

Chair's DC Governance Statement, covering 1 January 2024 to 31 December 2024

1. Introduction

The Threadneedle Pension Plan (the 'Plan') is a Cash Balance Plan where the Retirement Lump Sum (which is used to purchase an annuity, provide a scheme pension or provide a lump sum) is a defined benefit, based upon pay and length of service (15% of Final Pensionable Salary for each year of Pensionable Service for Pre-1996 members and 13% of Final Pensionable Salary for each year of Pensionable Service for Post-1996 members, less a State Pension Adjustment for both sections). However, for some members, the Employer has provided an annual Additional Employer Contribution ("AEC") which is invested on a money purchase basis (these contributions ceased when the Plan closed to future accrual). When a member retires or transfers out, pension rights calculated on the defined benefit formula described above are added to the benefits available from the member's AEC and any additional voluntary contributions ("AVCs") the member may have paid. The Plan's money purchase funds were held in a policy provided by Prudential up to September 2024, at which point they were transferred to the Legal and General ("L&G") Master Trust.

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

- the design and oversight of the default investment option (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;

- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

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

- The Trustee regularly monitors the investment arrangements, and is satisfied that the default and other investment options were suitable for the membership.
- Prudential has processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and the Trustee was comfortable with the administrator's performance up to the point of transitioning the arrangements to L&G.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and the Trustee is comfortable that the fees over the period were reasonable given the circumstances of the Plan.
- During the period the Trustee moved the Plan's DC arrangements to L&G's Master Trust, which reflects more favourable terms for members, including lower charges.
- Please rest assured that the Trustee is looking after your best interests as members, and the Trustee undertakes training and receives advice as appropriate so that it has sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Plan is not used as a Qualifying Scheme for automatic enrolment purposes.

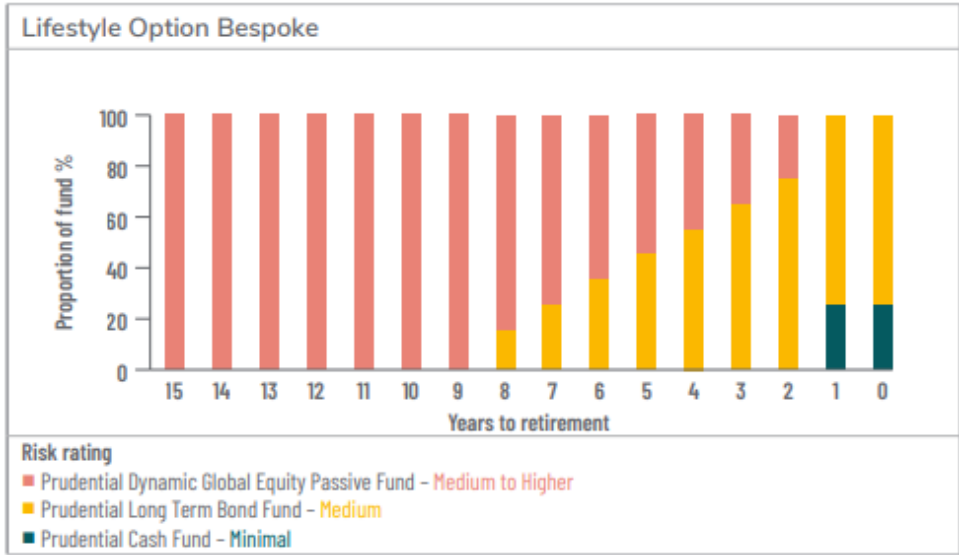
The Trustee has made available a range of investment options for members. Members who joined the Plan and who did not choose an investment option were placed into the Lifestyle Option Bespoke, (the "Default"). After taking advice, the Trustee decided to make the Default a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

The Trustee was responsible for investment governance up to the period when the DC assets were transferred to L&G, which includes setting and monitoring the investment strategy for the default arrangement.

Details of the objectives and the Trustee’s policies regarding the default arrangement are set out in a document called the ‘Statement of Investment Principles’ (“SIP”) for the period up to September when they transferred the arrangements to L&G. The Plan’s SIP covering the default arrangement is attached to this Statement. The key aims are set out below for ease of reference:

- The Default investment strategy is designed to be appropriate for a typical member with a predictable retirement date.
- The structure of the Default has been chosen with the aim of maximising expected long-term investment returns but to protect against changes in annuity prices as members near retirement.
- In designing the Default investment strategy, the Trustee has explicitly considered the expected risk and return characteristics of the funds used at different stages of the strategy.

The structure of the Default arrangement in place during the period to September 2024 is illustrated in the following chart:



The Trustee formally reviews the Default arrangement at least every three years, or immediately following any change in investment policy or the Plan’s member profile. The investment strategy review was carried out in November 2021, when the Trustee reviewed the performance and strategy of the funds available to members (including those in the Default) and the Trustee was satisfied that the arrangements were broadly appropriate. The Trustee carried out a further review of how members access their AVCs in May 2023 and agreed to move the Plan’s offering (including the Default) to a new Master Trust arrangement with Legal & General. This took place in September 2024 and has resulted in lower ongoing charges and a more extensive range of funds for members to invest in.

Asset allocation breakdown

The Trustee is required to calculate the percentage of the Plan’s assets within the default arrangement allocated to each of the following asset classes. In line with DWP’s guidance, also shown below is the asset allocation for different ages as at the Plan Year end.

Lifestyle Option Bespoke

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0	0	0	25
Corporate bonds (UK and overseas)	0	0	0	75
Listed equities	100	100	100	0

Specified performance-based fees

No specified performance-based fees were incurred in relation to the default arrangement during the Plan Year.

3. Processing of core financial transactions

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

The Trustee recognises that delay and error can cause significant issues for members. The Trustee received assurance from Prudential that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Plan had a Service Level Agreement (“SLA”) in place with Prudential which covers the accuracy and timeliness of all core financial transactions. The target timescales for completion of different work types and the key processes adopted by the administrator to help it meet the SLA are as follows:

End to End customer journey performance targets			
Task	Upper Target Days = 75% of cases completed	Lower Target Days = 95% of cases completed	Tail Target Days = no more than 1% of cases completed beyond
Bereavements	<29 days	<77 days	>154 days
Claims	<10 days	<22 days	>43 days
New business	<8 days	<25 days	>43 days
Servicing	<8 days	<20 days	>154 days

Prudential monitored its performance against service level targets closely and adopted a number of measures to help ensure core financial transactions were processed in a timely and accurate manner. These include:

- A dedicated contribution processing team,
- A central financial control team separate from the main administration team,
- Peer checking and authorisation of payments,
- Daily monitoring of bank accounts,

- Daily checking and reconciliation of member unit holdings.

To help the Trustee monitor whether service levels are being met, the Trustee received quarterly reports about the administrator’s performance and compliance with the SLA. Any issues identified by the Trustee as part of its review processes would be raised with Prudential immediately, and steps would be taken to resolve the issues.

In the first 9 months of 2024, Prudential completed all 173 transactions before the tail target. This represents the third consecutive year of service levels being within the limit specified by the SLA (ie. no more than 1% of cases), following a deterioration of administration standards in 2021.

Based on its review processes, the Trustee is satisfied that over the period covered by this Statement:

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

4. Member-borne charges and transaction costs

The Trustee is required to set out the on-going charges incurred by DC members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (“TER”). The TER is paid by the members and is reflected in the unit price of the funds. The stated charges are shown as a per annum (“pa”) figure.

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

The charges and transaction costs have been supplied by Prudential, the Plan’s DC platform provider and administrator. The TER figures shown include the annual management charge (which applied over the Plan year) and a small

“further costs” component, which is an indicative figure provided by Prudential. The transaction costs given are over the 12 months to 30 September 2024.

When preparing this section of the Statement, the Trustee has taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. Any negative figures are shown in the tables for the year as provided, but for the costs and charges illustrations a figure of zero has been used where a transaction cost is negative to give a more realistic projection (ie transaction costs would not be expected to be negative over the long term).

The DC funds are not subject to the charge cap of 0.75% pa as these policies are not being used to satisfy the employer's automatic enrolment duties for members.

Default arrangements

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

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

Default charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
9 or more years to retirement	0.64	0.06
5 years to retirement	0.65	0.02
4 years to retirement	0.65	0.02
3 years to retirement	0.65	0.01
2 years to retirement	0.66	0.00
1 year to retirement	0.63	-0.02
At retirement	0.63	-0.02

Self-select options

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

Fund name	TER	Transaction costs
Prudential Europe Equity Index Fund	0.73%	0.03%
Prudential North America Equity Index Fund	0.67%	0.01%
Prudential UK Equity Fund	0.72%	0.26%
Prudential UK Equity Index Fund	0.66%	0.11%
Prudential Dynamic Global Equity Passive Fund	0.64%	0.06%
Prudential Long-Term Growth Index Fund	0.66%	0.12%
Prudential Discretionary Fund	0.77%	0.17%
Prudential Dynamic Growth IV Fund	0.73%	0.07%
Prudential Long-Term Bond Fund	0.66%	-0.02%
Prudential Long-Term Gilt Passive Fund	0.66%	-0.31%
Prudential All Stocks Corporate Bond Fund	0.76%	0.02%
Prudential Dynamic Growth I Fund	0.73%	0.06%
Prudential Dynamic Growth III Fund	0.73%	0.08%
Prudential With-Profits Fund*	1.07%	0.06%
Prudential Cash Fund	0.55%	0.00%

*The charges on the With-Profits Fund are not explicit; instead, they are taken into account when the bonus on the Fund is declared. Prudential currently estimates the AMC on the With Profits Fund is 0.76% assuming investment

returns on the underlying assets are 5% pa, and Prudential estimates that the further costs on this Fund are 0.31% pa.

Illustration of charges and transaction costs

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

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by Prudential subject to a floor of zero (so the illustration does not assume a negative cost over the long term). Average annualised transaction costs over the period 1 October 2019 to 30 September 2024 are used as this is the longest period over which figures were available, and should be more indicative of longer-term costs compared to only using figures over the Plan year.

To show the impact of different levels of charges and investment returns, illustrations have been produced to demonstrate the effect of costs and charges on the following funds available through the DC arrangements:

- The default investment strategy, the Lifestyle Option Bespoke, which is also the most popular investment option amongst members.
- The Prudential Discretionary Fund: this fund has the highest explicit charges (ie excluding the With-Profits Fund, whose charges are not explicit).
- The Prudential Cash Fund: this fund has the lowest charges, and the lowest assumed investment growth rate.

Projected pension pot in today's money

Years invested	Default option		Prudential Discretionary (highest charges)		Prudential Cash (lowest return)	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£6,300	£6,300	£6,300	£6,300	£6,200	£6,100
3	£6,800	£6,700	£6,800	£6,600	£6,300	£6,200
5	£7,300	£7,100	£7,300	£7,000	£6,400	£6,300
10	£8,800	£8,300	£8,800	£8,100	£6,800	£6,400
15	£10,700	£9,600	£10,700	£9,300	£7,200	£6,600
20	£12,500	£10,900	£12,800	£10,800	£7,600	£6,800
25	£13,800	£11,700	£15,500	£12,400	£8,000	£7,000

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 3.1%.
- No allowance for active management outperformance has been made.
- The assumed growth rates are based on LCP's central asset class return assumptions and costs and charges are based on those provided by Prudential. The illustrations use the average transaction costs over the last three years in line with statutory guidance to reduce the level of volatility in charges, and a floor of 0% p.a. has been used for the transaction costs if these were negative so as not to potentially understate the effect of charges on fund values over time. These assumptions are summarised in the table below:

Investment option	Growth rate (gross of fees)	Costs and charges
Lifestyle Option Bespoke (Default)	Between 3.8% pa and 1.5% pa above inflation (depending on term to retirement)	Between 0.66% pa and 0.63% pa (depending on term to retirement)
Prudential Discretionary Fund (highest charges)	3.8% pa above inflation	0.77% pa

Investment option	Growth rate (gross of fees)	Costs and charges
Prudential Cash Fund (lowest charges)	1.1% pa above inflation	0.55% pa

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Plan year, over periods to December 2024. The Trustee has had regard to the statutory guidance in preparing this Section.

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

For the Default, returns are shown over the Plan year for a member (with a retirement age of 65) aged 56 or lower, 60 and 64 at the start of the year (DWP guidance recommends that returns are shown for members age 25, 45 and 55 but the Default is invested in the same way for all members age 56 or below so the returns have been identical).

Lifestyle Bespoke Option net returns over periods to Plan year end

Age of member at the start of the period	1 year	3 year (pa)
56 or lower	10.4%	4.2%
60	2.1%	-4.3%
64	-4.9%	-10.2%

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

Fund name	1 year	3 year (pa)
Prudential Europe Equity Index Fund	0.8%	2.1%
Prudential North America Equity Index Fund	25.6%	10.4%
Prudential UK Equity Fund	6.7%	1.9%
Prudential UK Equity Index Fund	9.7%	5.1%

Fund name	1 year	3 year (pa)
Prudential Dynamic Global Equity Passive Fund	10.4%	4.2%
Prudential Long-Term Growth Index Fund	9.7%	4.7%
Prudential Discretionary Fund	6.8%	1.5%
Prudential Dynamic Growth IV Fund	6.9%	1.9%
Prudential Long-Term Bond Fund	-8.0%	-15.2%
Prudential Long-Term Gilt Passive Fund	-10.9%	-18.8%
Prudential All Stocks Corporate Bond Fund	2.4%	-2.9%
Prudential Dynamic Growth I Fund	4.5%	-0.3%
Prudential Dynamic Growth III Fund	6.0%	1.1%
Prudential With-Profits Fund	6.7%	5.0%
Prudential Cash Fund	4.5%	3.2%

6. Value for members assessment

The Trustee is required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

The Trustee reviews all member-borne charges (including transaction costs where available) and specified performance-based fees annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The last review of Value for Members took place in June 2025, which covered the period from 1 January 2024 to September 2024, when the assets were transferred to the L&G Mastertrust. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

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

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

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

As detailed in the earlier section covering the processing of core financial transactions, the Trustee is comfortable with the quality and efficiency of the administration processes up to and including the transfer of the assets to the L&G Master Trust.

Overall, the Trustee believes that members of the Plan were receiving good value for money for the charges and cost that they incur, for the reasons set out in this section. The Trustee aims to improve value for members in future through the transfer of the assets to the L&G Master Trust, which for the default option has lower ongoing fees for members.

7. Trustee knowledge and understanding

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps, and has set aside a dedicated slot at the start of every Trustee meeting for training. The Trustee's investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers typically deliver training on such matters at Trustee meetings if they were material. During the period covered by this Statement, the Trustee requested training on the changes to the DB funding code to keep up with the latest developments in the

sector. This training was delivered in the Q1 2025 Trustee Meeting. The Trustee also receives quarterly updates on topical issues from its advisers.

During the Plan Year the Trustee undertook training on cyber security, which was delivered by Marsh in February 2024. The Trustee also received training on Pensions Dashboards, which was delivered by Gallagher in June 2024.

The Trustee is familiar with and has access to copies of the Plan's governing documentation and documentation setting out the Trustee's policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is formally reviewed at least every 3 years and as part of making any change to the Plan's investments. Further, the Trustee believes that it has sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension plans to fulfil its duties.

The Trustee believes that it has sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension plans to fulfil its duties. Furthermore, the Trustee has individual and collective experience of investment matters either as employees of Columbia Threadneedle (the Plan's sponsoring employer) or as a professional trustee.

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year.

Considering the knowledge and experience of the Trustee and the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (eg investment consultants, legal advisors), the Trustee believes that it is well placed to exercise its functions as the Trustee of the Plan properly and effectively.

_____ Date: _____

Signed by the Chair of the Trustee of the Threadneedle Pension Plan