

Morgan Stanley UK Group Top-Up Pension Plan

Annual Chair Statement 2024 – 31 December 2024

Note from the Chair

Dear members,

On behalf of the Trustee of the Morgan Stanley UK Group Top-Up Pension Plan, thank you for taking the time to review this report.

Within this report we set out our assessment of how your Pension Plan has delivered for you over the year to 31 December 2024 and the actions that we have undertaken over the year in relation to the Plan. A number of sections within this report are required by law and may be more technical in nature – we have worked to set this out in the most digestible way possible for you.

As Trustees of the Plan, we aim to act in the best interest of the Plan's beneficiaries (you, the member), to achieve security in protecting your benefits, supporting you to make informed decisions, to provide value and quality investment options and deliver a positive experience for you.

Key Messages from the year:

- 2024 has been a positive year for the Plan with strong investment market performance supporting robust returns.
- As part of our ongoing commitment to maintain a high quality investment strategy, we have appointed new investment advisers and undertaken our triennial default strategy review. This review aims to ensure that our strategy is delivering the best outcomes and that the Plan is run efficiently for you.
- The triennial review was completed during the Plan year, and a summary of the enhancements to the default strategy are detailed in the Default Arrangement section of this statement. We are now working through planning stages to implement these changes and will provide a further update in due course.

- We are committed to delivering a good value pension Plan. We have completed an assessment of the Value that the Plan delivers to you as members - the result of this concluded that the Plan does offer Good Value to members. This assessment considers not only the costs that you pay, but also the services you receive as part of the Plan.
- We held a number of events throughout the year, including a pension focussed panel event in October 2024 for members to hear directly from the Trustee Board and our new advisors. We govern the Plan arrangements on your behalf, so hearing directly from you helps focus our attention on the issues that matter most to you.
- Investment markets have presented a number of challenges over recent years, and 2024 was no stranger to volatility. We have been monitoring the performance of your funds on a regular basis (monthly at times). The default investment strategy continues to deliver in line with the objectives set.
- Your administration experience has also been strong, with key service levels maintained by Capita, the Plan's administrator.
- To better identify and manage emerging and existing risks to the Plan, we have established a new Risk and Governance Committee.
- We continue to push our own education on pension matters and continue to undertake training.

We remain committed to delivering, maintaining and evolving your Plan. We look forward to exploring new opportunities over 2025 and communicating exciting changes to you over the coming months.

Alanna Lee

Chair of the Trustee

Background and Chair's Statement

Introduction

This statement has been prepared by the Trustee of the Morgan Stanley UK Group Top-Up Pension Plan (the 'Plan') in line with legal requirements. This document sets out the Trustee's approach to governance of the Defined Contribution ('DC') Section of the Plan for the period from 1 January 2024 to 31 December 2024 and describes how the Trustee has met its legal obligations in the following areas:

- Details of the investment options available to members through the Plan
- The requirements for processing financial transactions
- Net return on investments
- Report on the charges and transaction costs for investments used within the default and self-select range and the extent to which charges and costs represent good value for Members
- Illustration of the impact of investment return and transaction costs and charges on a members' pot
- How the combined knowledge and understanding of the Trustee and its advisors enables the Trustee to properly run the Plan
- Disclosure of the full asset allocations of investments in the Plan's default arrangement

During the Plan year, the Trustee undertook a review of the advisers and appointed new firms to provide support on legal and investment advice. These are as follows:

- Legal advisers: Eversheds Sutherland
- Investment advisers: Isio

The Trustee is also supported by the following advisors, which have not changed during the Plan year:

- Actuarial: Mercer
- Audit: Deloitte

In drafting this statement, the Trustee has received advice from Eversheds Sutherland and Isio.

The Plan is an occupational pension scheme providing Defined Contribution benefits to both existing and past employees of Morgan Stanley UK. The principal employer to the Plan is Morgan Stanley UK Limited (the 'Company').

This statement is published publicly online at the following website:

<https://www.morganstanley.com/disclosures/the-morgan-stanley-uk-group-pension-plan>

It will also be referenced in the 2025 Trustee Newsletter.

Default Arrangement

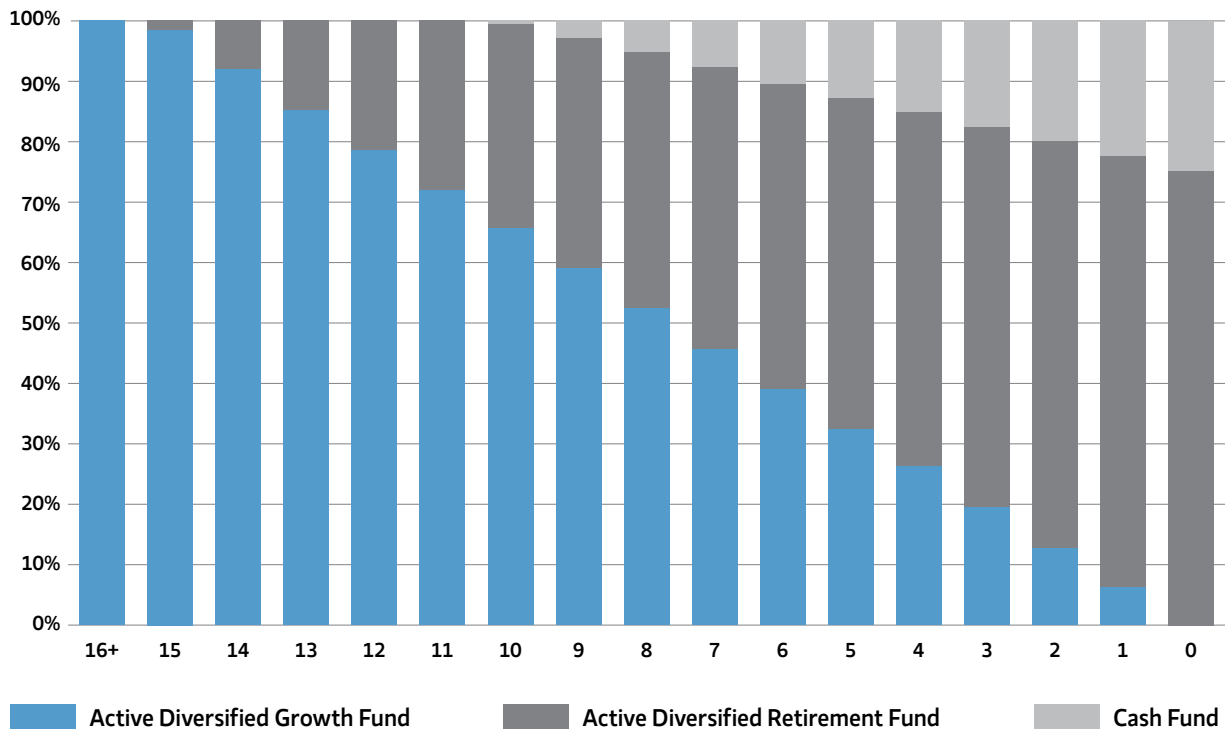
Default Arrangement

The default arrangement is the investment arrangement that pension contributions will be paid into for members who have not made their own investment choice (self-selected).

The current default arrangement for the Plan is the Diversified Default Option (the 'DDO'), which operates as a lifestyle strategy. Lifestyle strategies

aim to maximise the value of a member's assets at retirement while safeguarding these assets as retirement approaches.

The DDO seeks to fulfil these goals by adjusting the asset mix throughout a member's working life, utilising a combination of three funds: the Active Diversified Growth Fund, the Active Diversified Retirement Fund, and the Cash Fund. We have set out below the structure of this arrangement:



- If members are more than 15 years from their Targeted Retirement Date ('TRD'), their contributions will be solely invested within the Active Diversified Growth Fund.
- When they are within 15 years of their TRD, each member's accumulated assets are gradually switched into the Active Diversified Retirement Fund, and from 10 years to TRD, also into the Cash Fund.
- By the time a member has reached their TRD, the final split of their assets is set at 75% in the Active Diversified Retirement Fund and 25% in the Cash Fund.
- If a member continues in the Plan beyond their TRD without retiring, the allocation will be periodically re-balanced to maintain the 75% / 25% split.

The Trustee designs the strategy to be suitable for, and in the best interests of, most members, but

acknowledges, given the varied needs of members of the Plan, this strategy may not suit all members. Therefore, a range of additional funds is made available for members to self-select. The Trustee encourages members to think about their own individual investment needs when making decisions. Members are supported by clear communications outlining their options.

Review of the default arrangement

The Trustee reviews the default strategy at least once every three years. If there is a significant change in the profile of the membership or investment policy of the Trustee, this will be reviewed more frequently. This review seeks to ensure the strategy is consistent with the Trustee's objectives and delivering the best outcomes for Plan members.

The triennial review of the default arrangement, the DDO, was undertaken by the Trustee in September

2024. This review assessed the suitability of the default arrangement for the membership and included consideration of the following.

- Member demographics, how members are taking their benefits at-retirement, projected pot sizes, the evolving profile of the membership and how members are engaging with the investment options
- Appropriateness and objectives of the default arrangement, including the growth and at-retirement phases
- Retirement outcome of the strategy
- Length of the de-risking phase (structure of the glidepath)
- Key component funds and asset classes used
- The level of ESG integration across the strategy and how this aligns with the Trustee's aims

The conclusion of the triennial review was that the strategy remained fit for purpose. However, the Trustee agreed that there were areas that could be further enhanced. A summary of the key themes that the Trustee agreed is as follows:

- To increase expected level of return (and risk) in the growth and at-retirement phases, whilst exploring the possible addition of illiquid assets to enhance risk adjusted returns
- To reduce the de-risking phase from 15 to 10 years before members TRD and providing members with the option to select a retirement age aligned with their own retirement plans
- To reduce the cash allocation at-retirement, in favour of high-quality liquid credit allocations

The Trustee, together with its advisors, is planning in detail how the default strategy will evolve to align

with the agreed direction of travel and developing a timeline for implementation.

Alongside the review of the default arrangements, the Trustee reviewed the suitability of the self-select options in 2024 and will be making changes to enhance the range of options made available.

The Trustee reviews performance of the Plan's investment arrangements on a regular basis, with detailed quarterly and interim monthly performance reporting. Performance over the year has provided strong returns for members within the default strategy, growing the value of pension savings over the year.

Statement of Investment Principles

The Trustee's Statement of Investment Principles (SIP) dated April 2024 is attached to this statement as Appendix 2. This includes the Trustee's policies, aims and objectives in relation to the Diversified Default Option, how these aims are achieved and matters such as management of investment risks and diversification.

During the Plan year, the following changes were made to the SIP:

- From 1 October 2023 the Trustee is required to disclose and explain their policies regarding illiquid investments within the default arrangement, as part of the SIP. In April 2024, the SIP was updated to incorporate this policy.
- The SIP will next be updated in H1 2025, to reflect the revised arrangements following agreement on the details of the new strategy.

Internal controls and Core Financial Transactions

Financial transactions

As part of ongoing monitoring, the Trustee reviews the existing administration services provided to the Plan by Capita Pension Solutions Limited ('Capita'). As required by Regulation 24 of the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately. Core financial transactions include:

- Investment of contributions paid to the Plan
- Transfers of members' assets into and out of the Plan

- Transfers of members' assets between different investment options available in the Plan
- Payments from the Plan to, or in respect of, members

The Trustee has agreed minimum timescales with Capita for processing requests, including core financial functions as outlined above. The Service Level Agreements (SLAs) in place cover both the accuracy and timeliness of the financial transactions.

A summary of the SLAs achieved over the Plan year are outlined below:

REPORTING PERIOD	CASES RECEIVED	CASES COMPLETED IN SLA	SLA ACHIEVED
Q1 2024	4,955	4,866	98.20%
Q2 2024	4,374	4,355	99.57%
Q3 2024	4,441	4,433	99.82%
Q4 2024	6,186	6,184	99.97%

Over the Plan year there were no reportable issues with respect to the SLAs.

In order to monitor compliance of core financial transaction processing, the Trustee:

- Maintains a Risk Register, which includes risks in relation to processing core financial transactions. The Plan's Risk Register outlines all of the risks to Plan members and these are monitored and reviewed on a quarterly basis. A thorough review of the Risk Register also took place during 2024 with support from the Plan's advisers.
- Reviews Capita's administration reports on a quarterly basis to determine whether any service issues have arisen.
- Ensures that detailed disaster recovery plans are in place with the administrator and other relevant third parties.
- Ensures the Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Plan. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Company.
- Has appointed Scottish Widows to provide investment platform services to the Plan with oversight from Mercer Workplace Savings ('MWS'). The Trustee last undertook a full formal

review of the Scottish Widows Investment Platform on appointment in 2011 and conducts informal annual reviews. In January 2025, the Investment Committee conducted a desktop review of Scottish Widows and the wider investment platform market; this will be covered in next year's statement.

- Appoints an independent auditor (Deloitte LLP) to carry out an annual audit of the Plan, including the core financial transactions that have taken place during the Plan year.
- The Trustee has established a new Risk and Governance Committee. This committee reports into the Trustee Board and will assess and ensure the operational effectiveness of the policies and procedures of the Trustee and of the service providers. In particular, the Committee will assist the Trustee with identifying, evaluating, reviewing and managing the Plan's key risks.

Notable incidents:

There was 1 CASS breach during the Plan year. A CASS breach occurs when there is an error in how parties handle or protect members' money or investments. This was due to an incorrect digit keyed on an overseas lump sum payment due to misinterpretation of member handwriting. Capita outlined that going forward they will request additional confirmation of bank details when they

are handwritten to prevent misinterpretation again. The incident was also communicated to the wider team for awareness.

The Trustee reviews records for the Plan to ensure accuracy of data. During the Plan year, in conjunction with Capita, the Trustee undertook a data review to ensure all member addresses and contact details were up to date and identify any gaps. The Trustee continues to engage with Capita on the completeness and accuracy of the data maintained, and monitors progress and improvements in this. The following recommendations were agreed from this exercise:

- Batch tracing of 'next address' population
- Manual tracing of the 'negative' population
- Potential deceased members were progressed with death certificates obtained.

A population of members were reported as holding residency at two addresses. An additional batch tracing of those individuals was also completed.

The Trustee, in conjunction with its legal advisers, Plan administrators, and the Company, regularly reviews the Plan's compliance with relevant data protection legislation and guidance and captures any risks and any further reviews required in the Trustee's business plan and/ or risk register.

The Trustee established that certain fund rebalancing transactions were not correctly carried out between 2018-2022 for a selection of the funds made available under the DDO and as self-select options. The Trustee implemented out-of-cycle rebalancing instructions in November 2022 to bring the affected funds within strategic allocation ranges. The Trustee has identified individual members impacted and requiring remediation. The Trustee plans to implement the remediations during 2025.

Assessment of member-borne charges and transaction costs

Charges and transaction costs

As required by Regulation 25 of the Administration Regulations, the Trustee is required to report on the charges and transaction costs for the investments used in the default and self-select arrangements and their assessment of the extent to which the charges and costs represent good value for members.

The Trustee is required to set out the on-going charges incurred by members in this Statement, which are annual management charges plus any 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 TER is a combination of the Annual Management Charge ("AMC") which is the core charge for accessing and managing the fund and Additional Fund expenses ("AFE") which include variable costs associated with managing the fund such as administrative, audit and legal fees. These are set out below. Where applicable the AMC includes a Mercer Intermediary Charge (for the use of Mercer Workplace Savings ("MWS") service), as well as an investment platform fee for accessing the funds via the Scottish Widows Platform.

Any additional administrative costs for delivering the Plan are met by the company and not passed onto members.

These charges are deducted from the funds in which members invest. All other costs associated with running the Plan, which include administration, legal,

advisory or communication costs are borne by the Company and not passed onto members. This is not the case for the AVC funds as AVC members will incur administration expenses.

The Trustee is required to disclose the level of any transaction costs. These are incurred when the Fund's investment managers buy and sell assets within funds but are exclusive of any costs incurred when members invest in and switch between funds. Average annual transaction costs are calculated by averaging annual transaction costs of the funds over a 5 year period, or maximum number of years available if less than this, ending on 31 December 2024. Where the transaction cost for a fund is a negative number for any one-year period, this is assumed to be zero in the calculation of the average transaction costs for that fund. In practice, a negative number means the returns on the fund have been positively affected by the transaction costs.

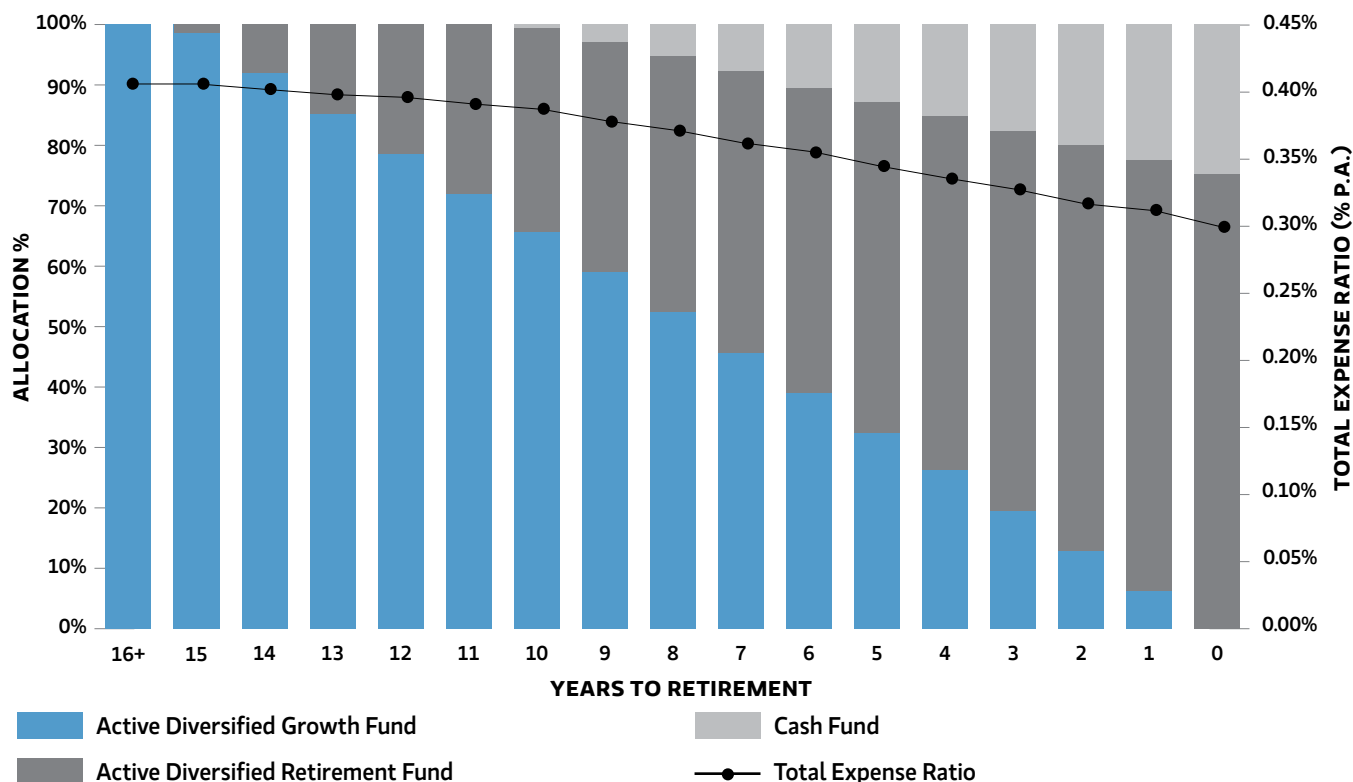
The charges and transaction costs have been supplied by Scottish Widows, the Plan's investment platform provider, as at 31 December 2024. When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance.

Default arrangement

The charges incurred by members within the default arrangement will be determined by their proximity to retirement and the underlying funds held. The below table includes the charges for the individual building block funds used within the lifestyle arrangement.

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS 2024 (% P.A.)	AVERAGE TRANSACTION COSTS (% P.A.)
Active Diversified Growth	0.387	0.021	0.408	0.140	0.148
Active Diversified Retirement	0.323	0.032	0.355	0.101	0.123
Cash	0.142	0.000	0.142	0.013	0.013

The following chart illustrates how the TER translates for members in each year to retirement, based on the charges above. The charges incurred for members within the default option comply with the Regulations on charge controls, introduced from April 2015. The TER is below the charge cap of 0.75% for all members within this strategy. There are no performance fees applicable for the default arrangement.



Self-select range

The below table includes the charges and cost information for the self-select funds available in the Plan.

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS 2024 (% P.A.)	AVERAGE TRANSACTION COSTS (% P.A.)
MS (BG) Active Global Equity	0.617	0.030	0.647	0.195	0.094
MS (MSIM) Active Global Equity	0.692	0.150	0.842	0.063	0.056
MS Active Absolute Return	0.892	0.010	0.902	0.493	0.566
MS Active Diversified Growth	0.387	0.021	0.408	0.140	0.148
MS Active Diversified Retirement	0.323	0.032	0.355	0.101	0.123
MS Active Emerging Markets Debt	0.577	0.220	0.797	0.210	0.142
MS Active Emerging Markets Equity	0.817	0.090	0.907	0.150	0.162
MS Active Global Corporate Bond	0.127	0.140	0.267	0.016	0.098
MS Active Multi-Asset Credit	0.517	0.130	0.647	0.068	0.035
MS Active Sustainable Equity Fund	0.717	0.140	0.857	0.201	0.253
MS Active UK Corporate Bond	0.367	0.020	0.387	0.011	0.011
MS Active UK Property	0.667	0.070	0.737	-0.047	0.103
MS Cash	0.142	0.000	0.142	0.013	0.013

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS 2024 (% P.A.)	AVERAGE TRANSACTION COSTS (% P.A.)
MS Passive Emerging Markets Equity	0.172	0.060	0.232	0.000	0.004
MS Passive Europe (ex UK) Equity	0.072	0.015	0.087	0.030	0.010
MS Passive Gilt	0.072	0.000	0.072	0.042	0.040
MS Passive Global Equity	0.147	0.000	0.147	0.044	0.046
MS Passive Global Government Bond	0.082	0.030	0.112	0.047	0.047
MS Passive Global Small Cap Equity	0.402	0.000	0.402	0.045	0.119
MS Passive Index-Linked Gilt	0.072	0.004	0.076	-0.062	0.037
MS Passive Islamic Global Equity	0.222	0.120	0.342	0.004	0.003
MS Passive Japan Equity	0.072	0.012	0.084	-0.015	0.006
MS Passive Pacific Rim (ex Japan) Equity	0.072	0.015	0.087	0.000	0.001
MS Passive UK Equity	0.072	0.003	0.075	0.049	0.051
MS Passive US Equity	0.072	0.008	0.080	0.001	0.020
MS Pre-Annuity	0.117	0.000	0.117	0.000	0.000

Illustrations about the cumulative effect of costs and charges on member savings within the Fund are set out in Appendix 1.

Legacy additional voluntary contributions (AVCs)

As at 31 December 2024, there are members of the Plan with AVC investments in unit-linked funds and with-profits funds with Standard Life. Details of the charges and cost information for these funds are included below:

FUND	TER (% P.A.)	2024 TRANSACTION COSTS (% P.A.)	TOTAL COSTS (% P.A.)
Standard Life European Equity Pension Fund	1.020	0.030	1.050
Standard Life Far East Equity Pension Fund	1.080	0.033	1.113
Standard Life FTSE Tracker Pension Fund	1.000	0.000	1.000
Standard Life International Equity Pension Fund	1.030	0.118	1.148
Standard Life Managed Pension Fund	1.030	0.112	1.142
Standard Life Mixed Bond Pension Fund	1.020	0.060	1.080
Standard Life Multi Asset Managed (20-60% Shares) Pension	1.020	0.116	1.136
Standard Life North American Equity Pension Fund	1.010	0.015	1.025
Standard Life Property Pension Fund	1.020	0.102	1.122
Standard Life Stock Exchange Pension Fund	1.030	0.073	1.103
Standard Life UK Equity Pension Fund	1.010	0.000	1.010
Standard Life UK Smaller Companies Pension Fund	0.560	0.193	0.753
Standard Life At Retirement (Multi Asset Universal) Pension Fund	1.040	0.133	1.173

FUND	TER (% P.A.)	2024 TRANSACTION COSTS (% P.A.)	TOTAL COSTS (% P.A.)
Standard Life Money Market Pension Fund	1.010	0.001	1.011
Standard Life Cash Pension Fund	1.010	0.063	1.073
Standard Life Pension Inflation Plus Fund	*	0.005	*
Standard Life Pension Millennium With Profits Fund	*	0.032	*
Standard Life Pension With Profits Fund	*	0.026	*

* With respect to the with-profits and inflation plus policies, payouts on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, for with-profits policies the actual performance received by members, net of charges, is only known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of any 'smoothing'.

Value assessment

The Trustee has assessed the extent to which the Plan represents good value for members for the costs and charges deducted from their accounts. The Trustee is committed to ensuring that members receive value for money from the Plan. Whilst 'value' is a difficult concept to precisely quantify, the Trustee considers 'Good Value' to represent a fair Plan where the costs charged to members are proportionate and reasonable for the quality of the service received, the expected asset return and access to specialist funds for that fee. It should be appropriate at the Plan level as well as when being compared to the broader market.

The VfM assessment covering the year to 31 December 2023 concluded the investment options available within the Plan's arrangements represent good value for members. The Trustee has undertaken the following actions in light of the assessment:

- Established a new Risk and Governance Committee to ensure all Risks are given appropriate attention and third party vendors (such as advisers) are subject to robust review and challenge;
- With support from legal advisers, the Trustee conducted an in-depth Code of Practice Gap Analysis to ensure all requirements were correctly met and documented; and
- Held member facing events (in person and online), sharing ideas of the Trustee and focus areas for the Plan.

The Trustee, with the support of its advisers, Isio, undertook a value for members' assessment in 2025 covering the Plan year to 31 December 2024. This review was completed in line with all statutory requirements and regulations.

In conducting this review, the Trustee considers a number of areas, including those detailed below. Value is assessed on broad number of factors, not on fees alone. The list below is not exclusive.

The assessment considered the following areas:

- Scheme Charges
- Investment
- Retirement Support
- Governance
- Administration
- Contribution and Associated Benefits
- Education and Engagement

The Trustee has concluded that during the year to 31 December 2024, the Plan's investment arrangements do represent good value to members and performs above market standards across most criteria, particularly in the areas that have a significant impact on member outcomes. This is based on the following rationale:

- Scheme Charges and Investments: The Plan excels in the two highest-weighted criteria, offering competitive charges and sophisticated investment options not typically available in the average scheme.
- Governance: Strong governance practices reflect the Trustee's commitment to effective oversight. However, access to data analytics tools is lacking, limiting insight into evolving membership trends – this was considered as part of the triennial strategy review.
- Retirement Support: While this area is in line with the market average there is scope to further enhance guidance and tools for members approaching retirement.
- Administration, Contribution and Associated Benefits, Education and Engagement: The Plan scored highly across all three categories. Highlights included the help and support on pension related matters available to members of the Plan via the Plan administrator helpline, members having access to a wide range of benefits options, and members being provided with bespoke information via the Scottish Widows microsite.

Net investment returns

Net investment returns

From 1 October 2021, in line with the Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 the Trustee is required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustee calculated the return on investments, following the statutory guidance, as far as they were able to do so.

MS Active Diversified Retirement was launched on 1 November 2018 and therefore 10 year returns cannot be shown for a member age 45 and 55 at the start of the period, and has been denoted as 'n/a'.

Default, lifestyle arrangement – the Diversified Default Option.

AGE OF MEMBER AT BEGINNING OF PERIOD (YEARS)	1 YEAR (%) 1 JANUARY 2024 – 31 DECEMBER 2024	5 YEARS (% P.A.) 1 JANUARY 2020 – 31 DECEMBER 2024	10 YEARS (% P.A.) 1 JANUARY 2015 – 31 DECEMBER 2024
25	10.4	5.9	5.3
45	10.4	5.9	5.0
55	8.7	4.3	n/a

Below are the annualised net investment returns to 31 December 2024 for all funds where no lifestyling takes place:

FUND	1 YEAR (%) 1 JANUARY 2024 – 31 DECEMBER 2024	5 YEARS (% P.A.) 1 JANUARY 2020 – 31 DECEMBER 2024	10 YEARS (% P.A.) 1 JANUARY 2015 – 31 DECEMBER 2024
MS Active Absolute Return	-2.0	-0.4	0.1
MS Active Diversified Growth	10.4	5.9	5.3
MS Passive UK Equity	8.3	3.9	5.8
MS Passive Global Equity	17.0	9.0	8.8
MS (BG) Active Global Equity	27.7	15.3	18.1
MS Passive US Equity	27.6	15.5	15.3
MS Passive Europe (ex UK) Equity	1.5	6.5	8.2
MS Passive Japan Equity	8.0	5.6	8.7
MS Passive Pacific Rim (ex Japan) Equity	-3.3	3.0	6.1
MS Active Emerging Markets Equity	4.6	-1.1	2.0
MS Passive Gilt	-3.9	-4.7	0.3
MS Passive Index-Linked Gilt	-10.3	-8.1	-1.1
MS Active UK Corporate Bond	2.6	-0.3	2.4
MS Cash	5.1	2.2	1.3
MS (MSIM) Active Global Equity	10.6	8.8	12.3
MS Active Emerging Markets Debt	1.0	0.6	2.9
MS Active Diversified Retirement	5.4	2.6	n/a
MS Active UK Property	5.0	2.5	n/a
MS Active Multi-Asset Credit	4.8	0.7	n/a
MS Passive Emerging Markets Equity	11.7	2.5	n/a
MS Passive Global Small Cap Equity	8.5	7.3	n/a
MS Active Global Corporate Bond	1.6	-0.7	n/a

FUND	1 YEAR (%) 1 JANUARY 2024 – 31 DECEMBER 2024	5 YEARS (% P.A.) 1 JANUARY 2020 – 31 DECEMBER 2024	10 YEARS (% P.A.) 1 JANUARY 2015 – 31 DECEMBER 2024
MS Active Sustainable Equity Fund	10.9	7.8	n/a
MS Pre-Annuity	-3.6	n/a	n/a
MS Passive Islamic Global Equity	29.4	n/a	n/a
MS Passive Global Government Bond	n/a	n/a	n/a

Below are the annualised net investment returns to 31 December 2024 for the legacy AVC Funds, where no lifestyling takes place:

FUND	1 YEAR (%) 1 JANUARY 2024 – 31 DECEMBER 2024	5 YEARS (% P.A.) 1 JANUARY 2020 – 31 DECEMBER 2024	10 YEARS (% P.A.) 1 JANUARY 2015 – 31 DECEMBER 2024
Standard Life European Equity Pension Fund	1.2	6.0	7.1
Standard Life Far East Equity Pension Fund	8.5	3.7	6.7
Standard Life FTSE Tracker Pension Fund	8.3	3.8	5.1
Standard Life International Equity Pension Fund	15.0	8.7	9.1
Standard Life Managed Pension Fund	8.4	4.0	5.2
Standard Life Mixed Bond Pension Fund	-1.8	-3.4	0.0
Standard Life Multi Asset Managed (20-60% Shares) Pension	5.0	1.5	3.3
Standard Life North American Equity Pension Fund	26.5	14.2	13.5
Standard Life Property Pension Fund	3.6	1.4	2.2
Standard Life Stock Exchange Pension Fund	11.8	6.6	7.3
Standard Life UK Equity Pension Fund	7.6	2.8	4.1
Standard Life Smaller Companies Pension Fund	6.7	n/a	n/a
Standard Life At Retirement (Multi Asset Universal) Pension Fund	5.6	1.9	2.8
Standard Life Money Market Pension Fund	4.2	1.4	0.6
Standard Life Cash Pension Fund	4.3	1.8	0.9
Standard Life Pension Inflation Plus Fund	*	*	*
Standard Life Pension Millennium With Profits Fund	*	*	*
Standard Life Pension With Profits Fund	*	*	*

* Performance information is not available for With Profits funds. Members receive annual bonuses, which do not reflect the underlying fund's investment performance due to smoothing (keeping some of the return back in good years to support bonus rates in years where the investment return has been lower). The timing of the annual bonus varies. The amount a member will receive will depend on when they take their benefit and any terminal bonus payable at the time. The level of terminal bonus is dependent on a number of factors and typically is only guaranteed at the normal retirement age under the policy, or death. The Trustee will consider how best to improve reporting for net performance for With Profits Funds in the future in light of any updated statutory guidance.

NOTES:

- Returns are calculated as the annual geometric mean
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath and a retirement age of 65
- Funds that were launched after 1 January 2024, 2020 or 2015, do not have 1, 5 or 10 year performance, respectively, and have been denoted as 'n/a'.

Asset Allocation Disclosure

Asset allocation disclosure

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (“the 2023 Regulations”) introduced new requirements for trustees and managers of certain occupational pension schemes.

The below table sets out the asset allocation of the default across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure
- Property
- Private Debt
- Other (any assets which do not fall into the above)

Within the below table, the Trustee has provided a further breakdown within some of these broader categories.

ASSET CLASS	STRATEGIC ASSET ALLOCATION (%)			
	25 YEAR OLD	45 YEAR OLD	55 YEAR OLD	1 DAY PRIOR TO RETIREMENT
Cash	0.7	0.7	1.3	25.6
Bonds	9.4	9.4	21.1	33.1
<i>Fixed Interest Government bonds</i>	0.8	0.8	3.8	7.4
<i>Index-linked government bonds</i>	0.0	0.0	3.0	6.6
<i>Investment grade bonds</i>	2.2	2.2	7.8	14.1
<i>Non-investment grade bonds</i>	3.5	3.5	3.5	2.8
<i>Securitised credit</i>	3.0	3.0	3.0	2.3
Listed equities	60.0	60.0	51.2	26.3
<i>UK equities</i>	1.9	1.9	1.6	0.8
<i>Developed Market equities</i>	48.6	48.6	41.5	21.3
<i>Emerging markets</i>	9.5	9.5	8.1	4.2
Private equities	0.0	0.0	0.0	0.0
<i>Venture capital</i>	0.0	0.0	0.0	0.0
<i>Growth equity</i>	0.0	0.0	0.0	0.0
<i>Buyout/Leveraged funds</i>	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property	7.2	7.2	6.0	2.7
Private debt	0.0	0.0	0.0	0.0
Other	22.7*	22.7*	20.4*	12.3*
Total	100.0	100.0	100.0	100.0

Note:

- Totals may not sum to 100% due to rounding
- Allocations are based on strategic asset allocation of underlying funds in the default strategy as at 31 December 2024.
- * ‘Other’ includes commodities, derivatives, futures, and other non-standard asset classes. The default option invests in funds with liquid alternative strategies and therefore has a higher allocation to ‘Other’.

Trustee Knowledge and Understanding

Training

In accordance with sections 247 and 248 of the Pensions Act 2004, and in line with the General Code, the Trustee is required to maintain an appropriate level of knowledge and understanding which, together with professional advice, enables them to properly exercise their duties. Trustee training is of high importance to the good management of the Plan. The Trustee Board are required to have the necessary knowledge and understanding of:

- the Trust Deed and Rules of the Plan;
- the Statement of Investment Principles;
- all documents setting out the Trustee's current policies;
- the law relating to pensions and trusts;
- the principles relating to the funding and investment of occupational pension schemes; and
- the identification, assessment and management of risks and opportunities relating to the Plan from the effects of climate change, including risks and opportunities arising from steps taken because of climate change.

The Trustee has demonstrated that they, both individually and collectively, have the necessary knowledge and understanding of the above matters to enable them to properly exercise their functions as Trustee. Over the year, the Trustee Board has undertaken the following actions to maintain and improve their knowledge and understanding:

- The Trustee has access to the Trust Deed and Rules, SIP, current policies and all other relevant plan documents through an online directory.
- The Trustee was supported by professional advisers, who attended Trustee Board and Committee meetings and provided advice and support. The Trustee received advice from its professional advisers, in particular its legal adviser, prior to key decisions being taken, to ensure decisions were made in line with the Plan Rules and applicable legislation.
- The Trustee Directors are required to complete The Pensions Regulator's 'Trustee toolkit' training, which ensures the Trustee has an understanding of legal and regulatory matters relating to pensions and trusts. New Trustee Directors must complete this upon joining the Board.
- The Risk Register is reviewed and updated quarterly. This demonstrates that the Trustee has the required knowledge of the Pensions Regulator's DC Code and holds relevant

knowledge on DC specific internal controls and the regulatory requirements; and

- The Trustee refers to the Trust Deed and Rules, where relevant, on deciding individual member cases.

In order to maintain this level of knowledge, the Trustee maintains a training log recording all training activities, and this is reviewed throughout the year to determine any specific needs or gaps in knowledge. The Trustee also continues to receive ongoing training from advisers on industry trends, changes in legislation and relevant developments for the running of the Plan.

During the Plan year to 31 December 2024, the Trustee Directors have demonstrated their continuous commitment to learning by undertaking training at investment committee or Trustee meetings:

- A number of the Trustee Board attended formal training, conducted by The Pensions Regulator (TPR) on their General Code of Practice
- Trustee Director F. O'Sullivan attended an Emerging Markets Opportunities training, outside of formal Trustee meetings, led by Artemis Fund Managers
- Trustee Director N. Spiller completed The Pensions Regulator's 'Trustee toolkit' training, ensuring an understanding of legal and regulatory matters relating to pensions and trusts
- Trustee Director K. Inamdar attended Aon's Wealth Insights Series, outside of formal Trustee meetings, exploring challenges impacting investors and investment decisions and how the investment community can respond to mitigate risks and seize new investment opportunities
- A number of the Trustee Board attended a training session with the new investment advisors, covering investment themes, where to focus attention in performance reporting and latest trends in investment ideas for pension plans
- A number of the Trustee Board, as part of the ESG working group, attended a session with the new investment advisors refreshing their knowledge on the TCFC report and the requirements within it.

Outside of the regular training the Trustee Board undertake throughout the year, new Trustee Directors receive detailed training from the Plan's advisors covering legal, actuarial and investment themes. These are very specific to the Plan and the skillset of the Trustee to cover gaps in knowledge. During the Plan Year, the Trustee has met the requirements of sections 247 and 248 of the 2004

Act (requirements for knowledge and understanding) and will be continuing to ensure they receive ongoing training and development opportunities. The Trustee considers that the combined knowledge and understanding of its Trustee Directors, along with the advice it receives from its advisers, allows it to properly exercise its functions.

The list outlined above is not a conclusive list of all training undertaken throughout the year. It is to provide an overview of the scope and range of training completed across the Trustee Board.

UTILISING ADVISORS

The Trustee believes that the best run Plans utilise the combined skill and knowledge of both the Trustee and their professional advisers. The relevant skills and experience of those advisers are key criteria when evaluating advisor performance and selecting new advisers.

During the Plan year, new advisers were appointed for both legal and investment advisory services. The Trustee undertook a rigorous selection process, with formal RFI, interviews and procurement-led processes to select the new advisers. Following this process, Eversheds Sutherland was appointed to be the Trustee's legal advisers and Isio appointed to be the Trustee's investment adviser. The Trustee will continue to monitor the competence of all advisers on a regular basis.

Additionally, the following measures have applied during the period:

- The Trustee's professional advisers attend formal Board and Committee meetings;
- The Trustee Board contains Trustee Directors with wide ranging skills and experience, including pension experience; and
- The Trustee receives briefings from their advisers on all legislative and regulatory developments regularly and at least on a quarterly basis.

ASSESSING EFFECTIVENESS

The Trustee understands that knowledge and professional advice need to be used effectively in order for the Trustee to act properly. The Pensions Regulator's General Code came into force on 28 March 2024 and sets out the standards and conduct expected of the trustees of a well-run pension scheme. During the year the Trustee, with support from their legal advisers, undertook a gap analysis of the Plan's existing policies and procedures against the requirements of the General Code and prepared new and updated policies and procedures as appropriate to the Plan. These were adopted at the Trustee Board meeting on 12 December 2024 and incorporated as part of the Trustee's Effective System of Governance ("ESOG").

The Trustee will be required to prepare its first Own Risk Assessment by 30 December 2025 which will comment on the extent to which the ESOG has enabled the Trustee to manage risk effectively during the current Plan Year.

Chair's Declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2025 (together 'the Regulations') and I confirm that the above Statement has been produced by the Trustee to the best of my knowledge.

Signed: Alanna Lee

Position: **Chair of the Trustee**

Appendix 1 – Member illustrations

Background

The next few pages contain illustrations about the cumulative effect of costs and charges on member savings within the selected investment funds over a period of time. The illustrations have been prepared having regard to statutory guidance and have all been prepared in line with AS TM1 guidance.

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained in the Notes section below the illustrations.

From October 2023, the Trustees are required to calculate the highest and lowest expected returning funds based on Statutory Money Purchase Illustrations (SMPI) growth rates, which is determined by the volatility of the fund over the last five years. As a result, funds that are traditionally lower-risk but have experienced high levels of volatility in the last five years, such as the Passive Index Linked Gilt Pension Fund, are assumed to be the highest expected returning fund over the members life.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year.

KEY POINTS TO NOTE

The tables below illustrate the potential impact that costs and charges might have on different investment options provided by the Plan. Not all investment options are shown - the Trustee has chosen illustrations which it believes will provide an appropriate representative sample of the different investment choices that members can make.

In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest in funds at no cost. However, there will always be some cost to investing. This is because the organisations which manage the funds charge fees for their services, and because buying and selling the stocks and shares which drive the funds' performance also has a cost. The "After all costs and charges deducted" column reflects the performance of the funds after these costs have been deducted.

In the illustrations, we have shown the projections for the following:

1. The default lifestyle strategy – the most used strategy
2. The fund with the highest charges (MS Active Absolute Return)
3. The fund with the lowest charges (MS Passive Pacific Rim (ex Japan) Equity)
4. The fund with the lowest expected return (MS Cash)
5. The fund with the highest expected return (MS Passive Pacific Rim (ex Japan) Equity)

The illustrations have been prepared for a range of different member 'personas' to represent different individuals across the Plan.

Member A – Youngest Active Member

The table sets out how the pension pot of a member currently aged 18 (youngest age) will increase over time, up to age 65 in today's money for each of the stated funds, with and without the impact of charges. We assume member A has a starting pot size of £3,000, starting salary of £66,000 and contributes 3.7% of their salary to their pension. Please see the Notes below for more details and the assumptions used.

		DEFAULT LIFESTYLE		MS ACTIVE ABSOLUTE RETURN HIGHEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY LOWEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY HIGHEST EXPECTED RETURN		MS CASH LOWEST EXPECTED RETURN	
Years from 31/12/24	Age	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	19	5,589	5,566	5,505	5,443	5,631	5,628	5,631	5,628	5,421	5,414
3	21	11,043	10,927	10,629	10,332	11,255	11,236	11,255	11,236	10,226	10,196
5	23	16,885	16,608	15,908	15,225	17,395	17,350	17,395	17,350	14,984	14,914
10	28	33,377	32,341	29,813	27,469	35,334	35,158	35,334	35,158	26,671	26,443
15	33	52,964	50,530	44,793	39,733	57,690	57,256	57,690	57,256	38,069	37,600
20	38	76,226	71,559	60,930	52,017	85,549	84,680	85,549	84,680	49,185	48,395
25	43	103,855	95,871	78,315	64,321	120,266	118,711	120,266	118,711	60,026	58,841
30	48	136,670	123,979	97,044	76,644	163,530	160,943	163,530	160,943	70,599	68,950
35	53	174,122	155,169	117,219	88,987	217,445	213,350	217,445	213,350	80,910	78,731
40	58	211,067	184,975	138,954	101,350	284,633	278,385	284,633	278,385	90,965	88,196
45	63	242,546	209,583	162,369	113,733	368,362	359,092	368,362	359,092	100,772	97,355
47	65	252,797	217,384	172,234	118,692	407,365	396,579	407,365	396,579	104,626	100,935

Member B – Average Active Member

The table sets out how the pension pot of a member currently aged 43 (median age) will increase over time, up to age 65 in today's money for each of the stated funds, with and without the impact of charges. We assume member B has a starting pot size of £21,000, starting salary of £115,000 and contributes 12.5% of their salary to their pension. Please see the Notes below for more details and the assumptions used.

		DEFAULT LIFESTYLE		MS ACTIVE ABSOLUTE RETURN HIGHEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY LOWEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY HIGHEST EXPECTED RETURN		MS CASH LOWEST EXPECTED RETURN	
Years from 31/12/24	Age	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	44	36,359	36,203	35,797	35,384	36,640	36,615	36,640	36,615	35,234	35,190
3	46	68,710	67,966	66,061	64,166	70,063	69,943	70,063	69,943	63,489	63,292
5	48	103,364	101,626	97,240	92,967	106,561	106,277	106,561	106,277	91,462	91,027
10	53	199,580	193,341	179,373	165,049	213,186	212,102	213,186	212,102	160,180	158,789
15	58	303,494	289,999	267,852	237,248	346,060	343,427	346,060	343,427	227,197	224,359
20	63	405,258	382,832	363,170	309,563	511,645	506,395	511,645	506,395	292,555	287,809
22	65	443,191	417,037	403,329	338,522	588,780	582,093	588,780	582,093	318,243	312,611

Member C – Average Deferred Member

The table sets out how the pension pot of a member currently aged 48 (median age) will increase over time, up to age 65 in today's money for each of the stated funds, with and without the impact of charges. We assume member C has a starting pot size of £34,000, starting salary of £0 and no contributions given deferred status. Please see the Notes below for more details and the assumptions used.

Years from 31/12/24	Age	DEFAULT LIFESTYLE		MS ACTIVE ABSOLUTE RETURN HIGHEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY LOWEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY HIGHEST EXPECTED RETURN		MS CASH LOWEST EXPECTED RETURN	
		Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	49	35,190	35,001	34,510	34,011	35,530	35,500	35,530	35,500	33,830	33,777
3	51	37,625	37,024	35,553	34,033	38,800	38,702	38,800	38,702	33,493	33,336
5	53	40,025	38,973	36,628	34,055	42,370	42,193	42,370	42,193	33,158	32,900
10	58	45,532	43,238	39,458	34,110	52,801	52,359	52,801	52,359	32,338	31,836
15	63	49,583	46,054	42,508	34,165	65,800	64,976	65,800	64,976	31,537	30,807
17	65	50,670	46,688	43,793	34,187	71,855	70,836	71,855	70,836	31,223	30,404

Notes on member illustrations:

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Retirement is assumed to be at age 65.
- The starting pot sizes are assumed to be: £3,000 for member A, £21,000 for member B, £34,000 for member C
- Inflation is assumed to be 2.5% each year.
- Gross contributions:
 - for Member A, aged 18 are assumed to be £2,440 each year, this is based on a salary of £66,000 and total contributions of 3.7%.
 - for Member B, aged 43 are assumed to be £14,375 each year, this is based on a salary of £115,000 and total contributions of 12.5%.
 - for Member C, are assumed to be £0 given the deferred status of this member.
- Salary is assumed to increase each year in line with inflation at 2.5% per year.
- Contributions are assumed from the start of the projection to retirement and are assumed to increase in line with salary increase (the % contribution will remain the same).
- Values shown are estimates and are not guaranteed.
- The projected growth rates (gross of fees) for each fund are shown below. These are consistent with the rates used in the Statutory Money Purchase Illustration (SMPI) Assumptions when preparing annual benefit statements and therefore aligned with AS TM1. Default strategy growth rates at various periods to retirement are shown below. The projected growth rate which would apply at points in time between these are the weighted average of the underlying funds held by the member:

FUND	GROSS SMPI ASSUMPTIONS (% P.A.)
Default - 15 years from retirement	5.97
Default - 10 years from retirement	5.30
Default - 5 years from retirement	4.40
Default - 0 years from retirement	3.50
Highest charging	4.00
Lowest charging	7.00
Highest expected return	7.00
Lowest expected return	2.00

10. The charges assumed for each fund are the current charges as shown in the charges and transaction costs section of the Chair's Statement.

Member projection – Additional voluntary contributions

Years from 31/12/24	STANDARD LIFE PROPERTY PENSION FUND HIGHEST CHARGING FUND		STANDARD LIFE UK SMALLER COMPANIES PENSION FUND LOWEST CHARGING FUND		STANDARD LIFE UK SMALLER COMPANIES PENSION FUND HIGHEST EXPECTED RETURN		STANDARD LIFE CASH PENSION FUND LOWEST EXPECTED RETURN		
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)	
1	68,264	67,453	70,282	69,819	70,282	69,819	66,919	66,209	33,777
2	69,288	67,651	73,445	72,481	73,445	72,481	66,585	65,179	33,336
3	70,328	67,849	76,750	75,244	76,750	75,244	66,252	64,165	32,900
4	71,382	68,048	80,203	78,112	80,203	78,112	65,920	63,166	31,836

Notes on member illustrations

1. The illustrations show how the pots grow for a 61-year-old-member. The projections are to age 65.
2. The starting pot size for the member is assumed to be £67,255.43.
3. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
4. Inflation is assumed to be 2.5% each year.
5. The member is assumed to be making no further contributions to the Plan
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates (gross of fees) for each fund are shown below and are aligned with AS TM1.

FUND	GROSS SMPI ASSUMPTIONS (% P.A.)
Highest charging	4.00
Lowest charging	7.00
Highest expected return	7.00
Lowest expected return	2.00

Statement of Investment Principles

Morgan Stanley UK Group Top-Up Pension Plan

1. Introduction

- 1.1. The Trustee of the Morgan Stanley UK Group Top-Up Pension Plan (the “Plan”) has drawn this Statement of Investment Principles (the “Statement”) to comply with the requirements of the following legislation:
 - The Pensions Act 1995, as amended by the Pensions Act 2004 (the “Pensions Act”),
 - The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and
 - Subsequent legislation.
- 1.2. As required by legislation, the Trustee has consulted a suitably qualified person and has obtained written advice from its investment consultant, Mercer Limited (“Mercer”, the “Investment Consultant”). The Trustee believes the investment consultant meets the requirement of Section 35(5) of the Pensions Act 1995. The Trustee in preparing this Statement has also consulted the sponsoring employer (the “Company”).
- 1.3. The Plan is principally a vehicle for the investment of Additional Voluntary Contributions and Bonus Waivers.
- 1.4. The Trustee’s investment responsibilities are governed by the Plan’s Trust Deed, and this Statement takes full regard of those provisions. A copy of the Plan’s Trust Deed is available for inspection upon request.

2. Governance Structure

- 2.1. Overall investment policy falls into two parts. The strategic management of members’ assets is fundamentally the responsibility of the Trustee acting on advice from its investment consultant, Mercer, and is driven by its investment objectives as set out in Sections 4 and 5 below.
- 2.2. The remaining elements of policy relate to the day-to-day management of the assets by professional investment managers and is described in the Investment Policy Implementation Document (the “IPID”).
- 2.3. In order to assist with the discussion of investment matters, the Trustee has established an Investment Committee, members of which are a sub-set of the Trustee board. This Investment Committee has been created in order to ensure that investment matters receive a sufficient degree of attention. A number of powers relating to investments have been delegated to the Investment Committee and these powers are set out in formal Terms of Reference. At each Trustee meeting, the Investment Committee is required to formally report to the Trustee any decisions taken, or any proposals that it is recommending to the Trustee.
- 2.4. In accordance with the Financial Services and Markets Act 2004, the Trustee will set general investment policy, but responsibility for selection of specific investments is held by the Plan’s investment managers. This may include the use of pooled funds managed by an insurance company or companies. Under Section 36 of the Pensions Act, such investments are termed direct investments and are classed as retained investments. It is therefore the policy of the Trustee to obtain

appropriate advice regarding the suitability of such investments on a regular basis. The investment managers shall be authorised under the Financial Services Act and shall provide the skill and expertise necessary to manage the investments of the Plan competently.

- 2.5. The Trustee is committed to maintaining the accuracy of this Statement on an ongoing basis.

3. Responsible Investment and Corporate Governance

3.1. Environmental, Social, and Corporate Governance (“ESG”), Stewardship, and Climate Change

- 3.1.1. The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.
- 3.1.2. The Trustee expects the underlying managers to evaluate ESG factors (including climate change considerations, voting rights and stewardship obligations attached to investments) in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.
- 3.1.3. The Trustee has determined the following key themes as the basis for the Plans “most significant votes” in respect of the investment manager engagement activities:
- **Environment** – Climate change: low-carbon transition and physical damages resilience.
 - **Environment** – Pollution and natural resource degradation: air, water and land (forests, soils and biodiversity).
 - **Social** – Human rights: Modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones.
 - **Governance** – Diversity, Equity and Inclusion: inclusive & diverse decision-making; Pay and Executive Remuneration; company Board composition.

- 3.1.4. The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis and is documented at least annually.

- 3.1.5. These policies apply across the range of investment options made available to members including the default investment arrangement (i.e. the Diversified Default Option) and the self-select investment fund range.

3.2. Member views

- 3.2.1. Member views have not explicitly been taken into account in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustee. A specialist impact investment fund has been added to the fund range to cater for members who wish to invest their assets accordingly.

3.3. Investment Restrictions

- 3.3.1. The Trustee recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds. It is noted that this is particularly true given that it is Scottish Widows Limited, the Plan’s investment platform provider, that has the direct relationship with the third parties (and not the Trustee) offering the funds.

3.4. Implementation and Engagement Policy

- 3.4.1. The below table sets out the Trustee’s approach to implementation and engagement. The list below is not exhaustive, but covers the main areas considered by the Trustee.

POLICY STATEMENT

How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees' policies.

How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies.

How the trustees monitor portfolio turnover costs incurred by the asset manager.

How the trustees define and monitor targeted portfolio turnover or turnover range.

How the trustees define and monitor the duration of the arrangement with the asset manager.

THE TRUSTEE'S POSITION

The underlying investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.

The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, it will look to replace the manager.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

The Trustee aims to meet with 1-2 of the underlying investment managers at each quarterly investment committee meeting and challenges decisions made including voting history and engagement activity, to try to ensure the best performance over the medium to long term.

The Trustee considers the investment consultant's assessment of how each underlying investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the underlying investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.

In addition, on an annual basis, it is the Trustee's policy to review the ESG policies of each of the underlying managers along with their voting and engagement records.

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over three months, one year, three years, five years, and since inception. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) net of fees. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account.

If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager and change managers where required.

The Trustee considers portfolio turnover costs as part of the annual value for money assessment.

As the Plan invests through pooled funds, the Trustee is unable to define target portfolio turnover ranges for funds. However, they will engage with an underlying manager if portfolio turnover is higher than expected.

All the funds are open-ended. The funds have no set end date for the arrangement; however, duration is considered as part of regular reviews. The Fund Range and Default Strategy are reviewed on at least a triennial basis. An underlying manager's appointment may be terminated if it is no longer considered to be optimal or no longer has a place in the default strategy or general fund range.

4. Overall Policy

4.1. Investment Objectives

4.1.1. The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. It also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances and expected investment time horizon. The Trustee regards its duty to be to make available a range of investment options sufficient to enable members to tailor, to their own needs, their investment strategy.

4.1.2. The Trustee also recognises that members may not believe themselves qualified to make investment decisions. As such, the Trustee makes available the Diversified Default Option. The Diversified Default Option places the emphasis on producing a reasonable level of real return over members' working lifetimes, but with lower volatility than that offered by a pure equity strategy as a result of the more diversified range of assets that the Diversified Default Option invests in. It also encompasses a switch into asset classes, which are designed to reduce investment risk in the years approaching retirement.

4.1.3. The following encapsulates the Trustee's objectives:

- To make available a range of investment vehicles which serve to adequately meet the varying investment needs and risk tolerances of Plan members.
- To have the assets managed by investment managers believed to be of high quality, i.e. where there is a suitable level of confidence that the manager/s will achieve their performance objectives.
- To provide a means by which active management can be offered with the flexibility for the Trustee to change managers proactively.
- To monitor the underlying fund range on an ongoing basis and assess whether the Plan's investment options are meeting their objectives.
- To achieve competitive investment management and investment advisor fees.
- To provide a Plan framework which allows the most efficient fund switching possible in order to reduce members' out-of-market risk.

4.1.4. The Trustee regularly reviews the suitability of the options provided and from time to time will change or introduce additional investment options as appropriate.

4.1.5. The investment objectives and expected returns of the individual funds are provided in the IPID.

4.2. Risk

4.2.1. The Trustee has considered risk from a number of perspectives in relation to the Plan, including the Diversified Default Option. The list below is not exhaustive, but covers the main risks considered by the Trustee to be financially material.

RISK	HOW IT IS MANAGED	HOW IT IS MEASURED
<p>Market Risk The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure an inadequate pension.</p>	<p>The Trustee provides members with a range of funds, across various asset classes, including actively and passively managed options. Members are able to set their own investment strategy in line with their aims and risk tolerances.</p>	<p>The performance of the available funds is monitored on a quarterly basis.</p>
<p>Interest Rate Risk The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the pension that the member's retirement account can secure.</p>	<p>The Trustee provides members with a range of funds, across various asset classes, which will have varying sensitivities to interest rate risk.</p>	<p>The performance of investment funds and market fundamentals, including interest rates, are monitored on a quarterly basis. Together this helps the Trustee understand the effect that changes in interest rates are having on the funds.</p>
<p>Inflation Risk The risk that investments do not keep pace with inflation.</p>	<p>The Trustee provides members with a range of funds, across various asset classes, which have varying exposure to inflation risk. These include inflation index linked funds, as well as equities which are generally viewed to have inflation hedging properties.</p>	<p>Quarterly performance reports consider the long-term performance of the funds to help the Trustee assess whether the returns have kept pace with inflation.</p>
<p>Manager Risk The risk that the chosen underlying investment manager underperforms the benchmark against which the manager is assessed.</p>	<p>In particular, the Trustee has considered the risk that active managers may underperform, whereas passive managers are likely to achieve a return close to any chosen benchmark. The Trustee believes active management skills exist and can be identified but not with complete certainty. As such the Trustee makes available to members both actively managed and passively managed funds.</p>	<p>The Trustee considers the ratings of investment strategies from their Investment Consultant during the selection process. It is the Trustee's policy to monitor performance and rating of funds on an ongoing basis relative to the fund's benchmark and stated targets/objective.</p>
<p>Mismatch Risk The risk that the financial assets a member is invested in as they approach retirement are not suited to the way they will access their retirement benefit.</p>	<p>The Trustee has made a range of funds available to members including share, cash, and bond funds that can be selected by members as they approach retirement. The Diversified Default Option follows a lifestyle strategy which progressively switches to assets the Trustee expects will be less volatile to reduce mismatch risk for members targeting income drawdown.</p>	<p>It is the Trustee's policy to monitor performance and rating of funds on an ongoing basis and identify how the characteristics of certain funds are suitable for different at-retirement options.</p>
<p>Liquidity Risk The risk that assets may not be readily marketable when required.</p>	<p>The pooled funds in which the Trustee allows members to invest provide the required level of liquidity. Units in the pooled funds in which the Plan invests are believed to be readily redeemable.</p>	<p>When considering new investment options or reviewing existing options, the Trustee considers the pricing and dealing terms of the underlying funds.</p>
<p>Concentration Risk The risk that a portfolio has an over-allocation to a single asset class, sector, country, or counterparty, thereby having a high exposure to non-systemic risk factors.</p>	<p>The Trustee has made a range of funds available to members, so that they can choose to invest in a well-diversified portfolio. The range of funds enables diversification by asset class (e.g. equity, bonds, cash), by region and includes both passively and actively managed funds, which can help achieve diversification.</p>	<p>It is the Trustee's policy to monitor performance and rating of funds on an ongoing basis. The Trustee also periodically reviews the default investment option and self-select range, and as part of this considers the correlations or similarities between the available funds.</p>
<p>Sponsor Risk The risk that the sponsoring company of the plan will cease financial sponsorship.</p>	<p>The Trustee has considered the risk that the Company may be unwilling or unable to continue to contribute to the Plan in the future.</p>	<p>The Trustee has concluded that this risk is acceptable and that no further action is necessary to mitigate this risk at the current time. The Trustee will review this position in the event of any material changes in the sponsor's circumstances.</p>
<p>Exchange Rate Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.</p>	<p>The Trustee has made available a global equity fund that hedges 95% of its developed market currency exposure in order to manage the exchange rate risk associated with overseas investment. The allocations to global small cap equities and emerging market equities are unhedged. This fund is utilised as part of the Active Diversified Growth Fund and Active Diversified Retirement Fund, within the Diversified Default Option.</p>	<p>Monitoring the performance of investment funds on a quarterly basis, including quarterly market reviews considering the movements in foreign currencies relative to pound sterling.</p>
<p>Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Plan, e.g. extreme weather events, poor governance.</p>	<p>The Trustee's policy on ESG risks is set out in Section 3 of this Statement.</p>	<p>As set out in Section 3, monitoring is undertaken on a regular basis and is documented at least annually.</p>

4.2.2. The Trustee regularly monitors these risks and the appropriateness of the investments in light of the risks described above.

4.3. Diversified Default Option

4.3.1. The Diversified Default Option is the default investment option for the Plan. It is a form of lifestyle strategy. Lifestyle strategies are designed to meet the objectives of maximising the value of the member's assets at retirement and protecting the member's accumulated assets in the years approaching retirement.

4.3.2. Typically, a proportion of members will actively choose this option because they feel it is most appropriate for them. However, the vast majority of members do not make an active investment decision and are therefore invested in the Diversified Default Option by default.

4.3.3. The aims of the Diversified Default Option and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- **To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.**

The Diversified Default Option's growth phase invests in equities and other growth-seeking assets by investing in the blended Active Diversified Growth Fund, the holdings of which are set out in the Plan's IPID. These investments are expected to

provide equity-like growth over the long term and some protection against inflation erosion. The diversification provided by the component funds is expected to provide some downside protection from equity market falls.

- **To provide a strategy that reduces investment risk for members as they approach retirement.**

As a member's pot matures, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. In view of the above, the Trustee considers the level of risk within the Diversified Default Option in the context of the variability of returns as members approach retirement.

These aims are achieved via automated lifestyle switches over a fifteen-year period prior to age 65. Under this approach, contributions are invested in the Active Diversified Growth Fund until a member reaches the age of 50. From this age onwards, each quarter, a proportion of each member's accumulated growth assets are switched into the Active Diversified Retirement Fund and then the Cash Fund from age 55, linearly, in the manner described by the following table.

YEARS TO AGE 65

	ABOVE 15	15	14	13	12	11	10	9	8
Active Diversified Growth Fund	100.0%	98.4%	91.8%	85.3%	78.7%	72.1%	65.6%	59.0%	52.5%
Active Diversified Retirement Fund	0.0%	1.6%	8.2%	14.8%	21.3%	27.9%	33.8%	37.9%	42.1%
Cash Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	3.1%	5.5%

YEARS TO AGE 65

	7	6	5	4	3	2	1	0
Active Diversified Growth Fund	45.9%	39.3%	32.8%	26.2%	19.7%	13.1%	6.6%	0%
Active Diversified Retirement Fund	46.2%	50.3%	54.4%	58.5%	62.7%	66.8%	70.9%	75%
Cash Fund	7.9%	10.4%	12.8%	15.2%	17.7%	20.1%	22.6%	25%

- **To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to use their savings in the Plan as allowed under the freedom and choice legislation.**

At retirement, 75% of the member's assets will be invested in the Active Diversified Retirement Fund and 25% in the Cash Fund. If a member continues in the Plan past age 65, without converting their accumulated assets into a retirement benefit or leaving the Plan, then the allocation will periodically be re-balanced to the 75/25 split.

4.3.4. Brief descriptions of the objectives of each fund within the Diversified Default Option are given in the IPID.

4.3.5. The Trustee's policies in relation to the Diversified Default Option are detailed below:

- The Diversified Default Option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the Diversified Default Option, the Trustee has considered the trade-off between risk and expected returns.
- The Trustee monitors various aspects of the Diversified Default Option as part of their quarterly monitoring reports. This includes monitoring the performance of the investment funds that make up the Diversified Default Option against the managers' return targets and monitoring the historic variability of returns of the Active Diversified Growth Fund against the MSCI World Index.
- Assets in the Diversified Default Option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee has considered high level profiling analysis of the Plan's membership in order to inform decisions regarding the Diversified Default Option. Based on this understanding of the membership, and the availability of post-retirement solutions in the market at the time of the last review, a Diversified Default Option that targets drawdown at retirement is currently considered appropriate.
- Members are supported by clear communications regarding the aims of the Diversified Default Option and the access to alternative investment approaches.

If members wish to, they can opt to choose their own investments from the range of self-select funds available. Moreover, members do not have to take their retirement benefits in line with those targeted by the Diversified Default Option; the target benefits are merely used to determine the investment strategy held pre-retirement.

- Assets in the Diversified Default Option are invested in daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers (the "Investment Managers"). The selection, retention and realisation of assets within the pooled funds are managed by the respective Investment Managers in line with the mandates of the funds. The funds are accessed via an investment platform and are held through a long-term insurance policy issued by Scottish Widows Limited ("Scottish Widows", the "Investment Platform").
- The Investment Managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental, or ethical considerations are taken into account in the selection, retention and realisation of investments. As outlined in Section 3, the Trustee expects the underlying managers to evaluate ESG factors, including climate change considerations, the exercise of voting rights and stewardship obligations attached to investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.
- The Trustee recognises that the Diversified Default Option is not a perfect match for any individual member's circumstances. In particular, this option provides little protection for the risk facing members who retire early or at short notice and who have either not yet reached the switching stage or are only partially through the switching process.
- Taking into account the demographics of the Plan's membership and the availability of post-retirement solutions in the market, the Trustee believes that the current Diversified Default Option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

- The expected and realised net return and risk characteristics of the funds underlying the Diversified Default Option are considered as part of the review process to ensure they are still consistent with the aims and objectives of the Diversified Default Option.

4.3.6. The Trustee's policy in relation to Illiquid Assets is detailed below:

- The Trustee considers illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Plans' default arrangement, the Diversified Default Option (DDO), includes a direct allocation to illiquid investments, a 7.50% allocation to the Threadneedle Property Fund within the Active Diversified Growth Fund and 3.75% allocation to the Threadneedle Property Fund in the Active Diversified Retirement Fund. Members gain exposure to the Threadneedle Property Fund throughout the period they are invested in the DDO. Currently, illiquid investments held within the DDO are limited to property investments, which are held on a pooled basis. The Plans could also have indirect exposure to illiquid assets through its investment in the Ruffer Diversified Return Fund, which is a multi-asset fund that had a minimal allocation to illiquid assets as of 30 September 2023, but can hold illiquid assets from time to time. It comprises 11.25% of the Active Diversified Growth Fund and 8.13% of the Active Diversified Retirement Fund. Like the Threadneedle Property Fund exposure, members gain exposure to the Ruffer Diversified Return Fund throughout the period they are invested in the DDO.
- The Trustee is comfortable directly and indirectly investing a modest proportion of members' assets in illiquid assets through the Active Diversified Growth Fund and the Active Diversified Retirement Fund. This is in order to capture the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these benefits are recognised by the Trustee, it is also aware of the risks to members. Given the potential for valuations of illiquid assets to be uncertain at a given time and concerns over liquidity management (which has resulted in the Threadneedle Property Fund being gated

from time to time), the Trustee maintains the direct investment into illiquid assets at a relatively modest proportion of total assets. Given these liquidity management concerns but balancing this against the expected future cashflow into the Plans, the DDO reduces a member's exposure to illiquid investments as they near retirement.

- In selecting investments for the DDO, the Trustee uses qualitative considerations and quantitative analysis/modelling to consider the combined effects of strategic allocations. For any further illiquid allocation in future, the Trustee will carefully consider whether the investment provides value for members taking account of the potential for returns and associated risks. It is the Trustee's policy to review the allocation of the DDO on at least a triennial basis. Such reviews will include whether the level of illiquid asset investments continues to be appropriate. This policy reflects the current position of the Plans. The Trustee is actively researching and considering whether further illiquid investments would enhance members' returns and will update the DDO if it believes it is in members' best interests to do so.

4.4. Additional Range of Funds

- 4.4.1. In addition, a range of self-select funds is offered to members.
- 4.4.2. The Trustee believes that the risks identified in Section 4.2 and objectives in Section 4.1 are best met by offering members a range of investment funds from which to choose. Full details of the funds currently available to members of the Plan can be found in the IPID.
- 4.4.3. A range of asset classes has been made available, including equities (regional, global, small cap, and sustainable), global bonds, UK bonds, UK property, diversified investments, and cash. A diversified growth fund and a diversified retirement fund, which are blended funds, are also available. It is the policy of the Trustee to offer both actively and passively managed funds depending on the asset class.
- 4.4.4. The Trustee offers specialist funds in the form of an Active Sustainable Equity Fund option and a Pre-Annuity Fund option for members. The Trustee is satisfied that this is consistent with its responsibilities to members.

5. Other Investment Aspects

5.1. Day-to-Day Management of the Assets

5.1.1. Additional Assets

- **Additional Voluntary Contributions (“AVC”)**

AVCs can be invested in any of the DC fund options described in Section 2 of the IPID.

There are also some additional assets in respect of AVCs held in With Profits and Unit-Linked funds with Standard Life. However, these options are only open to existing contributors to these funds.

- **Cash Balances**

The Trustee retains small working cash balances in a conglomerate bank account administered by Capita HR & Payroll Services.

- **Supplemental Fund**

As a result of money derived from surplus assets there is an amount held in a supplemental fund which is not associated with any individual member’s benefit. The Supplemental Fund assets are used to fund death benefits and meet employer contributions and augmentations.

5.2. Realisation of Investments

5.2.1. In general, the Plan’s investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

5.3. Monitoring the Investment Managers

5.3.1. The Trustee monitors the performance of the investments on a quarterly basis. Mercer is retained as the Investment Consultant to advise the Trustee on relevant investment issues.

5.3.2. The Trustee meets with the managers as and when necessary to discuss performance activity and other issues as required.

5.4. Investment Manager Fees

5.4.1. Details of the Investment Manager fees can be found in the IPID.

5.5. Investment Consulting Fees

5.5.1. Mercer’s investment consulting fees are either based on fixed quotes for particular projects or, more normally, are on a fixed cost basis. This approach has proved satisfactory in the past. In addition, a separate fee is charged for the Mercer Workplace Savings (“MWS”) service, which offers operational governance and investment services, and through which the Scottish Widows investment platform is accessed. The fee paid for the MWS services is partly charged to members as a basis point fee based on assets under management and is partly a fixed fee paid by the Company.

5.5.2. Mercer provides advice to the Trustee but does not have responsibility for decision making in any area. The role encompasses, but is not limited to, the following:

- Assistance in helping the Trustee to formulate investment objectives.
- Advice on investment strategy.
- Assistance in selecting and monitoring of investment managers.

6. Compliance with this Statement

6.1. The Trustee will monitor compliance with this Statement annually.

7. Review of this Statement

7.1. The Trustee will review this Statement in response to any material changes to any aspects of the Plan and the attitude to risk of the Trustee and the sponsoring Company which it judges to have a bearing on the stated Investment Policy.

7.2. This review will occur at least every three years and without delay after any significant change in investment policy. Any such review will again be based on written, expert investment advice and will be in consultation with the Company.