

Chair's DC Governance Statement, covering 1 January 2023 to 31 December 2023

1. Introduction

The **Eaton UK Pension Plan** (the "Plan") is an occupational pension scheme providing defined benefit ("DB") and defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments, but bears the investment risk). Some members also have Additional Voluntary Contributions ("AVCs") in the Plan.

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

- the design and oversight of the investment options in which Plan members can invest (including lifestyle strategies, and fund which members can select or have assets in, such as "legacy" funds);
- processing of core financial transactions (i.e., administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members for the lifestyle option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

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

- The Trustee regularly monitors the investment arrangements. The Trustee undertook a strategy review during the Plan Year where the investment options and membership were reviewed and the Trustee is satisfied that the investment options remain suitable for the membership. Further details of this review are included in Section 2.
- Overall, the administrators (WTW and Standard Life) have processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and we remain comfortable with their performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain, however, the Trustee continues to identify areas where value can be improved (such as the ongoing review of the Money Purchase Accounts "MPA" arrangements)
- Please rest assured that the Trustee is looking after your best interests as members and undertakes training and receives advice as appropriate so that they have sufficient knowledge and understanding to do so effectively.

The Plan contains the following DC arrangements:

1.1 Individual Member Accounts ("IMA")

Individual Member Accounts (sometimes referred to as "AV DC" funds) represent historic benefits that some Plan members accrued with Aeroquip Vickers which was subsequently acquired by Eaton. The investment platform provider of the investment funds for the IMAs is Aegon.

IMAs are no longer open to new or additional contributions, or to new members. They also benefit from a defined benefit underpin as a result of the arrangement having been contracted-out of state benefits on Guaranteed Minimum Pension and / or Reference Scheme Test basis.

1.2 Other DC arrangements

Some members of the Plan have individual Money Purchase Accounts ("MPA") which were established under a predecessor scheme (the Eaton UK Retirement Benefits Plan). MPAs are no longer open to new members or to new or additional contributions.

In the Plan year, all members of the Plan had access to an Additional Voluntary Contribution (“AVC”) arrangement.

Standard Life (“SL”) is the bundled platform provider for the MPA and AVC sections.

This Statement covers all of the DC arrangements over the period from 1 January 2023 to 31 December 2023.

Under each arrangement the member is responsible for selecting one or more funds for the investment of their account, having regard to their attitude to the risks involved. The Trustee also offers lifestyle investment options (i.e., strategies that change asset allocation automatically as invested members approach their selected retirement date). There are two open lifestyle arrangements, one available within IMA and one under the MPA section.

2. Default arrangements

While the Plan is a Qualifying Scheme, the DC arrangements in the Plan are not being used as a Qualifying Scheme for automatic enrolment purposes. The Trustee has taken legal advice and has been informed that Regulation 3 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 does not apply to the DC arrangements covered by this Statement. This is because they are not “relevant schemes” under the terms of the regulations, as there have been no contributions other than AVCs since 6 April 2015. Based on this legal advice, the Trustee understands that the normal requirements that apply to the reporting associated with default arrangements do not apply to the Plan. The current range of investment funds is detailed in the Statement of Investment Principles (“SIP”), which is attached to this document.

The Trustee has made available a range of investment options in the IMA and MPA/AVC arrangements for Plan members, which it aims to review at least every three years. The MPA/AVC arrangement was reviewed during the Plan year on 27 June 2023.

The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the IMA and MPA/AVC arrangements.

The review of the IMA section commenced on 17 January 2023 and was concluded on 29 June 2023. The performance and strategy of the IMA arrangement were reviewed to ensure that investment returns (after deduction of

any charges) have been consistent with the aims and objectives of the lifestyle arrangement, the Drawdown Targeting Lifestyle strategy as stated in the SIP, and to check that it continues to be suitable and appropriate, give the Plan’s risk profiles and demographics of the membership. Following the review, the changes that the Trustee agreed on were as follows:

Lifestyle changes

- replace the BlackRock MSCI World Equity Fund used in the growth phase of the strategy with the LGIM Low Carbon Transition Developed Markets Equity Fund (“LCTF”). The LCTF is a passively managed fund that tracks indices with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

Fund range changes

- addition of the LCTF Fund to the self-select fund range.

The above changes were implemented after the Plan Year in February 2024.

In addition to the triennial strategy review, the Trustee also reviews the performance of the lifestyle and self-select funds in the IMA section against their objectives on a quarterly basis and the MPA/AVC section on an annual basis. This review includes performance analysis to check that the risk and return levels meet expectations. The reviews over the Plan year concluded that the arrangements were performing broadly as expected and consistently with the aims and objectives as stated in the SIP.

Specified performance-based fees

The Drawdown Targeting Lifestyle strategy does not have any performance-based fees associated with it.

Asset allocation breakdown

Schemes are required to calculate the percentage of the scheme assets within the default arrangement allocated to key asset classes. Whilst the Plan is not required to disclose this as there are no default arrangements, most members are invested in the Drawdown Targeting Lifestyle strategy and so we have shown the asset allocation for different ages as at the Plan year end for this lifestyle arrangement.

Drawdown Targeting Lifestyle strategy

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	-	-	2	28
Corporate bonds (UK and overseas)	-	-	7	13
UK government bonds	-	-	3	6
Overseas government bonds	-	-	14	25
Listed equities	100	100	71	23
Private equity	-	-	-	-
Infrastructure (direct)	-	-	-	-
Property (direct)	-	-	-	-
Private debt	-	-	-	-
Other ¹	-	-	3	5

¹Other is the residual from securities that exist in the portfolio but are not direct investments for the strategic asset allocation. i.e. it is the returns from cash, FX and other balancing items that explain the difference from the total return of all the intentional asset class exposures and the net return of the share class.

3. Requirements for processing core financial transactions

3.1 IMA

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

The Trustee recognises that delay and error can cause significant issues for members. They can also cause members to lose faith in the Plan, which may in turn reduce their propensity to save and impair future outcomes. The Trustee has received assurance from WTW that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

With regard to DC-specific core transactions, the Trustee confirms the following:

- there are no new contributions being made into IMA funds.
- the Trustee does not accept transfers into the Plan. Any transfers out are processed by WTW in accordance with the SLA.
- Members with IMA funds can request a switch form from WTW or can facilitate this through WTW's online member platform.
- payments to members and beneficiaries are also processed in accordance with the SLA (which often coincide with defined benefit payments from the Plan).

The Plan has an SLA in place with WTW, the administrator of the IMA section, which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by WTW to help it meet the SLA are as follows:

- preparation of a quarterly administration report, which is presented to the Trustee's Administration Committee and includes performance against SLAs covering timeliness for core transactions;
- a task logging system which is reviewed weekly for forthcoming workloads and tasks are allocated on a daily basis;
- monthly cash reconciliation;

- all monetary transactions are peer reviewed and authorised by a senior administrator (transactions less than £100,000) and a senior administrator and a team leader (transactions more than £100,000 but less than £250,000) or a senior administrator and an administration manager (transactions over £250,000). Transactions are reviewed and released for payment by a treasury administrator, with final authorisation by an administration manager (or above); and
- bank balances are reviewed daily by the administrator’s treasury team.

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

WTW’s quarterly reports include membership statistics, administrative work details and performance against SLAs, financial reporting and key events (such as member complaints). The Trustee uses these reports to ensure that core financial transactions, as well as other key administrative processes, are completed accurately and promptly. If any errors or unreasonable delays or responses are identified, the Trustee, via its Administration Committee, holds WTW to account and seeks to ensure that such issues are rectified and prevented from reoccurring.

The Plan has an SLA in place with the administrator which covers the accuracy and timeliness of all core financial transactions. WTW has achieved 90% of its targeted SLAs over the period covered by this Statement. This is an improvement (from 83%), compared to the previous Plan year – service levels were at a steady level throughout the Plan Year as shown in the table below.

Quarter	SLA
Q1 2023	90%
Q2 2023	91%
Q3 2023	90%
Q4 2023	90%

The Trustee will monitor progress at each Administration Committee meeting when reviewing the administration reports.

The Trustee will continue to monitor the SLAs on an ongoing basis.

Based on its review processes, the Trustee is satisfied that over the period covered by this Statement (and allowing for the factors highlighted above):

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

3.2 Other DC arrangements (MPA and AVC)

The Trustee also has MPA and AVC policies with SL. MPAs are no longer open to new members or to new or additional contributions. In the Plan year, new contributions paid as AVCs were processed by Eaton’s payroll. The Trustee has requested information relating to the processing of core financial transactions from SL.

Although SL have not explicitly confirmed, the SLA data that we have received shows that all core financial transactions were dealt with promptly and accurately over the period. There is a standard SLA covering the accuracy and timeliness of all core transactions which targets completing 90% of all requests within 10 working days for core financial transactions.

It also operates an internal controls statement which outlines information about processing of these core financial transactions. Governance and oversight arrangements are in place to monitor SLA performance against defined service levels and risk standards. Authorising and processing transactions and achieving the stated SLA is managed through controlled systems including, but not limited to, the following actions:

- automated systems are designed to ensure consistent, timely and accurate receipt and allocation to the correct funds for regular and single payments;
- regular monitoring of process and people performance, including control self-assessment reviews;
- reconciliations are carried out between Finance and Customer Operations to ensure contributions are accurately recorded;
- documented business procedures are in place for contributions processes;

- compliance with processes is supported by an automated workflow system that ensures work is enabled, tracked and managed;
- a dedicated control team actively manages manual payments (including automation failures) and the reporting of missed contributions to the Pensions Regulator (“TPR”);
- an automated quotes system, which ensures the consistent application of calculations;
- Plan rules and policy provisions are coded within automated systems that have been built and tested to establish project management practices; and
- a quality assurance framework is in place to ensure that payments are processed in line with the defined processes and service levels.

The Trustee has four policies with SL for the Plan. Service levels between 1 January and 31 December 2023 were as follows:

Plan policy number	Requests completed within 5 working days	Requests completed within 10 working days -
H93065	43%	69%
H93066	33%	33%
H93448	48%	71%
H93762	35%	45%

From the data provided by SL, all of the requests which failed to complete within the 10 working days pertained to providing Plan / members information (non-telephone) and updating member records. Based on its review processes and the data available, the Trustee is satisfied that over the period covered by this Statement that in most cases core financial transactions have been processed promptly and accurately during the Plan year by Standard Life. However, the Trustee will continue to monitor the services provided in the coming Plan year to ensure members are not adversely affected by any activities completed outside of service levels.

4. Member-borne charges and transaction costs

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

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

In respect of the IMAs, the charges and transaction costs have been supplied by the Plan’s platform provider (Aegon). IMA members only pay for the investment management costs for the funds in which they are invested, as Plan administration is covered by the Employer/Trustee. The statement charges are shown as a per annum (“pa”) figure,

In respect of the other DC arrangements (including the MPAs and AVCs), the charges and transaction costs have been supplied by the provider in place during the period, SL. The stated charges for MPA and AVC funds are shown as a pa figure also include administration costs, since members incur these costs.

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

Investment charges for IMAs

4.1 Drawdown lifestyle strategy

Members with IMAs are able to invest in a lifestyle strategy which from 19 April 2021 targets drawdown at retirement. A lifestyle approach is one where members’ assets are automatically moved between different investment funds as they approach their retirement date. This means that the level of charges and transaction costs vary, according to each member’s proximity to retirement and the underlying funds in which they are invested. The annual charges ranged from 0.14% to 0.32% pa, depending on the invested member’s proximity to retirement. Transaction costs varied from -0.01% to 0.23%.

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

Drawdown lifestyle charges and transaction costs

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.14%	-0.01%
15 years to retirement	0.16%	0.01%
10 years to retirement	0.25%	0.12%
5 years to retirement	0.32%	0.21%
At retirement	0.32%	0.23%

Annuity Lifestyle (legacy lifestyle) charges and transaction costs

Members who were within one year of their Target Retirement Age ("TRA") when the Drawdown Lifestyle was introduced (in April 2021) were permitted to remain within the Annuity Lifestyle. WTW have however confirmed that four members with more than one year to their TRA remain invested in the Annuity Lifestyle. These four members were moved from the Annuity Lifestyle to the Drawdown Lifestyle on 4 December 2023. As such, we have shown charges applicable to the remaining members in the lifestyle.

Years to target retirement date	TER	Transaction costs
6 years or more to retirement	0.14%	-0.01%
At retirement	0.13%	0.04%

4.2 IMA fund range

The level of charges for each individual fund and the transaction costs over the period covered by this Statement are set out in the following table.

Funds that are used within the IMA Drawdown Lifestyle strategy during the Plan year are shown in **bold**.

Fund name	TER (% pa)	Transaction costs (% pa)
Aegon BlackRock MSCI World Index Fund¹	0.14%	-0.01%

Fund name	TER (% pa)	Transaction costs (% pa)
Aegon BlackRock Aquila Life Market Advantage	0.39%	0.30%
Aegon BlackRock Aquila Life 60:40 Global Equity Index Fund ²	0.14%	-0.01%
Aegon BlackRock ACS UK Equity Index Fund	0.12%	0.08%
Aegon BlackRock Aquila Life Corporate Bond All Stocks Index Fund	0.17%	0.05%
Aegon BlackRock Aquila Life Over 15 Years UK Gilt Fund ²	0.11%	0.03%
Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund ²	0.10%	0.03%
Aegon BlackRock Index Linked Gilt Index Fund ³	0.10%	0.05%
Aegon BlackRock All Stocks UK Index Linked Gilts Index Fund ³	0.10%	N/A
Aegon BlackRock Aquila Life Cash Fund	0.13%	0.02%

Source: Aegon, as at 31 December 2023. ¹ From February 2024, the fund was no longer part of the Drawdown Lifestyle strategy as assets switched to the LCTF. ² This option was removed as a self-select option as part of the transition that took place in April 2021. Lifestyle assets remain invested. ³ On 31 May 2023 assets in the Aegon BlackRock All Stocks UK Index Linked Gilt Index Fund were moved to the Aegon BlackRock Index-Linked Gilt Fund as the fund closed. The previous fund TER is as at 31 March 2023.

Investment charges for other DC arrangements (MPA and AVC)

4.3 Cash Lifestyle Strategy

In the other DC arrangements (MPA and AVC), members are able to invest in a lifestyle strategy which targets cash withdrawal at retirement. The annual charges ranged from 0.52% to 0.70% pa, depending on the invested member's proximity to retirement. Transaction costs varied from 0.05% to 0.25%.

Cash lifestyle charges and transaction costs

Years to target retirement date	TER (% pa)	Transaction costs (% pa)
5 or more years to retirement	0.70%	0.25%
At retirement	0.55%	0.12%

Source: Standard Life as at 31 December 2023.

4.4 MPA and AVC Individual funds (non-lifestyle)

Funds that are used within the MPA and AVC cash lifestyle strategy are shown in **bold**.

Fund name	TER (% pa)	Transaction costs (% pa)
SL Vanguard FTSE UK All Share Index Pension Fund	0.52%	0.08%
SL Global Equity 50:50 Tracker Pension Fund	0.52%	0.05%
SL BlackRock ACS World (Ex UK) Equity Pension Fund	0.51%	0.01%
SL Abrdn Global Absolute Return Strategies Pension Fund ¹	1.03%	Not available
SL Corporate Bond Pension Fund	0.52%	0.07%
SL Index Linked Bond Pension Fund	0.51%	0.03%

Fund name	TER (% pa)	Transaction costs (% pa)
SL Annuity Targeting Pension Fund	0.51%	0.18%
SL Deposit and Treasury Pension Fund	0.51%	0.08%
SL Managed Pension Fund (non-core fund closed to future Plan contributions)	0.52%	0.15%
SL BlackRock Market Advantage Pension Fund	0.78%	0.34%
Standard Life With Profits One 2006 Fund	Not disclosed ²	0.04%
Standard Life With Profits One Fund	Not disclosed ²	0.04%

Source: The fees shown above for the Standard Life funds are after the allowing for the Plan rebate of 0.50% pa. TER has been confirmed by SL as at 31 December 2023.

¹ The Fund was closed during the Plan year in November 2023 and members assets were transferred to the SL BlackRock Market Advantage Pension Fund, as such, we have provided TER for the period closest to when members assets were invested, 30 September 2023. At the time of writing, transaction costs for this fund have not been provided by the investment manager and the Trustee's advisers will continue to liaise with Standard Life on a regular basis to attempt to obtain this information.

² TERs not provided by Standard Life for the with profits funds as it is implicit. This information was also not available last year and the Trustee's advisers will continue to liaise with Standard Life on a regular basis to attempt to obtain this information, with the aim of including this information in next year's statement.

Illustration of charges and transaction costs

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

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past six years (with the exception of BlackRock MSCI

World Index Fund and BlackRock Aquila Life Market Advantage Fund which is over a three-year period given the more recent inception within the Plan), subject to a floor of zero (so the illustration does not assume a negative cost over the long term). The Trustee has used the average annualised transaction costs over the past six years as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the Plan year.

- The illustration is shown for the IMA lifestyle that was in place as at 31 December 2023, implemented in April 2021, as well as two funds from the Plan’s self-select fund range in which members were invested at 31 December 2023. We have excluded MPA and AVC funds within our illustrations due to the small proportion of assets held relative to the IMAs within the Plan. The two self-select funds shown in the illustration are:
 - the fund with highest annual member borne costs (TER plus Plan Year transaction costs) – this is the Aegon BlackRock Aquila Life Market Advantage (IMA funds)
 - the fund with lowest annual member borne costs – this is the Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund (IMA funds).

Projected pension pot in today's money

Years invested	IMA Lifestyle		Aegon BlackRock Aquila Life Market Advantage Fund		BlackRock Aquila Life All Stocks UK Gilt Index Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£14,100	£14,100	£14,000	£13,900	£13,700	£13,700
3	£15,400	£15,300	£15,200	£14,800	£14,100	£14,100
5	£16,800	£16,700	£16,400	£15,700	£14,500	£14,400
10	£21,000	£20,700	£20,000	£18,200	£15,700	£15,400
15	£25,900	£25,100	£24,300	£21,100	£16,900	£16,500
20	£31,800	£29,900	£29,600	£24,500	£18,200	£17,700
25	£37,700	£34,100	£36,000	£28,400	£19,600	£18,900

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.
- The starting pot size used is £13,500. This is the approximate average pot size for active members in the lowest five-year age bracket (42-47 years old), as opposed to using a whole Plan membership average. The Trustee has taken this approach to provide a more realistic projection.
- The projection is for 25 years, being the approximate duration that the youngest Plan member has until they reach the Plan's Normal Pension Age (65).
- No contributions have been assumed to be paid, since the Plan is closed to future contributions, other than AVCs.
- The projected annual returns used are as follows:
 - Lifestyle options: Drawdown Lifestyle Strategy (IMA) – returns vary from 4.5% p.a. above inflation for the initial years, gradually reducing to a return of 3.1% p.a. at the ending point of the lifestyle.
 - Aegon BlackRock Aquila Life Market Advantage – 4.0% p.a. above inflation.
 - Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund – 1.5% p.a. above inflation.
- No allowance for active management outperformance has been made.

Since members do not contribute, the projected pension pot figures are determined by assuming projected annual returns, inflation and costs. Due to these factors, it would be possible that projected pots for funds with lower projected returns would decrease in real terms due to inflation however values shown are estimates and are not guaranteed; these may be higher or lower in practice.

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Plan Year. We have had regard to the statutory guidance in preparing this Section.

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

For arrangements where returns vary with age, such as for the lifestyle strategies, returns are shown over the Plan year for a member aged 25, 45 and 55 at the start of the period. The returns assume members plan to retire at 65.

IMA drawdown lifestyle net returns over period to Plan year end

Age of member at the start of the period	1 year (%)
25	0 ¹
45	17.3
55	12.3

MPA cash lifestyle net returns over period to Plan year end

Age of member at the start of the period	1 year (%)
25	0 ¹
45	9.5
55	9.5

Notes

- ¹The Plan is closed to new members and the youngest member of the Plan is older than 25. The net returns for a 25-year-old therefore is equal to 0 as there were no members of this age in the Plan.

IMA individual fund net returns over period to Plan year end

Fund name	1 year (%)	5 year (% pa)
Aegon BlackRock MSCI World Index Fund ¹	17.3	-
Aegon BlackRock Aquila Life Market Advantage ¹	7.2	-
Aegon BlackRock Aquila Life 60:40 Global Equity Index Fund ²	10.6	8.2
Aegon BlackRock ACS UK Equity Index Fund ¹	6.5	-
Aegon BlackRock Aquila Life Corporate Bond All Stocks Index Fund	8.6	0.4
Aegon BlackRock Aquila Life Over 15 Years UK Gilt ² Fund	1.5	-6.5
Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund ²	3.7	-2.9
Aegon BlackRock Index Linked Gilt Index Fund ³	0.6	-5.0
Aegon BlackRock All Stocks UK Index Linked Gilts Index Fund ³	-28.1	-3.7
Aegon BlackRock Aquila Life Cash Fund	4.6	1.4

¹ Funds were added to the fund range in April 2021 and therefore 5 year performance is not applicable to the Plan. ² This option was removed as a self-select option as part of the transition that took place in April 2021. Lifestyle assets remain invested. ³ On 31 May 2023 assets in the Aegon BlackRock All Stocks UK Index Linked Gilt Index Fund were moved to the Aegon BlackRock Index-Linked Gilt Fund as the fund closed. Previous fund figures are as at 31 March 2023.

MPA and AVC individual net returns over period to Plan year end

Fund name	1 year (%)	5 year (% pa)
SL Vanguard FTSE UK All Share Index Pension Fund	7.8	6.1
SL Global Equity 50:50 Tracker Pension Fund	12.3	9.7

Fund name	1 year (%)	5 year (% pa)
SL BlackRock ACS World (Ex UK) Equity Pension Fund	18.1	12.9
SL abrdn Global Absolute Return Strategies Pension Fund ¹	-10.7	-2.6
SL Corporate Bond Pension Fund	9.0	0.4
SL Index Linked Bond Pension Fund	0.0	-5.4
SL Annuity Targeting Pension Fund	4.6	-3.3
SL Deposit and Treasury Pension Fund	4.1	0.9
SL Managed Pension Fund	6.9	5.8
<i>(non-core fund closed to future Plan contributions)</i>		
SL BlackRock Market Advantage Pension Fund	6.7	-
<i>(invested on 28 September 2021)</i>		
Standard Life With Profits One 2006 Fund	9.4	5.0
Standard Life With Profits One Fund	9.4	5.0

¹ The Fund was closed during the Plan year in November 2023 and performance is therefore to 30 September 2023 (the last quarter end before closure). Members assets were transferred to the SL BlackRock Market Advantage Pension Fund.

6. Value for members assessment

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

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The date of the last review was 13 June 2024, which covered the same period as this statement.

The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustee's investment advisers, Lane Clark & Peacock LLP, have confirmed that the fund charges are competitive for the IMA section. For the

MPA section, charges are broadly in line with those typically seen for schemes such as the Plan, taking into account the largely legacy nature of the assets and the fact that there have been no contributions into the Plan for several years (except for AVCs).

The Trustee's assessment included a review of the performance of the Plan's investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives.

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

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

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

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

It is the Trustee's policy to review all member-borne charges on a regular basis and aim to ensure that members are obtaining value for money, given the circumstances of the Plan.

In carrying out the assessment, the Trustee has worked with its DC Investment advisers to carry out an assessment of the extent to which all key elements of the Plan represent value for members. The Trustee's assessment included a rating of the Plan for the following seven criteria. This summary sets out the Trustee's rating and the rationale behind it. The Trustee has chosen a rating ranging from poor, fair, good to very good.

- **Charges** – Good – The Trustee/Company meets the majority of the Plan's running costs. The majority of the costs borne by members are competitive. The costs for the MPA/AVC section are relatively high but this is to be expected, given the size of the assets held within this section. The Trustee is in the process of considering how value received by these members could be improved.
- **Administration** – Fair – The Trustee/Company covers the cost of the administration for the IMA section. Members in the MPA/AVC sections incur the costs of Standard Life's administration.
- **Governance** – Very good – The Trustee Board keeps itself informed of key regulatory requirements and is committed to running the Plan. For example, over the Plan year, the Trustee Directors received training on various topics including Task Force on Climate-related Financial Disclosures ("TCFD") metrics, climate risk mitigation and adaptation, cyber risk and Mansion House reform. It is important that the Trustee Board continues to keep up to date with regulatory updates and current market trends.
- **Communications** – Very good – Communications are easily accessible and effort has been made to encourage engagement for the new online portal including adding it to the Plan's website homepage. The Trustee will continue to monitor the use of ePA to identify areas where members might benefit from additional support.
- **Lifestyle arrangements** – Good – The passive funds used in the growth phase of the lifestyles have tracked their benchmark over all time periods to 31 December 2023. The triennial strategy review of the IMA lifestyle took place in Q1 2023. The Trustee was comfortable for the target to remain as drawdown but agreed to make some changes to the underlying funds. The Trustee agreed to replace the current equity fund in the growth phase with a passive low carbon fund, LGIM Low Carbon Developed Equity Index Fund. This change was implemented post Plan year end in February 2024.
- **Investment range and performance** – Good - There is a clear and concise range of appropriate self-select funds across the IMA and MPA/AVC sections, covering most of the main asset classes. The range was reviewed

as part of the triennial strategy review and a low carbon fund, the LGIM Low Carbon Developed Equity Index Fund was added to the fund range for IMA members.

- **Post-retirement services – Fair** – The at-retirement support remains limited, given the Plan’s particular characteristics and rules governing how benefits can be taken. However, the Trustee will continue to monitor how members are behaving at the point of retirement to assess whether any additional support may be beneficial

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

7. Trustee knowledge and understanding

The Plan’s Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. This, together with the advice available, enables the Trustee to exercise its function properly and run the Plan effectively, having due regards to the Trust Deed and Rules of the Plan, the current Statement of Investment Principles (“SIP”), and the various policies that the Trustee has in place. The Trustee’s business and decision-making is recorded in the minutes of meetings by the appointed Plan Secretary.

Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

- receiving regular training from its investment advisers, Lane Clark & Peacock LLP, during meetings;
- receiving regular legislative and regulatory updates from its investment, actuarial, administration and legal advisers, Baker & McKenzie LLP; and
- being encouraged to attend relevant, externally provided seminars and conferences, including those facilitated by their various advisers.

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps. The last knowledge gap exercise was conducted in May 2021 and the training requirements resulting from this exercise are considered during meeting planning. The next exercise is due to be

undertaken later in 2024. The Trustee’s investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee’s advisers typically deliver training on such matters at Trustee meetings if they are material. During the period covered by this Statement, we received training on the following topics:

- Selecting TCFD metrics, provided by LCP;
- Climate risk mitigation and adaptation, provided by Eaton (Corporate)
- Cyber risk, provided by WTW; and
- Mansion House reform and updates, provided by WTW, LCP and Baker McKenzie, the Trustee’s legal advisers.

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

In addition, the Chair of the Trustee, Rachel Brougham is an independent Trustee representing BESTrustees Limited. This brings an additional level of experience of the financial sector through other appointments that Rachel has held and her previous role as an actuarial and pensions consultant. The other Trustee Directors are former and current employees, including pensioner members. The majority of the Trustee Directors are experienced, having been in place for a number of years with predecessor schemes.

All the Trustee Directors, as at 31 December 2023, have completed the Pensions Regulator’s Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). All new Trustee Directors are expected to complete TPR’s Trustee Toolkit within six months of appointment (this requirement is being met). In addition to the Toolkit, new Trustee Directors are provided with access to the Plan’s key documents via the Trustees’ portal and receive an induction pack containing key Plan documents. A meeting is arranged with the Chair, key advisers and the Trustee Secretary to discuss Plan matter in more detail.

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year. A training log is maintained by the Plan Secretary in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Plan has in place a structured induction process for new Trustee Directors, as noted above.

Considering the Trustee knowledge and experience and the specialist advice received from the appointed professional advisors (e.g., investment consultants, legal advisors), the Trustee believes that they are well placed to exercise their functions as Trustee Directors of the Plan properly and effectively.

RA Brougham

Date: 11 July 2024

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