PGIM UK Retirement Savings Plan

Annual Report for the year ended 5 April 2024

Annual Statement regarding Governance of the Defined Contribution Section

Introduction

The Trustees of the PGIM UK Retirement Savings Plan (the 'Plan') present their Chair's Statement of Governance (the 'Statement'), as required under legislation set out in regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the 'Administration Regulations'), as amended by the Occupational Pension Plans (Charges and Governance) Regulations 2015.

This Statement sets out how the Trustees met the requirements of the Regulations over the period 6 April 2023 to 5 April 2024 (the 'Plan year'). This Statement covers the following key areas:

- The Default Investment Strategy;
- Asset allocation in the default arrangements;
- Requirements for processing financial transactions;
- Charges and transaction costs within the Plan, including the disclosures for the impact of costs and charges;
- Net returns on investments;
- Value for Members assessment; and
- The Trustees' compliance with the statutory knowledge and understanding requirements.

In accordance with the Administration Regulations, the Trustees have appended the latest copy (June 2024) of the Statement of Investment Principles (the 'SIP') prepared for the Plan under Section 35 of the Pensions Act 1995 (the '1995 Act') and regulation 2/regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the 'Investment Regulations'). This Statement will be published online at https://www.pgim.com/terms-use/uk-regulatory-disclosures and this publicly available website will be signposted in the annual benefit statements.

The Default Investment Strategy

The Default Investment Strategy (the 'Default' or 'Default Fund') is a Lifestyle Strategy.

During the Plan year, the Default Investment Strategy was updated to incorporate the investment changes that were discussed and approved by the Trustees in the 17 October 2023 and 20 March 2024 meetings, after taking investment advice from their professional investment advisers. Namely:

- Within the Diversified Fund (the 'growth phase' of the Default):
    - Replace the 50% allocation to the BlackRock Passive Global Equity (30:70) (Hedged) Fund with a 45% allocation to the BlackRock World ESG Equity Tracker Fund (split equally between the GBP hedged and unhedged versions) and a 5% allocation to the BlackRock Emerging Markets Equity Fund);
    - Replace the 30% allocation to the Baillie Gifford Diversified Growth Fund with the Ruffer Diversified Return Fund.

These changes were implemented on 18 September 2023.

The self-select fund range was also reviewed as part of the Trustees' investment strategy review, with the following changes agreed:

- Removal of the Liontrust UK Equity Fund, with invested assets transferred to the Default;
- Removal of the 'Legacy Global Equity Lifestyle – Targeting Annuity Purchase' strategy, for members more than 5 years from their selected retirement age, with invested assets transferred to the Default;
- Addition of a blended fund, the 'World ESG Equity Tracker (50% GBP Hedged)' reflecting equal allocations to the hedged and unhedged versions of the BlackRock World ESG Equity Tracker Fund.

These changes were implemented on 22 November 2023.

The 'growth phase' of the Default is designed to investment members' savings in assets with a relatively high expected long term return profile. Global equities offer higher potential growth in the early years, while diversified growth funds provide exposure to a wide variety of assets and investment strategies. These strategies aim to deliver investment growth relative to cash but with a lower volatility of returns compared to equities.

When a member is six years from their selected retirement age, their assets will begin de-risking gradually into the Mercer Diversified Retirement Fund and the BlackRock Sterling Liquidity Fund. This transition will continue until the final asset allocation of 75% Mercer Diversified Retirement Fund and 25% BlackRock Sterling Liquidity Fund is reached, one year before the member's retirement. This allocation is designed for members withdrawing 25% of their funds as tax-free cash, with the remainder used to access a drawdown policy outside of the Plan. Members who plan to take their retirement benefits differently have the option to switch to an alternative lifestyle strategy before retirement, or select their own investment strategy from the self-select fund range.

The Default is designed with the aim of being in the best interests of most DC Section members, taking into account the profile of membership as a whole. The assets are invested in a manner which aims to ensure the security, quality, liquidity and long-term performance of a member's portfolio as a whole.

In designing and reviewing the Default, the Trustees have taken into account the demographics of the Plan's membership and how the membership may behave at retirement. They have also considered the trade-off between risk and expected returns.

The Additional Voluntary Contributions ("AVCs") for the Plan relate to the Defined Benefit members and these are invested in policies with Prudential Assurance Company Limited and Standard Life Assurance Limited. These policies are closed to new members.

The Trustees do not operate a default investment arrangement within the meaning of Pensions Act 2008 in relation to AVC policies. For this reason, the Trustees believe that the disclosures required in the Regulations with regard to default investment arrangements are not applicable to AVCs. For the same reason, the DC Section's Statement of Investment Principles does not contain wording relating to default investment arrangements for AVCs.

The Plan's objective is to help members attain a good financial outcome for life after work. This statement describes the work the Trustees have carried out to achieve that, and how they seek to ensure that the Plan is well-managed and delivers a good service to members. In doing so, the Trustees provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Asset Allocation in the default arrangements

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

For the first plan year that ends after 1 October 2023, trustees or managers of relevant occupational pension plans, are required to disclose the full asset allocation of investments from their default arrangements.

There is also a requirement to disclose details of performance-based fees in the Plan. There are currently no performance-based fees being charged to the Plan as at 5 April 2024.

Information on the asset allocation for the Default as at 5 April 2024 is set out below:

Default Investment Strategy	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – 65 years (NRD)
Cash	2.6%	2.6%	2.6%	22.4%
Bonds	25.2%	25.2%	25.2%	50.5%
Listed Equities	63.5%	63.5%	63.5%	26.1%
Private Equity	0.0%	0.0%	0.0%	0.0%
Infrastructure	4.5%	4.5%	4.5%	0.0%
Property/Real Estate	0.0%	0.0%	0.0%	0.0%
Private Debt/Credit	0.0%	0.0%	0.0%	0.0%
Other	4.2%	4.2%	4.2%	1.0%

Source: Scottish Widows

Information on the asset allocation for the Legacy Global Equity Lifestyle – Targeting Annuity Purchase as at 5 April 2024 is set out below:

Legacy Global Equity Lifestyle – Targeting Annuity Purchase	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – 65 years (NRD)
Cash	0.0%	0.0%	0.0%	21.5%
Bonds	0.0%	0.0%	0.0%	72.3%
Listed Equities	100%	100%	100%	0.0%
Private Equity	0.0%	0.0%	0.0%	0.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Property/Real Estate	0.0%	0.0%	0.0%	0.0%
Private Debt/Credit	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	6.2%

Source: Scottish Widows

Notes:

- Normal Retirement Date for the Plan is age 65. Members have the opportunity of selecting their own target retirement date.

- The following describes the types of investments covered by the above asset classes:
  - Cash – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Plan.
  - Bonds – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.
  - Listed Equity – Shares in companies that are listed on global stock exchanges. Owning shares makes the Plan a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
  - Private Equity – Unlisted equities that are not publicly traded on stock exchanges. Encompasses a broad range of investment styles, including:
    - Venture Capital – Small, early stage businesses that may have high growth potential, albeit at significant risk.
    - Growth Equity – Relatively mature companies that are going through a transformational event with potential for growth.
  - Infrastructure – physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons
  - Property/Real Estate – Real estate, potentially including offices, retail buildings which are rented out to businesses.
  - Private Debt/Credit – Other forms of loan that do not fall within the definition of a 'Bond'.
  - Other – Any assets that do not fall within the above categories.

There were no performance-related fees incurred by any of the Plan's funds (Default or self-select) during the Plan year.

Requirements for processing financial transactions

As required by the Administration Regulations, the Trustees must ensure that core financial transactions are processed promptly and accurately.

This includes:

- Investment of contributions paid to the Plan;
- Transfer of members' assets into and out of the Plan;
- Switching of members' assets between different investment options available in the Plan; and
- Payments from the Plan to, or in respect of, members.

The Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Plan in accordance with legislative requirements. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Company. Once received, contributions are invested in accordance with the timescales set out in the administration agreement with Scottish Widows, the Plan Administrators of the DC section of the Plan. Timescales are reviewed every quarter and reported in the Scottish Widows Governance Report.

The service level agreement with Scottish Widows sets out the approach (including timescales) regarding the transfer of members' assets into and out of the Plan, the switching of members' assets between different investment options available in the Plan and payments from the Plan to, or in respect of, members. The service level standards are reviewed periodically to ensure they remain appropriate and meet legislative requirements. Additional disclosures are required in respect of any transactions and benefit processing activity that has not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the proposed remedial measures.

Over the year to 5 April 2024, 99.3% of core financial transactions, such as processing retirements and transfers, were completed within the required Service Level Agreement ("SLA") targets. This is in line with the standards expected by the Trustees.

The Trustees receive detailed quarterly administration reports produced by Scottish Widows which are reviewed by the Trustees and their pension consultant at each of their meetings and enable the Trustees to monitor that the requirements for the processing of financial transactions are being met.

Charges and transaction costs

As required by the regulations, the Trustees are required to report on the charges and transaction costs for the investment options available to members during the Plan year and their assessment on the extent to which the charges and costs represent good value for members.

The total charges payable under the Default Fund will vary depending on the stage that each member has reached in the strategy's de-risking process. The following table provides information on the Total Expense Ratios ("TERs") and transaction costs for the full fund range, sourced from Scottish Widows:

Fund	TER (% p.a.)[2]	Transaction Costs (% p.a.)
Diversified Fund[1]	0.55	0.18
Mercer Diversified Retirement Fund[1]	0.39	0.12
BlackRock Sterling Liquidity Fund[1]	0.19	0.02
BlackRock Passive (30:70) Global Equity Currency Hedged Fund	0.25	0.00
L&G Passive Global Equity (60:40) Index Fund	0.20	0.04
BlackRock Passive Overseas Equity Fund	0.18	0.02
BlackRock Passive UK Equity Fund	0.19	0.09
BlackRock Passive Emerging Market Equity Fund	0.40	0.00
L&G FTSE4Good Developed Equity Index Fund (previously named L&G Ethical Global Equity Index Fund)	0.36	0.00
HSBC Islamic Global Equity Fund	0.45	0.00
World ESG Equity Tracker (50% GBP Hedged) Fund	0.23	0.06
Baillie Gifford Diversified Growth Fund	0.88	0.44
Insight Broad Opportunities Fund	0.82	0.12
Ruffer Diversified Return Fund	0.87	0.42
M&G UK Corporate Bond Fund	0.60	0.12
L&G Future World Annuity Aware Fund	0.22	0.00
BlackRock Aquila Over 5 Year Index-Linked Gilts Fund	0.19	0.03

Source: Scottish Widows. TERs as at 31 March 2024. Transaction costs over the 12 months to 31 March 2024.

[1] Used with the Default Investment Strategy

[2] The Total Expense Ratio includes the Annual Management Charge, Additional Fund Expenses and Fund Based Charges.

The TERs shown above include the Annual Management Charge (AMC) and additional expenses associated with the running and management of the funds (which will vary slightly from time to time). The charges on the funds used in the Default Fund comply with the charge cap legislation requirements.

During the Plan year the Trustees successfully negotiated fee reductions with Scottish Widows representing a total reduction of 0.13% p.a. across the fund range (0.05% reduction implemented on 1 July 2023; 0.08% reduction implemented on 16 February 2024). This fee reduction represents a direct benefit to the Plan's members in terms of lower charges paid.

Charges related to investment management and administration for the DC Section are deducted from members' funds. All other costs related to running the Plan including advisory, audit, legal, investment platform management and member communication costs are paid by the Company.

Transaction Costs

Transaction costs are not explicitly deducted from a fund but are reflected in its investment performance (in other words, the higher the transaction costs, the lower the returns produced by a fund, all else being equal). The Financial Conduct Authority has provided guidance (PS17/20) to investment managers regarding calculations and disclosures of transaction costs which comply with regulations. The transaction costs shown in this Statement are calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was fulfilled with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be negative as well as positive. A negative figure is effectively a gain from trading activity, whilst a positive figure is a cost from trading activity.

The Trustees requested this information from Scottish Widows, as their platform provider. In turn, Scottish Widows worked with the various investment firms to collate the required data on transaction costs. The total transaction cost reported by Scottish Widows for each fund is shown in the previous table.

The Trustees fully support transparency of charges and costs for members. However, a key consideration for members is the performance produced net of combined charges and costs; a lower cost fund does not necessarily deliver the best value for money.

To illustrate the impact of charges and costs on a typical member's pension pot, the Trustees have received example illustrations from Scottish Widows. The illustrations cover the Default Investment Strategy and the funds with the lowest and highest charges. These illustrations take into account pot sizes, contributions, investment returns above inflation (before charges and costs), and adjustment for the effects for costs and charges and time.

For the Default Investment Strategy, the development of the projected pension pot depends on the member's current age because the mix of funds changes as the member approaches retirement. Given this, Scottish Widows have also provided a second table showing illustrations of the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Investment Strategy.

Illustrations for a Typical Active Member: funds with the lowest and highest charges

We have shown example illustrations of what money invested (including existing and future contributions, as well as investment returns) in each of these funds could be worth taking inflation, investment costs and charges into account. These figures are shown in today's terms, meaning they show what those pots could buy today. For example, the table below shows that a typical active member with a pot size of c. £31,000 in the BlackRock Passive Overseas Equity Fund today may have a pot size of £1,010,000 in 35 years' time, in today's terms (based on the assumptions set out below the table and before the deduction of charges and costs). The figures shown in the table are illustrations and are not a guarantee of future values.

Years	Lowest cost fund: BlackRock Passive Overseas Equity		Highest cost fund: Baillie Gifford Diversified Growth	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£45,800	£45,800	£45,300	£44,800
3	£77,200	£76,900	£74,700	£72,700
5	£110,000	£110,000	£105,000	£100,000
10	£205,000	£202,000	£187,000	£172,000
15	£317,000	£311,000	£276,000	£246,000
20	£449,000	£439,000	£375,000	£322,000
25	£607,000	£588,000	£483,000	£400,000
30	£793,000	£764,000	£602,000	£481,000
35	£1,010,000	£970,000	£732,000	£563,000

Source: Scottish Widows

Assumptions:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting pot size is assumed to be £31,000.
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £1,150 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
   - BlackRock Passive Overseas Equity: 3.4% above inflation
   - Baillie Gifford Diversified Growth: 1.8% above inflation.
8. Ongoing charges assumed for each fund are as shown earlier in this statement. Transaction costs assumed are an average of the past five years' transaction costs for each fund

Illustrations for a Typical Active Member: Default Investment Strategy

The table below shows the development of the projected pot size over time for a sample of ages assuming the typical active member's pension pot is invested in the Default Investment Strategy. For the Default Investment Strategy, the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£45,700	£45,400	£45,900	£45,600	£45,900	£45,600	£45,900	£45,600
3	£75,500	£74,500	£77,400	£76,200	£77,400	£76,200	£77,400	£76,200
5	£104,000	£103,000	£111,000	£108,000	£111,000	£108,000	£111,000	£108,000
10			£193,000	£186,000	£207,000	£198,000	£207,000	£198,000
15					£320,000	£300,000	£321,000	£300,000
20					£424,000	£391,000	£457,000	419,000
25							£619,000	£554,000
30							£752,000	£663,000

Source: Scottish Widows

Assumptions:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £31,000
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £1,150 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. For the Default Lifestyle Strategy the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement. Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate per year above inflation (average)
1	1.0%
3	1.3%
5	1.7%
10	2.4%
15	2.7%
20	2.9%
25	3.0%
30	3.1%
35	3.2%

8. Ongoing charges assumed for each fund are as shown earlier in this statement. Transaction costs assumed are an average of the past five years' transaction costs for each fund.

Illustrations for a Typical Deferred Member: lowest and highest cost funds

We have shown example illustrations of what money invested (existing contributions, as well as investment returns) in each of these funds could be worth, taking inflation, investment costs and charges into account. These figures are shown in today's terms, meaning they show what those pots could buy today. For example, the table below shows that a typical deferred member with a pot size of c. £31,000 in the BlackRock Passive Overseas Equity Fund today may have a pot size of £101,000 in 35 years' time, in today's terms (based on the assumptions set out below the table). The figures shown in the table are illustrations and are not a guarantee of future values.

Years	Lowest cost fund: BlackRock Passive Overseas Equity		Highest cost fund: Baillie Gifford Diversified Growth	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£32,000	£32,000	£31,500	£31,100
3	£34,300	£34,100	£32,700	£31,500
5	£36,700	£36,300	£34,000	£31,800
10	£43,400	£42,600	£37,300	£32,700
15	£51,500	£50,000	£41,000	£33,700
20	£61,000	£58,600	£45,100	£34,600
25	£72,200	£68,800	£49,500	£35,600
30	£85,600	£80,700	£54,400	£36,600
35	£101,000	£94,600	£59,700	£37,600

Source: Scottish Widows

Assumptions:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £31,000.
4. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
   - BlackRock Passive Overseas Equity: 3.4% above inflation
   - Baillie Gifford Diversified Growth: 1.8% above inflation
8. Ongoing charges assumed for each fund are as shown earlier in this statement. Transaction costs assumed are an average of the past five years' transaction costs for each fund.

Illustrations for a Typical Deferred Member: Default Investment Strategy

The table below shows the development of the projected pot size over time for a sample of ages assuming the typical deferred member's pension pot is invested in the Default Investment Strategy. For the Default Investment Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£31,900	£31,700	£32,100	£31,800	£32,100	£31,800	£32,100	£31,800
3	£33,300	£32,700	£34,400	£33,700	£34,400	£33,700	£34,400	£33,700
5	£34,100	£33,200	£36,900	£35,500	£36,900	£35,600	£36,900	£35,600
10			£40,600	£38,100	£44,100	£41,000	£44,100	£41,000
15					£52,500	£47,100	£52,600	£47,100
20					£57,800	£50,500	£62,700	£54,200
25							£74,700	£62,300
30							£82,300	£66,800

Source: Scottish Widows

Assumptions:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £31,000.
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. For the Default Lifestyle Strategy the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement: Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to Retirement	Projected Growth Rate (Average)	
1	1.0%	
3	1.4%	
5	1.9%	
10	2.7%	
15	3.0%	
20	3.1%	
25	3.2%	
30	3.3%	
35	3.3%	Above Inflation

8. Ongoing charges assumed for each fund are as shown earlier in this statement. Transaction costs assumed are an average of the past five years' transaction costs for each fund.

Net Return on Investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of 'relevant' occupational pension plans.

From 1 October 2021 trustees of all relevant pension plans are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual chair's statement and published on a publicly accessible website.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Plan year.

Diversified Lifestyle – Targeting Drawdown	Annualised returns to 31 March 2024 (%) net of costs and charges	
Age of member at start of performance period	1 year	5 years
25	11.8	5.5
45	11.8	5.5
55	11.8	5.5

Legacy Global Equity Lifestyle – Targeting Annuity Purchase	Annualised returns to 31 March 2024 (%) net of costs and charges	
Age of member at start of performance period	1 year	5 years
25	12.4	8.0
45	12.4	8.0
55	12.4	8.0

Self-select Funds	Annualised returns to 31 of March 2024 (%) net of costs and charges	
	1 year	5 years
Diversified Fund	11.8	5.5
Mercer Diversified Retirement Fund	6.0	3.2
BlackRock Sterling Liquidity Fund	5.0	1.6
BlackRock Passive (30:70) Global Equity Currency Hedged Fund	19.8	9.6
L&G Passive Global Equity (60:40) Index Fund	12.4	8.0
BlackRock Passive Overseas Equity Fund	25.3	13.5
BlackRock Passive UK Equity Fund	6.2	4.8
World ESG Equity Tracker (50% GBP Hedged) Fund*	-	-
BlackRock Passive Emerging Market Equity Fund	5.0	2.6
L&G FTSE4Good Developed Equity Index Fund (previously named L&G Ethical Global Equity Index Fund)	23.6	14.0
HSBC Islamic Global Equity Fund	30.1	17.0
Baillie Gifford Diversified Growth Fund	3.3	0.9
Insight Broad Opportunities Fund	10.1	2.8
Ruffer Diversified Return*	-	-
M&G UK Corporate Bond Fund	7.5	0.8
L&G Future World Annuity Aware Fund	4.1	-3.4
BlackRock Aquila Over 5 Year Index-Linked Gilts Fund	-7.7	-6.8

Source: Scottish Widows. Performance shown net of all charges and transaction costs.

**Funds were incepted in November 2023, therefore performance figures are not available.*

Value for Members assessment

In accordance with regulation 25(1)(b), the Trustees are required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members.

The Trustees are committed to ensuring that members receive value from the DC Section (i.e. the costs and charges deducted from members' pots and contributions paid provide good value in relation to the benefits and services provided by or on behalf of the DC Section) compared to plans of a similar size and structure. During the Plan year the Trustees successfully negotiated fee reductions with Scottish Widows representing a total reduction of 0.13% p.a. across the fund range (0.05% reduction implemented on 1 July 2023; 0.08% reduction implemented on 16 February 2024). This fee reduction represents a direct benefit to the Plan's members in terms of lower charges paid.

Members are provided with online access to their pension funds by Scottish Widows, together with a broad range of investment fund options, the cost of which is met by the members.

The Trustees and their investment advisers have undertaken an assessment of whether the total costs and wider services of the Plan represented value for money for the membership over the Plan year. The Trustees concluded that the level of charges and transaction costs incurred by Plan members represents reasonable value for money overall, for its members. In particular:

- The majority of the charges for the Plan's default investment arrangement are well below the charge cap of 0.75% per annum, with the exception of Ruffer Diversified Return and Insight Broad Opportunities;
- The majority of funds used by the Plan in the DC Section are highly rated by the Trustees' advisors, Mercer, as having above average prospects of achieving their objectives over the long-term;
- The performance (net of costs and charges) of the majority of Plan's funds over the five-year period to 31 March 2024 was good in light of the challenging market conditions experienced during the 5-year period, for fixed income investments in particular. The Trustees have implemented changes to the investment strategy during the Plan year, as set out earlier in this statement, to improve the expected risk and return profile of the Default's growth phase over the long-term going forward.

This Statement and the assessment the Trustees have undertaken does not contain regulated investment advice in respect of actions that members should take and is not intended to be used for that purpose. If members or readers need advice, a list of local independent financial advisers can be obtained from the website at www.moneyhelper.org.uk .

Trustees' Knowledge and Understanding (TKU)

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Plan.

The Trustees must also be conversant with the Plan's own documentation. These are described in legislation as the Trustees Memorandum and Articles of Association, Trust Deed and Rules and Statement of Investment Principles. The Trustees must also be conversant with any other document recording current policy relating to the administration of the Plan generally. The Pensions Regulator interprets 'conversant' as having a working knowledge of those documents such that the Trustees are able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustees.

The Trustees are required to disclose how these duties have been fulfilled and how their combined knowledge and understanding, together with the advice which is available to them, enables them to properly exercise their duties and responsibilities.

In the year to 5 April 2024, the Trustee composition changed. On 23 June 2023, it was noted that K Patel would be resigning as a Trustee and was attending his last meeting, and C Gadsby and D Nicholls were to be appointed as new Trustees. A session was held with the new Trustees before the 17 October 2023 Trustees' meeting, providing training on the role of a trustee and the specifics of the Plan.

The table below shows how these requirements have been met during the Plan year.

Requirement	How met
Trustees must have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets	The Trustees have completed the Pensions Regulator's Trustee Toolkit. Training was undertaken at each Trustees' meeting during the year on topical matters including the requirements of the Pensions Regulator's new General Code of Practice, the upcoming Pensions Dashboard and in respect of the potential for investment in illiquid assets within the Plan, to inform the Trustees' policy relating to illiquid assets investment.
Trustees must be conversant with the Plan's own documentation and current policies	The Trustees have access to all key Plan documentation and the Trustees feel they have a good working knowledge of the Trust Deed and Rules. The current investment strategy is set up in line with the SIP. The web-based portal used for Trustees' meetings management and board papers includes a 'resources' section which comprises all the relevant library of key documents for the Plan which is maintained with current information and which all Trustees are able to access at any time.
Knowledge and resources generally	The Trustee Board comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the challenges that its governance must address. The Employer pays all reasonable expenses of Trustees attending conferences relevant to their role. The Trustees actively work with the employer on member engagement issues and matters, including relevant and appropriate member communications. The Trustees meet with their professional investment advisers at least three times a year. The Trustees' professional advisers attend all meetings and are asked to input into the agenda.

Requirement	How met
	The Chairman as an independent trustee regularly attends industry seminars, conferences and knowledge sharing networks with CPD accreditation.

I confirm that the above Statement has been produced by the Trustees to the best of our knowledge.

This Annual Statement regarding Governance of the Defined Contribution Section was approved by the Trustees of the PGIM UK Retirement Savings Plan and signed on their behalf by:

………………………………………………………………… Chairman and Trustee

………………………………………………………………… Date

Appendix

Defined Contribution Section Statement of Investment Principles – June 2024

1. Background

This Statement of Investment Principles (hereafter referred to as the "Statement") sets down the principles governing decisions about investments for the PGIM UK Retirement Savings Plan ("the Plan") to meet the requirements of the following legislation:

- The Pensions Act 1995, as amended by the Pensions Act 2004; and
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019
- and subsequent legislation.

The Trustees believe their scheme governance, investment policies and their implementation are in keeping with best practice. This includes, but is not limited to, the Pension Regulator's DC Code of Practice no. 13 (Governance and Administration of Occupational Defined Contribution Trust-Based Pension Schemes) and regulatory guidance.

In preparing this Statement the Trustees have consulted PGIM European Services Limited as the Principal Employer of the Plan and obtained and considered written professional advice from their Investment Consultant.

Our investment responsibilities are governed by the Plan's Trust Deed; a copy of the relevant clause, of which this Statement takes full regard, is shown in **Appendix A**. We will, at the minimum, review this Statement every three years to ensure that it remains accurate. The Statement will be amended more frequently should any changes be made to the Plan's investment arrangements.

The Plan has both a Defined Benefit ("DB") section and a Defined Contribution ("DC") section. This Statement covers only the DC section, and the Trustees have prepared a separate Statement of Investment Principles for the DB section.

2. Responsible Investment - ESG, Stewardship, and Climate Change

The Trustees believe that environmental, social, and corporate governance ("ESG") factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The investment managers of the DC section investment funds have been delegated through the platform operator contract with Scottish Widows Limited to act accordingly, and the Trustees accept that the assets are subject to the investment managers' own policies on ESG matters including climate change considerations.

Similarly, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.

The explicit equity allocation within the Plan's default investment strategy reflects an ESG-focused blended fund, the World ESG Equity Tracker (50% GBP Hedged), comprising 50% of the BlackRock World ESG Equity Tracker Fund and 50% of the BlackRock World ESG Equity Tracker Fund (GBP Hedged). This aims to track the MSCI World ESG Focus Low Carbon Screened Index 50% Hedged. This fund is also available as a self-select option for members.

The Trustees have also made available to members a specialist ethical equity fund, the L&G Ethical Global Equity Index Fund, which aims to track the FTSE4Good Global Equity Index. This fund is available as a self-select option.

Member views are not taken into account in the selection, retention and realisation of investments. However, if the Trustees were formally approached by members expressing such views, these would be considered on their merits.

The Trustees have determined the following ESG themes as the basis for the Plan's "most significant votes" in respect of the investment manager engagement activities: climate change (for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals) and good corporate governance (in particular board diversity and independence).

3. Implementation and Engagement Policy

3.1. Aligning Manager Investments Strategy and Decisions with Trustees' policies

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. These characteristics will differ for each asset class so appointing a single manager is unlikely to be the most appropriate approach.

The Trustees will seek guidance from the Investment Consultant, where appropriate, for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan offers to its members. The Investment Consultant's manager research ratings, including their ESG ratings, assist with due diligence and are used in decisions around selection, retention and realisation of manager appointments. The manager ratings are incorporated into the Trustees' monitoring reports and the Trustees consider this on a quarterly basis.

The Trustees will review an appointment if the investment objective for a manager's fund changes to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The Trustees invest in pooled investment vehicles so they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The Trustees access funds via a platform, the chosen investment managers continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to review the appointment. The process for assessing satisfaction with the managers is set out in Section 3.2.

3.2. Evaluating Investment Manager Performance

The Trustees receive investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 years and 5 years (where available). The Trustees review the absolute performance and relative performance against a suitable index used as the benchmark, and against the manager's stated target performance objective for both active and passive managers (over the relevant time period) on a net of fees basis.

The Trustees focus on long term performance but, as noted above, may review a manager's appointment if:

- There are sustained periods of underperformance, adopting a trigger based review;
- system in the performance reporting;
- There is a change in the portfolio manager or the team responsible;
- There is a change in the underlying objectives or process of the investment manager;
- There is a significant change to the Investment Consultant's rating of the manager.

3.3. Portfolio Turnover Costs

The Trustees monitor portfolio turnover costs, which are incorporated in the annual costs and charges, on an annual basis as part of its annual value for members assessment.

3.4. Manager Turnover

The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. The Trustees will therefore retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The basis on which the manager was appointed changes materially (e.g. manager fees or investment process);
- The manager appointed has been reviewed in line with Section 3.2 and the Trustees have decided to terminate the mandate.

4. Investment Objectives and Risk

We believe that members have differing investment needs and that these may change during the course of members' working lifetimes. We also recognise that members have different attitudes to risk and we believe that ideally members should make their own investment decisions based on their individual circumstances. We regard our duty as making available a range of investment funds that enable members to tailor a strategy to their own needs.

For members who do not wish to make their own investment choices, we make available a Default Investment Option that is described in Section 5. However, we recognise that this option cannot meet every individual member's needs.

4.1. Investment Objectives

The Trustees' main aim is to make sure that the obligations to the members of the Plan are met, by adopting the following objectives:

a. To ensure there is a sufficient number of appropriate investment options available to allow the member to plan for retirement.

b. To maximise the value of members' assets at retirement at an acceptable level of risk.

c. To maintain the purchasing power of members' savings.

d. To provide some protection for members' accumulated assets in the years approaching retirement against sudden volatility in the capital value and fluctuations in the cost of providing benefits.

The Trustees aim to meet these objectives by the following:

a. Offering members four 'Lifestyle' approaches to investment strategy (one of which is also the Default Investment Option) and ensuring that the other investment options also allow members to plan for retirement.

b. Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Plan members.

c. Providing general guidance as to the purpose of each investment option.

d. Encouraging members to seek financial advice from a FCA regulated financial adviser in determining the most suitable option.

We will regularly review the suitability of the options provided and from time to time will change manager or introduce additional investment portfolios as appropriate.

4.2. Risk

The Trustees have considered investment risk from a number of perspectives as follows:

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) of members' savings decreases.	The Trustees provide members with a range of funds, across various asset classes, with the majority expected to keep pace with or return above inflation. Members are able to set their own investment allocations, in line with their risk tolerances.	Consider the real returns (i.e. return above inflation) of the funds, with positive values indicating returns have kept pace with inflation
Pension Conversion Risk Members' investments do not match how they would like to use their savings pots in retirement.	The Trustees make available three lifestyling strategies for DC members, each targeting either cash, drawdown or annuity. Lifestyle strategies automatically switch member savings as they approach retirement into investments that are expected to be less volatile relative to how they wish to access their pension savings. These lifestyling strategies increase the proportion of assets that more closely match the chosen retirement destination as members approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement.	Consider the returns of the funds used within the switching phase of the lifestyle strategy both in absolute terms as well as relative to inflation, cash or annuity prices (depending on their selected retirement destination).

Risk	How it is managed	How it is measured
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	The Trustees provide members with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their risk tolerances. For the funds managed on an active basis, many of these market risks are the responsibility of the investment manager to the extent that the funds objectives and constraints allow.	Monitor the performance of external investment funds on a quarterly basis.
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustees provide diversified investment options that invest in local as well as overseas markets and currencies. There is also a currency hedged option. Delegated to investment managers. Members are able to set their own investment allocations, in line with their risk tolerances.	Monitor the performance of external investment funds on a quarterly basis. Considers the movements in foreign currencies relative to pound sterling.
Operational Risk A lack of robust internal processes, people and systems.	The Trustees review and monitor the investment options on a regular basis.	Consider the ratings of investment strategies from the Investment Consultant and monitor these on an annual basis.
Liquidity Risk Assets may not be readily marketable when required.	The Trustees access daily dealt and daily priced pooled funds through a unit-linked insurance contract from Scottish Widows.	The pricing and dealing terms of the funds underlying the unit-linked insurance contract.

Risk	How it is managed	How it is measured
Valuation Risk The value of an illiquid asset is based on a valuer's opinion, realised value upon sale may differ from this valuation.	Some diversified growth fund managers and property funds may hold illiquid assets. In such cases, the management of valuation risk is delegated to the external investment manager. The majority of investment managers invest solely in liquid quoted assets.	The Trustees monitor performance of funds on a quarterly basis, and where relevant delegates the monitoring of valuation risk to the Investment Consultant.
Environmental, Social and Governance Risk The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Plan's assets.	Delegated to external investment managers with Trustee oversight. The Trustees have made available an ESG-focused global equity fund for members who would like to choose to invest in this manner. This fund is also used within the Diversified Fund within the default strategy. The Trustees' policy on Responsible Investment is set out in Section 2 of this Statement.	The day-to-day management of ESG related risks is the responsibility of the investment managers. However, the Trustees monitor how ESG is integrated within investment processes.
Manager Skill / Alpha Risk Returns from active investment management may not meet expectations, leading to lower than expected returns for members.	The Trustees make available a number of actively managed funds to members where they deem appropriate.	The Trustees consider the ratings of investment strategies from its Investment Consultant during the selection process. Trustees monitor performance and rating of funds on an annual basis relative to the fund's benchmark and stated targets/objective.

The Trustees believe that the investment options outlined in Sections 4 and 5 below are appropriate for meeting the risks outlined above.

In considering the range of funds to offer to members, the Trustees acknowledge that the investment time horizon of each individual member is different and will be dependent on their current age and when they expect to retire. In selecting the lifestyle options, the Trustees have taken the proximity to the target retirement date into account and the associated financially material risks over the strategies' full time horizon.

The Trustees pay close regard to the risks which may arise from the lack of diversification of investments. The Trustees believe that the choice of funds in place provides an adequately diversified distribution of assets.

5. Range of Funds

The Trustees believe that the investment options outlined in this section are appropriate for meeting the investment objectives outlined in Section 3. In particular, for members who do not wish to take an active role in the investment decisions, the Trustees offer a **Default Investment Option** (the "*Diversified Lifestyle – Targeting Drawdown*") with lifestyling which aims to de-risk members as they approach retirement, by targeting an asset allocation at retirement aligned with members taking 25% tax free cash and using the remaining 75% of their assets for flexible drawdown. The Trustees note that drawdown is not available through the Plan directly, but that it is made available on Scottish Widows' administration and investment platform or through transferring assets to another provider.

The Trustees have also made available two alternative lifestyle strategies; one designed for members looking to purchase an annuity at retirement; the other designed for members who wish to take all their DC section benefits as a cash sum at retirement.

Bearing in mind the level of investment knowledge of a typical member and the desire to keep the available fund range simple and understandable (while providing appropriate choice) the Trustees have decided to make a range of additional funds available to members, offering both passively and actively managed funds:

Equities

BlackRock World ESG Equity Tracker (50% GBP Hedged) (Passive)
BlackRock Aquila 30:70 Global Equity – Currency Hedged (Passive)
BlackRock Aquila UK Equity (Passive)
BlackRock Aquila World (ex UK) Equity (Passive)
BlackRock Aquila Emerging Market Equity (Passive)
L&G Global Equity Fixed Weights (60:40) (Passive)

Diversified Growth Funds

Baillie Gifford Diversified Growth Fund (Active)
Insight Broad Opportunities Fund (Active)
Ruffer Diversified Return Fund (Active)

Blended Equities/Diversified Growth

Diversified Fund (Passive/Active)

Bonds

BlackRock Aquila Over 5 Year Index Linked Gilts (Passive)
L&G Future World Annuity Aware (Passive)
M&G UK Corporate Bond (Active)

Cash

BlackRock Sterling Liquidity (Active)

Specialist – Drawdown fund

Mercer Diversified Retirement (Active)

Specialist – Shariah compliant equity

HSBC Islamic Global Equity Index (Passive)

Specialist – Ethical equity

L&G Ethical Global Equity (Passive)

Lifestyling

The *Diversified Lifestyle – Targeting Drawdown* option initially invests in the blended Diversified Fund, which comprises 50% Equities (22.5% of the BlackRock World ESG Equity Tracker Fund, 22.5% of the BlackRock World ESG Equity Tracker Fund (GBP Hedged) and 5% of the BlackRock Emerging Markets Equity Fund) and 50% Diversified Growth Funds (20% in the Insight Broad Opportunities Fund and 30% in the Ruffer Diversified Return Fund). Once a member is six years from retirement, their assets will begin de-risking gradually into Mercer Diversified Retirement Fund and BlackRock Sterling Liquidity funds, until the final asset allocation of 75% Mercer Diversified Retirement Fund and 25% BlackRock Sterling Liquidity Fund is reached when the member is one year from retirement.

The *Diversified Lifestyle – Targeting Annuity Purchase* option initially invests in the blended Diversified Fund. Once a member is six years from retirement, their assets will begin de-risking gradually into L&G Future World Annuity Aware and BlackRock Sterling Liquidity funds, until the final asset allocation of 75% L&G Future World Annuity Aware Fund and 25% BlackRock Sterling Liquidity Fund is reached when the member is one year from retirement.

The *Diversified Lifestyle – Targeting Cash* option initially invests in the blended Diversified Fund. Once a member is six years from retirement, their assets will begin gradually de-risking into the BlackRock Sterling Liquidity Fund (via the L&G Future World Annuity Aware Fund), until the final asset allocation of 100% BlackRock Sterling Liquidity Fund is reached when the member is one year from retirement.

The *Legacy Global Equity Lifestyle* option initially invests in the L&G Global Equity (60:40) Index Fund. Once a member is six years from retirement, their assets will begin de-risking gradually into L&G Future World Annuity Aware and BlackRock Sterling Liquidity funds, until the final asset allocation of 75% L&G Future World Annuity Aware Fund and 25% BlackRock Sterling Liquidity Fund is reached when the member is one year from retirement. The Legacy Global Equity Lifestyle option was closed from September 2023 for members more than five years from their selected retirement age, with assets transferred to the default strategy.

6. Default Investment Option

Typically, a proportion of members will actively choose the Default Investment Option because they feel it is most appropriate for them. However, for the vast majority of DC scheme members who do not make an active investment decision are invested automatically in the Default Investment Option.

The Trustees review the strategy used for the Default Investment Option at least every three years and in response to any significant change in investment policy or the demographic profile of relevant members. The performance of the Default Investment Option is monitored quarterly, with the Trustees reviewing reports from the provider at Trustee meetings to ensure the net of fees returns are consistent with the aims of the strategy.

6.1. The aims of the Default Investment Option (the Diversified Lifestyle - Targeting Drawdown strategy)

Based on the Trustees' understanding of members' circumstances, and having regard to likely future developments, the Trustees believe that an investment strategy that targets income drawdown at retirement is likely to reflect a typical member's choice of how they take benefits at retirement.

The default *Diversified Lifestyle – Targeting Drawdown* strategy manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.

In designing the Default Investment Option, the Trustees have explicitly considered the trade-off between risk and expected returns.

If members wish to, they can opt to choose their own investment strategy, or one of the alternative lifestyle strategies on joining but also at any other future date.

Assets in the Default Investment Option are invested in the best interests of members and beneficiaries, taking into account the profile of members.

Assets in the Default Investment Option are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole, in the growth phase and also in the de-risking phase as members approach their selected retirement date.

Assets are invested mainly on regulated markets (those that are not must be kept to prudent levels).

6.2. Policies in relation to the Default Investment Option

In addition to the Trustees' Investment Objectives (covered in Section 3.1), the Trustees believe that:

The *Diversified Lifestyle – Targeting Drawdown* strategy's growth phase structure, which invests in equities and other growth-seeking assets, will provide growth over the long-term with some downside protection and some protection against inflation erosion.

As a member's savings pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a Default Investment Option that seeks to reduce investment risk as the member approaches retirement is appropriate, by switching automatically to holdings into cash and the Mercer Diversified Retirement Fund.

Based on their understanding of the Plan's membership, an investment strategy that targets drawdown is a suitable Default Investment Option as its objectives are consistent with those of the Trustees, namely to provide a lifestyle path for members looking to target drawdown alongside drawing 25% of their accumulated benefits as tax free cash at retirement. This does not mean that members have to take their benefits in this format at retirement – it merely determines the investment strategy for the Default Investment Option that will be in place pre-retirement. Members who intend to take their retirement benefits through different arrangements have the option of switching to an alternative lifestyle strategy prior to retirement or even choosing their own investment strategy.

The Trustees believe that the blended Diversified Fund is appropriate as it seeks to provide members with stable asset growth and income throughout the growth phase by investing in a diverse portfolio of liquid growth and defensive assets, and has been specifically designed as a pragmatic end point for de-risking matrices targeting drawdown. It can be held "to and through" retirement on the Scottish Widows platform (albeit members will need to transfer to a personal contract to enter drawdown). As it forms a central component of the majority of the options members will initially have to select from on transferring to the Scottish Widows drawdown platform, using it in the lifestyle strategy pre-retirement allows Scottish Widows to manage transaction costs and out-of-market risk for members entering drawdown.

Taking into account the demographics of the Plan's membership and the Trustees' views of how the membership will behave at retirement, the Trustees believe that the current Default Investment Option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic or any regulatory or legislation changes, if sooner.

Assets in the Default Investment Option are ultimately invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by appointed investment managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds. Likewise, the investment managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical conditions are taken into account in the selection, retention and realisation of investments. Section 2 sets out the policy on ESG, Stewardship and Corporate Governance factors. The explicit equity allocation within the Default Investment Option reflects an ESG-tilted approach to help manage ESG-related risks.

Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members, further details can be found in Section 3.2. In particular, when choosing and reviewing the investment strategy of the Default Investment Option, the Trustees consider risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustees also consider risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the Default Investment Option.

6.3. Policies in relation to Illiquid Assets

The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash, including where such assets are invested as a component of a daily-dealing multi-asset fund. While the Plan's default arrangement includes no direct allocation to illiquid investments, it has indirect exposure to illiquid assets through the

Diversified Fund with a 20% investment in the Insight Broad Opportunities Fund. The Insight Fund is a multi-asset fund that has an allocation of c.7% to illiquid assets in the form of infrastructure investments. Default members six or more years from target retirement date have a 20% allocation to the Insight Fund through the Diversified Fund, with the allocation reducing gradually to zero between six years and one year from target retirement date. The other funds used in the default strategy do not invest in underlying illiquid assets as at 31 March 2024.

The Trustees are comfortable indirectly investing in a small proportion of illiquid assets through a diversified multi-asset fund, to gain access to the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these benefits are recognised by the Trustees, they are also aware of the risks of investment in illiquid assets to members, including accurate valuation and performance measurement challenges, and difficulties for asset managers in realising the underlying investments for cash if required.

In selecting investments for the Default Investment Option the Trustees use both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. For any future investment, the Trustees will carefully consider whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustees' policy to review the allocation of the Default Investment Option on at least a triennial basis. Such reviews will include the extent to which the incorporation of illiquid asset investments is appropriate.

7. Day to Day Management of the Assets

The fund range offered to members is accessed through the investment platform provided by Scottish Widows since July 2018.

7.1. Main Assets

The Trustees have contracted with Scottish Widows via a long-term insurance contract. The Plan's investment platform is provided under contract with Scottish Widows and Mercer Workplace Savings ("MWS"), both of whom are regulated by the Financial Conduct Authority (the "FCA").

The Trustees undertake to review the investment options offered to members and the investment manager arrangements on a regular basis. The investment options comprise primarily of equity, bonds, diversified growth funds and cash.

7.2. Spread and Suitability of Investments

The Trustees are satisfied that the spread of assets by type, and the investment manager's policies on investing in individual securities within each type, provide adequate diversification of investments. The Investment Consultant monitors the suitability of the investment funds described in Section 4, through ongoing research and performance reviews.

As the assets of the Plan are invested in the pooled fund vehicles underlying the funds offered by Scottish Widows, the investment restrictions applying to these funds are determined by the underlying investment managers.

7.3. Buying and Selling Investments

The investment managers have responsibility for buying and selling the underlying assets of the funds. As already mentioned, the day-to-day activities which the investment managers carry out are governed by the arrangements between them and Scottish Widows, which are reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate.

8. Compliance With This Statement

The Trustees, Scottish Widows and the Investment Consultant each have duties to perform to ensure compliance with this Statement. These are:

The Trustees will monitor compliance with this Statement on a regular basis, and will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the Principal Employer, PGIM European Services Limited. This review will occur no less frequently than every three years and will again be based on expert advice and will be in consultation with the Principal Employer, PGIM European Services Limited.

Scottish Widows will provide full information in respect of transactions in units in the underlying funds and valuations of the units held by the Plan from time to time as required by the Trustees.

The Investment Consultant will provide the advice needed to allow us to review and update this Statement when required.

Agreed by the Chair of Trustees on 10 June 2024
on behalf of the Board of Trustees of the PGIM UK Retirement Savings Plan

Appendix A - Powers of Investment

This appendix sets out an extract from the Plan's Trust Deed and Rules covering the Trustees' investment powers.

47.1 Custody of Trust Assets

Subject as otherwise provided in this Rule and Rule 48 (Trustees' powers), the Trustees shall hold the Trust Assets in their name.

47.2 General power of investment

Subject as otherwise provided in this Rule, the Trustees may invest or apply all of any of the Trust Assets and realise, exchange or otherwise deal with all or any of those assets in any manner whatsoever and wheresoever (whether involving liability or not, whether or not producing income and whether or not authorised by law for the investment of funds of an Occupational Pension Scheme) to the intent that the Trustees shall have at least the same powers in that regard as if the Trustees were absolutely entitled to the Trust Assets.

In particular, but without limitation, the Trustees may:

(A) effect any contract or policy with an insurance company;

(B) acquire any interest in any property or asset (whether real or personal, whether tangible or not)including, but without limitation, stocks, shares, debentures, bearer securities, units in unit trusts, exempt funds or mutual funds and commodities;

(C) for the purposes permitted under The Occupational Pension Schemes (Investment) Regulations 2005 acquire, sell or enter into any derivative instruments including without limitation, contracts for differences, financial futures, commodity futures, forward interest rate agreements, interest rate, currency and equity swaps and options to acquire of dispose of any of the foregoing including, without limitation, options on currency and on interest rates;

(D) retain or place money on deposit or in a current account with any bank, local authority, insurance company, building society or finance company for such period, at such rate of interest (if any) and upon such terms as the Trustees think fit;

(E) make a loan (with or without security);

(F) underwrite or sub-underwrite the subscription of any stocks, shares, debentures or other securities;

(G) apply any (or all) the Trust Assets with a view to tracking any particular index or indices;

(H) acquire any investment (including units in exempt funds) usually available to the trustees of a Registered Pension Scheme.

47.3 Power to enter into any lawful transaction

The Trustees may borrow but only for the purposes of providing liquidity for the Plan and only on a temporary basis. This sub-rule takes effect subject to s.182 and s.185, FA 2004 (Borrowing).

In addition to the powers vested in them by Rule 47.2 but subject to Rule 47.4, the Trustees, with the consent of the Principal Employer, may:

(A) give indemnities or undertakings;

(B) improve, repair and develop land or other property (including, without limitation, the demolition of any building and the redevelopment of any land, building or other property);

(C) form, promote and finance any company or business;

(D) charge or pledge or grant any lien over or right of set-off against all or any part of the Trust Assets with the due repayment of and the payment of interest on and of expenses in connection with any money borrowed by the Trustees or as security for the due performance of any other obligation of the Trustees;

and, with like consent, may enter into any other lawful transaction or undertake any other lawful activity which, in either case, is not otherwise authorised but would, in the opinion of the Trustees, benefit the Plan.

47.4 Restrictions on investments

The Trustees' power under this Rule is subject to s.40, PA 1995 (Restriction on employer-related investments) and The Occupational Pension Schemes (Investment) Regulations 2005.

47.5 Commingling

The Trustees may, with the consent of the Revenue, commingle all or any of the Trust Assets with the assets of any other Registered Pension Scheme. In connection with any such commingling, the Trustees may enter into such arrangements as they think fit for the appointment of one or more investment managers of the commingled assets.

47.6 General management powers

In the management or administration of any property forming part of the Trust Assets, the Trustees may effect or concur in effecting any sale, lease, mortgage, charge, standard security, release, purchase, investment, acquisition, expenditure or other disposition, contract or transaction whatsoever not otherwise authorised which a person absolutely and beneficially entitled would have had power to effect or to concur in effecting.

47.7 Members' choice

This sub-rule applies severally to:

(A) the money and assets from time to time comprising the DC Member's Account; and

(B) the money and assets from time to time comprising the AVC Fund of a Member and in this sub-rule the money and assets from time to time comprising the DC Member's Account or the AVC Fund of a Member are called the "Assets".

Where the Trustees give a Member any options with regard to the way in which the money and assets comprising his Assets are invested:

(A) the Member may from time to time exercise any of those options (such options may be exercised in different ways with regard to different portions of the Assets);

(B) subject to (C) below, the Trustees:

(1) shall give effect to any due exercise of any option as soon as reasonably practicable after the same is made; and

(2) shall thereafter continue to give effect to the same until that exercise of the option is countermanded by the Member gibing due notice to the Trustees (with or without duly exercising another option in its stead);

(C) the Trustees shall cease to be bound to give effect to, or, as the case may be, to continue to give effect to, the due exercise of an option if:

(1) the Trustees withdraw the option in question as being one which is generally available for the investment of money or assets comprising the DC Member's Account or, as applicable the AVC Fund;

(2) it is shown, to the satisfaction of the Trustees, that by reason of any physical disability or mental incapacity the Member is unable to manage his own affairs (the written opinion of a qualified medical practitioner may be accepted by the Trustees as conclusive evidence of this fact);

(3) the Trustees are notified of the Member's death (the Trustees may, but need not, refuse to accept any such notification unless it is accompanied by the death certificate);

(4) to give effect, or, as the case may be, to continue to give effect, to the exercise of that option would, or, in the opinion of the Trustees, may, breach any applicable law, regulation or requirement; or

(5) the occurrence of some event or circumstance is brought to the attention of the Trustees which makes it (in their opinion) inappropriate to continue to follow the Member's directions.

For the purposes of this sub-rule an option shall be regarded as having been duly exercised and a notice shall be regarded as having been duly given if:

(a) it is in such form and in accordance with such requirements as the Trustees from time to time prescribe, and,

(b) it is signed, or purportedly signed, by the Member,

or otherwise it is in such form as the Trustees accept.