

Chair's Statement - Biffa Pension Scheme ('the Scheme')

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

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

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

1. The Scheme's Default arrangements
2. Net investment returns
3. Member borne charges and transaction costs
 - i. Default arrangements
 - ii. Self-select funds
 - iii. Additional Voluntary Contributions
 - iv. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustees' knowledge and understanding

The Company closed the DC Section of the Scheme to future contributions with effect from 31 March 2019. The DC Section of the Biffa Pension Scheme has operated as a "closed scheme" from 1 April 2019. The accrued DC funds continue to be invested and attract the same returns they would have done if member and Company contributions continued. After this date no member or Company contributions have been payable into the DC Section of the Scheme. From 1 April 2019, employees have been enrolled into an alternative pension arrangement, namely the Biffa Retirement Plan, a section within the WorkSave Pension Mastertrust, operated by Legal & General.

DC benefits that were subject to underlying defined benefit guarantees (such as a guaranteed minimum pension) or where the members' only DC benefits were Additional Voluntary Contributions ("AVCs") for pension commencement lump sum purposes were not transferred to the Biffa Retirement Plan. These DC pension pots continue to be held and invested within the Scheme and are subject to ongoing governance by the Trustee.

1. The Scheme's Default Arrangements

The Trustee is required to design default arrangements in members' interests and keep them under review. The Trustee will need to take account of the level of costs and the risk profile that are appropriate for the Scheme's membership in light of the overall objective of the default arrangement strategy.

From 1 April 2019, the Scheme is no longer used as a Qualifying Scheme for auto-enrolment purposes.

Details of the aims, objectives and the Trustee policies regarding the default arrangements can be found in a document called the 'Statement of Investment Principles' (SIP), along with the agreed performance metrics and reporting requirements which are used to measure whether the funds are successfully meeting the stated objectives. The latest SIP for the DC Section of the Scheme is attached to this statement.

The key aim of the default arrangements is to try to ensure that members' savings are invested in funds that are appropriate for them, based on their selected retirement date.

In designing the default arrangements for the DC Section members, the Trustee has explicitly taken account of the membership profile to ensure it is appropriate for members' needs. The Trustee also explicitly considered the risk and expected return characteristics of the funds used at different stages before retirement. Assets in the default strategies are also invested in a manner which aims to ensure the security, liquidity and profitability of the member's portfolio as a whole and are invested in regulated products and mainly on regulated markets (any that are not will be kept to prudent levels).

The Trustee has determined default arrangements for different categories of members. These are detailed below.

Each of the strategies are constructed as Target Date Funds (TDFs), which provide an asset allocation based on the retirement date of the member. The TDFs aim to provide members with the potential for good levels of growth during the accumulation of their retirement savings and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take. This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a lower risk asset mix as a member approaches their target retirement age. The funds relating to different retirement periods are known as "vintages".

Aon Managed Retirement Pathway to Drawdown (Default arrangement for all members during the growth phase)

During the growth phase, the default strategy for all members is the Aon Managed Retirement Pathway to Drawdown.

The Cash and Annuity strategies are only available in the lead up to retirement, with new vintages of those Target Date Funds being launched around seven years in advance of the target retirement date. All members are therefore invested in the Aon Managed Retirement Pathway to Drawdown strategy during the growth phase.

Members will remain in the Drawdown strategy in the approach to retirement, unless they are in one of the categories of membership who will be moved to the Annuity or Cash strategies (outlined below), or the member has made an alternative selection of strategy or funds.

Aon Managed Retirement Pathway to Annuity (Default arrangement for UKW Money Purchase ("UKW MP") members)

The Trustee has selected the Aon Managed Retirement Pathway to Annuity as the default strategy for UKW MP Members, designed to meet the needs of the majority of UKW MP members.

UKW MP members with benefits accrued before April 1997 have an underpin which applies to these benefits and as such, they are required to take their 'pre97' funds as an annuity from the Scheme. For this reason, the only investment option available for these members (for all funds) is the Aon Managed Retirement Pathway to Annuity strategy.

If a member buys an annuity at retirement, then the price of that annuity will impact the member's benefit. There is a risk that the value of members' funds does not move in line with annuity prices. The Aon Managed Retirement Pathway to Annuity series invests in assets that are designed to mitigate this risk. UKW MP Members will be automatically moved to this strategy at the point a Retirement Pathway Fund covering the year in which they reach their target retirement date becomes available. Before this point, members are invested in the Aon Managed Retirement Pathway to Drawdown which has an identical asset allocation during the growth phase.

Aon Managed Retirement Pathway to Cash (Default arrangement for AVC members)

The Trustee has selected the Aon Managed Retirement Pathway to Cash as the default for AVC members, who are expected to take their benefits in the form of cash.

The asset allocation of the Aon Managed Retirement Pathway to Cash funds moves towards 100% investment in money market funds in the five years leading up to each fund's target date.

Investment strategy review

The Trustee has decided to implement the Scheme's DC investment strategy through Aon's Delegated DC Solutions. Under this approach, the Trustee delegates the selection of the platform provider and day to day management of the funds to Aon Investments Limited ("AIL").

However, the Trustee maintains responsibility for the investment fund options made available to members and takes expert advice as required from its professional advisers.

The Trustee, with support from its investment advisers, completed the most recent review of the Scheme's investments on 22 November 2023. As part of the review, the membership and investment objectives of the Scheme were considered to assess the suitability of the current investment offerings. The review concluded that the current investment offerings remain appropriate, and no changes were made as a result. The next formal review is due to take place by 22 November 2026.

Specified performance based-fees

Where a fee is calculated by reference to a fund's performance and is not calculated by reference to the value of the member's DC pension savings, the Trustee must state the amount of any such performance-based fees in relation to each default arrangement.

During the Scheme Year there have been no such performance-based fees payable.

Performance Monitoring

Investment monitoring takes place on a quarterly basis with monitoring reports provided to the Trustee by AIL. The investment reports include performance reporting on all of the investment funds relative to their respective benchmarks or targets and performance commentary which highlights key factors affecting the performance of the funds over the quarter. These reports also incorporate performance and volatility benchmarking of the default arrangement at different stages to retirement. They also contain updates on any changes to the funds made by AIL over the quarter.

The default strategy delivered returns above its inflation-linked targets over both the since-inception and five-year periods for members in the growth phase (15 or more years from retirement) and the pre-retirement phase (less than 15 years from retirement).

For members at retirement, returns were broadly in line with the inflation linked objectives. Although the strategy underperformed the inflation-linked objectives over the three-year period, it was noted this was primarily due to the historically high inflation rates witnessed in recent years. Funds and the underlying investment managers continued to perform as expected considering the market environment and no significant concerns were raised regarding the investment strategy over the Scheme Year.

Asset allocation – Default arrangements

The Trustee is required to disclose the full asset allocations in each default arrangement. These are shown in the tables below as at 31 March 2025 for four sample ages:

Aon Managed Retirement Pathway to Annuity

Asset class	Asset allocation as at 31 March 2025 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.3	0.3	1.5	19.3
Bonds				
<i>Corporate bonds</i>	0.0	0.0	0.7	39.5
<i>Fixed interest government bonds</i>	0.0	0.0	2.5	22.5
<i>Index-linked government bonds</i>	0.0	0.0	4.8	1.0
<i>Other bonds</i>	0.0	0.0	5.1	1.7
Listed equities				

Asset class	Asset allocation as at 31 March 2025 (%)			
	25 years old	45 years old	55 years old	65 years old
<i>UK equities</i>	3.0	3.0	2.4	0.4
<i>Developed market equities (excluding UK)</i>	78.9	78.9	62.7	10.9
<i>Emerging markets</i>	9.0	9.0	7.1	1.2
Private equity	0.0	0.0	0.0	0.0
Infrastructure	1.4	1.4	1.0	0.2
Property	7.6	7.6	5.7	0.9
Private debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	6.5	2.4

Source: ALL. Totals may not sum due to rounding.

Aon Managed Retirement Pathway to Drawdown

Asset class	Asset allocation as at 31 March 2025 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.3	0.3	1.5	2.6
Bonds				
<i>Corporate bonds</i>	0.0	0.0	0.7	1.3
<i>Fixed interest government bonds</i>	0.0	0.0	2.5	6.4
<i>Index-linked government bonds</i>	0.0	0.0	4.8	26.3
<i>Other bonds</i>	0.0	0.0	5.1	9.7
Listed equities				
<i>UK equities</i>	3.0	3.0	2.4	1.3
<i>Developed market equities (excluding UK)</i>	78.9	78.9	62.7	33.3
<i>Emerging markets</i>	9.0	9.0	7.1	3.8
Private equity	0.0	0.0	0.0	0.0
Infrastructure	1.4	1.4	1.0	0.4
Property	7.6	7.6	5.7	2.5
Private debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	6.5	12.5

Source: ALL. Totals may not sum due to rounding.

Aon Managed Retirement Pathway to Cash

Asset class	Asset allocation as at 31 March 2025 (%)			
	25 years old	45 years old	55 years old	65 years old
Cash	0.3	0.3	1.5	75.5
Bonds				
<i>Corporate bonds</i>	0.0	0.0	0.7	4.4
<i>Fixed interest government bonds</i>	0.0	0.0	2.5	1.5
<i>Index-linked government bonds</i>	0.0	0.0	4.8	1.0
<i>Other bonds</i>	0.0	0.0	5.1	1.7
Listed equities				
<i>UK equities</i>	3.0	3.0	2.4	0.4
<i>Developed market equities (excluding UK)</i>	78.9	78.9	62.7	10.9
<i>Emerging markets</i>	9.0	9.0	7.1	1.2
Private equity	0.0	0.0	0.0	0.0
Infrastructure	1.4	1.4	1.0	0.2
Property	7.6	7.6	5.7	0.9
Private debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	6.5	2.4

Source: ALL. Totals may not sum due to rounding.

2. Net investment returns

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

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

The net returns for the Aon Managed Retirement Pathway Funds shown in table (i) below are based on a member having a Target Retirement Age of 65. As the Aon Managed Retirement Pathways Funds have the same type and composition of assets until 5 years before retirement (until age 60 where the Target Retirement Age is 65), the net returns are the same up until this age, and can vary thereafter as the type and composition of assets changes to better match how the members are expected to take their benefits in retirement (drawdown, annuity, cash).

(i) Default arrangements: Aon Managed Retirement Pathway Funds to Drawdown, Aon Managed Retirement Pathway Funds to Annuity and the Aon Managed Retirement Pathway Funds to Cash

Age of member at start of investment reporting period	Performance to 31 March 2025 Net return (% p.a.)	
	1 year	5 years
25	3.4	11.0
45	3.4	11.0
55	4.0	10.5

Source: AIL

(ii) Self-select investment funds

Fund name	Performance to 31 March 2025 Net return (% p.a.)	
	1 year	5 years
Aon Managed Long Term Inflation Linked Fund	-9.3	-9.8
Aon Managed Pre-Retirement Bond Fund	-3.4	-5.3
Aon Managed Liquidity Fund	5.0	2.4
Aon Managed Global Equity Fund	4.2	12.1
Aon Managed Diversified Multi-Asset Fund	7.7	5.9
Aon Managed Diversified Multi-Strategy Bond Fund	6.4	3.5
Aegon LGIM FTSE4GOOD Developed Equity Index Fund	3.2	15.3
Aegon BlackRock UK Equity Index Fund	9.3	11.3

Source: AIL

(iii) AVC Voluntary Contributions – Utmost Life and Pensions Investing By Age Strategy

Age of member at start of investment reporting period	Performance to 31 March 2025 Net return (% p.a.)	
	1 year	5 years
25	4.9	6.8
45	4.9	6.8
55	4.8	6.4

Source: Utmost Life and Pensions and Financial Express Analytics.

The Utmost Investing by Age strategy invests solely in the Utmost Multi-Asset Moderate Fund until members reach age 55. The Utmost Multi-Asset Moderate Fund was launched 1 January 2020.

3. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- **Fund Management Charges:** these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (“TER”), or as an Annual Management Charge (“AMC”), which is a component of the TER;
- **Transaction costs:** these are not explicit and are incurred when the Scheme's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustee is also required to confirm that the charges on the default arrangement have not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

Transaction costs are largely the result of buying and selling investments in a fund. Therefore, actively managed funds will typically have much higher transaction costs than passively managed funds or funds that invest in assets with low trading costs. Any performance quoted for a fund will take account of transaction costs, which will vary from year to year, depending on trades in the fund.

Details of the charges and transaction costs for the funds available to members of the Scheme are shown below.

(i) Default arrangements

The Aon Managed Retirement Pathway Funds are TDFs. Member's assets are invested in the TDFs relative to their retirement date e.g. a member due to retire in 2025 will be invested in the Retirement Pathway 2025-2027 Fund (or the Cash or Annuity targeting TDF with the same retirement target).

The table below shows the TER and transaction costs for the funds available to members. The TERs for DC funds have been supplied by AIL who are the investment manager and transaction costs has been supplied by Aegon, the platform provider for the Scheme.

There can, on occasion, be negative transaction costs (profit) as a result of the underlying trades in a fund. However, a floor of 0% p.a. has been applied in these instances to avoid potentially understating the total level of costs and charges.

Default arrangements	TER (% p.a.)	Transaction costs (%)	Total costs (%)
Aon Managed Retirement Pathway Funds to Drawdown			
▪ 2019 – 2021	0.30	0.08	0.38
▪ 2022 – 2024	0.30	0.08	0.38
▪ 2025 – 2027	0.31	0.08	0.39
▪ 2028 – 2030	0.31	0.08	0.39
▪ 2031 – 2033	0.31	0.08	0.39
▪ 2034 – 2036	0.31	0.07	0.38
▪ 2037 – 2039	0.31	0.07	0.38
▪ 2040 – 2042+	0.31	0.07	0.38

Default arrangements	TER (% p.a.)	Transaction costs (%)	Total costs (%)
Aon Managed Retirement Pathway Funds to Annuity			
▪ Annuity Perpetual	0.28	0.00	0.28
▪ 2022 – 2024	0.28	0.00	0.28
▪ 2025 – 2027	0.29	0.02	0.31
▪ 2028 – 2030	0.31	0.07	0.38
▪ 2031 - 2033	0.31	0.08	0.39
Aon Managed Retirement Pathway Funds to Cash			
▪ 2022 – 2024	0.28	0.01	0.29
▪ 2025 – 2027	0.29	0.03	0.32
▪ 2028 – 2030	0.31	0.07	0.38
▪ 2031 - 2033	0.31	0.08	0.39

Source: AIL. TER and Transaction Costs as at 31 March 2025.

The default arrangements have levied a TER of less than 0.75% p.a. of assets under management for all members during the period.

A floor of 0% p.a. has been applied to any negative transaction to avoid potentially understating the total level of costs and charges.

The table below sets out the transaction costs for the underlying funds in each of the Retirement Pathway Fund strategies.

Fund name	Transaction costs (%)
Aon Managed Retirement Pathway Fund to Drawdown	
<i>Aon Managed Initial Growth Phase Fund</i>	0.06
<i>Aon Managed Global Impact Fund</i>	0.11
<i>Aon Managed Diversified Multi-Asset Fund</i>	0.00
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	0.38
<i>Aon Managed Short Term Inflation Linked Fund</i>	0.04
<i>Aon Managed up to 5 year UK Gilt Index Fund</i>	0.08
Aon Managed Retirement Pathway to Annuity	
<i>Aon Managed Initial Growth Phase Fund</i>	0.06
<i>Aon Managed Global Impact Fund</i>	0.11
<i>Aon Managed Diversified Multi-Asset Fund</i>	0.00
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	0.38
<i>Aon Managed Short Term Inflation Linked Fund</i>	0.04
<i>Aon Managed up to 5 year UK Gilt Index Fund</i>	0.08
<i>Aon Managed Pre-Retirement Bond Fund</i>	0.00
<i>Aon Managed Liquidity Fund</i>	0.01
Aon Managed Retirement Pathway to Cash	
<i>Aon Managed Initial Growth Phase Fund</i>	0.06
<i>Aon Managed Global Impact Fund</i>	0.11
<i>Aon Managed Diversified Multi-Asset Fund</i>	0.00
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	0.38

Fund name	Transaction costs (%)
Aon Managed Short Term Inflation Linked Fund	0.04
Aon Managed up to 5 year UK Gilt Index Fund	0.08
Aon Managed Liquidity Fund	0.01

Source: AIL

(ii) Self-select funds

The following self-select funds are also available to members of the Scheme (excluding UKW MP members who are restricted to the Aon Managed Retirement Pathway to Annuity strategy only).

Fund name	TER (% p.a.)	Transaction costs (%)	Total (%)
Aon Managed Long Term Inflation Linked Fund	0.18	0.00	0.18
Aon Managed Pre-Retirement Bond Fund	0.29	0.00	0.29
Aon Managed Liquidity Fund	0.17	0.01	0.18
Aon Managed Global Equity Fund	0.21	0.05	0.26
Aon Managed Diversified Multi-Asset Fund	0.30	0.00	0.30
Aon Managed Diversified Multi-Strategy Bond Fund	0.42	0.38	0.80
Aegon BlackRock UK Equity Index Fund	0.06	0.08	0.14
Aegon LGIM FTSE4GOOD Developed Equity Index Fund	0.35	0.01	0.36

(iii) Legacy AVCs Voluntary Contributions (AVCs)

A small number of members have legacy AVCs that are held with Utmost Life and Pensions (formerly Equitable Life) and invested in the 'Investing by Age' strategy.

Details of the strategy and charges are shown below:

Funds	TER (% p.a.)	TC (%)	Total Cost (%)
Utmost Life and Pensions			
Investing by Age strategy	0.50 – 0.75	0.01 – 0.39	0.51 – 1.14

Charges are higher overall for these AVC funds compared to the main Scheme charges, as is to be expected for small legacy AVC arrangements.

(iv) Illustrations of the cumulative effect of costs and charges on member fund value over time

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

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

The illustrations have been prepared having regard to statutory guidance and selecting suitable representative members. They are based on a number of assumptions about the future which are set out below the illustration tables.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

Each illustration, A and B is shown for a different type of member invested in each of the default arrangements. As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have included comparison figures with two other investments, specifically the funds with the highest and lowest member-borne charges, in line with current statutory guidance.

Each illustration is shown for a different type of member invested in each of the default strategies alongside two comparison funds as detailed below. Each illustration is shown as a chart and a table as follows:

- Aon Managed Diversified Multi-Strategy Bond Fund - the highest charging self-select fund in which eligible members can invest; and
- Aegon BlackRock UK Equity Index Fund - the lowest charging self-select fund in which eligible members can invest.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

Illustration A: The illustration below is based on a deferred member 22 years from retirement, with a normal retirement age of 65 and starting fund value of £8,300. Each of the default arrangements are shown alongside the highest and lowest charging funds.

	Default Arrangements								
Age	Aon Managed Retirement Pathway to Drawdown			Aon Managed Retirement Pathway to Annuity			Aon Managed Retirement Pathway to Cash		
	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
43	8,300	8,300	0	8,300	8,300	0	8,300	8,300	0
45	8,893	8,831	62	8,893	8,831	62	8,893	8,831	62
50	10,569	10,311	258	10,569	10,311	258	10,569	10,311	258
55	12,365	11,845	520	12,365	11,845	520	12,365	11,845	520
60	13,910	13,064	846	13,910	13,064	846	13,910	13,064	846
65	15,045	13,844	1,201	15,446	14,245	1,201	14,579	13,441	1,138

Age	Aon Managed Diversified Multi Strategy Bond Fund (Highest charging)			Aegon BlackRock UK Equity Index Fund (Lowest charging)		
	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
43	8,300	8,300	0	8,300	8,300	0
45	8,219	8,088	131	8,877	8,857	20
50	8,021	7,583	438	10,499	10,417	82
55	7,827	7,109	718	12,418	12,253	165
60	7,638	6,664	974	14,688	14,412	276
65	7,453	6,248	1,205	17,373	16,952	421

Illustration B: The illustration below is based on a deferred member, seven years from retirement, with a normal retirement age of 65 and starting fund value of £36,400. Each of the default arrangements are shown alongside the highest and lowest charging funds.

	Default Arrangements								
Age	Aon Managed Retirement Pathway to Drawdown			Aon Managed Retirement Pathway to Annuity			Aon Managed Retirement Pathway to Cash		
	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
58	36,400	36,400	0	36,400	36,400	0	36,400	36,400	0
60	37,976	37,671	305	37,976	37,671	305	37,976	37,671	305
65	41,074	39,922	1,152	42,169	41,076	1,093	39,802	38,758	1,044

Age	Aon Managed Diversified Multi Strategy Bond Fund (Highest charging)			Aegon BlackRock UK Equity Index Fund (Lowest charging)		
	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
58	36,400	36,400	0	36,400	36,400	0
60	36,046	35,472	574	38,928	38,842	86
65	35,175	33,254	1,921	46,044	45,686	358

Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the funds) in making investment decisions.

Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- Inflation is assumed to be 2.5% per annum.
- The starting fund values and future contributions used in the projections are representative of each illustrative member based on the Scheme membership demographics as at 31 March 2025.
- The projected annual gross returns are as follows:

Fund name	Projected annual gross returns (% p.a.)
Aon Managed Global Impact Fund*	7.0
Aon Managed Initial Growth Phase Fund*	6.0
Aon Managed Diversified Multi-Asset Fund*	4.0
Aon Managed Diversified Multi-Strategy Bond Fund*	2.0
Aon Managed Short Term Inflation Linked Fund*	2.0
Aon Managed up to 5 year UK Gilt Index Fund*	2.0
Aon Managed Pre-Retirement Bond Fund**	6.0
Aon Managed Liquidity Fund***	2.0
Aegon BlackRock UK Equity Index Fund	6.0

*Funds underlying all default arrangements

**Fund underlying the Aon Managed Retirement Pathway to Annuity strategy.

***Fund underlying the Aon Managed Retirement Pathway to Annuity strategy and the Aon Managed Retirement Pathway to Cash. Illustrations for the default arrangements use the underlying funds as at the latest available date at the time of writing.

- The projected returns are on the basis set out in the Actuarial Standards Technical Memorandum 1 (AS TM1 v5.1) issued by the Financial Reporting Council.
- The transaction costs have been averaged over a five year period where available in line with statutory guidance to reduce the level of volatility, and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time. For some funds, transaction cost reporting is not available over a five-year period and so therefore the transaction costs for these funds have been averaged over a shorter time period.

4. Value for Members assessment

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

There is no legal definition of "good value" or the process of determining this for scheme members. Therefore, working in conjunction with our advisers, Aon, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Scheme relative to the costs and charges they pay.

The costs have been identified as the TERs and transaction costs and are set out in section 3 of this statement. The Trustee has considered the benefits of membership under the following five categories:

- Scheme governance
- Investments
- Administration
- Member communications and engagement
- Retirement support

Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

The Trustee's beliefs have formed the basis of the analysis of the benefits of membership. These are set out below along with the main highlights of their assessment.

▪ Costs

- Based on the profile of the Scheme's DC arrangements, we believe that the explicit charges are competitive when compared to current market rates on a like for like basis.
- The level of charges for the legacy AVC arrangements are generally higher than the main Scheme fund options (which in broad terms is common for small legacy AVC arrangements).

▪ Scheme governance

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

- Scheme governance covers the time spent by the Trustee to ensure the Scheme is run in compliance with the law and regulation, including taking account of the interests of its members.
- The Trustee believes that good governance is key to ensuring that a framework exists to help deliver better member outcomes. The Trustee regularly reviews and updates its governance processes and procedures to make sure that these meet industry best practice.
- Given the governance processes and procedures in place and the action taken by the Trustee, the governance arrangements for the Scheme are considered appropriate based on the assessment undertaken.

▪ **Investments**

The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and review will support the delivery of good member outcomes.

- The Scheme offers Retirement Pathway Funds designed for members wishing to access their benefits flexibly at retirement, via an annuity or by taking cash. There is also a range of self-select funds covering a range of member risk profiles and asset classes for eligible members. The investment funds available have been designed, following advice from the Scheme's investment adviser, with the specific needs of members in mind.
- The structure of the default arrangement reflects how members are expected to access their funds at retirement. Performance of the funds against their aims, objectives and policies is reported to the Trustee on a quarterly basis.
- A wide range of investment options is available to eligible members and the Trustee has a process in place to review the investment strategy on at least a triennial basis.

▪ **Administration**

The Trustee believes that good administration and record keeping play a crucial role in ensuring that members receive the retirement income due to them. In addition, the type and quality of service experienced by members has a bearing on the level of member engagement.

- The Trustee has appointed Aon to provide administration services to the Scheme and is satisfied that they providers have sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result and the errors are corrected in a timely manner.
- The Trustee obtains information to monitor and assess the member experience through quarterly administration reports and discussions with the administrator. We therefore conclude that there are processes in place to monitor standards of administration and record-keeping.

▪ **Member communications and engagement**

The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.

- The Scheme provides effective communications that are accurate, clear, informative and timely communications.
- The Trustee makes use of a variety of communication media, including access to well-developed online tools and helpful information around retirement planning via the provider's website.
- Members receive an annual DC Newsletter which includes DC specific messages to members as well as developments in the DC retirement savings environment.
- Any Scheme-specific changes or announcements are issued by the Trustee when required.

▪ **Retirement support**

The Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement.

- The Trustee considers that the Scheme has suitable retirement support in place which offers members access to support, guidance and information.
- Aon Retirement Service is available to DC members from age 55, offering support through modelling tools, annuity broking and a dedicated helpdesk.
- Members have access to paid for IFA advice.

The assessment takes into account available research on the costs and features of other DC schemes for comparison purposes. As such the Trustee has undertaken market benchmarking against the costs levied on members' funds and in respect of the five core benefit categories.

Under the Trustee assessment framework, the Trustee believes that the costs and charges represent good Value for Members.

5. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions (including the transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries) are processed promptly and accurately.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by Aon, who undertake certain administrative duties in partnership with Aegon as the platform provider for the DC Section of the Scheme. These include, but are not limited to:

- Transferring assets relating to members into and out of the Scheme,
- Transferring assets relating to members between different investments within the Scheme,
- Making payments from the Scheme to or on behalf of members.

In order to determine how well the administrator is performing, the Trustee has service level agreements ("SLAs") in place with Aon. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to complete 95% of financial transactions within 5 working days.

The Trustee has also reviewed the key processes adopted by the administrator, in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- Provision of quarterly administration reports – enabling the Trustee to check core financial transactions and review processes relative to any member complaints made.
- Daily reconciliation of the Trustee's bank account.
- Checks for all investment and banking transactions prior to processing.
- Straight-through processing for many tasks, avoiding the need for manual intervention and, in turn, significantly reducing the risk of error.
- Documentation and operation in line with quality assurance policies and procedures.
- Operation in line with the business continuity plan and confirmation that the administrator has prioritised core financial transactions during this period.

Aon also provide confirmation to the Trustee regarding the current position on common and conditional data as well as any amendments which may be required to rectify gaps in the data.

In addition, Aon attend the regular Trustee meetings as required to present the administration reports. Attendance at these meetings provide an opportunity for the Trustee to discuss any issues that might arise.

The Trustee is satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA; and
- core financial transactions have been processed promptly and accurately during the Scheme Year.

A small number of members have legacy AVCs with Utmost Life and Pensions. The Trustee does not have a service level agreement in place with Utmost Life and Pensions and we believe this is in line with current practice for relatively small AVC arrangements.

Whilst the report produced by Aon does not report the processing time or accuracy of core financial transactions carried out by Utmost Life and Pensions, the Trustee expects Aon to notify it of any delays or errors it encounters in the processing of core financial transactions relating to AVCs.

The Trustee is pleased to say there have been no issues reported with respect to core financial transactions for AVCs over the period covered by this statement.

In the light of the above, the Trustee considers that the requirements for processing core financial transactions have been met.

The Trustee is confident that the processes and controls it has in place with Aon are robust and will ensure that it can continue to monitor that the financial transactions which are important to members are dealt with properly.

6. Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustees properly.

The Pensions Regulator's ('TPR') Code of Practice on Trustee Knowledge and Understanding (TKU), applicable to trustees of all UK occupational pension schemes, came into effect from 6 April 2006. It has since been incorporated into the General Code of Practice which came into force on 28 March 2024. These comments relate to the Trustee as a body in dealing with the whole Scheme and, unless specifically mentioned, are not restricted to the DC Section.

The Scheme is managed by a Trustee board and has six Trustee Directors. The Chair of the Trustee is an independent trustee, is appointed by the Company and is also a Fellow of the Institute and Faculty of Actuaries. The Company has appointed two Trustee Directors, and there are three member-nominated Trustee Directors in total.

The Trustee has processes and procedures in place to meet TPR's Trustee Knowledge and Understanding requirements (as set out in the General Code of Practice), which are set out in the Scheme's Trustee training policy; some of which are identified below:

- A structured training programme for newly appointed Trustee Directors, including completion, within their first six months of formal appointment, of TPR's Trustee toolkit, which is an online learning programme. New Trustee Directors undertake scheme specific training with Aon to familiarise themselves with the background to the Scheme, funding, regulations, long-term objectives and current issues. Current Trustees have all completed TPR's Trustee toolkit.
- Training needs are assessed and gaps in knowledge identified through regular assessments. Training generally takes place during Trustee meetings, although a training day is also scheduled each Scheme Year.
- Training that took place during the Scheme Year included:
 - Training on various investment classes;
 - Cyber incident simulation;
 - Climate framework monitoring;
 - Security and Trustee protections;
 - New DB funding regulations; and

- Pension Ombudsman case studies.
- Trustee Directors are also expected to take personal responsibility for keeping themselves up to date with relevant developments.
- Training logs are maintained for each Trustee Director, recording collective training undertaken as a Trustee board and any training the Trustee Directors undertake individually.

The Trustee Directors have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. Exercising their functions has required that the Trustee Directors have knowledge of the key Scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts and SIP. All Scheme documents are accessible to the Trustee via a secure online document library.

The Trustee is familiar with trust and pension law and the Trustee's legal adviser attends meetings as required to answer any questions that may arise.

During the year, the Trustee held four Trustee board meetings with professional advisers (plus various working party meetings) who have provided specialist advice and updates on legislation, guidance and best practice developments. Aon fulfils the role of Secretary to the Trustee and takes forward actions outside of Trustee meetings.

During the Scheme Year, the Trustee has, amongst other things:

- Reviewed the Scheme risk register together with its advisers and updated its Integrated Risk Monitoring framework dashboard (demonstrating TPR's requirement to understand the principles relating to risk and scheme management);
- Reviewed the quarterly administration reports and DC investment reports (demonstrating TPR's requirement to properly administer the Scheme and understand the principles relating to the funding and investment of occupational DC schemes);
- Reviewed and discussed the General Code of Practice in the context of the Trustee's existing policies in these areas (demonstrating TPR's requirement to have a working knowledge of the documents setting out the Trustee's current policies)
- Undertaken a Trustee training day on 26 February 2025 with professional advisers covering climate framework monitoring, Mansion House reforms and a refresher on pensions law and Pension Ombudsman case studies, investment aspects of DB Funding Code, a Cyber incident simulation, Security and Trustee protections and Pensions Ombudsman cases.

Considering the training activities completed by the Trustee Board together with the professional advice available to the Trustee, the Trustee considers that it meets TPR's TKU requirements and is confident that the combined knowledge and understanding of the Trustee Board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Scheme.

Approved by and signed on behalf of the Trustee of the Biffa Pension Scheme

Keith Jones, Chair of the Trustee

Date of signing: _____