the Plan deliver value for members?

The Trustee's assessment for the Plan year concluded that the charges and transaction costs borne by Plan members are competitive in comparison to current market rates and represent good value for members relative to the benefits of membership as set out above.

5. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the transfer of member funds into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members/beneficiaries.

Core financial transactions are undertaken on behalf of the Trustee by the Plan's administrator, Aon. Administration and Communication Sub-Committee (ACSC) meetings are held quarterly; these oversee the administration function and help ensure good member experiences.

The Trustee has a service level agreement (SLA) in place with the administrator. The SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes should be completed. There are SLAs in place for all core financial transactions. Under the current agreement, Aon aims to accurately complete all financial transactions within 5 working days. During the Plan year, Aon met the overall SLA requirements with 93% of activities completed within 5 working days and 99% in relation to processing the DC Section's core financial transactions.

In addition, Aon has the following key processes and controls to help meet the SLAs:

- Straight Through Processing for investment switches. This is used to improve efficiency and includes the administration platform being fully integrated with the investment platform to ensure that member records and fund prices are updated on a daily basis.
- Full member reconciliation. This is undertaken annually in preparation for the Plan's Annual Report and Accounts.
- Daily and monthly cash and unit reconciliation. The unit reconciliations are included in the quarterly administration reports and the cash reconciliations are provided as part of the Plan's Annual Report and Accounts. There are escalation points if there is no response or closure to the questions raised.
- Daily monitoring of bank accounts. The Trustee has reviewed the processes and controls implemented by the administrator and considers them to be suitably designed. In addition, controls around administration and the processing of transactions are documented in the Plan's risk register which is reviewed at quarterly ACSC meetings.

Have core financial transactions been processed in a timely and accurate manner?

The Trustee is pleased to report there have been no administration service issues with respect to core financial transactions during the Plan year, and is satisfied that:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLAs;

- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately.

6. Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustee to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustee properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The information in this section relates to the whole Trust and not solely to the DC arrangements.

The Trustee Directors have in place arrangements for ensuring that they take personal responsibility for keeping themselves up to date with relevant developments and carry out a self-assessment of training needs. All Trustee Directors receive structured initial and ongoing training in line with the Trustee training protocol.

The Trustee Board has a range of skills and experiences including a mixture of Member Nominated and Company Nominated Directors with varying backgrounds. One Trustee Director is a professional trustee. The Trustee Directors are conversant with the Trust Deed and Rules, the Statement of Investment Principles for the Plan and all scheme management tools and documents setting out the Trustee's current policies. The Trustee Directors have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment and assets of occupational pension schemes. The Trustee reverts to the legal advisor for any clarification if required.

In addition to the skills on the Trustee Board, the Trustee Directors work closely with their appointed professional advisers throughout the year to ensure that they run the Plan and exercise their functions properly. Their professional advisers also attend Trustee and Sub Committee meetings.

Training logs are maintained for all Trustee Directors by the Plan Secretary. A training plan for the Board is agreed each year in collaboration with the Plan advisers aligned to planned strategic activities and known legislative changes. Ad-hoc training is provided at Board or Sub-Committee meetings in addition as required. During the Plan year, the Trustee received training on aspects of the Plan covering both the defined contribution and defined benefit sections. Examples of some of the training undertaken include:

- The impact of Artificial Intelligence on cyber risk
- Liability driven investments
- Trustee effectiveness

The Trustee Directors have also attended a combination of external training, conferences and seminars. The Trustee Directors supplement their DC knowledge by undertaking DC quizzes and discussing DC market and industry developments in their quarterly meetings.

The Trustee Directors assess their knowledge and understanding by means of a self-assessment. Any gaps identified are addressed as part of the training provided throughout the Plan year.

The most recent external evaluation of the Trustee Board was carried out by Isio in 2023 and concluded in 2024. Among other things this considered the design, systems, security, administration, risk management, advisers, governance of the Plan and the composition and effectiveness of the Trustee Board. All actions were captured in an action plan monitored by the Governance Risk and Audit Sub-Committee (GRASC) – the GRASC will work to implement the actions agreed by the Trustee Board during 2024. Ongoing monitoring of the actions is scheduled in the GRASC business plan on an annual basis.

Some areas where the Trustee Directors have demonstrated their working knowledge during the Plan year include, but are not limited to:

- Cyber risk and security policies through management of the Plan's cyber security programme.
- The law relating to pensions and trusts through updating the risk register and preparing their TaskForce on Climate related Financial Disclosures.

There is a formal Trustee Director selection process in place. New Trustee Directors are required to undertake trustee training at the earliest opportunity after selection and agree to the training protocol in place. During the Plan year two Trustee Directors stepped down, while two new Trustee Directors were appointed. With the exception of one of the newly appointed Trustee Directors, all other Trustee Directors have completed the Pension Regulator's toolkit which is an online training resource for trustees. The Trustee Director that has not yet completed the toolkit will complete it during the Plan Year 1 April 2024 to 31 March 2025. Three Trustee Directors have attained the Award in Pension Trusteeship from the Pensions Management Institute. Four Trustee Directors are members of the Institute and Faculty of Actuaries and one Trustee Director is an Accredited Professional Trustee. In addition, four Trustee Directors fulfil their annual professional Continuing Professional Development requirements.

Trustee Directors have online access to all the Plan documents including the Trust Deed & Rules which is reviewed when required. As a minimum, the full Trustee Board meets four times per year and four of the Sub-Committees also each meet four times per year in between these meetings to progress actions and monitor and review the administration and investment performance, audit and approve the Trustee Report and Accounts, review the Statement of Investment Principles and other Plan documents and policies, amongst other tasks. Additional meetings are held as required. During the Plan year the Trustee established a further Sub-Committee to review and approve budgets and to approve the invoices of the Plan's advisers. This Sub-Committee meets as and when required.

As a result of the above actions, the Trustee Directors have sufficient knowledge and understanding of the law relating to pensions and trusts and of principles relating to investment of DC schemes. Furthermore, the Trustee Directors have sufficient knowledge and understanding in relation to the identification, assessment and management of risks and opportunities relating to the Plan, including risks and opportunities arising from steps taken because of climate change (whether by governments or otherwise).

The Trustee therefore considers it has met the Pensions Regulator's Trustee Knowledge and Understanding requirements (as set out under Code of Practice No 7) during the Plan year.

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

Jane Curtis, Chair of Aon UK Trustees Limited

APPENDIX A

The table sets out the TCs for the underlying funds in the Retirement Pathway Funds to Drawdown, Annuity and Cash. The TER for each Retirement Pathway Fund and the blended TCs, reflecting the mix of the underlying funds at each age, is set out in the tables shown in section 3(ii) of this statement.

Fund name	TCs (% p.a.)
<i>Aon Managed Initial Growth Phase Fund</i>	<i>0.03</i>
<i>Aon Managed Global Impact Fund</i>	<i>0.09</i>
<i>Aon Managed Diversified Asset Fund</i>	<i>0.17</i>
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	<i>0.45</i>
<i>Aon Managed Passive Corporate Bond Fund</i>	<i>0.00</i>
<i>Aon Short Term Inflation Linked Fund</i>	<i>0.05</i>
<i>Aon Managed Up to 5 Year UK Gilt Index Fund</i>	<i>0.04</i>
<i>Aon Managed Pre-Retirement Bond Fund</i>	<i>0.00</i>
<i>Aon Managed Liquidity Fund</i>	<i>0.02</i>

APPENDIX B

Statement regarding cash pass through arrangement

This statement relates to the option for some Plan members, at retirement, to use their savings under Aon's MasterTrust to fund a tax-free pension commencement lump sum ('PCLS').

This option is referred to as the 'Cash Pass-Through Arrangement' (the '**Arrangement**'). To the extent applicable, this statement complies with the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

Investments

Under the Arrangement, a member's funds in the Aon MasterTrust are disinvested and transferred to the Plan's DC Section as cash. This cash is then held in the Plan's DC Section for a short period of time prior to being applied towards the member's PCLS.

Details regarding the investment options available to members prior to taking up the option (including the default arrangement, its SIP, any review of the SIP that has taken place, and the charges and transaction costs that apply) are set out in the Chair's Statement for the Aon MasterTrust .

Processing Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions (including the transfer of member assets into and out of the Plan, and payments to and in respect of members) are processed promptly and accurately. In order to ensure compliance the Trustee ensures that its administrator:

- Actions retirement elections promptly (including where members make an election under the Arrangement) and processes funds received from the Aon MasterTrust to secure a PCLS.
- Applies daily monitoring of bank accounts.

In the light of the above, the Trustee considers that core financial transactions in connection with the Arrangement were processed promptly and accurately during the Plan year.

Charges and Value for Members

There are no member-borne costs under the Arrangement. The Trustee confirms that defined contribution funds held in the Plan pursuant to the Arrangement are received and paid out within 5 days of the original request. During this time, the funds are held as cash in a bank account and do not decrease or increase in value.

The Trustee is aware of statutory guidance on member-borne charges and transaction costs and has taken it into account to the extent applicable for an arrangement of this nature.

The Trustee considers that the Arrangement provides a valuable option for members. It enables members to maximise the value of the tax-free PCLS they can take, whilst minimising the impact on their Plan pension by reducing the level of benefits that they need to commute.