

UNIVERSITY OF OXFORD STAFF PENSION SCHEME

Annual Report & Financial Statements for the year to 31 March 2025

**Pension Scheme's Registry Number: 10009029
HMRC Registration Number: 00333061RQ**

TRUSTEE'S ANNUAL REPORT
FOR THE YEAR TO 31 March 2025

PREFACE

The University of Oxford Staff Pension Scheme, commonly known as OSPS, is a multi-employer hybrid scheme set up under trust. The Scheme is an authorised Master Trust. New members joining the Scheme build up benefits on a defined contribution basis. Members who joined before 1st October 2017 build-up benefits on a career average revalued earnings basis.

The Annual Report and Financial Statements describe the management of OSPS and its financial development during the year to 31 March 2025 and subsequently. The report includes the audited annual Financial Statements for the Scheme.

If you have any queries about this report or about any entitlement to benefits under OSPS, or if you would like to provide feedback or get further general information about OSPS, please contact either the Secretary to the Trustee or the Pensions Officer (OSPS) at the addresses shown below.

Also, information about the Scheme may be found on the University's website:

<https://finance.web.ox.ac.uk/osps>

A copy of the Trust Deed and Rules governing OSPS is available on the website or can be obtained from the Pensions Officer.

The registered address of the Scheme is:

University of Oxford Staff Pension Scheme,
University Offices,
Wellington Square,
Oxford OX1 2JD

Enquiries and feedback about the Scheme generally, or member's pension benefits, should be addressed to:

The Pensions Officer (OSPS),
Finance Division,
University of Oxford,
c/o Oxford University Press
Great Clarendon Street,
Oxford OX2 6DP

Tel. No. (01865) 616020
E-mail. osps@admin.ox.ac.uk

The Scheme's HM Revenue and Customs reference is 00333061RQ.

The Scheme's Data Protection registration number is Z6919534.

TRUSTEE'S ANNUAL REPORT
FOR THE YEAR TO 31 March 2025

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1. **TRUSTEE AND ADVISERS AS AT 31 March 2025**

Trustee

OSPS Trustee Limited, University Offices, Wellington Square, Oxford, OX1 2JD. Company registration number 08275610, registered in England and Wales.

Secretary to the Trustee

Quantum Actuarial LLP, Orega Old Bailey, 20 Old Bailey, London, EC4M 7AN

Actuary

Mr J. Harvey, Aon Solutions UK Limited

Pensions Consultancy Services Provider

Aon Solutions UK Limited

Investment advice and related services

Aon Investments Limited

Defined contribution provider

Legal and General Assurance Society Limited

Investment Managers

Ares Management Luxembourg
Columbia Threadneedle Portfolio Services Limited (until April 2024)
Copenhagen Infrastructure Partners
DIF Management BV
Generation Investment Management LLP
Insight Investment Management (Global) Ltd
M&G Investment Management Limited
Macquarie Investment Management (UK)
Robeco Institutional Investment Management

Custodian

State Street Bank and Trust Company

AVC Provider Manager

Prudential Assurance Co. Ltd

Bank

Lloyds Bank plc

Solicitor and Legal Adviser

Burges Salmon LLP

Independent Auditor

Grant Thornton UK LLP

2. TRUSTEE'S REPORT TO THE MEMBERS

2A. INTRODUCTION

The Trustee of the University of Oxford Staff Pension Scheme ("OSPS") presents the Annual Report and audited Financial Statements of the Scheme for the year to 31 March 2025.

The Financial Statements have been prepared in accordance with sections 41(1) and (6) of the Pensions Act 1995.

The purpose of the report is to describe to members how the Scheme and its investments have been managed during the year and to highlight a number of key administrative matters. The report does not consider the value of liabilities to pay pensions and other benefits in the future – this is reviewed when periodic actuarial valuations of the Scheme are carried out. The last actuarial valuation of the Scheme was completed as at 31st March 2022. The Actuary's Certification of the Technical Provisions is included on page 106 of this report.

This Annual Report meets all the requirements of current legislation and related regulations.

Additional Voluntary Contributions ("AVCs") are invested under the same Trust Deed and Rules as members' and employers' normal contributions to the Scheme. Members who have chosen to invest their AVCs receive an individual benefit statement from the provider each year outlining the value of their accumulated funds.

The Financial Statements for the year to 31 March 2025 are set out on pages 74 to 96.

This Report and the Financial Statements on pages 74 to 96 were approved by the Trustee on 28 October 2025 and signed on behalf of the Trustee by:

Director: Stuart M Southall

Director: Kevin Valentine

2. TRUSTEE'S REPORT TO THE MEMBERS

2B. THE SCHEME

2B.1. INTRODUCTION

The University of Oxford Staff Pension Scheme was set up in 1978, originally to provide pensions for the technical, clerical and ancillary staff of the University. The Principal Employer sponsoring the Scheme is the University, or to be more precise, the Chancellor, Masters and Scholars of the University of Oxford. Since that time, it has welcomed the participation of Colleges and other bodies affiliated to the University as Associated Participating Employers (details are given in Section 4).

For members who joined before 1 October 2017 the Scheme is a “defined benefit” scheme – it provides retirement and other benefits that are linked to a member’s contributory service and salary. For members who joined from 1 October 2017 the benefits are provided on a defined contribution basis.

2B.2. TRUST DEED AND RULES

The Scheme is administered in accordance with the Trust Deed and Rules, the most recent definitive version of which was executed on 22 September 2017.

2B.3. TRUSTEE

2B.3.1. Appointing and nominating trustees

OSPS Trustee Limited acts as corporate Trustee of the Scheme. The Board of Directors corresponds exactly with how the Board of Trustees would otherwise be composed and is referred to as “the Trustee” throughout this report. Eleven Trustee Directors usually manage the Scheme and there is currently one vacancy.

Five of the Trustee Directors may be elected by the membership of the Scheme (known as Member Nominated Directors, or “MNDs”). All of the current MNDs (five) are members of the Scheme and were elected through the use of a Selection Panel, rather than by an election. The Selection Panel comprised of the Chair of the Trustee and two serving MNDs whose position is not subject to the selection being conducted. The process allows active, deferred and pensioner members of the Scheme to stand as an MND.

The power to appoint and remove five Trustee Directors is vested in the Council of the University. The power to appoint and remove the eleventh Trustee, the Chair of the Trustee, is vested in the Vice-Chancellor of the University after consultation with the other Trustee Directors. Any vacancies for these posts are advertised in the University Gazette.

A Trustee Director’s term of office is three years, after which time the Trustee Director is eligible for reappointment for a further term. There is no limit to the number of terms an individual may continue to be a Trustee Director. If a Trustee Director leaves part way through his or her term of office, the replacement will be appointed initially for the remainder of that term. As an exception, a Trustee Director who is appointed as Chair of the Trustee may serve a term not exceeding four years (if agreed between the Trustee and the University).

As a multi-employer pension scheme with money purchase benefits for certain members and as the administration services are provided by employees of the University, it is necessary to have a

majority of Trustee Directors independent of the University ('non-affiliated' directors). The University has agreed to ensure that four of the six Trustee Directors appointed by the University and Vice-Chancellor, including the Chair, will be non-affiliated. As a consequence, at least two of the five MNDs should be non-affiliated.

In seeking nominations, consideration is given to the requirement for a majority of Trustee Directors to be unaffiliated with the University and its subsidiaries.

Where a non-affiliated MND vacancy exists, if only one such nomination is received the individual will be appointed as MND. If no nominee from this group is put forward a vacancy will remain. If there are more nominations than vacancies, there will be a selection process to find a successful candidate.

2B.3.2. Trustee Directors

On 31 March 2025 the Board comprised:

[2]	Mr C. A. H. Alexander	Merton	
[3]	Vacant		
[2]	Professor G. L. Clark	Smith School	(Term extended until END process completed)
[2]	Mr J. K. Clark	Hertford	
[2]	Mr D. Snape	Saïd Business School	
[3]	Ms K. M. M. Kele	Estates Services	
[3]	Ms L. Savin	Merton	(Term extended by the Board until MND process completed)
[2]	Mr N. Badman	Exeter	
[1]	Vidett Trustee Services Ltd	Independent (<i>Chair</i>)	Appointed 18 April 2024
[3]	Mr K. Valentine	Chemistry	

As at the date of this report the Board comprised:

[2]	Mr C. A. H. Alexander	Merton
[2]	Mr J. K. Clark	Hertford
[2]	Mr D. Snape	Saïd Business School
[3]	Ms K. M. M. Kele	Estates Services
[3]	Ms L. Savin	Merton
[2]	Mr N. Badman	Exeter
[1]	Vidett Trustee Services Ltd	Independent (<i>Chair</i>)
[3]	Mr K. Valentine	Chemistry
[3]	Mr M Randolph	Smith School
[3]	Ms N Cummings	Trinity College
[2]	Mr C Wood	St Hildas

*END: Employer Nominated Director

*MND: Member Nominated Director

Under the Trustee's articles of association, the Trustee makes the appointments. In accordance with the Scheme Rules, it does so in accordance with appointments determined by the following bodies:

- [1] The Vice-Chancellor of the University
- [2] The Council of the University
- [3] The MND Selection Panel

Vidett Trustee Services Ltd were appointed with effect from 18 April 2024 following Mr Sykes' term of office coming to an end on 31 March 2025. As a professional Trustee Company, Vidett provide a named individual as Chair of the Board, and their appointment is formalised with the Trustee Board and The Vice-Chancellor of the University. Vidett is represented by Stuart Southall who was appointed from 1 November 2024.

2B.4. SCHEME GOVERNANCE

2B.4.1. Compliance and Governance

The Trustee actively seeks to comply with all relevant legislation and to manage the Scheme in accordance with "best practice" as expressed in the codes of practice published by The Pensions Regulator. This includes compliance with regulations applicable to Master Trusts, further detail of which is set out below.

In pursuit of this aim, Trustee Directors are encouraged to undertake trustee training both on an individual basis and as part of the scheduled Trustee training sessions which are arranged on a periodic basis as required.

The Trustee has undertaken an assessment of the risks of managing the Scheme and has in place a rolling review of the risks with the aim of putting in place appropriate controls or processes to mitigate those risks where possible. The Trustee board discusses the reports from its committees; sets investment strategy; considers the funding position; approves the Scheme's financial statements, the risk register, the annual budget and business plan and the appointment of Scheme advisers.

2B.4.2. Dispute Resolution Procedure

The Trustee has published a dispute resolution procedure to consider complaints from members or their representatives.

2B.4.3. Transfer Values

During the period of this report, transfer values have been calculated in accordance with the Pension Schemes Act 1993. No discretionary benefits have been included in the calculation of transfer values. None of the cash equivalent transfer values paid was less than the full value of the member's preserved benefits.

The Scheme ended membership of the Public Sector Transfer Club on 31 March 2017.

2B.5. CHANGES TO SCHEME ADVISERS

There have been no changes to the Scheme advisers during the year.

2B.6. ADMINISTRATION

OSPS Trustee Limited is the Scheme Administrator. The Trustee has entered into a formal administration agreement with the University. The agreement sets both service standards and standard charges for the routine administration of the Scheme, including administration of the defined benefits section. The Trustee has appointed Legal and General Assurance Society

Limited as its provider for administration and investment services for the defined contribution section.

2B.7. CONTINGENT ASSET

Following the completion of the actuarial valuation as at 31st March 2022, which revealed that the Scheme was in surplus relative to its technical provisions, the contingent asset ceased to have effect on 27 June 2023 (the date that the valuation was completed).

2B.8. MASTER TRUST

As a Scheme that provides defined contribution benefits to employees of employers that are not connected to each other, the Scheme is a Master Trust. The Master Trust regime formed part of the Pensions Schemes Act 2017, and serves to strengthen the protections afforded to members by setting the high standards legally demanded of the Trustee, including:

Fit and proper persons: all the people who have a significant role in running the Scheme can demonstrate that they meet a standard of honesty, integrity, knowledge and competence appropriate to their role.

Systems and processes: IT systems and governance arrangements enable the Scheme to run properly and there are robust processes in place to administer the Scheme.

Continuity strategy: there is a plan in place to protect members if something happens that may threaten the existence of the Scheme, including how the Master Trust will be wound up.

Financial sustainability, including business plan: the Scheme has the financial resources to cover running costs and also the cost of winding up the defined contribution section, without impacting on members' benefits.

2. TRUSTEE'S REPORT TO THE MEMBERS

2C. REVIEW OF THE YEAR

2C.1. TRUSTEE

2C.1.1. Meetings of the Trustee

During the year to 31 March 2025, the Board met formally four times. In addition to regular items it also:

- completed a selection process to appoint a new Chair to the Board
- received training on actuarial valuations, Equality, Diversity and Inclusion, TCFD reporting, DC retirement options and member support objectives and Endgame strategies.
- reviewed the Board's Terms of Reference

2C.1.2. Committees of the Board of the Trustee

The Trustee has appointed three committees – a Funding and Investment Committee, a Defined Contribution (DC) Committee and a Governance and Operations Committee. These three Committees were implemented following a review of committee structure in February 2022.

The Funding and Investment Committee ("FIC") meets quarterly, or more frequently if required, to review the progress of the Scheme's investments, and to consider and recommend to the full Board changes in investment strategy, allocations and other investment-related matters. The FIC met four times during the year.

The Governance and Operations Committee ("GOC") deals with matters such as applications for ill-health retirement, the disbursement of cash lump sums arising upon the deaths of members, the payment of adult and child dependant's pensions and such other delegated business as the Trustee has determined. The GOC is scheduled to meet quarterly. All matters dealt with by the GOC are reported to the next full Board meeting for ratification. The GOC met four times during the year.

The DC Committee ("DCC") deals with the management of the investment of the Scheme's DC assets and DC administration and is scheduled to meet quarterly with any decisions recommended to and ratified at the next full Board meeting. The DCC met four times during the year.

2C.2. SCHEME CHANGES

There were no Scheme changes during the year to 31 March 2025.

2C.3. MEMBERSHIP

An analysis of membership movements during the year is shown in Section 5.

2C.4. INCREASES TO PENSIONS IN PAYMENT

For benefits built up after 31st December 2012, increases are limited to a maximum of 8% p.a. (5% p.a. for benefits built up after 31st March 2018). New preserved pensions and new pensions in payment receive a proportionate increase.

Percentage increases agreed by the Scheme in the past three years were as below and the increases shown are applied on 1st April each year:

Year	2023	2024	2025
Pre 2012 %	11.35	7.80	2.20
Pre 2018 %	8.00	7.35	2.20
Post 2018 %	8.00	6.70	1.70

The Post-2018 rate for 2023 of 8% includes a discretionary increase as agreed as part of the valuation process. The Trustee and University also intend to amend the Scheme Rules to raise the cap applicable in future to 8% for defined benefits built up from 1st April 2018.

2C.5. ACTUARIAL VALUATION

The Actuary carried out the requisite triennial actuarial valuation of the Scheme as at 31st March 2022. The Statement of Funding Principles, the Schedule of Contributions, and the Recovery Plan were agreed on 27th June 2023. The formal Schedule and Recovery Plan are replicated in this report.

The valuation showed that the Scheme had an actuarial surplus as at 31st March 2022 of £46.9 million against liabilities of £914.3 million, giving a funding ratio of 105%. The report showed the ongoing funding of the Scheme could be met by employer contribution rates as follows:

- In respect of DB members, 16.5% of Pensionable Salaries for the future accrual of benefits; and
- In respect of DC members, 10%/12%/14% of Pensionable Salaries into members' Retirement Accounts in relation to 4%/6%/8% Cost Plan Members respectively.

It has also been agreed that (with effect from 1 October 2023) the Scheme will meet its own running costs from the Scheme's assets, including expenses relating to both the DB and DC Sections and the cost of Pension Protection Fund and other statutory levies. The cost of providing ill-health and death-in-service benefits for DC members will also be met from the Scheme's assets. As part of the valuation discussions, it was also agreed that the contribution rates paid by members of the DB Section would be reduced with effect from 1 April 2024, and the 5% pa cap on indexation for benefits accrued from 1 April 2018 increased to 8% pa.

Copies of the full reports of the Actuary are available on the Scheme's website.

The Actuary will carry out the next triennial valuation as at 31 March 2025, the results of which are expected to be agreed and published in 2026.

2C.6. SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR TO 31 MARCH 2025

The contributions payable to the Scheme during the year to 31 March 2025 by the employers and employees (members) under the Schedule of Contributions were as set out below.

	<u>£000</u>
Contributions	
Ordinary contributions from members:	3,382
from employers:	
Ordinary Contributions	21,508
Members' Salary Exchange	6,825
Contributions payable under the Schedule of Contributions:	<u>31,715</u>
Other Contributions	
from members:	
Additional Voluntary Contributions	<u>343</u>
Total Contributions receivable as shown in the Financial Statements	<u><u>32,058</u></u>

During the year, contributions totalling £32,185 were paid between 1 and 3 days late, this represents 0.1% of contributions payable under the Schedule of Contributions. These amounts constitute employer-related investments for the period over which it was late. The total value of these late contributions was less than 5% of net assets.

2C.7. FINANCIAL REVIEW

The audited Financial Statements provide details of the financial development of the Scheme. A summary of the key points for the year to 31 March 2025 follows:

	<u>£000</u>	<u>£000</u>
Scheme value at 31 st March 2024		959,847
Member related income	32,752	
Benefits and expenses	<u>(34,570)</u>	
Net member related income		(1,818)
Net investment income		30,199
Investment management expenses		(37)
Increase in market value of investments		<u>(88,998)</u>
Scheme value at 31 March 2025		<u><u>899,194</u></u>

2C.8. GMP EQUALISATION

Following the Lloyds Bank Pension Scheme court ruling in October 2018, pension schemes are required to equalise for male and female members any GMP liabilities built up between 17 May 1990 and 6 April 1997.

It has been confirmed with the Actuary that the impact of GMP equalisation on the liabilities of the Scheme is not expected to be material. This is partly because the Scheme was only contracted out from 6 April 1995 and also due to the fact that a member's entire pension gets the same increases in deferment and payment meaning that for most members the amount of GMP has little or no impact on the benefits payable. The liabilities will be accounted for in the year they are determined. A further judgement, released in November 2020, provided clarity regarding the requirement for pension scheme trustees to reflect GMP equalisation within historic transfers. The additional liabilities arising from the latest judgement are not expected to be material and will be accounted for when determined.

TRUSTEE'S REPORT TO THE MEMBERS

2D. INVESTMENT REVIEW

2D.1. STATEMENT OF INVESTMENT PRINCIPLES

In compliance with the provisions of the Pensions Act 1995, the Trustee has drawn up two Statements of Investment Principles (SIP), one covering the Defined Benefits ("DB") section and one for the Defined Contribution ("DC") section.

The DB SIP records the Trustee's overall investment objective to invest the Scheme's assets in such a way that sufficient money is available to provide benefits to members as they fall due. The DB SIP in force for majority of the Scheme year is dated 10th July 2024. The revised SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class.
- Inclusion of wording regarding the use of Liability Driven Investment (LDI).
- Further detail in the 'Division of responsibilities' section.

The DC SIP records the Trustee's responsibility to invest Scheme assets in line with members' preferences and its key aim of providing a range of investments that are suitable for meeting members' long and short-term investment objectives. The DC SIP in force during the Scheme year is dated 1 October 2024.

Copies of the SIPs in force at the time of writing can be obtained from the Secretary to the Trustee at the address shown on page 2 of this Report and have also been published on the Scheme website (<https://finance.admin.ox.ac.uk/osps-documents>). The DC section SIP is also included in this report at section 9D.

2D.2. INVESTMENT STRATEGY AND ACTIVITY

DB section

The Scheme's asset allocation is considered regularly by the Trustee.

The strategic allocation as at 31 March 2025 for each of the asset classes are set out below, as stated in the 10th July 2024 SIP in force at that time.

Asset Class	Allocation	Actual
Equity	10%	10.8%
Other Illiquids	10%	11.1%
Credit	15%	15.6%
Illiquid Credit	15%	16.2%
Matching	50%	46.3%
Total	100%	100%

The allocation above excludes AVC investments and the money purchase assets.

DC section

The Trustee provides members access to a number of individual funds via the DC Provider, Legal and General Assurance Society Limited ('L&G').

The Trustee is required to designate a default investment arrangement into which members who do not make their own choice of investment have their monies invested. The Trustee has designated 'target-dated' funds with L&G, the L&G Target Date Fund range aligned to members' State Pension Age, as the default investment arrangement for the Scheme.

Members may also choose from a range of self-select funds.

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment advisers. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution Scheme.
- The need for appropriate diversification of asset classes.
- The current and expected future membership of this section of the Scheme.
- The fund charges, in order to assess value for money.

The Trustee expects the long-term total return on the traditional bond asset classes to be lower than total returns from equity and other growth asset class options.

The fund range currently available is:

Investment fund	Investment approach	Asset class	Total expense ratio*
L&G Target Date Fund 3	Active	Multi-asset	0.42% pa
L&G (PMC) All World Equity Index Fund	Passive	Global Equities	0.39% pa
L&G (PMC) Ethical Global Equity Index Fund 3	Passive	Global Equities	0.57% pa
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	Passive	Global Equities	0.59% pa
L&G PMC Future World Multi-Asset Fund 3	Active	Multi-asset	0.43% pa
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	Passive	UK Index-Linked Gilts	0.35% pa
L&G (PMC) Retirement Income Multi-Asset Fund 3	Active	Multi-asset	0.56% pa

*This is the total explicit annual charge paid by members.

2D.3. PERFORMANCE OF THE SCHEME'S ASSETS

The Scheme's overall performance was positive over the year, driven by positive performance from growth assets. . However, matching asset performance was negative due to gilt yields rising over the period. The funding level improved over the year as liabilities decreased by more than the assets. As at 31 March 2025, the Scheme's funding level has grown to 118% on the Long Term Funding Target ("LTFT") basis compared to 112% as at 31st March 2024.

The value of the Scheme's net assets decreased from £959 million to £899 million during the year to 31 March 2025. The decrease in value, of £61 million, derives from £2.5 million of money being disinvested during the year, plus £30.2 million investment income and other investment balances, less a decrease in the overall market value of the investments held at 31 March 2025 or acquired during the year of £88.99 million.

The Trustee continues to monitor the markets, mindful that it has invested the assets for the long term.

Over the twelve months to 31 March 2025, the Scheme's invested assets achieved a return of 1.4% net of fees, which was 1.0% behind the benchmark return of 2.4% over the same period. The underperformance was mainly due to the Generation Global Equities, M&G Inflation Opportunities Fund V and M&G Illiquid Credit Opportunities Fund VII underperforming against their respective benchmarks.

As a guide to the longer-term returns of the Scheme's invested Defined Benefit (DB) assets, the table below shows weighted average Scheme and benchmark returns over three years and five years to 31 March 2025. The negative returns in the 31 March 2022 to 31 March 2024 reporting period were a drag on performance over longer-term periods.

DB Asset Performance

Period	Return on DB Scheme Assets	Benchmark	Relative Performance
Over 3 years	-2.9% pa	1.6% pa	-4.5 pa
Over 5 years	3.6% pa	5.6% pa	-2.0% pa

Above performance figures do not include the performance for the other illiquid funds which are monitored separately by the Trustee.

Performance is net of fees. "pa" stands for per annum.

DC section

The table below shows the returns on the underlying funds and their benchmark for the 12-month period to 31 March 2025 for the funds available to members of the DC section. Performance is shown before charges.

Fund	Fund performance % p.a.	Benchmark or comparator return % p.a.	Relative performance % p.a.
L&G (PMC) 2020 - 2025 Target Date Fund 3	4.2	7.1	-2.9
L&G (PMC) 2025 - 2030 Target Date Fund 3	3.8	7.9	-4.1
L&G (PMC) 2030 - 2035 Target Date Fund 3	3.6	8.7	-5.1
L&G (PMC) 2035 - 2040 Target Date Fund 3	4.2	9.0	-4.8
L&G (PMC) 2040 - 2045 Target Date Fund 3	4.0	9.0	-5.0
L&G (PMC) 2045 - 2050 Target Date Fund 3	4.0	9.0	-5.0
L&G (PMC) 2050 - 2055 Target Date Fund 3	4.0	9.0	-5.0
L&G (PMC) 2055 - 2060 Target Date Fund 3	4.0	9.0	-5.0
L&G (PMC) 2060 - 2065 Target Date Fund 3	4.1	9.0	-4.9
L&G (PMC) 2065 – 2070 Target Date Fund 3	4.5	9.0	-4.5
L&G (PMC) 2070 – 2075 Target Date Fund 3	4.6	9.0	-4.4
L&G (PMC) Ethical Global Equity Index Fund 3	2.8	3.0	-0.2
L&G (PMC) All World Equity Index 3 Fund 3	4.4	4.8	-0.4
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	-6.9	-6.9	0.0
L&G (PMC) Retirement Income Multi-Asset Fund 3	4.5	8.7	-4.2
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	3.9	3.7	0.2

L&G (PMC) Future World Multi-Asset Fund 3	3.9	4.1	-0.2
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Market Background

Global equity markets rose over the last twelve months. The MSCI ACWI rose 7.9% in local currency and 5.3% in sterling terms, with sterling generally appreciating against other major global currencies. Inflation remained rangebound across developed nations, with the global economy proving to be more resilient than previously anticipated. However, the likelihood of a global growth slowdown has recently increased amid rising trade tensions between the US and its trading partners.

Major political developments dominated the last 12 months, with the UK and US elections delivering a clear mandate to the respective Labour and Republican parties, and many European governments experiencing instability.

In July 2024, the Labour Party returned to government in the UK after 14 years, winning 412 seats with a vote share of 33.8%. The Conservative party came second, winning 121 seats with a vote share of 23.7%. Keir Starmer was appointed as the Prime Minister, Rachel Reeves was named as the Chancellor, and Liz Kendall was appointed as the Secretary of State for Work and Pensions.

The outcome of the US Presidential Election, which was held in November 2024, resulted in a decisive victory for the Republican Party candidate, Donald Trump, who secured 312 electoral college votes, surpassing the 270 needed to become President. The Republican Party gained a majority in the US Senate, holding 53 seats, and gained a majority in the House of Representatives, securing 220 seats.

In January 2025, Donald Trump was sworn in as the 47th President of the United States, marking the beginning of his second term. Shortly after taking office, he signed executive orders to withdraw the US from the Paris Climate Agreement and the World Health Organisation (WHO). According to Trump, the decision to leave the WHO was based on the administration's view that the organisation mishandled the COVID-19 pandemic, that it urgently needs reforms, and that it is unable to demonstrate independence from inappropriate political influence by member states.

Political instability in Europe increased towards the end of 2024, as the French government led by Prime Minister (PM) Michel Barnier collapsed after being ousted in a parliamentary vote of no confidence. France's President Emmanuel Macron appointed François Bayrou, a centrist political veteran, as the new PM. The credit rating agency Moody's downgraded France's long-term issuer rating to Aa3 from Aa2, citing weakening public finances and political fragmentation.

In February 2025, French PM François Bayrou successfully survived a series of no-confidence votes and passed the 2025 budget using Article 49.3 of the constitution, which allowed him to implement budgetary measures without needing parliamentary approval. The fiscal package of the delayed budget, which focuses on tax increases and spending cuts, was reduced from €60 billion to €50 billion. The French deficit is projected to decrease to 5.4% of GDP, which remains well above the EU's target of 3%.

In November 2024, the German coalition government comprising the Social Democratic Party (SPD), the Green Party, and the Free Democratic Party (FDP), collapsed when Chancellor Olaf Scholz dismissed Christian Lindner, the finance minister and Chairman of the FDP.

In the 2025 German federal election, the Christian Democratic Union (CDU), led by Friedrich Merz, emerged victorious, receiving 28.5% of the vote. The far-right Alternative for Germany (AfD) secured second place with 20.8%, while the ruling SPD saw its support decline to 16.4%. The Greens and the Left Party followed with 11.6% and 8.8%, respectively. In March 2025, the German Parliament approved reforms to the country's borrowing rules, under which defence spending exceeding 1% of GDP will become exempt from the debt brake rules and can be financed through the issue of new debt. They also announced a €500 billion special loan package which includes support for infrastructure and climate reform initiatives.

In the Labour Party's first Autumn budget in October 2024, Chancellor Rachel Reeves announced a sweeping set of changes to the UK's tax system amounting to £40bn of tax rises. The bulk of the increased tax revenue is set to be derived from Employer's National Insurance Contributions (NIC), with an estimated £25.7bn of revenue raised. The amount employers can claim back from their National Insurance bill was increased from £5,000 to £10,500. For Capital Gains Tax, the lower rate increased from 10% to 18%, while the higher rate rose from 20% to 24%.

In her Spring Statement in March 2025, UK Chancellor Rachel Reeves announced a reduction in welfare spending, estimated to save £4.8 billion by 2029/30. Cuts in departmental spending will reduce expenses by £3.6 billion, while tax compliance measures will add £2.2 billion to the government's income. The Office for Budget Responsibility (OBR) forecast annual UK Consumer Price Inflation (CPI) to be 3.2% in 2025 (vs 2.6% forecasted in October 2024) before falling to 2.1% in 2026 and 2% in 2027. The UK economy is projected to grow at 1% for 2025 (vs 2% predicted earlier) before rising to 1.9% in 2026 and 1.8% in 2027.

In February 2025, UK Prime Minister (PM) Keir Starmer announced that the country's defence spending will increase to 2.5% of GDP by 2027 (or 2.6% when including intelligence services). He aims to raise defence spending to 3% during the next parliament. This increase in defence spending, which is currently at 2.3%, will be financed by reducing Overseas Development Assistance from 0.5% to 0.3% of gross national income.

In Q3 2024, the US Department of State announced an amendment to International Traffic in Arms Regulations, reducing license restrictions on exports and the transfer of defence technologies between the AUKUS (Australia, United Kingdom, and United States) countries. The reform is estimated to impact £500 million of UK defence exports each year.

In October 2024, the UK and Germany signed a landmark defence agreement called the "Trinity House Agreement" which aims to enhance security, investment, and job creation. This pact includes increased coordination in mutual defence, allowing British and German troops to participate in joint military exercises along NATO's eastern border with Russia. Additionally, the agreement focuses on safeguarding vital underwater cables that transmit data beneath the North Sea. Britain's Defence Secretary, John Healey, described the deal as "a milestone moment in our relationship with Germany".

Trade and geopolitical tensions remained elevated over the past 12 months. In Q1 2025, in two separate proclamations under Section 232 of the Trade Expansion Act of 1962, US President Donald Trump imposed 25% additional tariffs on steel and aluminium globally, which came into effect on March 12th. These tariffs are expected to have a maximum impact on major exporters like Canada, Brazil, and Mexico. UK Trade Minister Douglas Alexander stated that the country would develop a measured and rational response based on its national interests. Around 5% of UK steel exports and 6% of aluminium exports go to the US.

The US President also signed a memorandum ordering the development of a comprehensive “fair and reciprocal” tariff plan, aimed at creating a “like for like” approach to trade. The plan seeks to determine an equivalent reciprocal tariff for each of the US’s trading partners and includes factors such as tax, non-tariff barriers, the deviation from the market-determined exchange rate and market competition policies in order to determine the level of reciprocity. However, the US has since announced a 90-day suspension of newly imposed “reciprocal” tariffs above a 10% baseline on all countries, excluding China.

In Q2 2024, the EU applied extra tariffs ranging from 17% to 38% on electric vehicles (EVs) imported from China, in addition to the existing 10% tariff. Chinese officials have criticised the tariffs as “blatant protectionism” and have vowed to take necessary measures to protect China’s interests. In Q4 2024, the US government imposed licensing restrictions on exporting essential semiconductor manufacturing tools to 140 Chinese companies. In retaliation, the Chinese government banned the export of certain minerals to the US which are critical for semiconductor manufacturing and military applications. The US government also increased tariffs on imports of certain Chinese-made tungsten products, and polysilicon and solar wafers, to 25% and 50% respectively.

During the year, the Bank of England (BoE) reduced its policy interest rate three times by 25bps each to 4.50%, with rate cuts coming in July 2024, November 2024 and February 2025. The central bank now projects GDP growth of 0.25% for Q1 2025, with inflation expected to rise to 3.7% by Q3 2025.

In its latest Financial Stability Report (FSR), released in Q4 2024, the BoE identified several key risks to the UK economy: global geopolitical uncertainty, high levels of government debt in major economies, and vulnerabilities in market-based finance. The FSR notes that a slowdown in economic growth or persistent inflation could lead to significant corrections in the valuations and premiums of risky assets, affecting the cost and availability of credit for businesses and households. While the UK banking sector remains resilient, vulnerabilities in market-based finance — such as leveraged positions and liquidity mismatches — could further increase volatility in financial markets.

Over the year, the US Federal Reserve (Fed) cut its benchmark interest rate by 1.0% to a range of 4.25%-4.50%. The latest Fed “dot plot” showed a majority of Federal Open Market Committee (FOMC) members still projecting a reduction of half a percentage point in interest rates for 2025, with the rate expected to decline to 3% beyond 2027. Additionally, the Fed announced plans to slow the pace of quantitative tightening by lowering the monthly cap on maturing US Treasuries rolling off its balance sheet, from \$25 billion to \$5 billion, starting 1 April 2025. The most recent FOMC projection forecasts 2025 GDP growth of 1.7%, down from the previous estimate of 2.1%, while PCE inflation is forecasted to rise to 2.7%, up from the previous estimate of 2.5%.

During the year, the European Central Bank (ECB) reduced its policy interest rate six times by 25bps each to 2.50%. The bank also revised its economic growth projections further downward from those made in December, now forecasting growth rates of 0.9% for 2025, 1.2% for 2026, and 1.3% for 2027. Additionally, headline inflation is expected to accelerate to 2.3% in 2025, 1.9% in 2026, and 2.0% in 2027.

In July 2024, the Bank of Japan (BoJ) raised its policy interest rate by 0.15% to 0.25%. Then in January 2025, further increased its policy interest rate by 0.25% to around 0.5%, marking the highest level in 17 years. Over Q1 2025, Japanese 10-year bond yields repeatedly touched their multi-year highs (1.58%) before retreating. BoJ Governor Kazuo Ueda stated that the rising bond yields reflected market expectations regarding future interest rate hikes by the BoJ. Meanwhile,

the BoJ plans to reduce its monthly purchase of Japanese government bonds by 400 billion yen each quarter, from the current 5.7 trillion yen to 2.9 trillion yen by Q1 2026.

To address the economic slowdown, in September 2024 the People's Bank of China (PBOC) decreased the reserve requirement ratio (RRR) for financial institutions by 50 basis points and reduced its 7-day reverse repo rate by 20 basis points to 1.5% from 1.7%. Additionally, in a move to bolster the property markets, the PBOC lowered mortgage down payments for second homes from 25% to 15%. In Q4 2024, the PBOC decreased the one-year and five-year loan prime rates — which serve as references for business loans and mortgages — by 25 basis points each to 3.1% and 3.6% respectively.

Brent crude oil prices fell by 14.6% to \$74.7/BBL over the last twelve months. Meanwhile, in Q4 2024, the OPEC+ members agreed to postpone the 2.2 million barrels planned increase in oil production until the end of March 2025, phasing out the adjustments gradually by the end of September 2026. In Q1 2025, seven OPEC+ countries agreed to cut oil production by 189,000 bpd to 435,000 bpd until June 2026, as compensation for increased oil production above the agreed levels.

Market Focus

UK equities were the best-performing market in sterling terms over the year, rising by 12.0%. The Financial sector, the largest sector in the MSCI UK Index (23.4% of the index weight), outperformed with a return of 41.4%. Consumer Staples and Industrials rose by 13.5% and 12.9% respectively. Real Estate and Materials sectors were the worst performers, declining by 17.7% and 16.8% respectively.

US equities were the second best-performing market in local currency (8.2%) terms and delivered positive returns in sterling terms (5.9%) over the year. The Utilities sector outperformed, delivering 24.0% returns over the year. Information Technology, the largest sector in the MSCI US Index (29.5% of the index weight), returned 6.1% during the past 12 months. Among other heavyweight sectors, the Financials sector rose by 19.6%.

Emerging markets (EM) delivered the best returns in local currency (11.7%) and the second-best in sterling terms (6.3%) over the year. Chinese equities rose the most at 40.2% while Korean equities were the worst performer, falling by 13.1%. Taiwanese and Indian equities rose by 8.9% and 5.4% respectively. Brazilian equities fell by 0.8%. Meanwhile, JP Morgan added Indian government bonds to its GBI-EM index in June 2024 with a maximum weight threshold of 10%.

On a global sector level over the last twelve months, Financials (21.9%) and Utilities (18.7%) were the best performers in local currency terms. Materials (-4.1%) and Health Care (-0.6%) were the worst performing.

Global bond yields generally trended higher over the last twelve months. The JP Morgan Global Aggregate Bond Index rose 3.4% in local currency terms and 1.2% in sterling terms. In Q3 2024, bond yields did move lower but then resumed their upward trend in Q4 2024 amid a stronger-than-expected US economy. A divergence in yield movements was seen in Q1 2025, with UK and European bond yields rising but US yields falling.

The UK nominal gilt curve mostly shifted upwards over the year, with yields rising across maturities, except for the short-term maturities where it fell. The 10-year nominal bond yield rose by 80bps to 4.77%. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts fell by 1.2% and index-linked gilts fell by 8.0% over the last twelve months.

The UK credit market performed positively over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, narrowed slightly by 6bps to 102bps. The index rose 2.4% over the year.

Sterling ended the twelve months 2.8% higher on a trade-weighted basis.

The MSCI UK property index returned 8.5% over the year. The income return was 5.9%, and the capital values rose by 2.5%. The industrial and retail sectors rose by 10.4% and 11.4%, respectively, while the office sector rose by 2.4%.

2D.4. PERFORMANCE MEASUREMENT

The Trustee monitors the investment performance of the investment managers on a regular basis with data provided by its investment adviser.

2D.5. SAFEGUARDING THE ASSETS OF THE DB SECTION

The Trustee is responsible for safeguarding the assets of the Scheme. The Trustee appointed State Street Bank and Trust Company ("SSBT") as its global custodian on 18th December 2006. The investment managers each have appointed a custodian for the assets underlying the investments they manage for the Trustee. The investment managers' custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians nominee company, in line with common practice for pension scheme investments.

The Trustee is committed to being a responsible investor. Responsible Investment ("RI") is commonly described as the integration of environmental, social and corporate governance ("ESG") considerations into investment management processes and ownership practices. The Trustee has considered how ESG factors should be taken into account in the selection, retention and realisation of investments, and has set stewardship priorities in relation to these factors as set out in its RI and ESG Policy. The Trustee considers that it is necessary in all circumstances to act in the best financial interests of the beneficiaries. Where this primary consideration is not prejudiced, the Trustee has asked the investment managers of the Defined Benefit assets specifically to take ESG issues into account. The Trustee's Defined Benefit assets are mainly invested in pooled funds. Investors cannot usually directly influence the managers' policies on social, environmental and ethical factors in such circumstances. The investments available through the DC section include ESG funds (the L&G (PMC) Ethical Global Equity Index Fund 3 and the L&G (PMC) Future World Multi-Asset Fund 3). Legal & General has also made changes to the Target Date Fund 3 to increase the Fund's ESG credentials.

The Trustee has an interest in encouraging the companies in which the Scheme invests to adopt good practice on issues of corporate governance and corporate responsibility. The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered The UK Stewardship Code (the "Code") issued by the Financial Reporting Council ("FRC"). Investors cannot usually directly influence the managers' policies on the exercise of investment rights of investments in pooled funds. The Trustee understands that investment rights will be exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the Code, and which are provided to the Trustee from time to time, taking into account the financial interests of the beneficiaries. The Trustee receives regular reports from the investment managers indicating the overall level of voting activity and detailing instances in

which they have not voted in line with their stated policy. These are reviewed by the Funding and Investment Committee from time to time.

2D.6. INVESTMENT EXPENSES

The investment managers of DB assets receive fees calculated by reference to the market value of assets under management with the exception of Ares Management Luxembourg (Ares), DIF Management BV (DIF) and Copenhagen Infrastructure Partners (Copenhagen). No management fees have been payable to Macquarie since the fund reached the end of its extended term on 13 May 2020. Generation charges a 20% performance fee on outperformance relative to its benchmark. For the majority of the pooled funds, investment management fees are deducted from the value of the fund and reflected in the unit price.

Ares, DIF and Copenhagen charge a fee based on the value of the commitment by the Scheme to the illiquid funds.

For Defined Contribution members, each fund carries a Fund Management Charge (FMC). This charge is accounted for in the price of the units and is reflected in the value of the members' funds. Members also pay an annual management charge of 0.27%, which is met by cancellation of units.

2D.7. DISTRIBUTION OF INVESTMENTS – BY MANDATE AND MANAGER FOR DB ASSETS

Asset class	Value of assets (£m)	Value of assets (£m)	%
Equity		86.1	10.8
Generation – Global Equities	86.1		
Illiquid Credit		129.8	16.2
M&G – Illiquid Credit Opportunities VII	86.6		
Ares – Capital Europe V	43.2		
Other Illiquids		89.0	11.1
Macquarie – Infrastructure	0.2		
DIF – Infrastructure	54.7		
Copenhagen – Infrastructure	34.1		
Credit		124.8	15.6
M&G – Inflation Opportunities V	53.1		
Robeco – Corporate bonds	71.7		
Matching		370.3	46.3
Insight – LDI	370.3		
Total		800	100.0%

2D.8. DISTRIBUTION OF THE SCHEME'S INVESTMENTS BY ASSET CLASS

Asset class	At 31 March 2025		At 31 st March 2024	
	Value of assets (£m)	Allocation %	Value of assets (£m)	Allocation %
Equity	86.15	10.4	86.95	9.6
Global	86.15	10.4	86.95	9.6
Property	-	-	33.31	3.7
Property	-	-	33.31	3.7
Illiquid Credit	129.80	15.6	130.61	14.4
Illiquid Credit	129.80	15.6	130.61	14.4
Other Illiquids	89.01	10.7	86.00	9.5
Infrastructure	89.01	10.7	86.00	9.5
Credit	124.80	15.0	186.79	20.6
Corporate Bonds	71.70	8.6	119.52	13.2
Inflation Opportunities	53.10	6.4	67.27	7.4
Matching	370.30	44.6	222.11	24.4
Liability Driven Investment ("LDI")	370.30	44.6	222.11	24.4
Cash	-	-	100.68	11.1
Sterling Liquidity	-	-	100.68	11.1
Other Investments	2.10	0.2	2.29	0.2
WPIA ¹	2.06	0.2	2.13	0.2
AVC ²	0.04	0.0	0.16	0.0
Total Holdings	802.16	96.6	848.74	83.4
Cash ³	9.95	1.2	22.66	2.5
Other Investment balances ⁴	17.85	2.2	38.29	4.2
Total Investments	829.96	100.0	909.69	100.0

Notes:

1. "WPIA" is a With-Profits Investment Account with the Prudential Assurance Company, representing the members' share of the 1998 surplus distribution. (the bonus account).
2. "AVC" is members' Additional Voluntary Contributions invested with the Prudential Assurance Company.
3. Cash is the sum of cash balances State Street Bank and Trust Company.
4. "Other Investment Balances" includes accrual of distributions to be re-invested.

The following table shows the distribution of the DC section investments as at 31 March 2025.

Fund	At 31 March 2025		At 31 st March 2024	
	Investments (£'000)	% allocation	Investments (£'000)	% allocation
L&G Target Date Fund 3	67,885	98.8	48,589	99.1
L&G (PMC) Ethical Global Equity Index Fund 3	241	0.4	185	0.4
L&G (PMC) All World Equity Index 3 Fund	314	0.5	141	0.3
L&G (PMC) All Stocks Index Linked Gilts Index Fund 3	6	0.0	6	0.0
L&G (PMC) Retirement Income Multi-Asset 3	22	0.0	12	0.0
L&G (PMC) HSBC Islamic Global Equity Index Fund 3	175	0.3	85	0.2
L&G (PMC) Future World Multi-Asset Fund 3	18	0.0	6	0.0

2D.9. EMPLOYER RELATED INVESTMENTS

During the year, there were two instances of late payments of contributions, the latest of which was three days late, with a total value of £32,185, which represents 0.1% of contributions payable under the Schedule of Contributions. These amounts constitute employer-related investments for the period over which it was late. The total value of these late contributions was less than 5% of net assets.

ANNUAL STATEMENT REGARDING GOVERNANCE OF THE DEFINED CONTRIBUTION FUNDS IN OSPS (“the Scheme”)

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee to prepare an annual statement regarding governance, which must be included in the annual Trustee report and accounts and published online. These governance requirements apply to all defined contribution (“DC”) pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement covers the period from 1 April 2024 to 31 March 2025 (“the Scheme Year”) and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The default arrangement used to invest members’ funds and other funds members can select;
2. Net investment returns;
3. The charges and transaction costs borne by members (and illustrations of the cumulative effect of these costs and charges);
4. Processing of core financial transactions;
5. The value for members assessment;
6. Trustee knowledge and understanding, and
7. Additional requirements for relevant multi-employer schemes.

The Scheme has three arrangements providing DC benefits to members:

- The Investment Builder section which was opened for new Scheme entrants on 1 October 2017 (value at 31 March 2025, £68,660,937). The assets of the Investment Builder section are managed by Legal and General Assurance Society Limited (“L&G”). L&G also administers the Investment Builder section (other administration services are provided by the Pensions Office of the University).
- Defined benefit members' Additional Voluntary Contributions (“AVCs”) which are invested with Prudential (value as at 31 March 2025, £18,246); and
- The Bonus account in relation to defined benefit members with pensionable service in the Scheme prior to 31 July 1998, which is held in a With-Profits Investment Account with Prudential (value as at 31 March 2025, £3,990,939).

Following the introduction of the Investment Builder section, the Trustee agreed to offer defined benefit members access to the investment options in the Investment Builder section for the purposes of making AVCs. These arrangements are considered as part of the Investment Builder section throughout this statement.

1.1 The default arrangement

The Investment Builder section is used as a Qualifying Scheme for auto-enrolment purposes.

When members are automatically enrolled into the Investment Builder section, their retirement age is set as their State Pension Age and contributions are invested in the default arrangement, which is the L&G PMC Target Date Funds 3 range of funds.

The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee needs to set out the aims and objectives of the default investment strategy and take account of the level of costs and the risk profile that are appropriate for the Scheme's membership.

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in the 'Statement of Investment Principles' ("SIP") for the Investment Builder section ("the Defined Contribution SIP"). The SIP was updated during the Scheme Year to include the Trustee's policy on investing in illiquid assets through the default arrangement. The Scheme's current Defined Contribution SIP is included at the end of this statement.

The key aims of the default arrangement are set out below for ease of reference:

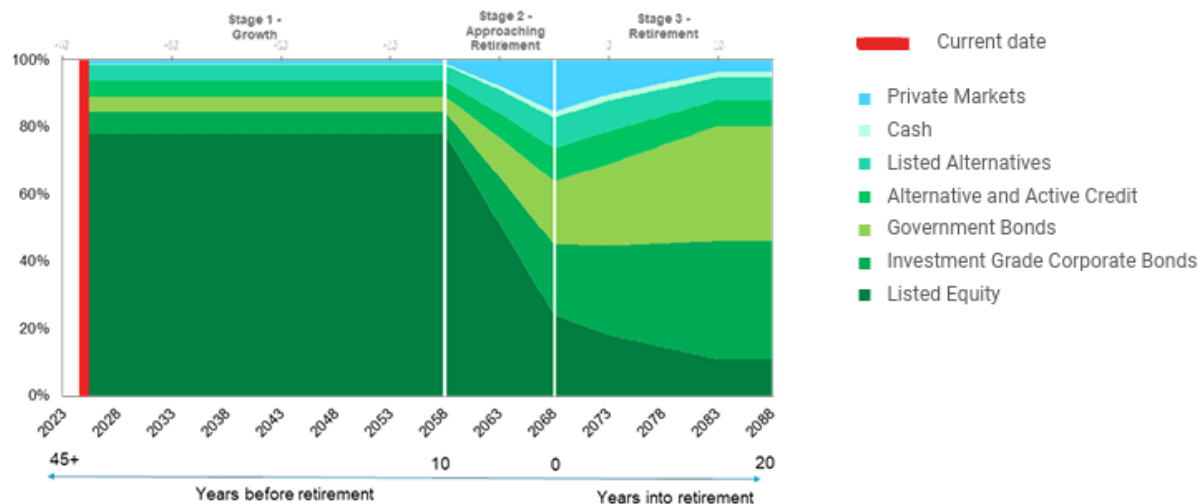
- to support DC members in building their real retirement income while managing possible downside risks; and
- to hold investments at retirement that do not target a particular benefit but are diversified across primarily 'lower risk' asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to 'higher' risk assets such as equities, property and alternatives.

The L&G PMC Target Date Funds 3 adjust the way members' pension savings are invested as they move closer to retirement, spreading risk by investing in a range of asset classes throughout, and reducing investment risk as members approach retirement age.

The aim of the L&G PMC Target Date Funds 3 is to provide the opportunity for growth in the early years of investment by investing predominantly in equities. As retirement approaches, assets are switched to lower risk investments which have historically been less volatile, with the aim of protecting the value of the accumulated fund.

The chart below shows the structure of the L&G PMC Target Date Funds 3 2065-2070 'vintage'. The asset allocation shown is dynamic and is expected to evolve over time. Other target date fund 'vintages' may have a different asset allocation to the one shown below.

The chart also shows the asset allocation for members that choose to continue contributing or defer taking their pension benefits beyond their normal retirement age ('Stage 3 – Retirement' in the chart). Please note that the Scheme does not offer a drawdown facility so members will not be able to stay invested in the Scheme while taking their pension benefits, they must transfer out to another arrangement.



Source: L&G

The Trustee is responsible for the Investment Builder section's investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Throughout the Scheme Year, the Defined Contribution Committee ("DCC") was responsible for monitoring the performance of investment strategy. The Funding & Investment Committee ("FIC") remains responsible for setting and reviewing the strategy, subject to consultation requirements and the approval of the Trustee Board.

During the Scheme Year, the Trustee carried out a full investment strategy review of the Investment Builder section (see details below).

1.2 The asset allocation of the default arrangement

The Trustee is required to disclose the full asset allocation of the default arrangements.

The table below shows the percentage of assets allocated in the default arrangement to specified asset classes for members of different ages.

Asset class	Asset allocation as at 31 March 2025 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.5	0.5	0.6	5.1
Bonds	15.8	15.8	22.5	46.7
Listed equities	78.0	78.0	70.0	27.6
Private equity	0.7	0.7	1.0	0.5
Infrastructure	1.8	1.8	2.5	3.3
Property ¹	2.4	2.4	2.8	3.2
Private debt	0.2	0.2	0.0	10.7
Other	0.6	0.6	0.6	2.9

¹ including real estate investment trusts, when held for property exposure.

1.3 Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Scheme and is not calculated by reference to the value of the member's rights under the Scheme, the Trustee must state the amount of any such performance-based fees in relation to each default arrangement.

During the Scheme Year there were no such fees levied on the default arrangement.

1.4 Review of the investment strategy and performance of the default arrangement

The Trustee undertakes a formal investment strategy review of the default arrangement at least every 3 years.

During the Scheme Year, the Trustee, with support from its investment consultants, undertook a detailed review of the Scheme's investment strategy. The review was completed on 13 March 2025. It included formally reviewing whether the default arrangement remained appropriate for the majority of members and whether the range of self-select funds offered was capable of meeting the needs of members who do not wish to invest in the default arrangement.

The review took account of the membership profile of the Scheme (including the salary and contribution tier (for active members only) and the age, gender, fund value (for all members)). This information was used to model the retirement outcomes for a number of representative members. The modelling compared the current default arrangement with a newly launched alternative strategy from L&G, the Lifetime Advantage Funds and a bespoke lifestyle strategy.

In isolation, the modelling suggested that adopting the newly launched Lifetime Advantage Funds had the potential to outperform the current strategy, however these funds are new to the market and are therefore untested as yet. The review therefore concluded that the existing default arrangement remained the most appropriate strategy at the current time, but that the Lifetime Advantage Funds would be considered further at the next strategy review, due to take place in 2027, by which time they will have a longer track record.

The review also concluded that the self-select fund range remained was capable of meeting the needs of members who do not wish to invest in the default arrangement.

As well as the investment strategy review carried out during the Scheme Year, the DCC reviewed the performance of the default arrangement against the benchmark(s) set by L&G on a quarterly basis. In future, these reviews will include an analysis of member experience, as well as fund performance to check that the risk and return levels meet expectations. The performance reviews carried out by the DCC over the Scheme Year concluded that the default arrangement was performing broadly as expected and remains consistent with the aims and objectives set out in the SIP.

1.2. AVCs

The AVC arrangements do not have a default arrangement, as defined in the Occupational Pension Scheme (Investment) Regulations 2005 since they relate only to AVCs. Members have always been required to choose which funds their AVCs are invested in. During the Scheme Year, no members paid contributions to the AVC arrangements.

1.3. Bonus account

The Bonus account is a special investment account which received a credit of 1% of members' pensionable salary for every year and part year of pensionable service as at 31 July 1998. This bonus was granted as a result of a surplus from the Scheme's 1998 actuarial valuation. It was invested with Prudential in a With-Profits Investment Account. At retirement, members use the value of their Bonus account, plus the investment growth it has accumulated, to buy extra pension or take cash.

Although the Prudential With-Profits Investment Account is the only investment available through the Bonus account, no new contributions have been invested in the Bonus account since the Charges and Governance Regulations came into effect. The Bonus account does not therefore have a default arrangement, as defined in the Occupational Pension Scheme (Investment) Regulations 2005.

2. Net Investment Returns

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

The net investment returns reported here have been prepared having regard to statutory guidance. The guidance states that, for arrangements where the net returns vary with age, such as the L&G PMC Target Date Funds 3, net investment returns should be shown for a member aged 25, 45 and 55 at the start of the investment reporting period. For completeness, we have

reported the net investment returns for all L&G PMC Target Date Funds 3 'vintages' held over the Scheme Year. Performance has been shown over 1 and 5 year periods where available. The L&G PMC 2070 - 2075 Target Date Fund 3 was launched less than 5 years ago, therefore 5-year returns are not available. It is important to note that past performance is not a guarantee of future performance.

2.1. Investment Builder section - default arrangement – L&G PMC Target Date Funds 3

Age of member at the start of the investment reporting period	Net investment return to 31 March 2025	
	1 year (%)	5 years (% p.a.)
25	4.4	8.5
45	3.8	7.8
55	3.5	5.9

Source: L&G

2.2 Investment Builder section – all L&G PMC Target Date Funds 3 and self select funds

Fund name	Net investment return to 31 March 2025	
	1 year (%)	5 years (% p.a.)
L&G PMC 2070 - 2075 Target Date Fund 3	4.2	Not available
L&G PMC 2065 - 2070 Target Date Fund 3	4.1	8.2
L&G PMC 2060 - 2065 Target Date Fund 3	3.7	8.1
L&G PMC 2055 - 2060 Target Date Fund 3	3.6	8.1
L&G PMC 2050 - 2055 Target Date Fund 3	3.5	8.0
L&G PMC 2045 - 2050 Target Date Fund 3	3.5	7.5
L&G PMC 2040 - 2045 Target Date Fund 3	3.6	6.4
L&G PMC 2035 - 2040 Target Date Fund 3	3.8	6.2
L&G PMC 2030 - 2035 Target Date Fund 3	3.2	5.6
L&G PMC 2025 - 2030 Target Date Fund 3	3.3	4.7
L&G PMC 2020 - 2025 Target Date Fund 3	3.8	3.8
L&G PMC All Stocks Index Linked Gilts Index Fund 3	-7.3	-8.1
L&G PMC All World Equity Index 3	3.9	13.8
L&G PMC Ethical Global Equity Index Fund 3	2.2	14.6
L&G PMC Future World Multi-Asset Fund 3	3.6	5.8
L&G PMC HSBC Islamic Global Equity Index Fund 3	3.3	15.9
L&G PMC Retirement Income Multi-Asset Fund 3	3.9	4.9

Source: L&G

2.3 AVCs and Bonus account

Fund	Net investment return to 31 March 2025	
	1 years (%)	5 years (% p.a.)
AVCs		
Prudential Cash Fund	4.6	1.9
Prudential With Profits Cash Accumulation Fund	2.5	1.4
Bonus Account		
Prudential With Profits Investment Account	3.0	1.9

Source: Prudential

For the Prudential With Profits Funds, the net investment returns shown above are the bonus rates declared on these funds over the relevant period i.e. to 15 March 2025 for the Prudential With Profits Cash Accumulation Fund and to 5 April 2025 for the Prudential With Profits Investment Account. Whilst, in practice, we would expect a terminal bonus to increase returns to close to the returns achieved by the underlying assets of the With Profits Funds over the period held (after taking account of all costs of running the fund, including the costs of any guarantees), these amounts are unknown and are not guaranteed. A market value reduction, which can reduce the return delivered to investors, may be applied on exit from the With Profits Funds at any time other than at maturity date, or in the event of death before retirement.

3. Member-borne Charges and Transaction Costs

The Trustee must report the level of charges and costs borne by members through the investment funds during the Scheme Year. These comprise:

- Charges – which represent the explicit costs associated with operating and managing a members' account or policy.
- Transaction costs, which are incurred when the fund manager buys and sells assets within investment funds. These are implicit and are reflected in the unit price of funds, or the fund value quoted for With Profits funds.

The Trustee is also required to produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required following the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The Trustee has taken account of the statutory guidance when compiling the information in this section, other than when determining the representative member for the Bonus account, which uses the mean average (rather than median) age and fund value. Current fund values have been rounded to the nearest £10, except for smaller fund values where the impact of rounding would be disproportionate.

Except as stated below, all costs and expenses relating to DC benefits (including advisory costs) are borne by the Trustee and are not passed onto members.

3A.1. Investment Builder Section

Members of the Investment Builder section pay the following charges:

- an administration charge (the annual management charge (“AMC”)) which covers the cost of running their policy – this is met by cancelling units as shown on members’ annual benefit statements and transaction history;
- a fund management charge (“FMC”) which covers the cost of managing the fund(s) in which members are invested, including any additional expenses disclosed by the fund manager. This is met by adjusting the unit price of the funds members invest in (so it’s not shown separately on members’ annual benefit statements or transaction history).

The Total Expense Ratio (“TER”) is the term used to describe the total of all explicit charges members pay. This is made up of the AMC and FMC.

Members also bear transaction costs, as described in section 3 above.

The table below shows the explicit costs (the AMC and the FMC) and implicit costs (transaction costs) on funds held through the Investment Builder section as at 31 March 2025. These have been provided by L&G.

The TER on the default arrangement (the L&G PMC Target Date Funds 3) is 0.42% p.a. which is well below the statutory charge cap of 0.75%.

DC section fund	AMC (% p.a.)	FMC (% p.a.)	Transaction costs (% p.a.)	Total costs and charges (% p.a.)
L&G PMC Target Date Funds 3 (the default arrangement)	0.27	0.15	0.03-0.06 ²	0.45-0.48 ²
L&G PMC All Stocks Index Linked Gilts Index Fund 3	0.27	0.08	0.06	0.41
L&G PMC All World Equity Index Fund 3	0.27	0.12	0.02	0.41
L&G PMC Ethical Global Equity Index Fund 3	0.27	0.30	0.00	0.57
L&G PMC Future World Multi-Asset Fund 3	0.27	0.16	0.02	0.45
L&G PMC HSBC Islamic Global Equity Index Fund 3	0.27	0.35	0.00	0.62
L&G PMC Retirement Income Multi-Asset Fund 3	0.27	0.31	0.05	0.63

²Depending upon target date of the fund

To give an example in monetary terms, a member invested in one of the L&G PMC Target Date Funds 3 with a fund value of £1,000 will pay an AMC of £2.70 a year (paid by cancelling units) plus a FMC of £1.50 a year, paid by adjusting the unit price. The costs of buying and selling assets in the L&G PMC Target Date Funds were between £0.30 and £0.60 over the year to 31 March 2025. The unit price of the L&G PMC Target Date Funds took account of the costs of buying and selling assets in the Fund.

3A.2. AVCs

Members with AVC funds pay an AMC from their unit-linked funds. Some unit-linked funds are subject to additional expenses. For unit-linked funds, the TER is made up of the AMC plus the additional expenses.

The table below shows the costs and charges borne by members on their AVCs, which have been provided by Prudential. The TER is as at 31 March 2025 and transaction costs cover the twelve month period to 31 March 2025.

The charges on the Prudential With-Profits Cash Accumulation Fund are not explicit, they are taken into account when the annual bonus rate on the Fund is declared. Prudential has however provided an estimate of the charges on the Fund and this is shown in the table below.

As explained above, there is no default arrangement within the AVCs.

AVC fund	TER (% p.a.)	Transaction costs (% p.a.)	Total costs and charges (% p.a.)
Prudential Cash Fund	0.55	0.00	0.55
Prudential With Profits Cash Accumulation Fund	1.07	0.10	1.17

3A.3. Bonus account

The charges on the Prudential With-Profits Investment Account are not explicit. Prudential takes account of the costs of administering the With-Profits Investment Account when it declares the annual bonus rate on the Account. Prudential has however provided an estimate of the charges on the With-Profits Investment Account.

The table below shows the estimated charges and the transaction costs borne by Bonus account members. These have been provided by Prudential. The TER is as at 31 March 2025 and transaction costs cover the twelve month period to 31 March 2025.

As explained above, there is no default arrangement for Bonus account members.

Bonus account	TER (% p.a.)	Transaction costs (% p.a.)	Total costs and charges (% p.a.)
Prudential With Profits Investment Account	0.92	0.10	1.02

3B. Illustrations to show the cumulative effect of costs and charges

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided illustrations to show their cumulative effect on the value of typical Scheme members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative example members, and are based on a number of assumptions about the future which are set out at the end of this section.

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 and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

3B.1. Investment Builder section

For the Investment Builder section, the Trustee has decided to illustrate four example members as follows:

Example Member	Current Age	Retirement Age	Salary (£ per annum)	Total contribution rate	Current Fund Value (£)
1 – Youngest Active	16	68	20,800	18%	160
2 – Youngest Deferred	16	68	N/A	N/A	80
3 – Median Active	37	68	25,400	18%	5,600
4 – Median Deferred	32	68	N/A	N/A	2,500

These example members were chosen as they are representative of the membership of the Scheme's Investment Builder section.

The Trustee has produced illustrations to demonstrate the cumulative effect of the above costs and charges for the default arrangement (as represented by the L&G PMC 2070-2075 Target Date Fund 3 for the youngest example active and deferred members, the L&G 2055 – 2060 Target Date Fund 3 for the median active member and the 2060 - 2065 Target Date Fund 3 for the median deferred member).

The Trustee has also included illustrations to demonstrate the cumulative effect of costs and charges for the L&G PMC Retirement Income Multi-Asset Fund which had the highest total costs and charges over this reporting period and the L&G PMC All Stocks Index Linked Gilts Fund which had the lowest total costs and charges over this reporting period, in accordance with the current guidance.

The tables below illustrate the cumulative effect of the costs and charges at different ages on members' projected retirement pots for the example members invested in the relevant funds. The projected retirement fund is shown in today's terms so it already takes account of the effect of inflation between now and retirement.

Example member 1 – For the youngest active member the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2070-2075 Fund			L&G PMC All Stocks Index Linked Gilts Fund			L&G PMC Retirement Income Multi-Asset Fund		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
20	15,496	15,346	150	15,709	15,584	125	15,107	14,918	189
25	37,145	36,325	820	38,326	37,629	697	35,055	34,074	981
30	61,916	59,766	2,150	65,077	63,203	1,874	56,505	54,046	2,459
35	90,260	85,958	4,302	96,717	92,872	3,845	79,572	74,870	4,702
40	122,693	115,224	7,469	134,142	127,290	6,852	104,377	96,583	7,794
45	159,805	147,923	11,882	178,407	167,219	11,188	131,050	119,222	11,828
50	202,270	184,460	17,810	230,765	213,540	17,225	159,734	142,827	16,907
55	250,861	225,284	25,577	292,692	267,277	25,415	190,578	167,439	23,139
60	306,462	270,898	35,564	365,941	329,617	36,324	223,746	193,101	30,645
65	370,083	321,865	48,218	452,578	401,937	50,641	259,414	219,858	39,556
68	412,580	355,273	57,307	511,988	450,775	61,213	282,092	236,457	45,635

Example member 2 – For the youngest deferred member the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2070-2075 Fund			L&G PMC All Stocks Index Linked Gilts Fund			L&G PMC Retirement Income Multi-Asset Fund		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
20	89	87	2	91	90	1	85	83	2
25	102	98	4	108	105	3	91	86	5
30	117	109	8	128	121	7	98	90	8
35	133	122	11	151	141	10	105	94	11
40	153	136	17	179	163	16	113	98	15
45	175	152	23	212	189	23	122	102	20
50	200	170	30	251	220	31	131	106	25
55	229	190	39	296	255	41	141	111	30
60	262	212	50	351	296	55	152	116	36
65	300	237	63	415	343	72	163	120	43
68	325	254	71	459	375	84	170	124	46

Example member 3 – For the median active member the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2055-2060 Fund			L&G PMC All Stocks Index Linked Gilts Fund			L&G PMC Retirement Income Multi-Asset Fund		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
40	20,182	19,994	188	20,446	20,291	155	19,697	19,461	236
45	47,264	46,220	1,044	48,768	47,881	887	44,600	43,349	1,251
50	78,252	75,522	2,730	82,267	79,888	2,379	71,380	68,256	3,124
55	113,711	108,264	5,447	121,890	117,019	4,871	100,178	94,226	5,952
60	154,286	144,847	9,439	168,755	160,095	8,660	131,145	121,303	9,842
65	200,713	185,724	14,989	224,187	210,067	14,120	164,446	149,536	14,910
68	231,725	212,517	19,208	262,199	243,813	18,386	185,619	167,050	18,569

Example member 4 – For the median deferred member, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	L&G PMC 2060-2065 Fund			L&G PMC All Stocks Index Linked Gilts Fund			L&G PMC Retirement Income Multi-Asset Fund		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
35	2,711	2,672	39	2,765	2,733	32	2,611	2,563	48
40	3,102	2,986	116	3,270	3,171	99	2,808	2,673	135
45	3,549	3,336	213	3,868	3,678	190	3,020	2,787	233
50	4,061	3,727	334	4,575	4,267	308	3,247	2,906	341
55	4,647	4,165	482	5,412	4,950	462	3,492	3,030	462
60	5,317	4,654	663	6,401	5,743	658	3,755	3,159	596
65	6,084	5,200	884	7,571	6,662	909	4,038	3,294	744
68	6,596	5,558	1,038	8,373	7,283	1,090	4,218	3,377	841

3B.2. AVCs

For the AVC arrangement, no members are currently paying contributions therefore we have decided to illustrate one example member as follows:

Example Member	Current Age	Retirement Age	Current fund value (£)
5 – Youngest member	54	65	23,100

In accordance with the guidance, we have produced illustrations to demonstrate the cumulative effect of the above costs and charges for the With Profits Cash Accumulation Fund and the Cash Fund because these are the funds with the highest and lowest charges respectively (they are also the only funds members invested in over the Scheme Year).

For example member 5, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	With Profits Cash Accumulation Fund			Cash Fund		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
55	23,440	23,170	270	22,760	22,640	120
60	25,200	23,500	1,700	21,140	20,460	680
65	27,100	23,840	3,260	19,640	18,480	1,160

3B.3. Bonus account

For the Bonus account, we have decided to illustrate two example members being the youngest and average Bonus account members:

Example Member	Current Age	Retirement Age	Current fund value (£)
6 – Youngest member	42	65	100
7 – Average member	57	65	1,600

For example member 6, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	With Profits Investment Account		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
45	103	101	2
50	111	103	8
55	119	106	13
60	128	108	20
65	138	110	28

For example member 7, the estimated impact of charges on accumulated fund values is shown in the table below.

Age	With Profits Investment Account		
	Fund value (£ before charges)	Fund value (£ after charges)	Impact of charges on fund value (£)
60	1,670	1,640	30
65	1,800	1,700	100

3B.4. Assumptions and Data for Illustrations

All fund values shown are estimates and are not guaranteed.

The projected fund values and the effect of charges on fund values is rounded to the nearest £10, except for smaller fund values where the effect of rounding would be disproportionate.

Fund values shown are in real terms and do not need to be reduced to allow for the effect of inflation.

Inflation is assumed to be 2.5% p.a. consistent with the guidance.

For the example active members of the Investment Builder section, contributions are assumed to continue until retirement and to increase by assumed earnings inflation of 2.5% p.a.

Projected fund values for Prudential With Profits Funds assume returns are the investment growth on the underlying assets less charges however this will be different to the bonus rate declared on these funds.

The transaction costs have been averaged over five years in line with statutory guidance to reduce the level of volatility. A floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.

The projected growth rates and costs and charges used for the illustrations are shown in the table below. These are the same as the growth rates used by the providers for annual benefit statements. We have used a single growth rate for the Target Date Funds, irrespective of the length of time members have to retirement, consistent with L&G's practice for annual benefit statements.

Fund	Total costs and charges (% p.a.) ³	Growth rate (% p.a. gross of charges)
L&G PMC 2070-2075 Fund	0.50	5.30
L&G PMC 2055-2050 Fund	0.50	5.30
L&G PMC 2060-2065 Fund	0.50	5.30
L&G PMC All Stocks Index Linked Gilts Fund	0.41	6.00
L&G PMC Retirement Income Multi-Asset Fund	0.64	4.00
Prudential With Profits Fund (AVCs)	1.19	4.00
Prudential Cash Fund (AVCs)	0.55	1.00
Prudential With Profits Investment Account (Bonus account)	1.04	4.00

³This is the TER plus the averaged transaction costs

4. Processing of Core Financial Transactions

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

4.1. Investment Builder section

The bulk of the core financial transactions are undertaken on behalf of the Trustee by L&G. The Scheme employers are responsible for ensuring that contributions are paid to the Scheme promptly. The Pensions Office is responsible for monitoring contributions and reconciling contributions under the service level agreement (“SLA”) in place with the Trustee, which specifies that a data file will be provided within 5 working days of agreed monthly dates. The Pensions Office reports SLA performance to the DCC. The DCC monitors the allocation of contributions based upon the quarterly administration reports provided by L&G.

The Trustee has a SLA in place with L&G. This details a number of key administration processes to be performed and the target timescale within which each of these processes need to be completed. The SLA covers the accuracy and timeliness of all core financial transactions. Under the current SLA, L&G aims to complete investment of contributions within 24 hours, and all other core financial transactions within 5 working days.

L&G uses automated processes wherever possible, to avoid the need for manual intervention. However there will always be some manual tasks and L&G has processes in place to ensure these are completed promptly and accurately. These processes include:

- Use of a standard operating procedure manual (this is a guide which is used by the administration team to ensure that repeat tasks are carried out in the same way each time).
- Quality / in-line checking of tasks by another individual.
- Quality sampling, where a number of cases per process and/or per member of staff are sampled to be checked by more senior or experienced members of staff, who are in turn subject to checks by another team.
- Daily monitoring of bank accounts and daily processing of both contribution files and cash allocation.
- Use of an internal Knowledge Management system, known as ‘AME’, which holds and links to all scheme specific information & processes via a page specific to each scheme. All requested updates are approved by L&G Client Directors who in turn review the pages annually to ensure consistency in the tasks their colleagues process.

L&G processed 99% of core financial transactions within the SLA during the Scheme Year.

The Trustee aims to have appropriate internal controls in place to minimise the risk of inaccurate or late payment of core financial transactions. Key processes include:

- As well as processes described above, the DCC receives quarterly reports from L&G on compliance with agreed standards and timescales to help it monitor that the SLAs of the Pensions Office and L&G are being met;
- L&G now attends at least part of all DCC meetings, and maintains regular communication with the Scheme Secretary;
- Receipt of contributions by L&G is reconciled to the funds remitted from the Scheme bank account by the University on behalf of the Trustee;
- All refunds of contributions resulting from individuals opting out are reconciled to the Scheme’s bank records prior to returning funds to the relevant Participating Employer;

- As part of its master trust authorisation, the Scheme's processes were independently reviewed and the review has been an annual process since then;

The Trustee is therefore satisfied that over the period:

- L&G was operating appropriate procedures, checks and controls.
- there have been no administration errors in relation to processing core financial transactions; and
- L&G was operating within the agreed SLAs; and core financial transactions have been processed promptly and accurately during the Scheme Year, with appropriate steps being taken to return to improve where this expectation has not been met.

4.2. AVCs and Bonus account

For the AVCs and the Bonus account, transactions are undertaken on the Trustee's behalf by the Pensions Office and Prudential. The Trustee has a SLA in place with the Pensions Office relating to transfers in and transfers out, payment processing, payment of benefits at retirement and contribution processing. The Trustee receives quarterly reports on performance of the Pensions Office, with any exceptions reported when matters have not been dealt with promptly and accurately. No material issues arose during the Scheme Year to 31 March 2025.

The Trustee does not have a formal SLA in place with Prudential. However, Prudential has target timescales in operation for all core financial transactions as set out in the table below.

Task	Target timescales / Service Level Agreement	
	Prudential	Pensions Office
Allocation of contributions	5 working days ⁴	Not applicable
Transfers in	5 working days	5 days
Transfers out	5 working days	5 days
Fund switches	5 working days	Not applicable
Payment of retirement and death benefits	5 working days	2 days

⁴Prudential backdates the payment to the receipt date so even if the contribution is not allocated until a later date, it will be invested with an effective date of day 1.

Prudential monitors its performance against its own service targets closely and adopts a number of measures to help ensure core financial transactions are 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 review and authorisation of payments;
- Daily monitoring of bank accounts;
- Daily checking and reconciliation of member unit holdings.

As expected for the size of the AVC arrangement, there were very few core financial transactions over this period. The Pensions Office has confirmed these were all processed in a timely manner.

The Trustee is therefore satisfied that over this period:

- the Pensions Office was operating appropriate procedures, checks and controls and operating within the agreed SLAs;
- there have been no material administration errors in relation to processing dis-investments; and
- dis-investments have been processed promptly and accurately during the Scheme Year.

5. Value for Members Assessment

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

There is currently no legal definition of "good value" or the process of determining this for Scheme members. Therefore, working in conjunction with its advisers, Aon, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Scheme relative to the costs and charges they pay. Although the Scheme is not subject to the more detailed value for members assessment requirements, the Trustee has taken account of the relevant guidance and the Pensions Regulator's General Code of Practice when carrying out this assessment.

5.1. Costs and charges

Members pay the administration and investment costs of their policy in the Investment Builder section or the AVC arrangement. Members pay only investment costs for their Bonus account assets and these are taken account of in the With Profits bonus rate declared.

Investment Builder section - the costs and charges have been identified as the AMC and FMC which make up the TER and transaction costs, as set out in section 3 of this statement.

The Trustee's assessment concluded that the charges for the Investment Builder section are within the range reported by other similar schemes and broadly in line with current market rates, following an indicative review of providers' fees undertaken during 2025.

Although no benchmarking information is available for transaction costs, those reported for the Investment Builder section over the Scheme Year appear reasonable compared to costs we have seen reported for similar funds. L&G typically uses cash flows to manage and minimise transaction costs and the majority of investments in the Investment Builder section are index-tracking funds which have lower transaction costs than more actively managed funds, such as the Prudential funds held by AVC members. The Trustee has offered AVC members the opportunity to transfer funds and future contributions to the Investment Builder section to take advantage of the lower costs and charges (and other benefits) it provides. Most members paying AVCs have taken up this opportunity, with only three members still holding AVCs with Prudential.

The Trustee has considered the benefits of membership under the following five categories: governance, investments, administration and member experience, member communications and retirement support. Each of these categories have been given an equal weighting, when considering overall value for members. Benchmarking relative to other pension arrangements or industry best practice guidelines has also been undertaken.

For the AVCs and Bonus Account, the Trustee has considered the benefits these arrangements provide to members in the wider context of membership of the Scheme rather than these arrangements alone.

A summary of the assessment for each category of benefit is set out below.

5.2. Governance

The Trustee believes that having robust processes and structures in place to support effective management of risks and ensure members' interests are protected should increase the likelihood of good outcomes for members.

The Scheme has achieved master trust authorisation and is supervised by the Pensions Regulator as a master trust. This takes account of the Scheme's governance processes and structures.

The Trustee has a business plan which is reviewed regularly.

DC issues are included in the Scheme's risk register, which is also reviewed regularly, and the Trustee and its sub-committees take professional advice in respect of actuarial, legal and investment matters (the costs of which are not passed onto members).

The Trustee has a service level agreement ("SLA") in place with the Pensions Office and L&G and receives quarterly reporting on this. The Trustee also has appropriate internal controls in place to minimise the risk of inaccurate or late payment of contributions.

The Trustee has adopted an incident response plan and views its cyber resilience programme as an ongoing priority.

Investment Builder section - the Trustee has governance processes in place for the Investment Builder section whereby core financial transactions and other key governance factors are monitored quarterly.

The Trustee has a SLA in place with L&G. This covers a number of key administration processes to be performed, including all core financial transactions and the target timescale within which each of these processes needs to be completed. The DCC receives quarterly reports from L&G that enable the DCC to monitor that the SLA is being met, and to investigate any instances where the SLA is not met. L&G also attend DCC meetings to discuss any issues and queries with the DCC.

The Trustee's DC advisers review the suitability of the Investment Builder section and L&G as a provider on an annual basis.

AVCs and Bonus account arrangements - the Trustee takes a proportionate approach to governance of the AVCs and Bonus account arrangements, taking account of the number of members and assets under management and the relatively static nature of these arrangements (in terms of fund switches and other core financial transactions).

Members who hold AVCs have been offered the opportunity to move these to the Investment Builder section to take advantage of the lower charges and additional governance oversight. As mentioned above, most members have taken up this opportunity.

A review of the AVC arrangements is undertaken every three years. The last review was completed on 15 November 2022 therefore the next review is due to be completed by 15 November 2025.

The Trustee concluded it has suitable governance processes in place with the right structures in place to support effective management of risks.

5.3. Investments

The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.

Investment Builder section - the Trustee has chosen L&G's range of target date funds as the default arrangement, following advice from its professional advisers and analysis of the membership. A suitable range of alternative investment options on the risk / return spectrum is made available to members, including a Shariah-compliant fund and an environmental, social and governance fund.

The Statement of Investment Principles sets out the aims and objectives of the Investment Builder section default investment strategy and this is reviewed at least every three years.

The DCC reviews investment performance after investment charges and transaction costs against the benchmarks set by L&G on quarterly basis. The investment performance reviews carried out during the Scheme Year identified no major concerns in relation to the relevant investment objectives.

The DCC and the FIC undertake a formal review of the investment strategy every three years. The last review, which was completed on 13 March 2025, took account of the current membership of the Investment Builder section, the forms in which members can access their pension savings and any new developments in investment markets and products. It concluded that the default arrangement and the self select fund range remained appropriate and no changes were made to the investment options offered to members as a result of the review.

AVCs and Bonus account arrangements – the quality and suitability of the AVC investment options are reviewed every 3 years. The AVC arrangement offers members a range of funds that provide access to the main asset classes and a With Profits Fund and are therefore considered to be capable of meeting members' needs. The last review of these arrangements, completed on 15 November 2022, raised no major concerns over fund suitability or performance.

The Prudential With Profits Investment Account is the only option available through the Bonus account. The Trustee is unable to change the investment strategy as doing so would result in the loss of investment guarantees provided by the With Profits Investment Account. All members of

the Bonus account have benefits in the DB section and this account provides additional benefits. Performance of the Bonus account was not formally reviewed during the Scheme Year. The last review of these arrangements was completed on 15 November 2022 and this review raised no concerns over the quality of the With Profits Investment Account.

The Trustee has concluded that the processes it has in place to review and monitor investments are suitable.

5.4. Administration

The Trustee believes that good administration and record keeping play a crucial role in ensuring that the Scheme operates efficiently and members receive the retirement benefits due to them.

The Scheme has achieved master trust authorisation and is supervised as a master trust, which includes consideration of its administration systems and processes.

The Trustee has SLAs in place with L&G and the Pensions Office covering all aspects of administration undertaken and both service providers report performance against these on a quarterly basis. This enables the Trustee, or the sub-committees to which it has delegated these tasks, to monitor standards of administration on a regular basis and investigate any issues that arise. Over this Scheme Year, L&G met the SLA for all tasks 99% of the time.

L&G also reports on the time taken to respond to member enquiries and any member complaints received in its quarterly governance reports. L&G received one member complaint during the Scheme Year, and this complaint was logged by L&G as 'non-reportable' as it was resolved by close of business the following day.

Interfaces used to provide data to L&G include automatic validation of key member data. There is currently no specific action regarding data quality deemed necessary to be included within the Trustee's Business Plan although this is kept under review.

The Trustee does not have a formal service level agreement in place with Prudential for the AVCs and Bonus account, but this is typical market practice for older arrangements. Prudential does have processes in place to ensure core financial transactions are processed promptly and accurately. It also has target timescales for core financial transactions, although it does not report performance against these targets to the Trustee or more widely.

The Pensions Office reviews the data for AVC and Bonus account members as part of the annual process to compile the Trustee Report and Accounts.

The Trustee has concluded that the processes it has in place to monitor administration are suitable.

5.4. Member communications

The Trustee believes that effective member communications and delivery of the right support and tools can help members understand their benefits and have the potential to improve their retirement outcomes.

Member communications remain a key focus area for the DCC. For the Investment Builder section, the Trustee predominantly uses L&G's standard suite of communications that it reviews

before issue to ensure it is suited to the Scheme's membership. The Trustee previously identified that communications may benefit from tailoring to meet the needs of and engage with the Scheme's members and separate DB and DC newsletters were issued to members this year, as a result.

The Scheme is in line with many other schemes, providing most information to members online. Members of the Investment Builder section and members who hold unit-linked AVC funds with Prudential have online access to their accounts via the L&G and Prudential websites. The L&G website includes modelling tools and supporting information such as the member guide for the Investment Builder section and relevant sources of information are signposted to members. In addition, L&G has developed an App for members to have additional online access as well as their secure online access website. L&G also provides a helpline to members of the Investment Builder section.

The Trustee has concluded that the communications it provides to members are adequate.

5.5. Retirement support

The Trustee believes that retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement help members understand and improve retirement outcomes.

The Investment Builder section allows members to access their funds as an uncrystallised fund pension lump sum (i.e. cash) or to take their entitlement to tax-free cash and use the remainder to buy an annuity. Members also have the opportunity to transfer their DC funds out of the Scheme to a suitable arrangement, if they wish to draw income directly from their fund.

Although this is out of line with commercial Master Trusts, it is in line with the approach currently adopted by most other own-trust occupational DC pension schemes. The Investment Builder section is relatively immature and the Trustee expects the majority of members to take funds as an uncrystallised fund pension lump sum for the foreseeable future, however it is actively considering how best to support members make good retirement decisions.

Members of the Investment Builder section have access to L&G's scheme-specific website, which includes financial planning education materials and tools to support retirement decision making.

The Scheme allows defined benefit section members with AVCs to use their AVCs or Bonus account as the first source of tax free cash from the Scheme rather than having to commute defined benefit pension. The Trustee believes this option is valued highly by members who have made AVCs or who have Bonus account benefits. Pre-retirement communications clearly set out the options available to members (i.e. standard benefit option, maximum cash option or no cash option).

The Trustee has concluded that the retirement options available to members are appropriate for the Scheme's current DC membership and in line with those currently offered by similar schemes. However, it is aware of regulatory and legislative developments to provide members of occupational pension schemes with greater support and access to decumulation products and will evolve its approach in line with these developments.

The Trustee's assessment for the year ended 31 March 2025 concluded that the charges and transaction costs borne by members of the Investment Builder section, AVCs and Bonus account provided value for members.

6. TRUSTEE KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirements for trustees to have appropriate knowledge and understanding. These requirements are considered in the Pension Regulator's General Code of Practice.

The comments in this section relate to the Scheme as a whole and not solely the Investment Builder Section.

New Trustee Directors are required to complete a structured induction programme before taking up office, which may include a period of acting as an observer. Completion of the Pensions Regulator's Trustee Toolkit forms part of that induction.

The Trustee Directors have put in place arrangements for ensuring that they take personal responsibility for keeping themselves up to date with relevant developments and review their own training needs. The Scheme Secretary, with the help of the Trustee's advisers, regularly considers training requirements and arranges for training to be made available to individual Trustee Directors or to the whole Trustee body as appropriate. Training is recorded in the Trustee Director's training logs and the Business Plan is updated as required. Trustee Directors have personal copies of the Trust Deed and Rules and have access to all Scheme governance documents and policies through the Scheme's SharePoint site.

As part of the master trust application process, the Trustee Directors needed to demonstrate that they individually had appropriate trustee knowledge and understanding as part of the fit and proper person test. Trustee knowledge and understanding was assessed by asking each Trustee Director to complete a self-assessment. From this, a trustee board skills matrix was compiled. This approach has been included in the Trustee business plan to ensure the Board considers any gaps in its knowledge regularly and informs its training needs or the need for additional support and advice. New Trustee Directors must also demonstrate they meet the fit and proper person test as part of the ongoing supervision of the Scheme as a master trust.

The Trustee Directors also receive advice from professional advisers, and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. It is usual to hold training sessions at each quarterly Trustee meeting. Training sessions usually cover topics on the agenda and updates to law, regulation and practice such as new governance requirements, new legislative requirements, changes to Scheme documentation (e.g. Trust Deed and Rules, SIP, Scheme policy documents), funding and investment and new provider offerings that might benefit the Scheme. The Scheme Actuary and Legal Adviser and other advisers attend each Trustee meeting to provide advice and are available to attend committee meetings when appropriate. In particular, the Scheme Actuary attends funding and investment committee meetings when funding matters are on the agenda. The investment adviser attends each funding and investment committee meeting and is invited to Trustee meetings when appropriate. The DC consultant attends each DCC meeting and is invited to Trustee meetings when appropriate. All advisers are available to provide advice and support when required.

During the period covered by this statement, the Trustee Directors received the following training from their advisers:

- Equality, Diversity & Inclusion;
- Endgame strategies;
- Net Zero;
- Liability Driven Investment;
- Cyber Security;
- Responsible Investment;
- Pension Schemes Bill.

The Trustee Directors are conversant with key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts, Statement of Investment Principles and Trustee policies and procedures.

Some examples during the Scheme Year which demonstrate the Trustee Directors' knowledge and understanding and familiarity with Scheme documents include:

1. Consideration of the Trust Deed & Rules when reviewing the composition of the Trustee's committees.
2. Consideration of the Trust Deed & Rules and Trustee company documentation when implementing the policy and procedure relating to member-nominated Trustee Directors.
3. Consideration of existing principles and policies when making decisions in preparation for the additional disclosures required in relation to climate change.
4. Signing off the Trustee Report and Accounts.
5. Reviewing quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
6. Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the SIP.
7. Consideration of the Trust Deed & Rules and trust law when considering member applications and the application of ill-health and death benefits.

Taking account of actions taken individually and as a Trustee Board, together with advice available from its professional advisers, the Trustee considers that its Board has the necessary knowledge and understanding to properly exercise its functions as Trustee of the Scheme.

7A. ADDITIONAL REQUIREMENTS FOR RELEVANT MULTI-EMPLOYER SCHEMES

The Trustee is required to comply with the additional requirements for relevant multi-employer schemes, set out in Regulation 26 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the “**Scheme Administration Regulations**”).

At the beginning of the Scheme Year the Trustee board had six non-affiliated Trustee Directors (including the chair of the Trustee Board) and four affiliated Trustee Directors with one vacancy. During the Scheme Year, Mrs M. Hauser, a non-affiliated Trustee Director, resigned and so the Trustee board had five non-affiliated Trustee Directors and four affiliated Trustee Directors with two vacancies. It is noted that at the beginning of the Scheme Year, Vidett Trustee Services Limited (company number 01050578 with registered office at 3rd Floor, Forbury Works, 37-43 Blagrove Street, Reading, England, RG1 1PA) (“**Vidett**”) was appointed to replace Mr J. N. Sykes as chair of the Trustee following the end of his term. Affiliation refers broadly to being employed by an entity providing services to the Scheme. The affiliated Trustee Directors are employees (or recent employees) of the University but none are/were employed in the Pensions Office which provides services to the Trustee or have/had roles involving oversight or direction of the Pensions Office. The non-affiliated Trustee Directors during the Scheme Year were Mr C. A. H. Alexander, Mr N. Badman, Mrs M. Hauser (who resigned from 29 November 2024), Ms L. Savin, Mr J. Clark, and Vidett (it being noted that Mr C. A. H. Alexander became an affiliated director following the end of his term on 31 March 2025 having reached the 10 year total term statutory maximum for being a non-affiliated director). The non-affiliated Trustee Directors do not work for the University (or any other Scheme service provider) or any of its subsidiaries (nor have they in the five years prior to their appointment as Trustee Directors) and have not received any payment or benefit from the University (or any other Scheme service provider) other than for their role on the Trustee Board. The term lengths of the non-affiliated Trustee Directors comply with Regulation 28 of the Scheme Administration Regulations, being 3 years each (extended to 3.5 years for the Chair on an exceptional basis by agreement between the Trustee and University). The Trustee’s articles permit term extensions to be decided by the Trustee Board where there is a vacancy, subject to statutory term limits.

During the period, affiliated directors Mr K. Valentine and Ms K. Kele and non-affiliated director Ms L. Savin had their terms temporarily extended until such time as the process for selecting the Trustee’s member-nominated directors (“**MNDs**”) was completed. No extended term exceeded 5 years during the period.

An open and transparent MND process was run during the Scheme Year in accordance with section 242(2) of the Pensions Act 2004. This concluded with the selection by selection panels of Ms N. Cummings, Mr M. Randolph, Ms L. Savin, Ms K. Kele and Mr K. Valentine. Ms L. Savin was re-appointed as a non-affiliated director for a term expiring on 31 March 2026. Affiliated directors Mr K. Valentine and Ms K. Kele were appointed each for a term expiring on 31 March 2027. After completing relevant induction processes, Ms N. Cummings was appointed after the Scheme Year End as a non-affiliated director for a term to 31 March 2028 and Mr M. Randolph was appointed after the Scheme Year end as an affiliated director for a term to 31 March 2028.

For completeness, it is noted that following an open and transparent process for appointment of employer-nominated directors (“**ENDs**”) (by public advertisement in the University Gazette), after the Scheme Year end, the re-appointment of affiliated Trustee Director Mr D. Snape was confirmed for a term to 31 March 2028 and the re-appointment of now affiliated Trustee Director Mr C. A. H. Alexander (see note above) was confirmed for a term to 31 March 2027 (to allow a staggered approach to the Trustee Director terms and to reflect that Mr C. A. H. Alexander had

already served a one-year term as a non-affiliated Trustee Director). Affiliated Trustee Director Prof. G. Clark retired following the end of his term on 31 March 2025. As no non-affiliated nominees came forward in the recent END process, a vacancy for a non-affiliated END has arisen. The process for a replacement non-affiliated END is ongoing.

7B. FEEDBACK

Members and their representatives are encouraged to make their views on matters relating to the Scheme known to the Trustee. Because of the size, nature and demographic of the Scheme membership, a range of different channels is available to members should they wish to share their views with the Trustee. They may contact the Trustee via the contact details (telephone number, email and postal address) in the annual report and the annual members' newsletter and on the OSPS website page. Members may also give feedback when in contact with the Pensions Office and they are encouraged to give feedback in the annual members' newsletter. The Trustee keeps under review the level of engagement with members and the opportunities for feedback from members. The presence of a number of member-nominated Trustee Directors on the Trustee Board is also helpful in this regard. Feedback is also received on future provision from employer working groups and forums that also include union representatives. The Trustee is actively exploring with the University the opportunities for other member engagement forums.

Stuart Southall on behalf of Vidett Trustee Services Limited

Date: 28 October 2025

APPENDIX TO THE ANNUAL STATEMENT REGARDING GOVERNANCE OF THE DEFINED CONTRIBUTION FUNDS IN OSPS (“the Scheme”)

Introduction

This Statement of Investment Principles (SIP) has been prepared by the Trustee of the University of Oxford Staff Pension Scheme (the Scheme) to comply with the requirements of the Pensions Acts 1995, as amended, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK.

This SIP applies to the Defined Contribution (DC) Section only. There is a separate SIP for the Defined Benefit Section.

The Scheme Trustee has consulted with the University (on behalf of the employers with active members in the Scheme) on the content of this document.

Effective Date

This SIP is effective from 1 October 2024

1. Strategy

Investment Objective

The Trustee's objective for the DC Section is the following:

The Trustee is responsible for investing DC assets in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives.

The Trustee has taken into account members' circumstances; in particular the possible range of members' attitudes to risk and term to retirement.

Investment Strategy

In order to meet the Scheme's Investment Objective, the Trustee provides members access to a number of individual funds via the provider's platform. Further details on each of the funds available to members are provided in the Appendix.

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment advisers.

In choosing the DC Section's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and extent of manager diversification.
- The suitability of each asset class for a DC Scheme.
- The need for appropriate diversification of asset classes.

Default Investment Arrangement

- The current and expected future membership of the DC Section of the Scheme.
- The fund charges, in order to assess value for money.

The Trustee is required to designate a default investment arrangement, into which contributions for members who are automatically enrolled (which occurs by enrolment into the DC Section) are invested. The Trustee has designated the L&G PMC Target Date Funds 3 (Target Date Funds 3) as the default investment arrangement for the DC Section.

The Trustee, with its investment adviser, has assessed the suitability of the default investment arrangement in the light of the regulations governing the ways in which members can access their benefits at retirement. This assessment took into account the expected membership profile of the Scheme and expected fund values at retirement. The default investment arrangement was formally reviewed in 2020.

The Trustee's policies in relation to the default investment arrangement in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended, are those set out elsewhere in this document.

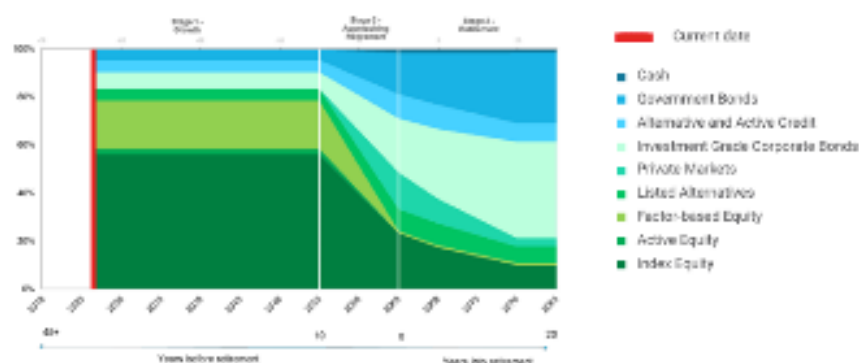
The default investment arrangement has been chosen by the Trustee so as to:

- provide long-term investment returns in excess of inflation,
- focus on mitigating downside risk for members as they approach retirement;
- reduce volatility as appropriate; and
- adopt an asset allocation at retirement that is broadly suitable no matter how members access their DC funds.

The aim of the Target Date Funds 3 is to provide opportunity for growth in the early years of investment by investing predominantly in equities initially then adopting a multi-asset approach with a significant allocation to growth assets from c.30 years before retirement date. As retirement approaches, the majority of assets are switched to historically less volatile and lower risk investments with the aim of protecting the value of the accumulated fund.

The chart overleaf shows the structure of the Target Date Fund 3 2060- 2065 vintage (note that this chart shows the asset allocation of the Target Date Fund 3 after retirement however members are unable to leave their DC funds invested in the Scheme after they start taking benefits). The asset allocation shown is dynamic and due to evolve over time. Other target date fund vintages may have a different asset allocation to the one shown below.

Legal & General 2060 – 2065 Target Date Fund 3



Source: Legal & General

2. Risks

The Trustee recognises that the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the DC Section.

The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

Risks
Risk of not meeting the reasonable expectations of members, bearing in mind members' contribution rates and fund choices.
Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and its investment advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
Risk of the default investment arrangement being unsuitable for some members.
Risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
Risk of the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations. The risk of the extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy. This is considered by the Funding and Investment Committee, which monitors the performance of funds held in the DC Section.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner. The Trustee's policy is to review the range of funds offered annually.

These risks were considered when setting the initial strategy and will be considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks/objectives on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

3. Governance

The Trustee of the Scheme is responsible for the investment of the Scheme assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure, which may be amended from time to time:

Trustee
▪ Sets structures and processes for carrying out its role. ▪ Selects the investment adviser, bundled DC provider and overall investment strategy. ▪ Appoints the Defined Contribution Committee (DCC) and the Funding and Investment Committee (FIC). ▪ Delegates monitoring of overall investment strategy to the DCC. ▪ Considers and approves recommendations from the DCC and the FIC.
Defined Contribution Committee (DCC)
▪ The appointment and dismissal of the Scheme DC advisors; ▪ Monitoring the Scheme's demographic profile to inform wider initiative, including actual and projected DC retirement outcomes and identifying any gender-based trends); ▪ Proposals for DC-related amendments to the rules of the Scheme; ▪ Reviewing the DC-related scheme documents and communications materials, including the chair's statement and communications from service providers; ▪ Monitoring the quality of the administration by the DC-related service providers including the University, and reviewing management information reports; ▪ Compliance with applicable law and regulatory codes of practice in relation to DC matters; and ▪ Assessment and monitoring of DC-related risks.
Funding and Investment Committee (FIC)
▪ The appointment and dismissal of Scheme investment advisors, managers and custodians;

▪ Compliance with funding- and investment-related aspects of pensions legislation and regulatory codes of practice (including those relating to responsible investment / ESG such as TCFD requirements); ▪ The proposal of amendments to the rules of the Scheme in connection with funding and investment matters; ▪ Reviewing scheme documents in connection with funding and investment matters (including those relating to responsible investment / ESG such as TCFD requirements); ▪ Assessment and monitoring of investment; ▪ The proposal of funding and investment policy and strategy, following consultation with the Trustee's advisers, the Principal Employer and other relevant parties.
Investment Adviser
▪ Advises on all aspects of the investment of the Scheme assets, including implementation. ▪ Advises on the suitability and any changes required to the default arrangement. ▪ Advises on this statement. ▪ Provides required training.
Bundled DC Provider
▪ Operates within the terms of this statement and its written contracts. ▪ Provides unit prices and other reporting material on a regular basis. ▪ Provides quarterly performance reporting to the Defined Contribution Committee. ▪ Provides Scheme information to advisers and the Trustee.

4. Implementation

Aon Investments Limited has been appointed as investment adviser to the Trustee, the Defined Contribution Committee and the Funding and Investment Committee. They operate under an agreement to provide a full service designed to ensure that the Trustee, the Defined Contribution Committee and the Funding and Investment Committee are fully briefed both to take decisions themselves and to monitor those they delegate. They are paid on a basis that is agreed with the Trustee and which is currently a combination of a fixed fee for core services and time and materials basis for other services.

The fund manager structure and investment objectives for each fund manager ("mandates") are as set out in the Appendix.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through an insurance policy with the Bundled DC Provider. When choosing investments, the Trustee and the fund managers (to the extent delegated) are

required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The managers' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practical.

All fund managers are remunerated on a fee basis related to the amount of assets under management. This structure has been chosen as the most cost-effective available to DC pension schemes. In addition, fund managers pay commissions to third parties on some of the many trades they undertake in the management of the assets and also incur other ad hoc costs.

5. General

Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy, or units in a pooled vehicle. The latter are known as direct investments.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments, the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Arrangements with asset managers

The Trustee monitors the DC investments to consider the extent to which the default investment arrangement and decisions of the asset managers are aligned with the Trustee's policies as set out in this SIP.

This includes monitoring the extent to which asset managers:

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

The Trustee is supported in this monitoring activity by its investment adviser.

The Trustee receives regular reports and verbal updates from the investment adviser on various items including the investment strategy, performance and longer-term positioning of the portfolio. The Trustee focuses on the longer-term performance when considering the ongoing suitability of the investment strategy in relation to the DC Section objectives and assesses the asset managers over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by its asset managers, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been adhered to throughout the year.

The Trustee shares the policies, as set out in its separate ESG policy, with the asset managers and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, then the Trustee will express its expectations to the asset managers by other means (such as through a side letter, in writing or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation setting clear expectations of the asset managers' performance and investment strategy is, in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium and long-term financial and non-financial performance.

Where asset managers are considered to be making decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years.

The Trustee does not regularly monitor asset managers against non-financial criteria of the investments made on its behalf.

Investment managers are remunerated as a set percentage of the assets under management. This is in keeping with market practice. Annual fund management charges (including other annual charges levied by the investment manager) are met by the members by deduction from the unit price. The Trustee monitors and reviews the level of charges, as part of the work to prepare the Chair's Statement each year.

Environmental, Social and Governance considerations

In setting the range of funds available to members, the Trustee's primary concern is to seek the best return that is consistent with an appropriate level of risk. This includes the risk that environmental, social and governance ('ESG') factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the DC Section's investment strategy.

The DC Section assets are invested in pooled funds. The Trustee cannot directly influence the managers' policies on ESG factors in these circumstances. However, the investment managers are in a position to exert significant influence on the companies in which they invest and the Trustee uses its influence as an asset owner and expects its managers to integrate social, environmental and governance considerations (including, but not limited to climate change) and opportunities within their investment process as applied to the funds available to members.

The Trustee believes that the exercise of rights (including voting rights) attaching to investments should be exercised by each investment manager, to whom the day-to-day responsibilities have been delegated, in the interests of investors. The Trustee believes that this will ultimately be in the best interests of the members.

Stewardship – Voting and Engagement

As part of its delegated responsibilities, the Trustee expects the DC Section's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- Exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent asset manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the asset manager.

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for members and their beneficiaries,

The Trustee reviews the stewardship activities of its asset managers on a regular basis, covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of the asset managers and ensure its asset managers of other third parties use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability and positive change.

The Trustee expects transparency from its asset managers on their voting and engagement activity. Where voting is concerned, the Trustee expects asset managers to, where relevant, provide a summary of their voting actions on an annual basis. The transparency offered for engagement activity should include the objectives of the engagement action, the ultimate outcome and the processes for escalating unsuccessful engagements.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with issuers of debt and equity, an asset manager or another holder of debt or equity and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the DC Section's investment strategy, the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact or present and future quality of life matters (defined as 'non-financial factors'). The Trustee does make an ethical fund and an environmental, social and governance ('ESG') fund available to members through the self-select fund range.

Policy on investing in illiquid assets

Whilst the Trustee does not invest in illiquid assets directly, the Trustee may hold illiquid investments on behalf of DC members within wider pooled funds in the default investment arrangement.

The Trustee expects the vast majority of the L&G Target Date Funds 3 underlying holdings to be liquid, but on occasion the underlying investment managers may allocate to underlying illiquid investments. These are at the discretion of the investment manager, and the allocations may increase or decrease over time.

Whilst the Trustee recognises that illiquid investments may be associated with higher costs, and liquidity risks, it nevertheless believes that the benefits of diversification and access to an illiquidity premium should benefit members in the long term. The Trustee also believes the underlying managers are best placed to use their discretion as to the appropriateness of holding illiquid investments in the fund at any particular time, and to use the liquid portions of the fund to ensure members have sufficient access to liquidity. Overall, each underlying fund is still expected to provide full daily liquidity.

Costs and Transparency

The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair's Statement each year.

Explicit charges

The investment managers are remunerated as a set percentage of the assets under management. This is in keeping with market practice.

Annual investment management charges (including annual management charges levied by the provider) are met by the members by deduction from the unit price.

The level of costs is reviewed against competitive market levels with input from the investment adviser, as part of the value assessment carried out in respect of the Chair's Statement each year.

Transaction costs

The Trustee monitors transaction costs (defined as the costs incurred as a result of the buying and selling of investments) through the Financial Conduct Authority compliant reporting received from managers. These costs are confirmed in the Chair's Statement each year.

The Trustee accepts that transaction costs need to be incurred to drive investment returns. The level of these costs varies across asset classes and by manager style within an asset class. For this reason, there are no overall targets for transaction costs and this is reviewed on a case by case basis depending on market circumstances and manager strategy.

Realisation of Investments

The Scheme's assets are invested in daily priced pooled investment funds, and the vast majority of the underlying assets are invested in quoted markets. The platform provider can be required to realise investments as soon as it becomes appropriate to do so.

Investment Adviser

Aon Investments Limited has been appointed as Investment Adviser. It has the knowledge and experience required under the Pensions Act 1995.

Review of SIP

In drawing up this document, the Scheme Trustee has sought advice from the Scheme's Investment Adviser, Aon Investments Limited.

The Trustee will review this SIP at least every three years and without any delay after any significant change in investment policy or the demographic profile of relevant members.

The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Appendix – Fund Options

Investment fund	Investment style	Benchmark	Fee ¹	Investment Characteristics
L&G PMC Target Date Funds 3		Composite	0.42% pa	This Fund provides exposure to a range of different asset classes and the mix of assets within the fund charges over time to reflect the needs of members as they approach their target retirement date.
L&G PMC All-World Equity Index Fund 3	Passive	Global Equities	0.39% pa	To track the performance of the FTSE All-World Index (less withholding tax where applicable) to within +/- 0.5% per annum for two years out of three.
L&G PMC Future World Multi-Asset Fund	Passive	Composite	0.43% pa	The fund will invest in a range of assets which may include equities, bonds, cash and listed infrastructure, private equity and global real estate companies. Exposure to each asset class will primarily be through investing in passively managed funds with the ESG exposure being provided through investments in a range of Future World equity and bond index funds. These funds are constructed and weighted by the index provider based on ESG scoring of eligible constituents. Where an ESG approach is not likely to be feasible or meaningful, the fund will use traditional index funds for asset allocation purposes.
L&G PMC Ethical Global Equity Index Fund	Passive	Global Equities	0.57% pa	To track the sterling total returns of the FTSE4Good Global Equity Index before charges (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.

¹ Fees as at April 2024

Investment fund	Investment style	Benchmark	Fee¹	Investment Characteristics
L&G PMC HSBC Islamic Global Equity Index Fund	Passive	Global Equities	0.62% pa	The Fund aims to create long term appreciation of capital through investment in a diversified portfolio of securities as defined by a relevant world index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors.
L&G PMC All Stocks Index Linked Gilts Index Fund	Passive	UK Index- linked Gilts	0.35% pa	To track the sterling total returns of the FTSE Index-Linked (All Stocks) Index before charges (including re-invested income) to within +/- 0.25% per annum for two years in three.
L&G PMC Retirement Income Multi- Asset Fund		Composite	0.58% pa	To provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income. The Fund invests globally in a range of different asset classes. The Fund invests in both index tracking and actively managed funds.

4. ASSOCIATED PARTICIPATING EMPLOYERS AS AT 31 March 2025

Employer and Post Code	Defined Benefit Section	
	Active members	Former Members and Pensioners
Balliol College, OX1 3BJ	50	193
Brasenose College, OX1 4AJ	22	119
Christ Church, OX1 1DP	72	283
Corpus Christi College, OX1 4JF	32	93
Exeter College, OX1 3DP	30	141
Green Templeton College, OX2 6HG	11	97
Green Templeton Services Limited, OX2 6HG	5	4
Hertford College, OX1 3BW	26	141
Jesus College, OX1 3DW	24	176
Keble College, OX1 3PG	16	136
Lady Margaret Hall, OX2 6QA	26	113
Linacre College, OX1 3JA	11	58
Lincoln College, OX1 3DR	49	126
Magdalen College, OX1 4AU	54	161
Mansfield College, OX1 3TF	15	57
Merton College, OX1 4JD	41	175
New College, OX1 3BN	38	170
North Oxford College Shared Services Limited, OX2 6JF	1	1
Nuffield College, OX1 1NF	24	78
Oxford Centre for Hebrew and Jewish Studies, OX1 2HG	3	35
Oxford Centre for Islamic Studies, OX1 2AR	1	11
Oxford Said Business School Ltd, OX1 1HP	12	105
Oxford University Innovation Limited, OX2 0JB	4	32
Oxford University Student Union, OX1 2BX	1	21
Pembroke College, OX1 1DW	50	110
The Queen's College, OX1 4AW	31	118
Regent's Park College, OX1 2LB	5	13
Rhodes House (The Rhodes Trust), OX1 3RG	1	13
Ruskin College, OX8 9BZ	0	76
St Anne's College, OX2 6HS	26	128
St Antony's College, OX2 6JF	15	139
St Catherine's College, OX1 3UJ	20	92
St Edmund Hall, OX1 4AR	22	115
St Hilda's College, OX4 1DY	24	109
St Hugh's College, OX2 6LE	35	104
St John's College, OX1 3JP	3	7
St Peter's College, OX1 2DL	18	103
St Stephen's House, OX4 1JX	4	17
Trinity College, OX1 3BH	37	105
University College, OX1 4BH	32	101
Wadham College, OX1 3PN	36	128
Wolfson College, OX2 6UD	15	163
Worcester College, OX1 2HB	36	135

Associated Participating Employers Total Membership	<u>978</u>	<u>4,302</u>
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4. ASSOCIATED PARTICIPATING EMPLOYERS AS AT 31 March 2025 continued

Former Associated Participating Employers:	Defined Benefits Former Members and Pensioners
Associated Examining Board	5
Chapter House Shop	2
Local Examinations Syndicate	22
Oxford & Cambridge Examinations Board	10
Oxford Colleges Admissions Office	13
Oxford Limited	19
Oxford University Endowment Management	1
Oxford University Rugby Club	1
Somerville College	1
St Mary's Church	1
University of Cambridge Local Examinations Syndicate	53
Voltaire Foundation	1
William Osler House	2
Former Associated Participating Employers Total Membership:	<u>131</u>

Notes:

1. Statistics for Magdalen College includes employees of The Oxford Science Park Limited (formerly Magdalen Development Company Limited), a wholly-owned subsidiary of the College.
2. Statistics for New College includes employees of New College School, a department of the College.
3. Statistics in respect of former members include only those former members who have an entitlement to benefits under the Scheme.
4. The Principal Employer, the University of Oxford, had 835 active members and 7,482 former members and pensioners in the defined benefit section at 31 March 2025.

Employer and Post Code	Defined Contribution Section	
	Active members	Former Members
Balliol College, OX1 3BJ	79	65
Brasenose College, OX1 4AJ	59	44
Christ Church, OX1 1DP	173	139
Corpus Christi College, OX1 4JF	50	26
Exeter College, OX1 3DP	62	50
Green Templeton College, OX2 6HG	25	20
Green Templeton Services Limited, OX2 6HG	0	0
Hertford College, OX1 3BW	56	46
Jesus College, OX1 3DW	49	45
Keble College, OX1 3PG	86	106
Lady Margaret Hall, OX2 6QA	67	77
Linacre College, OX1 3JA	33	26
Lincoln College, OX1 3DR	66	48
Magdalen College, OX1 4AU	80	65
Mansfield College, OX1 3TF	45	65
Merton College, OX1 4JD	84	69
New College, OX1 3BN	95	55
North Oxford College Shared Services Limited, OX2 6JF	3	1
Nuffield College, OX1 1NF	34	16
Oxford Centre for Hebrew and Jewish Studies, OX1 2HG	0	1
Oxford Centre for Islamic Studies, OX1 2AR	42	21
Oxford Conservation Consortium, OX1 3TX	6	0
Oxford Said Business School Ltd, OX1 1HP	35	77
Oxford University Innovation Limited, OX2 0JB	1	0
Oxford University Students Union, OX1 2BX	17	64
Pembroke College, OX1 1DW	106	57
The Queen's College, OX1 4AW	56	41
Regent's Park College, OX1 2LB	24	12
Rhodes House (The Rhodes Trust), OX1 3RG	1	1
Ruskin College, OX8 9BZ	1	22
St Anne's College, OX2 6HS	60	38
St Antony's College, OX2 6JF	41	29
St Catherine's College, OX1 3UJ	43	56
St Edmund Hall, OX1 4AR	45	35
St Hilda's College, OX4 1DY	61	30
St Hugh's College, OX2 6LE	55	21
St John's College, OX1 3JP	0	2
St Peter's College, OX1 2DL	48	33
St Stephen's House, OX4 1JX	8	4
Trinity College, OX1 3BH	55	43
University College, OX1 4BH	67	102
Wadham College, OX1 3PN	69	91
Wolfson College, OX2 6UD	54	53
Worcester College, OX1 2HB	52	39
Associated Participating Employers Total Membership	<u>2,093</u>	<u>1,835</u>

Former Associated Participating Employers:	Defined Benefits Former Members and Pensioners
Oxford Limited	24
Former Associated Participating Employers Total Membership:	<u>24</u>

Notes:

1. Statistics for Magdalen College includes employees of The Oxford Science Park Limited (formerly Magdalen Development Company Limited), a wholly-owned subsidiary of the College.
2. Statistics for New College includes employees of New College School, a department of the College.
3. Statistics in respect of former members include only those former members who have an entitlement to benefits under the Scheme.
4. The Principal Employer, the University of Oxford, had 2,419 active members and 2,757 former members and pensioners in the defined contribution section at 31 March 2025.

5. SCHEME MEMBERSHIP STATISTICS

DB section

	At 31 March 2025	At 31 st March 2024
Active Members:		
At Start of Year:	2,092	2,409
<i>Plus:</i> New Entrants	2	2
<i>Less:</i> Deaths in Service	(3)	(4)
Leavers taking Refund or Transfer	(1)	-
Leavers with Preserved Benefits	(168)	(227)
Retirements	(109)	(89)
At End of Year:	<u>1,813</u>	<u>2,092</u>
Former Members with Preserved Benefits (including Undecided Leavers):		
At Start of Year:	7,006	6,951
<i>Plus:</i> Leavers with Preserved Benefits	168	227
Adjustment (from no liability)	-	1
<i>Less:</i> Transfers Out	(28)	(14)
Deaths in Deferment	(12)	(8)
Retirement	(155)	(141)
Undecided leaver refunds	(17)	(10)
At End of Year:	<u>6,962</u>	<u>7,006</u>
Pensions in Payment:		
At Start of Year:	4,768	4,613
<i>Plus:</i> Retirements from active membership	109	89
Retirements from deferment	155	141
New dependant's pensions	58	72
<i>Less:</i> Commutations at retirement	(6)	(3)
Deaths of pensioners	(127)	(140)
Cessations of child's pensions	(4)	(4)
At End of Year:	<u>4,953</u>	<u>4,768</u>
Total at End of Year	<u>13,728</u>	<u>13,866</u>

Of the 4,953 (2024:4,768) pensioners at 31 March 2025, 671 (2024: 640) are dependants of deceased members.

Undecided leavers in the DB section are members with between 3 months' and 2 years' service with an entitlement to either a refund or a transfer to another pension arrangement.

DC section

		At 31 March 2025	At 31st March 2024
Active Members:			
At Start of Year:		4,233	3,804
<i>Plus:</i>	New Entrants	1,336	1,393
	Re-activated from deferred	117	113
<i>Less:</i>	Deaths in Service	(3)	(1)
	Leavers with Preserved Benefits	(1,146)	(1,056)
	Retirements	(23)	(18)
	Adjustments in respect of late opt-outs	(2)	(2)
At End of Year:		<u>4,512</u>	<u>4,233</u>
Former Members with Preserved Benefits:			
At Start of Year:		3,717	2,884
<i>Plus:</i>	Leavers with Preserved Benefits	1,146	1,056
<i>Less:</i>	Transfers Out	(93)	(74)
	Retirement	(34)	(32)
	Deaths	(3)	(5)
	Consolidated with new active record	(117)	(113)
	Prior year adjustment	-	1
At End of Year:		<u>4,616</u>	<u>3,717</u>
Total at End of Year		<u>9,128</u>	<u>7,950</u>

These figures exclude employees who elected to opt-out within one month of their automatic entry into the Scheme.

6. FINANCIAL STATEMENTS

6A. FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

		2024/25			
		DB section £000	DC section £000	Total £000	2023/24 £000
	Notes				
Contributions and Benefits					
Employee Contributions		1,543	2,182	3,725	3,915
Employer Contributions		11,565	16,768	28,333	30,372
Total Contributions	5	13,108	18,950	32,058	34,287
Transfers In	6	-	694	694	553
		13,108	19,644	32,752	34,840
Benefits Payable	7	(30,237)	(1,042)	(31,279)	(27,064)
Payments to and on Account of					
Leavers	8	(231)	(891)	(1,122)	(773)
Administrative Expenses	9	(1,657)	(512)	(2,169)	(2,266)
		(32,125)	(2,445)	(34,570)	(30,103)
Net (withdrawals)/additions from dealings with members		(19,017)	17,199	(1,818)	4,737
Returns on Investments					
Investment Income	10	30,165	34	30,199	18,937
Investment Management Expenses	11	125	(162)	(37)	(614)
Change in Market Value of Investments	12	(90,689)	1,692	(88,997)	8,235
Net Return on Investments		(60,399)	1,564	(58,835)	26,558
Net (decrease)/increase in fund during the year		(79,416)	18,763	(60,653)	31,295
Net Assets of the Scheme					
At end of previous year		908,230	51,617	959,847	928,552
At end of year		828,813	70,381	899,194	959,847

The notes on pages 76 to 96 form part of these Financial Statements

6. FINANCIAL STATEMENTS

6B. STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31 MARCH 2025

		2024/25			2023/24
	Notes	DB section £000	DC section £000	Total £000	£000
Investments					
Pooled Investment Vehicles	12	622,783	68,661	691,444	766,386
Private Equity	12	132,094	-	132,094	127,498
Money Purchase Investments	12	2,063	-	2,063	2,129
Cash Deposits	12	9,951	-	9,951	22,661
Other Investment Balances	12	62,943	1,721	64,664	39,703
		<u>829,834</u>	<u>70,382</u>	<u>900,216</u>	<u>958,377</u>
AVC Investment	12	38	-	38	160
Total Investment Assets		<u>829,872</u>	<u>70,382</u>	<u>900,254</u>	<u>958,537</u>
Current Assets	13	1,574	2,156	3,730	6,035
Current Liabilities	14	(2,633)	(2,157)	(4,790)	(4,725)
Net Assets of the Scheme		<u>828,813</u>	<u>70,381</u>	<u>899,194</u>	<u>959,847</u>

The Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits that fall due after 31 March 2025. The actuarial position of the DB Section, which does take account of such obligations, is dealt with by the Report on Actuarial Liabilities on pages 107 to 108 and these Financial Statements should be read in conjunction with this.

The Financial Statements were approved by the Trustee on 28 October 2025 and signed on behalf of the Trustee by:

Director: Stuart M Southall

Director: Kevin Valentine

The notes on pages 76 to 96 form part of these Financial Statements

6. FINANCIAL STATEMENTS

6C. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Note 1. Basis of preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (Revised 2018).

Under the Pension Statement of Recommended Practice, a going concern basis is assumed unless a decision has been made to wind up the Scheme or an event triggering its wind up has occurred. As no such event has occurred or is currently anticipated, these financial statements have been prepared on a going concern basis. In line with best practice, the Trustee has considered the extent to which the current economic climate might present a risk of the Scheme continuing as a going concern. The Trustee has reviewed the information made available to them from the Principal and Participating Employers and do not currently anticipate an event that would trigger the wind up of the Scheme in the next 12 months from the date of approval of these Financial Statements.

Note 2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the scheme is:

The Pensions Officer
Finance Division
University of Oxford
c/o Oxford University Press
Great Clarendon Street
Oxford OX2 6DP

Email: osps@admin.ox.ac.uk

Note 3. Comparative disclosures for the Fund Account and Statement of Net Assets

		2023/24			
	Notes	DB section £000	DC section £000	Total £000	2022/23 £000
Contributions and Benefits					
Employee Contributions		2,052	1,863	3,915	3,650
Employer Contributions		17,402	12,970	30,372	32,150
Total Contributions	5	19,454	14,833	34,287	35,800
Transfers In	6	-	553	553	518
Other Income	7	-	-	-	15
		19,454	15,386	34,840	36,333
Benefits Payable	8	(26,491)	(573)	(27,064)	(25,324)
Payments to and on Account of Leavers	9	(194)	(579)	(773)	(820)
Administrative Expenses	10	(1,845)	(421)	(2,266)	(2,343)
		(28,530)	(1,573)	(30,103)	(28,487)
Net (withdrawals)/additions from dealings with members		(9,076)	13,813	4,737	7,846
Returns on Investments					
Investment Income	11	18,895	42	18,937	11,027
Investment Management Expenses	12	(410)	(204)	(614)	(520)
Change in Market Value of Investments	13	3,765	4,471	8,235	(77,800)
Net Return on Investments		22,250	4,309	26,558	(67,293)
Net increase in fund during the year		13,174	18,121	31,295	(59,447)
Net Assets of the Scheme					
At end of previous year		895,056	33,496	928,552	987,999
At end of year		908,230	51,617	959,847	928,552

		2023/24			2022/23
	Notes	DB section £000	DC section £000	Total £000	£000
Investments					
Pooled Investment Vehicles	13	717,363	49,023	766,386	753,366
Private Equity	13	127,498	-	127,498	127,536
Money Purchase Investments	13	2,129	-	2,129	2,279
Cash Deposits	13	22,661	-	22,661	40,926
Other Investment Balances	13	38,292	1,411	39,703	3,595
		<u>907,943</u>	<u>50,434</u>	<u>958,377</u>	<u>927,702</u>
AVC Investment	13	160	-	160	152
Total Investment Assets		<u>908,103</u>	<u>50,434</u>	<u>958,537</u>	<u>927,854</u>
Current Assets	14	3,118	2,917	6,035	4,125
Current Liabilities	15	(2,991)	(1,734)	(4,725)	(3,427)
Net Assets of the Scheme		<u>908,230</u>	<u>51,617</u>	<u>959,847</u>	<u>928,552</u>

Note 4. Accounting policies

A summary of the accounting policies, which have been applied consistently, is set out below:

- (a) Currency:** The Scheme's functional and presentational currency is pounds Sterling.
- (b) Investments:** Investments denominated in foreign currencies are translated into Sterling using the closing exchange rates at the Scheme year-end. Foreign currency transactions are recorded in Sterling at the spot exchange rate at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Investments are included at fair value.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

- (c) Income from investments:** Receipts and other income from investments are dealt with on an accruals basis.
- (d) Contribution income:** Ordinary contributions, including contributions when a member has been auto-enrolled by the employer, and deficit contributions are included on an accruals basis. Participating employers reimburse the Scheme in respect of their share of the Pension Protection Fund (PPF) and other statutory levies. Amounts reimbursed are included in contribution income and the PPF levy expense is included in administrative expenses. Employer Section 75 debt contributions are accounted for when a reasonable estimate of the amount can be determined, which is normally upon certification by the Actuary.
- (e) Additional Voluntary Contributions (AVCs):** AVCs are accounted for on an accruals basis, in the same way as other contributions, and the resulting investments are included in the statement of net assets at fair value, being the latest available net assets value provided by the investment manager.
- (f) Augmentation contributions:** Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.
- (g) Transfers in from, and out to, other schemes:** Transfer values receivable from other schemes represent the amounts received during the year for members who have joined the Scheme and transferred their previous pension entitlements. Transfer values payable to other schemes represent the amounts paid during the year for members who left the Scheme and transferred their preserved pension entitlements. They are accounted for on an accruals basis on the date which liability is accepted by the receiving scheme, which is typically when cash is paid/received. In the case of individual transfers, this is normally when the transfer value is received or paid.
- (h) Benefits payable:** Pensions in payment are accounted for in the period to which they relate. Benefits payable are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retiring or leaving. Opt outs are accounted for when the Scheme is notified of the opt out. Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

- (i) **Change in market value:** The change in market value comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sales of investments during the year.
- (j) **Investment management expenses:** Investment management expenses are included on an accruals basis. The charging basis of these expenses for each investment manager is detailed in the Investment Review section of the Trustee's Report (section 2D.6.).
- (k) **Administrative expenses:** Administrative expenses are included on an accrual basis.

Note 5. Contributions

	2024/25		
	DB section £000	DC section £000	Total £000
From Employees (Members):			
Ordinary Contributions	1,494	1,888	3,382
Additional Voluntary Contributions	49	294	343
	<u>1,543</u>	<u>2,182</u>	<u>3,725</u>
From Employers:			
Ordinary Contributions	9,113	12,395	21,508
Members' Salary Exchange	2,452	4,373	6,825
	<u>11,565</u>	<u>16,768</u>	<u>28,333</u>
Total Contributions	<u><u>13,108</u></u>	<u><u>18,950</u></u>	<u><u>32,058</u></u>
	2023/24		
	DB section £000	DC section £000	Total £000
From Employees (Members):			
Ordinary Contributions	1,994	1,657	3,651
Additional Voluntary Contributions	58	206	264
	<u>2,052</u>	<u>1,863</u>	<u>3,915</u>
From Employers:			
Ordinary Contributions	10,516	8,728	19,244
Deficit Funding	3,863	-	3,863
Members' Salary Exchange	3,023	3,539	6,562
Expenses	-	703	703
	<u>17,402</u>	<u>12,970</u>	<u>30,372</u>
Total Contributions	<u><u>19,454</u></u>	<u><u>14,833</u></u>	<u><u>34,287</u></u>

Members' and Employers' Ordinary Contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 June 2023.

From 1 April 2024, for the DB section, employers contributed at the rate of 16.5% of active members' pensionable salaries, and for the DC section at the rate of 10% of active tier 1 members' pensionable salaries, 12% of active tier 2 members' pensionable salaries, and 14% of active tier 3 members' pensionable salaries. Active members in the DB Section contributed 5.6% of pensionable salary in the Lower Cost Plan, 6.6% of pensionable salary in the Standard Cost Plan and 7.8% of pensionable salary in Higher Cost Plan members. For active members in the DC Section members contributed 4.0% of pensionable salary in Tier 1, Members 6.0% of pensionable salary in Tier 2 and Members 8.0% of pensionable salary in Tier 3.

The University and twenty one of the scheme's associated participating employers operate a salary exchange arrangement whereby a member's salary is reduced by the amount of the member's ordinary contribution. The employer then pays both the member's contribution on the

member's behalf and the employer's contribution. A member is automatically enrolled into this arrangement three months after joining the Scheme unless the member applies in writing to opt out from the arrangement. The advantage of this arrangement is that both the member and the employer make savings in NI contributions whilst maintaining the level of benefits and retaining tax relief on contributions. Nineteen Associated Participating Employers are also operating similar arrangements.

As the Scheme was in surplus based on the latest triennial valuation as at 31st March 2022 no deficit or expense contributions are due under the revised Schedule of Contributions certified by the Scheme Actuary on 27 June 2023.

Note 6. Transfers In

	2024/25		
	DB section £000	DC section £000	Total £000
Individual Transfers In	-	694	694
Total Transfers In	-	694	694

	2023/24		
	DB section £000	DC section £000	Total £000
Individual Transfers In	-	553	553
Total Transfers In	-	553	553

Note 7. Benefits Payable

	2024/25		
	DB section £000	DC section £000	Total £000
Pensions	23,895	7	23,902
Lump Sum Retirement Benefits	5,901	462	6,363
Commutations	147	-	147
Lump Sum Death Benefits	294	573	867
Total Benefits Payable	30,237	1,042	31,279

Dependants of members in the Investment Builder defined contribution section receive a short-term pension of three months' salary if a member dies in service.

	2023/24		
	DB section £000	DC section £000	Total £000
Pensions	21,655	8	21,663
Lump Sum Retirement Benefits	4,362	255	4,617
Commutations	47	-	47
Lump Sum Death Benefits	427	310	737
Total Benefits Payable	26,491	573	27,064

Note 8. Payments to and on Account of Leavers

	2024/25		
	DB section £000	DC section £000	Total £000
Refund of contributions in respect of: non-vested leavers	5	-	5
opt-outs	-	59	59
Individual Transfers to Other Schemes	226	832	1,058
Total Payments to and on Account of Leavers	231	891	1,122

	2023/24		
	DB section £000	DC section £000	Total £000
Refund of contributions in respect of: non-vested leavers	5	-	5
opt-outs	16	53	69
Individual Transfers to Other Schemes	173	526	699
Total Payments to and on Account of Leavers	194	579	773

Note 9. Administrative Expenses

	2024/25		
	DB section £000	DC section £000	Total £000
University's Administration Fee (see Note 15)	583	110	693
Chair's fee (see Note 15)	61	33	94
Actuarial Fees	369	-	369
Audit Fee	28	15	43
Legal Fees	139	78	217
Secretarial Services	169	97	266
Other professional fees	10	156	166
Pension Protection Fund	230	-	230
Miscellaneous Expenses	68	23	91
Total Administrative Expenses	1,657	512	2,169

Chair's fee includes £1,886 paid to Mr Sykes prior to the appointment of Vidett Trustee Services Ltd from 18 April 2024.

	2023/24		
	DB section £000	DC section £000	Total £000
University's Administration Fee (see Note 15)	533	89	622
Trustee's Remuneration (see Note 15)	15	7	22
Actuarial Fees	322	-	322
Audit Fee	28	13	41
Legal Fees	151	60	211
Secretarial Services	263	126	389
Other professional fees	24	55	79
Legal & General DC fee	-	60	60
Pension Protection Fund	448	-	448
Miscellaneous Expenses	61	11	72
Total Administrative Expenses	1,845	421	2,266

Note 10. Investment Income

	2024/25		
	DB section £000	DC section £000	Total £000
Income from Pooled Investment Vehicles	25,866	-	25,866
Income from Private Market Funds	4,053	-	4,053
Interest from Investment Managers	116	-	116
Bank Account Interest	130	34	164
Total Investment Income	30,165	34	30,199

	2023/24		
	DB section £000	DC section £000	Total £000
Income from Pooled Investment Vehicles	14,928	-	14,928
Income from Private Market Funds	3,715	-	3,715
Interest from Investment Managers	223	-	223
Bank Account Interest	29	42	71
Total Investment Income	18,895	42	18,937

Some pooled investment vehicles are accumulation funds and any income from the underlying assets is re-invested in the fund and is reflected in the market values of the investments.

Note 11. Investment Management Expenses

	2024/25		
	DB section £000	DC section £000	Total £000
Custody Fees – State Street Bank	50	-	50
Investment Advice Fees	484	162	646
Other investment Fees	304	-	304
Investment Fee Rebates	(963)	-	(963)
Total Investment Management Expenses	(125)	162	37

	2023/24		
	DB section £000	DC section £000	Total £000
Investment Management - BlackRock	44	-	44
Investment Management - SSgA	65	-	65
Custody Fees – State Street Bank	50	-	50
Investment Advice Fees	499	204	703
Other investment Fees	1	-	1
Investment Fee Rebates	(249)	-	(249)
Total Investment Management Expenses	410	204	614

The investment fee rebate of £963,014 (2023-24: £249,683) covers a reduction in standard investment charges deducted from a pooled fund investment.

Note 12. Investment Assets

(a) Asset Reconciliation

	Value At 01/04/24	Purchases at Cost	Sales Proceeds	Change in Market Value	Value At 31/03/25
	£000	£000	£000	£000	£000
DB Section					
Pooled Investment Vehicles	717,363	645,533	(650,408)	(89,705)	622,783
Private Equity	127,498	12,105	(6,512)	(996)	132,094
Money Purchase Investments (Insurance policies)	2,129	-	(161)	94	2,063
AVC Investments	160	-	(126)	4	38
	<u>847,150</u>	<u>657,638</u>	<u>(657,207)</u>	<u>(90,602)</u>	<u>756,978</u>
Cash Deposits	22,661			(86)	9,951
Other Investment Balances	38,292			-	62,943
Total	<u>908,103</u>			<u>(90,689)</u>	<u>829,872</u>

	Value At 01/04/24	Purchases at Cost	Sales Proceeds	Change in Market Value	Value At 31/03/25
	£000	£000	£000	£000	£000
DC Section					
Pooled Investment Vehicles	49,023	19,364	(1,417)	1,692	68,661
Other investment balances	1,411				1,721
	<u>50,434</u>			<u>1,692</u>	<u>70,382</u>

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

Defined Contribution assets are allocated to members and Trustee as follows:

	At 31/03/2025 £000	At 31/03/2024 £000
Members	68,661	49,023
Trustee	-	-
	<u>68,661</u>	<u>49,023</u>

(b) Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, and stamp duty. There were no direct transaction costs charged in the year to 31 March 2025 (2023: nil). Indirect transaction costs are borne by the Scheme in relation to transactions within pooled investment vehicles. Such costs are not separately provided to the Scheme for the DB assets. Transaction costs for the DC Section are disclosed in the Chair's Statement (see page X).

(c) Concentration of Investments

Although the Scheme's investment holdings in the unit trusts managed by the Investment Managers exceeded 5% of its net assets, the diversity of the investment holdings within those unit trusts means that effectively the Scheme has no single investment holding which accounted for more than 5% of its net assets at the year end.

The list below shows those unit trusts whose value exceeded 5% of the Scheme's net assets as at the year-end:

	At 31/03/2025		At 31/03/2024	
	£000	%	£000	%
Generation Investment Management LLP:				
Generation IM Global Equity Fund	86,146	10.8	86,950	9.6
M&G Investment Management:				
M&G Inflation Opportunities Fund	53,103	6.6	66,091	7.3
M&G Illiquid Credit Opportunities Fund	86,629	10.8	89,113	9.8
Robeco Institutional Asset Management B.V.:				
Robeco Global SDG Credits	71,700	9.0	119,518	13.2
Insight Investment Management (Global) Ltd:				
LDI Solutions Plus Partially Funded Index-linked Gilts 2041-2050	-	-	51,729	5.7
LDI Solutions Plus Partially Funded Index-linked Gilts 2061-2070	-	-	110,571	12.2
LDI Liquidity Plus Holding Fund	-	-	100,675	11.1
LDI Solutions Plus Funded Gilts 2061-70	74,431	9.3	-	-
LDI Solutions Plus Funded Index-linked Gilts 2041-50	92,526	11.6	-	-
LDI Solutions Plus Funded Index-linked Gilts 2051-60	103,677	13.0	-	-
LDI Solutions Plus Funded Index-linked Gilts 2061-70	99,669	12.5	-	-
DIF Management BV:				
DIF Infrastructure V	54,696	6.8	52,282	5.8
Ares Management Luxembourg:				
Ares Capital Europe V (G) Unlevered	43,168	5.4	41,502	4.6

(d) Self Investment

The Scheme has no direct investments in the University or any of the Associated Participating Employers. Other than as a result of late payment of contributions, there was no other employer related investment at any time during the year or at the year end (2024: nil). During the year,

there were two instances of late payments of contributions, the latest of which was three days late, with a total value of £32,185, which represents 0.1% of contributions payable under the Schedule of Contributions. These amounts constitute employer-related investments for the period over which it was late. The total value of these late contributions was less than 5% of net assets.

The L&G and Oxford University 50/50 partnership to develop housing for staff and students is a great initiative, but it operates independently from PMAF (a building block of TDF). PMAF does not invest directly in Oxford University property. Instead, the fund invests in pooled private market funds. These pooled funds include investment in the L&G UK University Venture Strategy which gives exposure to Oxford University spin-outs through the Oxford Science Enterprises platform as well as some later stage series B Oxford University spin-out companies (e.g. Ultromics and PQShield). These investments target breakthrough innovations in AI-healthcare, cleaner energy and environmental innovation as well as advanced technology and computing rather than property.

(e) Money Purchase Investments

The Scheme holds money purchase assets in the form of units in a With-Profits Investment Account with the Prudential Assurance Company Limited. The assets are not designated to individual members, but form part of the investment pool that benefits for those eligible may be funded from, in proportion to the allocation determined by the Trustee.

(f) AVC Investments

The Trustee holds assets invested separately from the main fund in the form of insurance contracts and deposit contracts with The Prudential Assurance Company Limited for members electing to pay additional voluntary contributions in this format. The proceeds from these contracts secure additional benefits on a money purchase basis. Members participating in this arrangement each receive an annual statement made up to 5th April confirming the amounts held to their account and the movements in the year.

Members may also elect to make additional voluntary contributions that are invested in the mainstream Scheme investments. Members participating in this arrangement secure additional benefits by the virtue of the purchase of additional service.

(g) Pooled Investment Vehicles

	At 31/03/2025	At 31/03/2024
	£000	£000
DB Section		
Equities	86,145	86,950
Credit	79,706	185,609
Property	-	32,904
Illiquid credit	86,629	89,113
Emerging markets	-	-
Matching	370,303	322,787
Cash	-	-
	622,783	717,363

DC Section

Pathway Funds	68,661	49,023
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The investments in private equity are generally illiquid investments. It may not be possible to liquidate some of these assets fully and some may require sufficient time to find buyer willing to pay full market value.

(h) Private Equity Funds

The assets held in private equity funds comprise capital and loans in the Macquarie European Infrastructure Fund II and DIF Infrastructure V, and investments with Ares Management Luxembourg and Copenhagen Infrastructure Partners.

The total commitment of the Scheme to DIF Infrastructure V includes a total investment of €55,000,000 (approximately £46,028,300 as at 31 March 2025 and £47,021,600 as at 31st March 2024), of which €6,715,645 (€9,359,211 as at 31st March 2024) (approximately £5,620,200 as at 31 March 2025 and £8,001,500 as at 31st March 2024) remains to be drawn down against this commitment.

The total commitment of the Scheme to Ares includes a total investment of £50,000,000, of which £8,855,447 remained to be drawn at 31 March 2025 (£11,084,905 as at 31st March 2024).

The total commitment of the Scheme to Copenhagen includes a total investment of €75,000,000 (approximately £62,765,900 as at 31 March 2025 and £64,120,300 as at 31st March 2024), of which €26,332,664 (€44,448,054 as at 31st March 2024) (approximately £22,057,852 as at 31 March 2025 and £38,000,300 as at 31st March 2024) remains to be drawn down against this commitment.

The total original commitment of the Scheme to the Macquarie European Infrastructure Fund II limited partnership of €18,000,000 has been fully drawn. The fund has liquidated majority of the holding companies to realise gains and returned capital to investors. The fund has a stake in one remaining holding company which the fund is looking for an opportune time to exit.

(i) Other Investments Balances

Other investment balances for the DB Section totalling £ 62,942,607.30 are: accrued distributions from investments of £17,773,5 and 57 (2024: £2,678,972), £ 45,096,806. M&G redemption, which was received after the year end, should be shown as an outstanding trade and investment fee rebate income due £72,235 (2024: £20,620)

Other investment balances for the DC Section relates to March 2025 contributions of £1,720,909 (2024: £1,411,083), which were invested after the year end.

(j) Other Investments Notes

The companies managing the pooled investment vehicles are registered in the United Kingdom.

(k) Investment Risk Disclosures

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

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

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

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

The Trustee determines the investment strategy after taking advice from its investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out in Section 2D. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit risk	Market risk			Value at 31 March 2025 (£m)	Value at 31 st March 2024 (£m)
		Currency	Interest rate	Other price		
Global equities	○	●	○	●	86.1	86.9
Corporate bonds	●	○	●	●	71.7	119.5
Inflation opportunities	●	○	●	●	53.1	66.1
LDI	●	○	●	○	370.3	222.1
Property	○	○	○	●	-	32.9
Illiquid Credit	●	○	●	●	129.8	130.6
Private equity	○	●	●	●	88.9	86.0
Cash	●	○	●	○	10.0	123.3

In the above table, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly/ not at all.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the AVC or money purchase investments as these are not considered significant in relation to the overall investments of the Scheme.

Credit risk

The Scheme invests in pooled funds and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles.

Direct credit risk arising from pooled funds is mitigated by the underlying assets of the pooled funds being ring-fenced from the pooled managers, the regulatory environments in which the pooled fund managers operate and diversification of the Scheme's investments across a number of pooled funds. The Trustee, with the help of its advisers, carries out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing pooled funds.

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises primarily from the Scheme's investments in the corporate bond fund and inflation opportunities fund.

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

The Scheme's pooled investment vehicles are structured as Umbrella Irish Collective Asset Management Vehicles and Open-ended Investment Companies.

Currency risk

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

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

The majority of the Scheme's pooled funds are accessed via a Sterling share class, therefore the Scheme is not subject to direct currency risk on these investments. The Macquarie, DIF and Copenhagen infrastructure funds are denominated in Euros so the Scheme is directly exposed to currency risk in these portfolios. The Scheme's assets that is exposed to indirect currency risk is the Generation Global Equity fund.

The exposure to foreign currencies within the actively managed funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of

returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

Interest rate risk

Some of the Scheme's assets are subject to interest rate risk. However, the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the Scheme invests in with material exposure to changes in interest rates are the corporate bond fund, inflation opportunities fund and LDI.

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the equity pooled fund holdings being subject to movements in equity prices. All of the Scheme's assets are subject to other price risk, except for the LDI and cash.

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

The exposure to other price risk within the actively managed equity pooled funds will vary over time depending on how the manager change the underlying asset allocation to reflect their market views.

(I) Fair Value Determination

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

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Scheme can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

For the purpose of this analysis:

- directly held cash has been included in Level 1,
- unlisted open ended pooled funds in Level 2,
- funds investing mostly in property or other illiquid investments in Level 3

(I) Fair Value determination (continued)

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

	DB section at 31 March 2025			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	536,154	86,629	622,783
Private equity	-	-	132,094	132,094
Money purchase investment (insurance policies)	-	-	2,063	2,063
AVC investments	-	-	38	38
Cash	9,951	-	-	9,951
Other investment balances	62,943	-	-	62,943
	<u>72,894</u>	<u>536,154</u>	<u>220,824</u>	<u>829,872</u>

	DB section at 31st March 2024			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	628,247	89,116	717,363
Private equity	-	-	127,498	127,498
Money purchase investment (insurance policies)	-	-	2,129	2,129
AVC investments	-	-	160	160
Cash	22,661	-	-	22,661
Other investment balances	38,292	-	-	38,292
	<u>60,953</u>	<u>628,247</u>	<u>218,903</u>	<u>908,103</u>

	DC section at 31 March 2025			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	68,660	-	68,660
Other investment balances	1,721	-	-	1,721
	<u>1,721</u>	<u>68,660</u>	<u>-</u>	<u>70,381</u>

	DC section at 31st March 2024			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	49,023	-	49,023

Other investment balances	1,411	-	-	1,411
	1,411	49,023	-	50,434

Note 13. Current Assets

	2024/25		
	DB section £000	DC section £000	Total £000
Debtors and Prepayments:			
Contributions due in respect of Members	67	127	194
Contributions due from Employers	681	1,179	1,860
Other debtors	20	9	29
Total Debtors	768	1,315	2,083
Cash Balances:			
Bank account	806	841	1,647
Total Current Assets	<u>1,574</u>	<u>2,156</u>	<u>3,730</u>

All material contributions due in respect of Members and due from the Employers were all received shortly after the year end in accordance with the Schedule of Contributions.

	2023/24		
	DB section £000	DC section £000	Total £000
Debtors and Prepayments:			
Contributions due in respect of Members	99	103	202
Contributions due from Employers	814	1,042	1,856
Other debtors	20	4	24
Total Debtors	933	1,149	2,082
Cash Balances:			
Bank account	2,185	1,768	3,953
Total Current Assets	<u>3,118</u>	<u>2,917</u>	<u>6,035</u>

Note 14. Current Liabilities

	2024/25		
	DB section £000	DC section £000	Total £000
Creditors:			
Accrued Expenses	509	143	652
Amounts due to University for Pensions paid	2,020	-	2,020
Contributions due to DC provider	-	1,721	1,721
Benefit and leaver payments due	75	286	361
Refunds due to Employers	2	7	9
H M Revenue and Customs	27	-	27
Total Current Liabilities	2,633	2,157	4,790
		2023/24	
	DB section £000	DC section £000	Total £000
Creditors:			
Accrued Expenses	1,017	266	1,283
Amounts due to University for Pensions paid	1,876	3	1,879
Contributions due to DC provider	-	1,411	1,411
Benefit and leaver payments due	69	46	115
Refunds due to Employers	2	8	10
H M Revenue and Customs	27	-	27
Total Current Liabilities	2,991	1,734	4,725

Note 15. Related Party Transactions

The Trustee entered into an Administration Agreement with the University with effect from 1st August 2001. The Agreement was reviewed and renewed with effect from 21st October 2014 and again on 20 November 2017. Under the Administration Agreement, the University charges the Trustee an Administration Fee that is based on actual work throughput and commercial fee rates. The total of the charges for the period is disclosed in Note 9. By a supplemental agreement dated 7 September 2022 and with effect from 1 August 2022 the Trustee agreed to directly meet the costs of the secretarial services provided by Pegasus PLC under sub-contract to the University and to cease paying the University for secretarial services under the Administration Agreement.

The Scheme makes use of the University's payroll and accounting systems to pay members' pensions and certain of the Scheme's operational expenses. At the year end, the Scheme owed the University £1,166,901 (2024: £1,656,198); this amount comprised contributions due in respect of March 2025 of £1,406,054 (2024: £1,312,372), less the pension payroll cost for March 2025 of £2,020,195 (2023: £1,877,856) and less expenses of £552,761 (2024: £1,090,714). At the year

end, the Associated Participating Employers owed the scheme contributions in respect of March 2025 totalling £745,212 (2024: £745,212).

Mrs M. Hauser, Member Nominated Director, received a pension from the Scheme in accordance with the Scheme's Trust Deed and Rules.

Ms K Kele, Mr K Valentine, Ms N Cummins and Ms L Savin are current active members of the Scheme.

Mr J. N. Sykes received a fee of £1,886 (2024: £21,565) from the Scheme in respect of services as Chair until 18 April 2024.

Several of the Trustee Directors incurred expenses during the course of the year, primarily in respect of training courses and travel to meetings. These expenses were reimbursed from the Scheme. Total expenses reimbursed for the year amounted to £nil (2024: £384).

Note 16. Contingent Asset

Following the completion of the actuarial valuation as at 31st March 2022, which revealed that the Scheme was in surplus relative to its technical provisions, the contingent asset ceased to have effect on 27 June 2023 (the date that the valuation was completed).

Note 17. GMP Equalisation

It has been confirmed with the Actuary that the impact of GMP equalisation on the liabilities of the Scheme is not expected to be material. This is partly because the Scheme was only contracted out from 6 April 1995 and also due to the fact that a member's entire pension gets the same increases in deferment and payment meaning that for most members the amount of GMP has little or no impact on the benefits payable. The liabilities will be accounted for in the year they are determined. A further judgment, released in November 2020, provided clarity regarding the requirement for pension scheme trustees to reflect GMP equalisation within historic transfers. The additional liabilities arising from the latest judgment are not expected to be material and will be accounted for when determined.

Note 18. Virgin Media vs NTL Pension Trustees II judgment and the BBC vs BBC Pension Trust judgement

The Trustee Board we will be carefully considering any implications of the judgment and any further developments, such as any appeal or legislative intervention by the Government or the Dept. for Work & Pensions in particular. The Trustee will seek appropriate advice from its advisers as and when required.

The issues are technical and detailed, and not all Scheme changes required actuarial confirmations (known as Section 37 certificates). It will therefore take time to assess and decide what further action (if any) will be taken and to confirm if there are any implications for this scheme. We will inform all stakeholders and members as and when there are any notable developments.

7. STATEMENT OF TRUSTEE'S RESPONSIBILITIES WITH REGARD TO THE FINANCIAL STATEMENTS

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will not be wound up.

The trustee is also responsible for making available certain other information about the scheme in the form of an annual report.

The trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions are made to the scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The trustee is responsible for the maintenance and integrity of the financial information of the scheme included on the OSPS section of the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

8. INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

Opinion

We have audited the financial statements of the University of Oxford Staff Pension Scheme (the 'Scheme') for the year ended 31 March 2025, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties such as rising interest and inflation rates, we assessed and challenged the reasonableness of estimates made by the

Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustee.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice “Financial Reports of Pension Schemes” 2018 (the SORP)).

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator’s Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee.

We assessed the susceptibility of the Scheme’s financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management’s incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results for the year.

Our audit procedures involved journal entry testing, with a focus on large manual journals to unusual account codes, including:

Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts; and

Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as

fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The Engagement partner's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and understanding of the sector, the underlying applicable legislation and related guidance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cardiff

Date 28 October 2025

9. COMPLIANCE

9A. SCHEDULE OF CONTRIBUTIONS AND RECOVERY PLAN FOR THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

9A.1. SCHEDULE OF CONTRIBUTIONS

The University of Oxford Staff Pension Scheme (the Scheme)

Schedule of Contributions and Payment Schedule

Introduction

This schedule of contributions has been prepared by the Trustee to satisfy the requirements of Section 227 of the Pensions Act 2004 and Section 87 of the Pensions Act 1995, after obtaining the advice of Jay Harvey, the Scheme Actuary, and after obtaining the agreement of the University of Oxford, on behalf of all the participating employers.

It comes into effect on the date of its certification by the Scheme Actuary and covers the five-year period from that date. The Trustee is responsible for preparing a revised schedule no later than 30 June 2026.

Participating employers

This schedule covers contributions to the Scheme from all employers who participate in the Scheme from time to time.

Employer contributions payable in respect of Members of the DB Section

The participating employers will contribute to the Scheme at the following rates. All figures are expressed as a percentage of the relevant members' Pensionable Salaries for the period in question.

Period	Contributions in respect of future accrual of benefits
1 April 2022 to 30 September 2023	19.0%*
1 October 2023 to the end of the period covered by this Schedule	16.5%

* Including allowance for the expenses of administering the Section

The participating employers will ensure that the Trustee receives these contributions by the 7th day of the calendar month following that to which the contributions relate.

In addition to the amounts shown above, in respect of any levies invoiced prior to this Schedule coming into effect, each participating employer will reimburse the Scheme in respect of its share of Pension Protection Fund (PPF) and other statutory levies within one month of a demand for payment from the Trustee.

Employee contributions payable in respect of Members of the DB Section

Employees who are active members of the DB Section of the Scheme (with the exception of Pension Salary Sacrifice Members) will contribute to the Scheme at the following rates of Pensionable Salary:

Period	Lower Cost Plan Members	Standard Cost Plan Members	Higher Cost Plan Members
1 April 2022 to 31 March 2024	6.6%	8.0%	9.6%
1 April 2024 to the end of the period covered by this Schedule	5.6%	6.6%	7.8%

The participating employers will ensure that the Trustee receives the contributions payable by their employees by the 7th day of the calendar month following that in which the contributions were deducted from the employees' salaries.

These amounts do not include members' Additional Voluntary Contributions.

Contributions payable in respect of Members of the DC Section

The participating employers and employees who are active members of the DC Section will pay contributions to member's Retirement Accounts at the following rates. All figures are expressed as a percentage of the relevant members' Pensionable Salaries.

	4% Cost Plan Members	6% Cost Plan Members	8% Cost Plan Members
Employee (except Pension Salary Sacrifice Members)	4%	6%	8%
Employer – from 1 April 2022 to 30 September 2023	6%	8%	10%
Employer – from 1 October 2023	10%	12%	14%

For the avoidance of doubt, no contributions are due in respect of a member who opts out in accordance with the Scheme's opt out arrangements.

These amounts do not include members' Additional Voluntary Contributions.

In addition, the participating employers will pay the following amounts to the Scheme (again expressed as a percentage of the relevant members' Pensionable Salaries) up to 30 September 2023, with all amounts reducing to nil thereafter:

- The following rates to satisfy the recovery plan dated 19 June 2020:
 - 11.3% for members of the 4% Cost Plan;
 - 9.3% for members of the 6% Cost Plan; and
 - 7.3% for members of the 8% Cost Plan.
- 1.0% in respect of the provision of ill-health and death-in-service benefits.
- 0.7% in respect of the expenses of administering the Section.

For the avoidance of doubt, with effect from 1 October 2023, the cost of providing ill-health and death-in-service benefits will be met from the Scheme's assets.

The participating employers will ensure that the Trustee receives:

- the contributions payable by the employers by the 7th day of the calendar month following that to which the contributions relate; and
- the contributions payable by their employees by the 7th day of the calendar month following that in which the contributions were deducted from the employees' salaries.

For the avoidance of doubt, each employer should ensure that the associated contribution schedule and starter details spreadsheet are provided at the same time as the above contributions. The contributions will not be treated as having been received by the Scheme until such time as these have been provided.

Salary sacrifice

In respect of any of its employees who are Pension Salary Sacrifice Members, each participating employer will pay additional employer contributions equal to the employee contributions that the employee would otherwise have paid were they not a Pension Salary Sacrifice Member (subject to the statutory requirements in respect of maternity, paternity, adoption and parental leave).

Expenses

With effect from 1 October 2023, so far as is permitted by law, the following expenses will be met from the Scheme's assets:

- The expenses associated with administering the DB Section
- The expenses associated with administering the DC Section
- Pension Protection Fund (PPF) and other statutory levies

For the avoidance of doubt, the employers remain liable for expenses but for the time being it has been agreed to treat the surplus against the technical provisions as including advance contribution to such expenses (both DB and DC). Therefore, so far as permitted by law, expenses are to be paid from Scheme assets by agreement of the Trustees and the University under Clause 27.2 of the Scheme's Trust Deed and Rules. Either party is entitled to withdraw its continued agreement in whole or in part at any time, after which the default position of the employers being liable for expenses would revive.

Signed on behalf of the Directors of OSPS Trustee Limited

Signature:

DocuSigned by:

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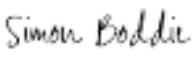
Name: John Nicholas Sykes

Position: Chair of the Trustee

Date: 27 June 2023

Signed on behalf of the University of Oxford

Signature:

DocuSigned by:

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Name: Simon Boddie

Position: Chief Financial Officer

Date: 27 June 2023

Note: The University has been nominated as the employers' representative for this purpose.

9. COMPLIANCE

**9A. SCHEDULE OF CONTRIBUTIONS AND RECOVERY PLAN FOR
THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME**

9A.2. RECOVERY PLAN

As the Scheme is surplus based on the latest triennial valuation as at 31st March 2022, there is no recovery plan required.

9. **COMPLIANCE**

9B. **ACTUARIAL CERTIFICATES FOR
THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME**

9B.1. **ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS**

The University of Oxford Staff Pension Scheme

Certification of Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2022 to continue to be met for the period for which the schedule is to be in force.

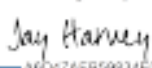
I also certify that any rates of contributions forming part of this schedule which the Scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles, dated 27 June 2023.

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

Signature

DocuSigned by:

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Date

27 June 2023

Name

J M Harvey

Qualification

Fellow of the Institute and Faculty of Actuaries

Address

1 Redcliff Street
Bristol
BS1 6NP

Name of employer

Aon Solutions UK Limited

9. COMPLIANCE

9B. ACTUARIAL CERTIFICATES FOR THE UNIVERSITY OF OXFORD STAFF PENSION SCHEME

9B.2. CERTIFICATION OF TECHNICAL PROVISIONS

Certificate of technical provisions

Actuarial certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

University of Oxford Staff Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2022 is made in accordance with regulations under section 222 of the Pensions Act 2004.

The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 27 June 2023.

DocuSigned by:

50ba726f8b9a93a6c

27 June 2023

Signature

Date

Name	J M Harvey
Employer	Aon Solutions UK Limited
Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Aon 1 Redcliff Street Bristol BS1 6NP

9. COMPLIANCE

9C. REPORT ON ACTUARIAL LIABILITIES

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

The most recent full actuarial valuation of the Scheme was carried out as at 31st March 2022. This showed:

	31 st March 2022
The value of the technical provisions was	£914.3 million
The value of the assets at that date was	£961.2 million
Funding level (assets divided by technical provisions)	105%

The Trustee receives an annual update of the funding position and based on the same assumptions set out below. At 31 March 2025, the estimated funding level had grown to around 125%. The technical provisions were estimated to be £724.2 million at 31 March 2025, which compares to the assets of £907.5 million.

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

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

Significant actuarial assumptions include:

Pre-retirement discount rate: Equal to the UK nominal gilt curve at the valuation date plus the following amounts at each term:

- 2.25% p.a. for calculations with effective dates up to and including 30 March 2024; and
- 1.75% p.a. for calculations with effective dates on or after 31st March 2024.

Post-retirement discount rate: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

RPI inflation: The assumption is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date. For calculations with effective dates up to and including 30 March 2024 only, the resulting figure will be reduced by the following amounts:

- 0.5% p.a. up to February 2030; and
- 1.0% p.a. thereafter.

CPI inflation: The assumption is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. up to February 2030 and 0.1% p.a. thereafter as at 31st March 2022).

Pension increases: For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time. The inflation curves used depend on the period over which the benefits were accrued.

Pay increases: Each member's Pensionable Salary is assumed to increase in line with the assumed rate of RPI inflation at all terms.

Mortality: Standard tables S3PMA medium and S3PFA medium adjusted by means of a scaling factor of 105% for all members (determined using the Aon's Demographic Horizons™ tool based on the members' dates of birth, sex and socio-economic information inferred from their postcodes). In determining the scaling factors, allowance will be made for the Scheme's own mortality experience over a suitable recent period. Future improvements from 2013 are assumed to be in line with the CMI 2021 projections (with parameters $Sk=7.0$, $A=0.5\%$ and an assumed long-term rate of improvement of 1.5% p.a.).

CARE revaluation: A revaluation curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curve described above, adjusted to allow for the maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time. The inflation curves used depend on the period over which the benefits were accrued.

Family details:

- A male member is assumed to be three years older than his wife and a female member is assumed to be one year younger than her husband.
- 80% of male non-pensioners and 75% of female non-pensioners are assumed to be married at retirement or earlier death.
- 85% of male pensioners and 70% of female pensioners are assumed to be married at retirement.

These assumptions include allowance for pensions payable to other dependants (including civil partners)

Guaranteed Minimum Pensions (GMP): No allowance was made in the 2022 valuation for the cost of adjusting benefits to remove any inequalities arising from GMPs on the basis this is not likely to be material to the Scheme.

9D. Implementation Statement

Implementation Statement (“IS”)

The University of Oxford Staff Pension Scheme (the “Scheme”)

The purpose of the IS is for us, the Scheme, to explain what we have done during the year ending to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship priorities.

A few managers, as outlined later in the report, did not provide any requested engagement information, or the information provided was limited and often not in line with the best practice Investment Consultants Sustainability Working Group (“ICSWG”) industry standard engagement reporting guide.

We will engage with these managers, as set out in our engagement action plan, to encourage them to provide detailed and meaningful disclosures about their engagement activities, and learn how they consider financially material Environmental, Social and Governance (“ESG”) factors into their stewardship policies.

Changes to the SIP during the year

The DB Section SIP was revised in July 2024. The revised SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class
- Inclusion of wording regarding the use of Liability Driven Investment (“LDI”)
- Further detail in the ‘Division of responsibilities’ section

The SIP for the DB Section can be found here: <https://finance.admin.ox.ac.uk/sitefiles/osps-db-sip-july-2024>

The SIP for the Investment Builder Section was reviewed and updated with effect from 1 October 2024. The changes made included updates to the Trustee’s decision-making structure for the Investment Builder Section, and confirmation of the Trustee’s policy on investing in illiquid assets through the default arrangement.

The SIP for the DC Section can be found at <https://finance.web.ox.ac.uk/sitefiles/osps-dc-sip-1-october-2024.pdf>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP. Policies taken from the SIP are presented in quotation marks. Note, the policies listed are not exhaustive; please refer to the full SIP.

Defined Benefit (“DB”)

Strategy
Investment objectives <i>“The Scheme’s assets are invested in such a way that sufficient money is available to meet the liability to provide benefits to the members of the Scheme as they fall due.”</i>
Allocation of assets <i>“Asset allocation is considered regularly by the Trustee and reviewed in detail in conjunction with (or following) each actuarial valuation.”</i>
Strategic allocation <i>“Any investment undertaken will have considered:</i> <i>▪ Whether the asset class proposed is appropriate given market expectations for that asset class;</i> <i>▪ Whether the investment manager has the skill and ability to run a mandate which is expected to achieve the return targets;</i> <i>▪ Whether the specific asset class and manager are appropriate for the overall risk, return and diversification of the total portfolio.”</i> The investment strategy outlined in the SIP is monitored frequently to ensure the strategy remains appropriate. As part of meeting the Scheme’s investment objectives, the Trustee monitored the funding level on a quarterly basis. This allowed the Trustee to consider the funding level progression within the context of the long-term funding target. The Trustee actively manages the portfolio, making changes to the asset classes, fund managers and allocation as they see fit to ensure it remains well diversified and on track to meet the Scheme’s objective. This includes ensuring the Scheme has the <i>“necessary liquidity to pay benefits as they become due”</i>. The Trustees reviewed the long-term liquidity of the portfolio in detail in December 2024, and will continue doing so on an annual basis. Short-term scheme cashflows are also monitored on a quarterly basis. The FIC also met with and reviewed the Scheme’s Global Equity manager in detail over the year, especially with regards to the fund’s relative performance. In light of improvements to the Scheme’s funding level since the 31 March 2022 Actuarial Valuation, decisions were made to de-risk the portfolio to protect the Scheme’s strong funding position. A new strategic allocation was formally signed off by the Trustee and the University in February 2024, reflected in the July 2024 SIP. Implementation to align to the new strategy took place over the year. The Trustees continue to explore the long-term plan for the Scheme.

Risks

The SIP outlines risks which have the potential to cause deterioration in the Scheme's funding level. The Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. In this report, the Trustee monitors the risks associated with both the DB and Additional Voluntary Contributions ("AVCs") portions of the Scheme, concentrating on market risks, credit risk, interest rate risk, inflation risk and others.

The Trustee decreased the growth portfolio allocation in favour of the matching portfolio to reduce the risk caused by interest and inflation rate fluctuations during the Scheme year, to protect the favourable funding position. As part of the investment strategy review, the investment adviser proposed modelled portfolios, each with a reduction of allocation to growth assets in favour of matching assets to reduce the overall risk (expressed as a Value at Risk measure) whilst maintaining a prudent return. A new strategic allocation was formally signed off by the Trustee and the University in February 2024, reflected in the July 2024 SIP.

To better protect the portfolio against interest rate and inflation fluctuations, the Trustee implemented a LDI strategy for the matching portfolio in February 2024. Over the year, the interest rate and inflation hedging was increased to a high level, funded from growth sales and with the temporary use of leverage. The LDI portfolio was de-levered in November 2024.

Implementation

Choosing investments

"The Funding and Investment Committee considered the suitability of a range of asset classes, the need for diversification, the risk and rewards of different asset allocations, and the sponsoring employers' views (including the strength of the sponsoring employers' covenant)."

No new investments were made during the year.

The underlying LDI funds were switched from the pooled leveraged gilt funds to the pooled unleveraged gilt funds in November 2024.

General

Direct investments

"Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate."

The Trustee's Defined Contribution Committee formally reviewed the DC arrangements at the committee meeting on 13 March 2024. This review included an in-depth presentation from Legal & General regarding the investment strategy applied to its target date funds, both historically and for planned future developments.

The arrangements with asset managers

"The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee's policies."

The Trustee received quarterly Funding and Investment reports from their investment adviser outlining the valuation of all investments held, monitoring the performance of these investments, and recording any material transactions undertaken during the quarter. Investment returns are compared with appropriate performance targets to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP. Within this report also, the Trustee received an overview of each "buy" rated manager produced by Aon's manager research team giving a quarterly update on the rating of the manager. This includes an ESG rating for equity and fixed income managers where available.

The Trustee received an annual implementation statement reporting on the monitoring and engagement activities carried out by its investment managers.

“The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme’s asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee’s policies.”

The Funding and Investment Committee (“FIC”) reviewed the Trustee’s Responsible Investment (“RI”) and ESG Policy at the December 2024 meeting. The FIC agreed that the note accurately stated the Trustee’s key objectives in respect of RI and ESG matters, which it considers to be stewardship priorities. These are outlined in more detail within the ‘Environmental, social and governance considerations’ section of this report.

The policy was shared with the Scheme’s asset managers and the FIC went through a detailed exercise at the December 2024 meeting to assess the managers’ alignment with the policy.

“Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee’s policies.”

No new investment manager was appointed over the year.

The Trustee’s engage with the Scheme’s investment manager on RI topics and is supported in this activity by their investment adviser.

Environmental, social and governance considerations

“In setting the Scheme’s investment strategy, the Trustee’s primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme’s asset allocation, when selecting managers and when monitoring their performance.”

Since 1 October 2022, the Trustee has been required to produce and publish an annual report in line with the recommendations of the Taskforce on Climate Related Financial Disclosures (“TCFD”). Over the reporting period, the Trustee has carried out several activities, with the support of Aon, to formally align with the recommendations of the TCFD and fully understand the potential impact that climate-related risks and opportunities could have on the DB and DC Sections of the Scheme. These activities supplement the wider ESG-related monitoring exercises already carried out by the Trustee. This includes:

- An overview of the Scheme’s governance structure, to ensure that it is still able to make informed decisions on climate-related financial risks and opportunities;
 - A review on all of its appointed investment managers on how they view their exposures to climate-related risks and opportunities, both at an individual fund level and a firm level. The Trustee and its advisers then assessed these responses to identify key areas of investment risk for the Scheme and implications for the Scheme’s investment strategy. This was then compared to last year’s reporting period to identify any improvements or declines in managers’ exposure to physical and transition risks;
 - A review of the quantitative climate change scenario analysis on the DB Section, and a qualitative climate change scenario analysis on the DC Section of the Scheme, that was completed as at June 2021 to understand the potential impact of climate change on each section over the next 30 years. The Trustee is comfortable that the analysis remains appropriate for this year’s reporting, and will undertake new analysis in the upcoming reporting year, in line with statutory guidance and allowing for the significant strategy changes that have taken place;
 - Following the activities outlined within the Climate Risk Management Framework that integrates climate-related risks into the Trustee’s various documents and processes. This enables the Trustee to identify, assess and monitor climate-related risks and opportunities on a continuous basis;
-

- Gathering climate-related data on the Scheme's investments, to aid understanding of the Scheme's current exposure to climate-related risks. During this reporting period, the Trustee continued to gather Scope 3 emission data alongside a portfolio alignment metric (by measuring the portion of the portfolio with net zero- or Paris-aligned targets from the Scheme's underlying managers). The overall carbon data was compared to last year's reporting period, to understand whether any significant changes have occurred year-on-year; and
- Reviewing the appropriateness of the climate-related targets set in the previous year of reporting, to support future monitoring and management of climate-related risks.
- Climate-related risks and TCFD reporting have been discussed at all FIC meetings over the year to 31 March 2025, and the FIC has kept the Trustee Board apprised of any material climate-related developments through regular updates, as and when required. The Trustee published its first TCFD report in October 2022 and carries out this exercise on an annual basis, in line with the regulatory requirements.

Shortly after the end of the reporting year, in April 2025, the FIC received training by the Trustee's investment consultant, on the use of carbon credits. The training session provided an introduction to carbon credits, covering their practical implementation and the broader market context. This formed part of the Trustee's annual climate risk training under their risk management framework, supporting their understanding of climate-risk mitigation strategies.

The Trustee has agreed an RI and ESG Policy for the Scheme, which sets out the Trustee's approach on these matters. The Policy sets out requirements for the asset managers, such as how they are expected to take into account various long-term ESG issues, disclosures of how ESG factors are considered, voting policies and how they give effect to their ESG policies. This is due to be reviewed in Q3 2025.

Whilst the Trustee's SIP does not explicitly cover stewardship priorities, the Trustee has considered the 'Key objectives' set out in its RI and ESG Policy to be stewardship priorities for the purposes of its IS.

The stewardship priorities of the Trustee are voting and engagement opportunities that align with the following key objectives:

- UK government legislation and regulations (for example, on modern slavery, environmental quality, climate change and other relevant issues);
- UK government commitment to international conventions and treaties (for example, UN conventions on climate change, cluster bombs, antipersonnel mines that are designed to harm or kill civilians and related issues);
- Direct and indirect investment in companies and related financial instruments that are associated with activities that are harmful to human health and welfare (for example, alcohol, gambling, tobacco and cigarette manufacturing and other similar issues); and
- Direct and indirect investment in companies and related financial instruments that violate international norms and/or UK moral principles (for example, human trafficking, indenture, and exploitation and other similar issues).

The Trustee has aligned its voting examples with these priorities wherever this was possible based on the significant votes provided to the Trustee by its investment managers.

Cost and transparency

"The Trustee intends to collect annual cost transparency reports covering all of its investments in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class."

"The Trustee assesses the performance of its investment managers quarterly and the remuneration of its investment managers at least annually."

"The Trustee monitors portfolio turnover..."

The Trustee received and reviewed the cost transparency report provided by ClearGlass. ClearGlass collects costs (including portfolio turnover costs) incurred by the Scheme from the Scheme's investment managers in line with the CTI template for each asset class. The Trustee received quarterly Funding and Investment reports from the investment adviser which details the performance of its investment managers. The detailed investment manager

fee information i.e. Total Expense Ratios (“TERs”) is also covered in the report and reviewed by the Trustee on a quarterly basis.

The Trustee raises areas for concern as discussion points at meetings with its investment adviser where relevant.

Review of SIP

“This SIP will be reviewed typically annually or immediately following a change of investment policy.”

An investment strategy review was undertaken during the Scheme year. The SIP was updated to reflect the agreed strategy.

Policy on rights attaching to investments

“The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy.”

The Trustee receives an annual Implementation Statement showing the levels of voting activity and engagement from the asset managers. To aid in its continuing understanding and awareness of the ESG risks and opportunities to which the Scheme is exposed, the Trustee is provided with guidance from its adviser in the form an ESG dashboard (named ‘RI-360i’) on an annual basis. The FIC reviewed an updated version of this dashboard in August 2024.

The Trustee uses RI-360i to analyse the underlying portfolio and establish what is owned by the Scheme. The online tool also informs the Trustee about who is making decisions on what is owned, by analysing the Scheme’s asset managers, their capabilities and their culture. These insights then steer the Trustee’s engagements with its asset managers, so they know - and are doing - what is expected of them by the Trustee.

Defined Contribution (“DC”)

Strategy

Investment objectives

“The Trustee is responsible for investing DC assets in line with members’ preferences. Its key aim is to provide a range of investments that are suitable for meeting members’ long and short-term investment objectives. The Trustee has taken into account members’ circumstances; in particular the possible range of members’ attitudes to risk and term to retirement.”

Allocation of assets

“In order to meet the Scheme’s Investment Objective, the Trustee provides members access to a number of individual funds via the provider’s platform. For the default investment strategy, the key aims are to support DC members in building their real retirement income while managing possible downside risks; and to hold investments at retirement that do not target a particular benefit but are diversified across primarily ‘lower risk’ asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to ‘higher’ risk assets such as equities, property and alternatives.”

The Trustee undertakes a formal review of the Investment Builder Section’s investment strategy at least every 3 years. The most recent investment strategy review was completed on 13 March 2025. The review considered whether the default investment strategy remained appropriate for the majority of members and whether the range of self-select funds offered was capable of meeting the needs of members who do not wish to invest in the default investment strategy.

The review took account of the membership profile of the Section. This information was used to model the retirement outcomes for a number of representative members. The modelling compared the current default arrangement with a newly launched alternative strategy from L&G (the Lifetime Advantage Funds) and a bespoke lifestyle strategy. In isolation, the modelling suggested that adopting the new Lifetime Advantage Funds had the potential to out-perform the current strategy, however these funds are new to the market and are therefore untested as yet. The review therefore concluded that the existing default arrangement remained the most appropriate strategy at the current time, but that the Lifetime Advantage Funds would be considered further at the next strategy review, due to take place in 2027, by which time they will have a longer track record.

The review also concluded that the self-select fund range remained was capable of meeting the needs of members who do not wish to invest in the default investment strategy, therefore no changes were made to the range of funds made available to members. The Trustee’s Defined Contribution Committee reviews the performance of the default investment strategy against the benchmark(s) set by Legal & General on a quarterly basis. During this reporting period, the performance of the default investment strategy and the self select funds was considered at meetings on 25 June 2024, 5 September 2024, 12 December 2024 and 13 March 2025. These performance reviews concluded that the default investment strategy was performing broadly as expected and remains consistent with the aims and objectives set out in the SIP.

Risks

As stated above, the Trustee reports on several of the risks associated with the Scheme’s investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. The risks associated with the Investment Builder Section of the Scheme i.e. the risk of not meeting members’ expectations and of the default investment strategy not being suitable for members, are also considered as part of the investment strategy reviews carried out every three years (which consider the DC Section membership profile, and how members are expected to access these funds) and the frequent monitoring of investment and administration performance, including any member complaints or feedback reported by Legal & General.

Implementation

Choosing investments

“In choosing the Investment Builder Section's investment options, it is the Trustee's policy to consider (i) a full range of asset classes. (ii) the suitability of the possible styles of investment management and extent of manager diversification. (iii) the suitability of each asset class for a DC Scheme. (iv) the need for appropriate diversification of asset classes (v) the current and expected future membership of the Investment Builder Section of the Scheme and (vi) the fund charges, in order to assess value for money”

Features (i) to (v) were considered as part of the most recent investment strategy review completed on 13 March 2025. The fund charges and value for money are assessed annually through the Trustee's formal value for members assessment carried out to support the Chair's Statement. The value for members assessment for the period ending 31 March 2024 was considered by the Defined Contribution Committee on 5 September 2024.

General

The arrangements with asset managers

“The Trustee regularly monitors the Investment Builder Section's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee's policies.”

The Trustee receives quarterly monitoring reports from Legal & General which include the valuation of all investments held, the performance of these investments, and membership changes during the quarter. Investment returns are compared to the performance comparators set by Legal & General.

The annual implementation statement that the Trustee receives reports on the monitoring and engagement activities carried out by its investment managers, including the Investment Builder Section funds.

“The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.”

The Trustee shared its ESG policy with Legal & General on 25 January 2023. Legal & General included details of its approach to ESG as part of its presentation to the Defined Contribution Committee on 13 March 2024. The Trustee were satisfied the manager was aligned with the Scheme's ESG policy.

Environmental, social and governance considerations

“In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- *The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.”*

Please refer to commentary in the DB Section of this statement, which applies equally to the Investment Builder Section.

Cost and transparency

“The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair’s Statement each year.”

During this reporting period, the Trustee collated the costs and charges borne by members (including implicit transaction costs) for the 12-month period ending 31 March 2024 as part of the value for members assessment and the work to write the Chair’s Statement.

Review of SIP

“The SIP will be reviewed typically annually or immediately following a change of investment policy.”

The SIP for the Investment Builder Section was reviewed and updated with effect from 1 October 2024. The changes made included updates to the Trustee’s decision-making structure for the Section, and confirmation of the Trustee’s policy on investing in illiquid assets through the default arrangement.

Policy on rights attaching to investments

“The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code, and has requested its Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy.”

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section

Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. For the illiquid investments held by the Scheme: all of the Scheme's managers were able to provide case studies demonstrating strong engagement practices. However, the engagement data provided was limited in some areas, we will therefore continue to engage with our managers to encourage and monitor progress on better tracking and reporting of the engagements undertaken.
2. Generation did provide fund and firm level engagement data but noted that their engagement reporting is not consistent with the ICSWG engagement reporting guide. Additionally, the manager did not provide significant voting examples in line with the PLSA voting reporting template so the voting examples lacked sufficient details. We will meet with the manager to better understand its engagement and voting practices and discuss the areas which are behind those of its peers.
3. We will invite investment managers to our meeting on an ad hoc basis to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
4. We will undertake regular, detailed ESG monitoring of our managers.
5. We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.
6. We will undertake training related to Responsible Investment topics.

Our Engagements Over the Year

Ares

Following our engagement with Ares on its responsible investment policies, it confirmed it had expanded its ESG program by enhancing its data program, scaling climate change initiatives, engaging with portfolio companies, and participating in industry activities. While Ares does not conduct climate-change scenario analysis due to limited methodologies and data, it is developing a carbon intensity framework. In addition, Ares has not set a net-zero target but focuses on real-world emissions reductions and climate risk management. The Ares Climate Transition Program empowers portfolio companies to decarbonize with tailored approaches. Ares collaborates with industry organizations such as the Partnership for Carbon Accounting Financials (PCAF), the United Nations Principles for Responsible Investment (UNPRI), and Ceres, a nonprofit focused on sustainability, to explore ways to measure and reduce emissions.

Copenhagen Infrastructure Partners ("CIP")

We engaged with CIP to understand its progress on climate and engagement reporting. In its 2023 ESG report, CIP assessed climate risks using stress tests and scenario analysis, however, it has confirmed it does not plan to include climate-change scenario analysis in future TCFD reports. While CIP is improving ESG data collection, as evidenced in upcoming Sustainable Finance Disclosure Regulation (SFDR) Periodic reports, broader engagement tracking remains challenging. This is primarily due to CIP's business model, which focuses on developing renewable infrastructure projects, where engagement typically involves internal interactions. Additionally, while CIP supports the goals of the Paris Agreement through investments in renewable energy, it does not have an official commitment to Paris alignment.

Insight

Insight continued its engagement with the UK government on net-zero targets, despite fewer opportunities due to a change in government. Insight plans to continue this engagement in 2025, monitoring the UK's net-zero

alignment using the Germanwatch CCPI score and Climate Action Tracker. Insight remains committed to its net-zero goals as a signatory of the Net Zero Asset Managers (NZAM) initiative, covering 100% of UK government bonds managed in the UK. While the NZAM initiative is on hold, Insight is involved in its consultation process. Engagement levels with the Labour government were lower in 2024 due to the transition, but Insight aims to increase engagement moving forward. Insight has actively engaged with the UK government on sustainability issues, including writing to the prime minister about inconsistencies in the green strategy and participating in the Institutional Investors Group on Climate Change (IIGCC) UK Policy Working Group. This group focuses on sectoral decarbonisation roadmaps and transition finance, responding to consultations on the UK Green Taxonomy and other sustainability standards.

Generation

We engaged with Generation to encourage enhancements in their engagement reporting, specifically requesting for more granular data and detailed examples. Following our discussions, we have observed improvements in the engagement data shared this year. Generation were able to provide a breakdown of the engagements by theme at a fund and firm level. We would, however, like to see this broken down further in order to determine more granular engagement themes. In addition, we will continue to engage with Generation to improve the level of detail included in their voting examples.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights held in the Defined Benefit ("DB") and Defined Contribution ("DC") mandates with voting rights for the year to 31 March 2025.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	Generation – Global Equity Fund	666	100.0%	9.0%	0.0%
	L&G PMC 2020 - 2025 Target Date Fund	105,975	99.8%	22.0%	0.8%
	L&G PMC 2025 - 2030 Target Date Fund				
	L&G PMC 2030 - 2035 Target Date Fund				
DC	L&G PMC 2035 - 2040 Target Date Fund	97,065	99.8%	22.4%	0.8%
	L&G PMC 2040 - 2045 Target Date Fund				
	L&G PMC 2045 - 2050 Target Date Fund				
	L&G PMC 2050 - 2055 Target Date Fund				
	L&G PMC 2055 - 2060 Target Date Fund				
	L&G PMC 2060 - 2065 Target Date Fund				
	L&G PMC 2065 - 2070 Target Date Fund				
	L&G PMC 2070 - 2075 Target Date Fund				
	L&G PMC All World Equity Index Fund	63,689	99.8%	19.0%	1.5%

L&G PMC Ethical Global Equity Index Fund	16,792	99.6%	17.5%	0.3%
Prudential – With Profits Investment Account ¹	59,435	98.9%	7.0%	0.9%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

¹Prudential Fund Management has been delegated to a number of fund managers (10+), including M&G Investment Management. The voting is carried out by the underlying fund managers.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers (in the managers' own words)
Generation Investment Management ("Generation")	Generation has appointed Institutional Shareholder Services ('ISS') as its proxy voting agent to provide notice of all company meetings and to ensure Generation's voting instructions are effectively carried out. We also have access to their research and voting recommendations. However, we do not follow any third-party advice as a default. This is because we believe each analyst should review the relevant issues on a case-by-case basis and exercise their best judgement on how to vote, given their deep knowledge of the company. We also have developed our own internal voting policy which serves as a guide to analysts.
Legal & General Asset Management ("L&G")	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
M&G Investments ("M&G")*	We use research provided by ISS and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity.

Source: Managers.

*Note: Prudential With Profits arrangement is a fund of funds with several underlying managers (10+). Prudential has confirmed that the most material underlying manager is M&G and so their use of proxy voting advisers is disclosed here.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Section	Funds	Number of engagements		Themes engaged on at a fund level
		Fund level	Firm level	
DB	Ares Capital – Europe Fund V	Not provided		Others - Diversity targets; Cybersecurity improvements; Diversity and carbon emission reduction targets; CO2 emission reductions; equality of opportunity and governance scores
	Copenhagen – Infrastructure IV*	Not provided		Others - Engaging local communities; Governmental engagement; Suppliers engagement
	DIF – Infrastructure V*	Not provided		Environmental stewardship and climate resilience
	Generation – Global Equity Fund ¹	85	165 ³	Environment - Climate Change; pollution/waste, biodiversity Social - Human Capital Management, Equity, diversity and inclusion Governance - Board composition, capital allocation
	M&G – Illiquid Credit Opportunities Fund VII	3	406	Environment - Climate Change Social - Human Capital Management Governance - Business Oversight/Risk Management
	M&G – Inflation Opportunities Fund V*	0	406	Environment - Climate Change; Natural resource use/impact Social - Human Capital Management; Human and Labour Rights Governance - Board Effectiveness – Diversity; Remuneration Other - Animal Welfare
DC	Robeco – Global Sustainable Development Goals (SDG) Credit Income Fund	22	324	Environment - Climate Change Social - Human and Labour Rights; Conduct, Culture and Ethics Governance - Shareholder Rights Other - Global Controversy Engagement
	L&G PMC 2020 - 2025 Target Date Fund	3,562	4,399	Environment - Climate Change, Natural resource use/impact Social - Human and labour rights; Human capital management Governance - Board effectiveness – Diversity; Remuneration
	L&G PMC 2025 - 2030 Target Date Fund			Strategy, Financial and Reporting - Capital allocation; Financial performance Other - Activism
	L&G PMC 2030 - 2035 Target Date Fund			
	L&G PMC 2035 - 2040 Target Date Fund	3,389		Environment - Climate Change, Natural resource use/impact Social - Human and labour rights; Human capital management
	L&G PMC 2040 - 2045 Target Date Fund			

L&G PMC 2045 - 2050 Target Date Fund				Governance - Board effectiveness – Diversity; Remuneration
L&G PMC 2050 - 2055 Target Date Fund				Strategy, Financial and Reporting - Financial performance; Strategy/purpose
L&G PMC 2055 - 2060 Target Date Fund				Other - Lobbying and Political Donations
L&G PMC 2060 - 2065 Target Date Fund				
L&G PMC 2065 - 2070 Target Date Fund				
L&G PMC 2070 - 2075 Target Date Fund				
L&G PMC All World Equity Index Fund	2,256			Environment - Climate Change, Natural resource use/impact Social - Human and labour rights; Human capital management Governance - Board effectiveness – Diversity; Remuneration Strategy, Financial and Reporting - Financial performance; Strategy/purpose Other – Green Bonds
L&G PMC Ethical Global Equity Index Fund	1,031			Environment - Climate Change; Pollution, Waste Social - Human and labour rights; Human capital management Governance - Board effectiveness - Independence or Oversight; Remuneration Strategy, Financial and Reporting - Financial performance; Strategy/purpose Other - Methane Measurement
Prudential – With Profits Investment Account ²	226	406		Environment - Climate Change; Net Zero/Decarbonisation Social - Diversity & Inclusion; Human Rights Governance - Board Composition & Effectiveness; Executive Remuneration Strategy, Financial and Reporting - Capital allocation

Source: Managers.

*The following managers did not provide fund level themes; themes provided are at a firm-level: Copenhagen; DIF and M&G (for the Inflation Opportunities fund). Copenhagen themes are taken from firm level case studies provided, while DIF case studies are sourced from the Sustainability report provided by the manager.

¹Number of meetings (both monitoring and engagement) attended, may include multiple engagements. Themes are taken from the Stewardship report.

²Prudential With Profits arrangement is a fund of funds with several underlying managers (10+). Prudential has confirmed that the most material underlying manager is M&G and so their engagement data is disclosed here.

²The firm level engagement information provided by Generation is in respect of the Global Equity Fund, and Asia Equity Fund only and does not explicitly cover all of the manager's engagement activity. The Scheme fully disinvested out of the Generation Asia Equity Fund in Q4 2023.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Ares and Copenhagen did not provide any substantial engagement information that could be added in the statement.
 - Ares regularly meets with portfolio company management teams and monitors ESG developments. In particular, when Ares acts as the lead or sole lender, which allows for direct discussion of ESG-related initiatives. However, Ares does not currently track engagements at the strategy or firm level. The manager is working on developing a comprehensive firmwide engagement strategy that will include tracking and prioritising themes.
 - Similarly, Copenhagen actively engages with every investment on an ongoing, often daily basis, however it finds it difficult to provide a split as engagement levels vary widely based on the status of the investment (i.e., construction vs. operations) and any financing processes.
- DIF provided limited engagement information through its Sustainability report but the manager was unable to provide specific engagement statistics at either the firm or fund level. DIF does not formally track the number of engagements and currently does not have plans to do so.
- Generation noted that their engagement reporting is not consistent with the ICSWG engagement template. Additionally, the manager did not provide significant voting examples in the PLSA voting reporting template and lacked sufficient details in the voting examples.
- For the L&G funds, we note that the total number of engagements disclosed by the manager refers to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may therefore cover multiple themes.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Example (DB Section)

In the table below is a significant vote example provided by the Scheme's equity holding DB manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, an example of which is outlined in the example below, in the managers' own words:

Generation – Global Equity Fund	Company name	Amazon.com, Inc.
	Date of vote	22 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Disclose All Material Scope 3 GHG Emissions
	How you voted?	Vote supporting resolution (against management)
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	We strongly agree that Amazon must disclose all material Scope 3 emissions.
	Outcome of the vote	
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be most significant?	

Source: Manager.

Voting example is taken from the Stewardship report provide by the manager.

Appendix – Significant Voting Examples (Investment Builder Section, Bonus account & AVCs)

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

L&G PMC 2020 - 2025 Target Date Fund; L&G PMC 2025 - 2030 Target Date Fund; L&G PMC 2030 - 2035 Target Date Fund	Company name	Shell Plc
	Date of vote	21 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1 – 0.4%
	Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy
	How you voted?	Vote against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and Liquefied natural gas ('LNG') business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.
	Outcome of the vote	Pass

	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan..
L&G PMC 2035 - 2040 Target Date Fund; L&G PMC 2040 - 2045 Target Date Fund; L&G PMC 2045 - 2050 Target Date Fund; L&G PMC 2050 - 2055 Target Date Fund; L&G PMC 2055 - 2060 Target Date Fund; L&G PMC 2060 - 2065 Target Date Fund; L&G PMC 2065 - 2070 Target Date Fund; L&G PMC 2070 - 2075 Target Date Fund	Company name	Microsoft Corporation
	Date of vote	10 December 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.6% – 3.5%
	Summary of the resolution	Resolution 9 - Report on AI Data Sourcing Accountability
	How you voted?	Vote supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
L&G PMC All World Equity Index Fund	Company name	Tesla, Inc.
	Date of vote	13 June 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7%
	Summary of the resolution	Resolution 2: Advisory Vote to Ratify Named Executive Officers' Compensation
	How you voted?	Vote against resolution

L&G PMC Ethical Global Equity Index Fund	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Remuneration - Quantum - One-off Awards: A vote against is applied as L&G believes that the approved remuneration policy should be sufficient to retain and motivate executives. A vote AGAINST this proposal is warranted. While most NEOs received modest or no compensation for FY23, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This resolution is considered significant as it pertains to one of our key stewardship 'sub-themes', executive pay.
	Company name	ConocoPhillips
	Date of vote	14 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Resolution 5: Revisit Pay Incentives for GHG Emission Reductions
	How you voted?	Vote against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote against is applied as L&G expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to misleading proposals (shareholder resolutions brought with the aim of undermining

		positive environmental, social and governance behaviours) are a relatively recent phenomenon. Such proposals often appear to be supportive of, for example, the energy transition but, when considered in depth, are actually designed to promote anti-climate change views.
Prudential - With Profits Investment Account¹	Company name	TotalEnergies SE
	Date of vote	24 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
	Summary of the resolution	Approve Report on Progress of Company's Sustainability and Climate Transition Plan (Advisory)
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Concern that long-term carbon reduction targets are not sufficiently ambitious
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be most significant?	Environmental and social

Source: Managers.

¹Prudential Fund Management has been delegated to a number of fund managers (10+), including M&G Investment Management.

The voting is carried out by the underlying fund managers.