Chair's DC Governance Statement, covering the 12 months to 5 April 2024

1. Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements (a DC pension arrangement is where employee and employer contributions are paid into it, and the member chooses the investments from the options made available, but also bears the investment risk), to help members achieve a good outcome from their pension savings.

The Trustee of the Citi (UK) Pension Plan (the "Plan") is required to produce a yearly statement (which is signed by the Chair of Trustee) to describe how these governance requirements have been met for the DC benefits within the Plan in relation to:

- the default investment options (this means the main default arrangement and other funds also classed as default arrangements);
- the requirements for processing core financial transactions (ie administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This Statement covers the period from 6 April 2023 to 5 April 2024 (the "Plan Year").

2. Default arrangements

The Plan is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

The Plan's main default arrangement

The Trustee has made available a range of investment options for members. Members in the Plan that have not chosen an investment option are invested in the Drawdown Lifestyle arrangement, (the "Default"). When deciding on the Plan's investment strategy, the Trustee recognises that most members do not make active investment decisions and instead invest in the Default.

The Default is a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their Target Access Age ("TAA"). Following the changes to the Default implemented in October 2023 after the most recent triennial strategy review, the default option is invested in the Early-Stage Growth Fund until 20 years from a member's stated TAA, which has been designed to provide members early in their pension savings journey with long term growth significantly above inflation (making use of equity-based funds and a private markets fund). In the 20 years before a member's intended TAA, the default option switches gradually into the Growth Fund. This Fund has been designed to continue to provide members with long term growth above inflation albeit with lower expected returns and risk compared to the Early-Stage Growth Fund. From 10 years to TAA, member's assets are gradually switched to the Pre-Retirement Fund, in which the asset allocation is designed to be appropriate for members who wish to access their benefits via drawdown.

The Plan's other default arrangements

A number of other funds are also classified as defaults for some members following past investment changes where members' funds have been transferred without the members expressing a choice. These are:

- The Cash Lifestyle – Similar to the Drawdown Lifestyle, following the changes implemented in October 2023 after the most recent triennial strategy review , members are invested in the Early-Stage Growth Fund until 20 years to their stated TAA. In the 20 years before a member's intended TAA, the default option switches gradually into the Growth Fund. In the 10 years before a member's intended TAA, the default option switches gradually into the Pre-Retirement Fund and then from 5 years before a member's intended TAA it gradually switches into the Cash

Targeting Fund until there is a 100% allocation to the Cash Targeting Fund at a member's intended TAA. This lifestyle is designed to be appropriate for members wishing to take 100% cash at retirement.

- The Sterling Liquidity Fund – Active.
- The Global Equity Fund – Passive; and the
- The Corporate Bond Fund – Active.

In addition, a number of other funds are classified as default arrangements for governance purposes (although will not be treated as default arrangements for charge cap purposes, due to a legal exemption applying). These funds are:

- The Annuity Targeting Fund;
- The Growth Fund;
- The Pre-Retirement Fund; and
- The Diversified Growth Fund.

These arrangements along with the Default are referred to as the "default arrangements".

Statement of Investment Principles

The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

Details of the objectives and the Trustee's policies regarding the default arrangements can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Plan's SIP was updated following the Plan Year end to take account of the investment strategy changes implemented in October 2023. This SIP dated 29 July 2024 is attached as Appendix 1 to this annual statement.

The aims and objectives of the default arrangements, as stated in section 3 of the attached SIP, can be summarised as follows:

- The Default (the Drawdown Lifestyle arrangement): To target a return significantly above inflation when members are in the early growth phase, continuing to provide members with a return above inflation, albeit with lower expected returns and risk, as it gradually switches to the Growth Fund from 20 years before a member's intended TAA, and then in the 10 years before a member's intended TAA switch into an asset allocation designed to be appropriate for members who wish to access their benefits via drawdown.
- The Cash Lifestyle: To target a return significantly above inflation when members are in the early growth phase, continuing to provide members a return above inflation, albeit with lower expected returns and risk, as it gradually switches to the Growth Fund from 20 years before a member's intended TAA, and then in the 10 years before a member's intended TAA switch into an asset allocation designed to be appropriate for members wishing to take 100% cash at retirement.
- Sterling Liquidity Fund – Active: To maintain capital by investing in one or more sterling liquidity funds, which will predominantly invest in a range of short-term money market instruments and government securities.
- Annuity Targeting Fund: To be appropriate for members who wish to purchase an annuity at retirement by broadly aiming to track annuity prices.
- Growth Fund: To provide members with long term growth by investing in one or more appropriate asset classes.
- Pre-Retirement Fund: To contain an appropriate balance between risk and return for members approaching their TAA who are expecting to draw down income.
- Diversified Growth Fund: To deliver growth over the long term by investing across various asset classes and adjusting the amounts held within different asset classes over time to strategically manage risk and reduce volatility.
- Global Equity Fund – Passive: The Fund invests primarily in equities, both in the UK and overseas markets, and will only invest in passive index tracking funds.
- Corporate Bond Fund – Active: The underlying fund(s) will invest predominantly in a diverse range of global investment grade corporate bonds. The funds may also invest in other bonds (e.g. government bonds) and/or money market instruments.

Review

The default arrangements are reviewed at least every three years. The Trustee began its most recent triennial review of the default arrangements on 16 November 2021 and the review was concluded on 7 March 2023 with the changes implemented during the Plan Year in October 2023 as follows:

Default

- The structure of the glidepath of the Default Drawdown Lifestyle was changed to a three-phased approach with an initial de-risking period starting at 20 years to TAA and a second de-risking period starting at 10 years to TAA. The new Early-Stage Growth Fund, the first stage in the three-phased approach, has a 90% allocation to equities and 10% allocation to alternatives.
- The passive developed market equity allocation of the Early-Stage Growth Fund consists of the regional versions of the LGIM Low Carbon Transition Funds. In addition, the passive developed market equity allocation within the Growth Fund and Pre-Retirement Fund were replaced with the LGIM Low Carbon Transition regional equivalents to improve climate-risk hedging within the Default.
- BlackRock ALMA was replaced with the LGIM Diversified Fund in the Growth Fund and Pre-Retirement Fund.

Alternative lifestyles

The changes agreed for the Default Lifestyle were also implemented for the Cash Lifestyle and the Annuity Lifestyle.

In addition, for the Cash Lifestyle, the underlying allocation of the Cash Targeting Fund was amended from 50:50 BlackRock Institutional Sterling Government Liquidity Fund and BlackRock Sustainable Sterling Short Duration Credit Fund to be 100% BlackRock Institutional Sterling Government Liquidity Fund.

Self-select fund range

- BlackRock ALMA was replaced with the LGIM Diversified Fund in the Diversified Growth Fund. As part of this change, a lower fee was negotiated for the LGIM Diversified Fund which reduced the AMC from 0.35% pa to 0.32% pa.
- The following funds were removed from the self-select range to rationalise the range of self-select funds on offer: UK Equity Fund – Active, US Equity Fund – Active, Japan Equity Fund – Active, European (ex UK) Equity Fund – Active and Pacific Rim (ex-Japan) Equity Fund – Passive.
- The underlying fund of the Corporate Bond Fund – Active was replaced with the Wellington Global Credit ESG Fund.

The Trustee worked with its investment adviser, platform provider, administrator, and communications adviser to communicate the agreed changes to members during the Plan Year.

The Trustee also reviews the performance of the default arrangements against their aims, objectives, and policies on a quarterly basis. These reviews include an analysis of fund performance and member activity to check that the risk and return levels are meeting expectations. The Trustee's reviews that took place during the Plan Year concluded that the default arrangements were performing broadly as expected.

Asset allocation breakdown

The Trustee is required to calculate the percentage of the Plan assets within the default arrangements allocated to key asset classes. The table below includes full asset allocations of investments from the Plan's default arrangements as at 31 March 2024, which have been calculated in accordance with the statutory guidance.

For the arrangements where asset allocation varies with age, such as for the Default, the statutory guidance states that the Trustee should show the allocation for a member aged 25, 45 and 55 in the current Plan Year, which is shown in the tables below. A TAA of 60 has been assumed for each of these tables as this is the default TAA for members of the Plan.

The Default (the Drawdown Lifestyle arrangement):

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0%	0.0%	1.1%	2.1%
Corporate bonds (UK and overseas)	2.8%	5.0%	25.8%	44.2%
UK government bonds	0.0%	0.2%	5.6%	10.7%
Overseas government bonds	0.0%	0.6%	1.7%	2.2%

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Listed equities	90.1%	85.3%	55.5%	30.6%
Private equity	2.5%	2.5%	1.2%	0.0%
Infrastructure (direct)	1.0%	1.0%	0.5%	0.0%
Property (direct)	0.8%	1.3%	1.8%	1.9%
Private debt	0.4%	0.6%	0.8%	0.8%
Emerging market debt	0.0%	0.9%	2.6%	3.5%
Other	2.5%	2.7%	3.5%	4.1%

The Cash Lifestyle:

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0%	0.0%	1.1%	100.0%
Corporate bonds (UK and overseas)	2.8%	5.0%	25.8%	0.0%
UK government bonds	0.0%	0.2%	5.6%	0.0%
Overseas government bonds	0.0%	0.6%	1.7%	0.0%
Listed equities	90.1%	85.3%	55.5%	0.0%
Private equity	2.5%	2.5%	1.2%	0.0%
Infrastructure (direct)	1.0%	1.0%	0.5%	0.0%
Property (direct)	0.8%	1.3%	1.8%	0.0%
Private debt	0.4%	0.6%	0.8%	0.0%
Emerging market debt	0.0%	0.9%	2.6%	0.0%
Other	2.5%	2.7%	3.5%	0.0%

In addition, there are several other default arrangements within the Plan. The allocations for these Funds do not vary by the age of a member. We have provided the asset allocation for these Funds below. Please note that these may not sum to 100 due to rounding.

Asset class	Fund names		
	Sterling Liquidity Fund - Active	Growth Fund	Pre-Retirement Fund
Cash	100.0%	0.0%	2.1%
Corporate bonds (UK and overseas)	0.0%	7.3%	44.2%
UK government bonds	0.0%	0.4%	10.7%
Overseas government bonds	0.0%	1.1%	2.2%
Listed equities	0.0%	80.4%	30.6%
Private equity	0.0%	2.5%	0.0%
Infrastructure (direct)	0.0%	1.0%	0.0%
Property (direct)	0.0%	1.7%	1.9%
Private debt	0.0%	0.8%	0.8%
Emerging market debt	0.0%	1.7%	3.5%
Other	0.0%	3.0%	4.1%

Asset class	Fund names			
	Diversified Growth Fund	Global Equity Fund – Passive	Corporate Bond Fund - Active	Annuity Targeting Fund
Cash	0.2%	0.0%	12.3%	0.0%
Corporate bonds (UK and overseas)	22.9%	0.0%	87.5%	59.3%
UK government bonds	2.0%	0.0%	0.3%	40.7%
Overseas government bonds	5.6%	0.0%	0.9%	0.0%
Listed equities	51.1%	100.0%	0.0%	0.0%
Private equity	0.0%	0.0%	0.0%	0.0%
Infrastructure (direct)	0.0%	0.0%	0.0%	0.0%
Property (direct)	4.7%	0.0%	0.0%	0.0%
Private debt	2.1%	0.0%	0.0%	0.0%
Emerging market debt	8.7%	0.0%	0.0%	0.0%
Other	2.7%	0.0%	0.0%	0.0%

3. Requirements for processing core financial transactions

The processing of core financial transactions in relation to the DC benefits within the Plan (such as the investment of contributions, processing transfers in and out of the Plan, processing transfers of Plan assets between different investments, and payments to members/beneficiaries) is carried out by the administrator of the Plan, Willis Towers Watson (“WTW”).

Service level agreement

The Plan has a service level agreement (“SLA”) in place with the administrator which covers the accuracy and timeliness of all core financial transactions such as retirement settlements, transfer out quotes and retirement quotes.

WTW internal controls

The Trustee has received assurance from WTW that there are adequate internal controls to ensure that core financial transactions relating to the Plan are processed promptly and accurately during the Plan Year. The key processes adopted by WTW to help ensure core transactions were processed promptly and accurately, and that the SLAs were met are as follows:

- A task logging system was in place which was reviewed regularly for upcoming workloads and tasks were allocated daily;
- A regular cash reconciliation was carried out;
- All monetary transactions were checked, and peer reviewed by a senior administrator or above before being authorised by a team leader. All monetary transactions above £250,000 required a second level of authorisation by an administration manager or above;
- Bank balances were reviewed daily by the treasury team;
- To ensure promptness, all payments were made electronically, and members had online access to facilitate contribution and investment decisions; and
- A target for each month was agreed with the Trustee for the number of days taken for contributions to be invested from receipt. Over the Plan Year, the average number of days taken for contributions to be invested from receipt was c8 days. This is lower than the previous Plan Year (c.10 days), and is within the agreed target.

Trustee monitoring

To help the Trustee monitor whether service levels are being met, the Administration Committee, on behalf of the Trustee, receives quarterly reports about the administrator's performance and compliance with the SLA. Whilst the Plan Year end is 5 April 2024, due to WTW operating a quarterly reporting system, information is currently only available to 31 March 2024. For the year to 31 March 2024, quarterly performance of administration tasks against SLAs was 93%, 91%, 90%, and 91% (average of 91% over the Plan Year). This is a decrease in performance relative to last year, where quarterly performance against SLAs was 95%, 95%, 95%, and 94%, and is below the target of 95%. WTW has noted that this was in part due to an increase in the volume of work over the year.

WTW has introduced a number of changes to tackle this issue including further off-shoring of administration processing and the introduction of off-shore checking. In addition, WTW has introduced a transfer hub to centralise transfer out cases. Although some of these changes were implemented during the Plan Year, they have yet to be reflected in an improvement in performance versus SLAs, but the Trustee has been assured that WTW will continue its actions to improve service levels further during the next Plan Year.

WTW discusses all performance statistics with the Citi pensions team fortnightly and with the Trustee on a quarterly basis. The Trustee is satisfied that there were no material issues in relation to processing core financial transactions. Any issues identified as part of the review processes are raised with the administrators immediately, and steps are taken to resolve the issues.

The Trustee is satisfied that over the Plan Year:

- the administrator was operating appropriate procedures, checks and controls;
- whilst performance versus SLA has worsened slightly compared to the last Plan Year, WTW has plans in place to address this;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan Year.

Overall, the Trustee had no major concerns about the administration of the Plan during the Plan Year.

4. Member-borne charges and transaction costs

The Trustee is required to set out the ongoing charges incurred by members over the Plan Year in this Statement.

There are no specified performance-based fees for any of the investment options used in the Plan.

The Trustee calculated the charges borne by members of the Plan for the period 1 April 2023 to 31 March 2024. During this period:

- The annual management charges (which include investment platform fees), and additional expenses, shown in the total expense ratio ("TER") were borne by members invested in all lifestyles and self-select funds.
- Members did not pay a platform fee on funds managed by the Plan's platform provider Legal & General ("L&G").
- In addition to any fund related charges, an additional charge of 0.10% pa is levied on members to cover some of the costs involved in running the Plan, including administration, audit, legal and investment advice costs. This charge is included in the Annual Management Charge ("AMC").

The tables shown later in this section show the charges that members paid over the Plan Year.

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

The charges and transaction costs have been supplied by L&G who is the Plan's platform provider. L&G was unable to provide charges and transaction costs for exactly the Plan Year period of 6 April 2023 to 5 April 2024. This is due to L&G operating a quarterly reporting system, and as such data is provided for the period 1 April 2023 to 31 March 2024.

Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. Any negative figures have been shown in the tables for the Plan Year as provided, but for the costs and charges illustrations zero has been used where a transaction cost is negative, as transaction costs would not be expected to be negative over the long term.

4.1 Default arrangements

The current default arrangements in the Plan are the Default (the Drawdown Lifestyle arrangement), the Cash Lifestyle, the Sterling Liquidity Fund – Active, the Annuity Targeting Fund, the Growth Fund, the Pre-Retirement Fund, Global Equity Fund – Passive, Corporate Bond Fund – Active, and the Diversified Growth Fund.

The Default and the Cash Lifestyle have been set up as lifestyle approaches, which means that members' assets are automatically moved between different investment funds as they approach their TAA. This means that the level of charges and transaction costs will vary depending on how close members are to their TAA and in which fund they are invested.

For the year to 31 March 2024, annualised charges and transaction costs incurred by members are set out in the following table.

Fund name		AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Default (Drawdown Lifestyle)	20+ years to TAA	0.375	0.401	0.035
	15 years to TAA	0.393	0.420	0.072
	10 years to TAA	0.410	0.439	0.109
	5 years to TAA	0.332	0.357	0.100
	At TAA	0.253	0.275	0.091
Cash Lifestyle	20+ years to TAA	0.375	0.401	0.035
	15 years to TAA	0.393	0.420	0.072
	10 years to TAA	0.410	0.439	0.109
	5 years to TAA	0.332	0.357	0.100
	At TAA	0.210	0.210	0.114
Citi (UK) Pension Plan Sterling Liquidity Fund – Active		0.210	0.210	0.005
Citi (UK) Pension Plan Annuity Targeting Fund		0.240	0.240	-0.070[1]
Citi (UK) Pension Plan Growth Fund		0.410	0.439	0.109
Citi (UK) Pension Plan Pre-Retirement Fund		0.253	0.275	0.090
Citi (UK) Pension Plan Global Equity Fund - Passive		0.138	0.138	0.046
Citi (UK) Pension Plan Corporate Bond Fund – Active		0.270	0.340	0.183
Citi (UK) Pension Plan Diversified Growth Fund		0.320	0.350	0.185

[1]Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. However, we would expect longer term transaction costs to be positive.

4.2 Self-select options

In addition to the default arrangements, members also have the option to invest in an annuity targeting lifestyle (the "Annuity Lifestyle") and several other self-select funds.

The Annuity Lifestyle

The annual charges and transaction costs for the Annuity Lifestyle during the Plan Year are set out in the table below.

Fund name		AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Annuity Lifestyle	20+ years to TAA	0.375	0.401	0.035

	15 years to TAA	0.393	0.420	0.072
	10 years to TAA	0.410	0.439	0.109
	5 years to TAA	0.332	0.357	0.100
	At TAA	0.240	0.240	-0.070[1]

[1]Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. However, we would expect longer term transaction costs to be positive.

Self-select funds

The level of charges for each self-select fund (including those used in the default arrangements) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the Default during the Plan Year are shown in **bold**. We note that the Cash Targeting Fund is used in the Cash Lifestyle, which is a default arrangement but is not available for members to self-select.

Fund name	AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Citi (UK) Pension Plan Annuity Targeting Fund	0.240	0.240	-0.070[1]
Citi (UK) Pension Plan Early-Stage Growth Fund[2]	**0.375**	**0.401**	**0.035**
Citi (UK) Pension Plan Growth Fund	**0.410**	**0.439**	**0.109**
Citi (UK) Pension Plan Pre-Retirement Fund	**0.253**	**0.275**	**0.091**
Citi (UK) Pension Plan UK Equity Fund – Passive	0.135	0.135	-0.016[1]
Citi (UK) Pension Plan Global Equity Fund – Passive	0.138	0.138	0.046
Citi (UK) Pension Plan European (Ex UK) Equity Fund – Passive	0.140	0.140	0.136
Citi (UK) Pension Plan US Equity Fund – Passive	0.140	0.140	0.002
Citi (UK) Pension Plan Japan Equity Fund – Passive	0.140	0.140	0.009
Citi (UK) Pension Plan Pacific Rim (ex Japan) Equity Fund – Passive[3]	0.140	0.140	0.000
Citi (UK) Pension Plan Shariah Fund – Passive	0.300	0.420	-0.065[1]
Citi (UK) Pension Plan Environmental Fund	0.145	0.145	0.006
Citi (UK) Pension Plan Fixed Interest Gilt Fund – Passive	0.130	0.130	-0.009[1]
Citi (UK) Pension Plan Index-Linked Gilt Fund – Passive	0.130	0.130	0.037
Citi (UK) Pension Plan UK Equity Fund – Active[3]	0.590	0.610	0.047
Citi (UK) Pension Plan UK Specialist Equity Fund – Active	0.680	0.680	0.210
Citi (UK) Pension Plan Responsible Investment Fund	0.470	0.510	0.168
Citi (UK) Pension Plan Global Equity Fund – Active	0.690	0.710	0.065
Citi (UK) Pension Plan European (ex UK) Equity Fund – Active[3]	0.410	0.480	0.129
Citi (UK) Pension Plan US Equity Fund – Active[3]	0.720	0.870	0.052
Citi (UK) Pension Plan Japan Equity Fund – Active[3]	0.820	1.040	0.093
Citi (UK) Pension Plan Far East (Ex Japan) Equity Fund – Active	0.870	1.060	0.211
Citi (UK) Pension Plan Emerging Markets Equity Fund – Active	0.795	0.855	0.376
Citi (UK) Pension Plan Diversified Growth Fund	0.320	0.350	0.185
Citi (UK) Pension Plan Corporate Bond Fund – Active	0.270	0.340	0.183
Citi (UK) Pension Plan Overseas Bond Fund – Active	0.370	0.370	0.293

Fund name	AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Citi (UK) Pension Plan Property Fund – Active	0.220	0.900	0.001
Citi (UK) Pension Plan Sterling Liquidity Fund – Active	0.210	0.210	0.005
Citi (UK) Pension Plan Commodities Derivatives Fund – Active	0.520	0.710	0.388

[1]Due to the way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. However, we would expect longer term transaction costs to be positive.
[2] As mentioned in section 2, a number of changes were made to the Plan including the inception of the Citi (UK) Pension Plan Early-Stage Growth Fund during the Plan Year.
[3] As mentioned in section 2, these funds were removed from the Plan in October 2023.Therefore, AMC and TER are shown as at, and transaction costs over the year to, 30 September 2023.

4.3 Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings.

In preparing this illustrative example, the Trustee has had regard to the relevant statutory guidance. Please note that the illustration only includes funds that members were able to invest in within the Plan as at 31 March 2024 following the changes implemented to the Plan's investment arrangements in October 2023. The projected annual returns used are in line with version 4.2 of Actuarial Standard Technical Memorandum (AS TM1), which were used in the SMPI statements issued during the Plan Year. Where the underlying asset allocation of white-labelled funds changed as a result of the changes implemented in October 2023, the returns used reflect the updated asset allocation.

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained below:

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs. The relevant charges for the funds used have been illustrated in sections 4.1 and 4.2 above.
- The transaction cost figures used in the illustration are an average of those provided by the managers over the last five years, supplied by L&G (the Plan's platform provider), subject to a floor of zero (so the illustration does not assume a negative cost over the long term), for all funds with five year history. For the Cash Targeting Fund, an average over four years has been used since this is the longest period available.
- The illustration is shown for all of the Plan's Defaults, as well as two funds from the Plan's self-select fund range. The two self-select funds shown in the illustration are:
  - the fund with highest annual member borne costs (TER plus Plan Year transaction costs) – this is the Far East (Ex Japan) Equity Fund – Active
  - the fund with lowest annual member borne costs (TER plus Plan Year transaction costs) – this is the UK Equity Fund – Passive
- Illustrations have been provided for both active and deferred members of the Plan.

Deferred member illustration

- The following illustration is for an average deferred member who will make no further contributions into the Plan.
- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. Inflation is assumed to be 2.5% pa.

- The starting pot size used is £47,000 as this is the approximate median pot size for a deferred member of the Plan.
- The illustration is shown over 40 years, as this is the approximate duration that the youngest deferred Plan member has until they reach the target access age of 60.
- Since the illustration is for deferred members, the starting salary is assumed to be £0 and total contributions are assumed to be 0%.
- The projected annual returns used are as follows:
  - Default option: 3.65% above inflation for the initial years, gradually reducing to a return of 1.80% above inflation at the ending point of the lifestyle.
  - Cash Lifestyle: 3.65% above inflation for the initial years, gradually reducing to a return of 0.25% above inflation at the ending point of the lifestyle.
  - Citi (UK) Pension Plan Sterling Liquidity Fund – Active: 0.25% above inflation.
  - Citi (UK) Pension Plan Growth Fund: 3.35% above inflation.
  - Citi (UK) Pension Plan Pre-Retirement Fund: 1.80% above inflation.
  - Citi (UK) Pension Plan Annuity Targeting Fund: 0.50% above inflation.
  - Citi (UK) Pension Plan Diversified Growth Fund: 2.00% above inflation.
  - Citi (UK) Pension Plan Corporate Bond Fund – Active: 1.00% above inflation
  - Citi (UK) Pension Plan Global Equity Fund – Passive: 3.50% above inflation
  - Citi (UK) Pension Plan Far East (Ex Japan) Equity Fund – Active: 3.50% above inflation.
  - Citi (UK) Pension Plan UK Equity Fund – Passive: 3.50% above inflation.
- No allowance for active management outperformance has been made (eg the assumed returns for a passive and active global equity fund are the same).

Projected pension pot in today's money

	Default option		Cash Lifestyle		Citi (UK) Pension Plan Sterling Liquidity Fund - Active	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£48,700	£48,500	£48,700	£48,500	£47,100	£47,000
3	£52,300	£51,700	£52,300	£51,700	£47,400	£47,000
5	£56,200	£55,100	£56,200	£55,100	£47,600	£47,100
10	£67,300	£64,500	£67,300	£64,500	£48,200	£47,100
15	£80,500	£75,500	£80,500	£75,500	£48,800	£47,200
20	£96,300	£88,500	£96,300	£88,500	£49,400	£47,300
25	£114,700	£103,000	£114,700	£103,000	£50,000	£47,400
30	£135,600	£118,800	£135,600	£118,800	£50,700	£47,400
35	£156,300	£133,700	£156,300	£133,700	£51,300	£47,500
40	£173,500	£145,200	£165,700	£139,200	£51,900	£47,600

	Citi (UK) Pension Plan Corporate Bond Fund - Active		Citi (UK) Pension Plan Annuity Targeting Fund		Citi (UK) Pension Plan Growth Fund		Citi (UK) Pension Plan Global Equity Fund - Passive	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£47,500	£47,300	£47,200	£47,100	£48,600	£48,300	£48,600	£48,600
3	£48,400	£47,800	£47,700	£47,300	£51,900	£51,100	£52,100	£51,900
5	£49,400	£48,400	£48,200	£47,500	£55,400	£54,000	£55,800	£55,500
10	£51,900	£49,800	£49,400	£47,900	£65,300	£62,000	£66,300	£65,400
15	£54,600	£51,300	£50,700	£48,400	£77,000	£71,200	£78,700	£77,200
20	£57,300	£52,800	£51,900	£48,800	£90,800	£81,800	£93,500	£91,100
25	£60,300	£54,300	£53,200	£49,300	£107,100	£94,000	£111,100	£107,400
30	£63,300	£55,900	£54,600	£49,800	£126,300	£107,900	£131,900	£126,700
35	£66,600	£57,600	£56,000	£50,300	£148,900	£124,000	£156,700	£149,500
40	£70,000	£59,300	£57,400	£50,800	£175,600	£142,400	£186,100	£176,400

	Citi (UK) Pension Plan Pre-Retirement Fund		Citi (UK) Pension Plan Diversified Growth Fund		Citi (UK) Pension Plan Far East (Ex Japan) Equity Fund - Active		Citi (UK) Pension Plan UK Equity Fund – Passive	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£47,800	£47,700	£47,900	£47,600	£48,600	£48,100	£48,600	£48,600
3	£49,600	£49,000	£49,900	£48,900	£52,100	£50,300	£52,100	£51,900
5	£51,400	£50,300	£51,900	£50,300	£55,800	£52,700	£55,800	£55,500
10	£56,200	£53,900	£57,300	£53,700	£66,300	£59,100	£66,300	£65,400
15	£61,400	£57,800	£63,300	£57,400	£78,700	£66,200	£78,700	£77,200
20	£67,200	£61,900	£69,800	£61,400	£93,500	£74,200	£93,500	£91,100
25	£73,400	£66,300	£77,100	£65,700	£111,100	£83,200	£111,100	£107,500
30	£80,300	£71,000	£85,100	£70,200	£131,900	£93,300	£131,900	£126,900
35	£87,800	£76,100	£94,000	£75,100	£156,700	£104,600	£156,700	£149,700
40	£95,900	£81,500	£103,800	£80,300	£186,100	£117,300	£186,100	£176,600

Active member illustration

- The following illustration is for a young active member who will continue to make contributions until TAA is reached.
- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Annual salary growth and inflation is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £7,000 as this is the approximate median pot size for active members aged 25 and under in the Plan.
- The illustration is shown over 42 years, as this is the approximate duration that the youngest active Plan member has until they reach the target access age of 60.
- The starting salary used is £50,000, as this is the median salary of active members aged 25 and under in the Plan.
- The illustration assumes that until age 45 total contributions (employee plus employer) are 12.0% of salary per year. Then from age 45 it assumes total contributions (employee plus employer) are 13.5% to reflect the additional matching that the employer offers members over the age of 45. The contributions used are the median contribution rate for active members aged 25 and under. The illustration assumes that employee percentage contributions remain constant at 3.0%.
- The projected annual returns used are as follows:
  - Default option: 3.65% above inflation for the initial years, gradually reducing to a return of 1.80% above inflation at the ending point of the lifestyle.
  - Cash Lifestyle: 3.65% above inflation for the initial years, gradually reducing to a return of 0.25% above inflation at the ending point of the lifestyle.
  - Citi (UK) Pension Plan Sterling Liquidity Fund – Active: 0.25% above inflation.
  - Citi (UK) Pension Plan Growth Fund: 3.35% above inflation.
  - Citi (UK) Pension Plan Pre-Retirement Fund: 1.80% above inflation.
  - Citi (UK) Pension Plan Annuity Targeting Fund: 0.50% above inflation.
  - Citi (UK) Pension Plan Diversified Growth Fund: 2.00% above inflation.
  - Citi (UK) Pension Plan Corporate Bond Fund – Active: 1.00% above inflation
  - Citi (UK) Pension Plan Global Equity Fund – Passive: 3.50% above inflation
  - Citi (UK) Pension Plan Far East (Ex Japan) Equity Fund – Active: 3.50% above inflation.
  - Citi (UK) Pension Plan UK Equity Fund – Passive– Passive: 3.50% above inflation.
- No allowance for active management outperformance has been made (eg the assumed returns for a passive and active global equity fund are the same).

Projected pension pot in today's money

	Default option		Cash Lifestyle		Citi (UK) Pension Plan Sterling Liquidity Fund - Active	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£13,400	£13,300	£13,400	£13,300	£13,000	£13,000
3	£26,800	£26,600	£26,800	£26,600	£25,100	£25,000
5	£41,200	£40,700	£41,200	£40,700	£37,300	£37,000
10	£82,200	£80,200	£82,200	£80,200	£67,900	£67,100
15	£131,200	£126,400	£131,200	£126,400	£99,000	£97,200
20	£189,800	£180,600	£189,800	£180,600	£130,400	£127,400
25	£259,400	£243,500	£259,400	£243,500	£162,200	£157,600
30	£342,700	£316,500	£342,700	£316,500	£196,700	£190,200
35	£437,100	£396,600	£437,100	£396,600	£233,100	£224,200
40	£528,300	£472,300	£518,900	£464,500	£270,000	£258,400
42	£562,100	£499,900	£537,500	£479,600	£284,900	£272,000

	Citi (UK) Pension Plan Corporate Bond Fund - Active		Citi (UK) Pension Plan Annuity Targeting Fund		Citi (UK) Pension Plan Growth Fund		Citi (UK) Pension Plan Global Equity Fund - Passive	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£13,100	£13,100	£13,000	£13,000	£13,300	£13,300	£13,300	£13,300
3	£25,500	£25,300	£25,200	£25,100	£26,600	£26,400	£26,700	£26,700
5	£38,100	£37,600	£37,600	£37,200	£40,900	£40,200	£41,000	£40,900
10	£70,800	£69,200	£68,900	£67,700	£80,800	£78,400	£81,500	£80,900
15	£105,200	£101,700	£101,000	£98,500	£127,900	£122,200	£129,500	£128,000
20	£141,300	£135,100	£133,900	£129,600	£183,400	£172,500	£186,600	£183,600
25	£179,300	£169,500	£167,700	£161,000	£248,900	£230,400	£254,300	£249,300
30	£221,500	£207,200	£204,600	£195,000	£328,400	£299,100	£337,100	£329,100
35	£267,400	£247,500	£243,900	£230,800	£423,900	£379,800	£437,200	£425,000
40	£315,600	£289,000	£284,200	£266,900	£536,500	£472,400	£556,100	£538,100
42	£335,600	£306,000	£300,700	£281,500	£587,000	£513,200	£609,700	£588,800

	Citi (UK) Pension Plan Pre-Retirement Fund		Citi (UK) Pension Plan Diversified Growth Fund		Citi (UK) Pension Plan Far East (Ex Japan) Equity Fund - Active		Citi (UK) Pension Plan UK Equity Fund – Passive	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£13,200	£13,100	£13,200	£13,100	£13,300	£13,200	£13,300	£13,300
3	£25,900	£25,700	£26,000	£25,700	£26,700	£26,100	£26,700	£26,700
5	£39,000	£38,600	£39,300	£38,500	£41,000	£39,600	£41,000	£40,900
10	£74,100	£72,400	£74,900	£72,200	£81,500	£76,200	£81,500	£80,900
15	£112,300	£108,600	£114,200	£108,200	£129,500	£117,200	£129,500	£128,000
20	£154,200	£147,400	£157,600	£146,700	£186,600	£163,200	£186,600	£183,700
25	£200,000	£188,900	£205,600	£187,900	£254,300	£214,700	£254,300	£249,400
30	£252,300	£235,700	£260,800	£234,200	£337,100	£274,800	£337,100	£329,300
35	£311,100	£287,500	£323,500	£285,300	£437,200	£343,900	£437,200	£425,200
40	£375,500	£342,900	£392,600	£340,000	£556,100	£421,200	£556,100	£538,400
42	£402,900	£366,100	£422,200	£362,900	£609,700	£454,800	£609,700	£589,200

5. Investment returns

In this section, the Trustee has stated the annual geometric return, after the deduction of charges and transaction costs, for all of the default arrangements and investment options that members can select or could select during the Plan Year, and in which assets relating to members were invested during the Plan Year in accordance with the statutory guidance.

For the arrangements where returns vary with age, such as for the Default, the statutory guidance states that the Trustee should show the returns over various periods for a member aged 25, 45 and 55 in the current Plan Year, which is shown in the tables below. A TAA of 60 has been assumed for each of these tables as this is the default TAA for members of the Plan.

Performance is shown for the corresponding periods to 31 March 2024, as the closest period available to the Plan Year end of 5 April 2024.

Drawdown Lifestyle net returns over corresponding periods to 31 March 2024

Age of member at the start of the period	1 year (%)[2]	3 years pa (%)[2]	5 years pa (%)[2]
25	12.91%	5.42%	6.75%
45	12.28%	5.14%	6.53%
55	8.88%	2.15%	3.25%
60	6.10%	0.29%	2.25%

Cash Lifestyle net returns over corresponding periods to 31 March 2024

Age of member at the start of the period	1 year (%)[2]	3 years pa (%)[2]	5 years pa (%)[2]
25	12.91%	5.42%	6.75%
45	12.28%	5.14%	6.53%
55	8.88%	2.32%	N/A[1]
60	3.84%	0.84%	N/A[1]

Annuity Lifestyle net returns over corresponding periods to 31 March 2024

Age of member at the start of the period	1 year (%)[2]	3 years pa (%)[2]	5 years pa (%)[2]
25	12.91	5.42	6.75
45	7.80	3.60	5.64
55	3.54	-3.28	0.13
60	2.20	-7.31	-3.25

[1]The Cash Targeting Fund was incepted in May 2020 and therefore 5 year performance is currently unavailable.

[2] Please note that for the purposes of our calculations here, we have assumed members were invested in the updated strategy following implementation of the triennial investment strategy review changes from 1 November 2023. More details on the strategy changes are included in section 2.

Self-select fund net returns over corresponding periods to 31 March 2024

Fund name	1 year (%)	3 years pa (%)	5 years (% pa)
Citi (UK) Pension Plan Annuity Targeting Fund	2.20	-7.31	-3.25
Citi (UK) Pension Plan Early-Stage Growth Fund[1]	N/A	N/A	N/A
Citi (UK) Pension Plan Growth Fund	**11.65**	**5.03**	**6.51**
Citi (UK) Pension Plan Pre-Retirement Fund	**6.10**	**0.29**	**2.25**
Citi (UK) Pension Plan UK Equity Fund – Passive	8.36	7.82	5.46
Citi (UK) Pension Plan Global Equity Fund – Passive	15.35	8.43	8.84
Citi (UK) Pension Plan European (Ex UK) Equity Fund – Passive	13.34	8.79	10.01
Citi (UK) Pension Plan US Equity Fund – Passive	28.71	13.90	15.63
Citi (UK) Pension Plan Japan Equity Fund – Passive	22.15	6.45	8.41
Citi (UK) Pension Plan Pacific Rim (ex Japan) Equity Fund – Passive[2]	3.85	5.02	3.36
Citi (UK) Pension Plan Shariah Fund – Passive	32.06	14.67	17.14
Citi (UK) Pension Plan Environmental Fund[3]	22.75	N/A[3]	N/A[3]
Citi (UK) Pension Plan Fixed Interest Gilt Fund – Passive	-4.87	-15.02	-8.30
Citi (UK) Pension Plan Index-Linked Gilt Fund – Passive	-7.93	-12.32	-6.87
Citi (UK) Pension Plan UK Equity Fund – Active[2]	14.12	-2.65	-5.05
Citi (UK) Pension Plan UK Specialist Equity Fund – Active	14.07	-0.75	6.84
Citi (UK) Pension Plan Responsible Investment Fund – Active	16.66	6.78	11.8
Citi (UK) Pension Plan Global Equity Fund – Active	19.28	1.55	9.89
Citi (UK) Pension Plan European (ex UK) Equity Fund – Active[2]	20.64	7.59	5.59
Citi (UK) Pension Plan US Equity Fund – Active[2]	0.76	7.25	7.81
Citi (UK) Pension Plan Japan Equity Fund – Active[2]	2.11	3.63	1.06
Citi (UK) Pension Plan Far East (Ex Japan) Equity Fund – Active	-0.91	-7.16	2.31
Citi (UK) Pension Plan Emerging Markets Equity Fund – Active	3.32	-6.19	3.17
Citi (UK) Pension Plan Diversified Growth Fund	6.77	-0.23	0.77
Citi (UK) Pension Plan Corporate Bond Fund – Active	1.69	-8.79	-3.51
Citi (UK) Pension Plan Overseas Bond Fund – Active	2.20	-2.63	-0.16
Citi (UK) Pension Plan Property Fund – Active	0.00	4.65	2.03
Citi (UK) Pension Plan Sterling Liquidity Fund – Active	4.84	2.22	1.42
Citi (UK) Pension Plan Commodities Derivatives Fund – Active	-3.59	11.94	7.02

Note: The underlying funds used within the Default Lifestyle during the Plan Year are shown in **bold.**
[1]As mentioned in section 2, this Fund was launched during the Plan Year in October 2023 and therefore performance data is not available.

[2]As mentioned in section 2, these Funds were removed from the Plan in October 2023. Therefore, performance is shown over the 1,3 and 5 years to 30 September 2023.

[3]The Environmental Fund launched in April 2021 and therefore returns over 3 and 5 years to 31 March 2024 are not yet available.

6. Value for members assessment

The Trustee is required to assess the extent to which member borne charges and transaction costs incurred over the Plan Year represent good value for members.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining good value given the circumstances of the Plan. The most recent assessment was considered by the Trustee during July and August 2024 with the final report issued on 5 August 2024.

There is no legal definition of ‘good value’ which means that determining this is subjective. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the benefits received has also been considered in this assessment. The assessment was undertaken taking account of the Pensions Regulator’s Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits).

The assessment was undertaken by a sub-group of the Trustee with assistance from the Trustee’s DC consultant and involved a wide assessment of value considering the key elements of the Plan and agreeing relevant value ratings for each area, in addition to looking at the value attributable to member borne costs and charges.

6.1 Member borne charges

Members pay for investment related charges, transaction costs and a 0.10% pa administration fee to cover some of the costs involved in running the Plan such as administration, audit, legal and investment advice.

- The Trustee’s investment advisers have confirmed that the fund charges are reasonable for the types of funds available to members. Overall, total charges paid by members are reasonable for an arrangement in which members also pay for administration costs relative to similar sized pension schemes, with only a small number of self-select funds having been identified as being less competitively priced (active regional equity funds).
- Members (and the employer) do not pay platform fees on any funds managed by L&G.
- The Trustee believes the additional 0.10% administration cost paid by members represents good value for the services received compared with typical costs for administration services with a separate provider to the investment platform provider. As detailed in Section 3, covering processing of core financial transactions, the Trustee had no concerns with the quality and efficiency of the administration (which members pay for) during the Plan Year. The Trustee’s DC adviser has confirmed that in their view the quality of the administration service is good in comparison to other third-party administrators.
- The Trustee believes the transaction costs which members pay provide value for members as the ability to transact forms an integral part of the investment approaches and the Trustee expects this to lead to greater investment returns net of fees over time.
- The Trustee’s assessment included considering the performance of the Plan’s investment funds (after all charges) in the context of their investment objectives. The Trustee monitors the risk and return profile of the funds available in the Plan on a quarterly basis. Over the Plan Year, most active funds delivered positive absolute performance. Any underperformance of active funds against their respective benchmark is reviewed on a quarterly basis by the Trustee's DC investment advisor. All the passive funds apart from the Environmental Fund and the Japan Equity Fund – Passive tracked their index to within a reasonable degree of +/- 0.3% over the year to 31 March 2024. The Environmental Index has a marginally higher tracking error target and aims to track the benchmark to within +/-0.6%. However, it is important to note that past performance is no indication of future performance and the Trustee will continue to monitor performance compared to equivalent funds in the market.

Overall, total charges paid by members are considered to provide good value relative to similar sized pension schemes.

6.2 Wider assessment

The employer paid for all other costs and charges relating to the Plan such as the cost of the Plan’s Trustee and communications advisor.

In carrying out the value for members assessment, the Trustee also considered the other benefits members receive from the Plan, not related to the charges and costs that they pay, which fall into the following criteria:

- Governance;
- Communications;
- Investment range; and
- At retirement services.

The assessment concluded that:

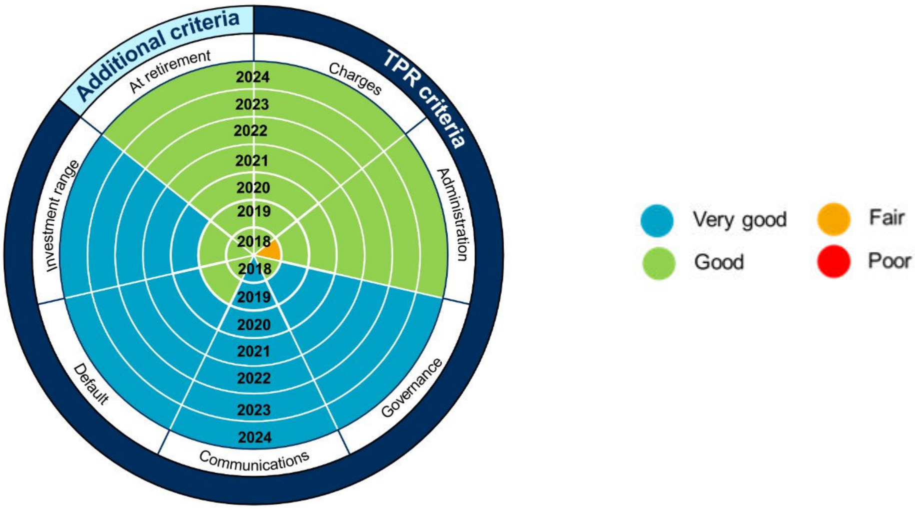
- As detailed in section 3 covering the processing of core financial transactions, the Trustee is comfortable with the quality and efficiency of the administration processes.
- The Trustee Board, committees and individual Trustees all have clearly defined roles and responsibilities, and knowledge and understanding is of a high standard. As part of the wider governance structure, the Trustee delegates some responsibilities to sub-committees and working groups. This helps ensure more effective decision making and governance of the various aspects of the Plan. The Trustee Board has a range of experiences with varied lengths of tenure.
- The Trustee employs a dedicated independent member communications consultant, LikeMinds, who works with the Trustee, the Plan's third-party consultants and the Plan's administrator to issue member guidance documentation and strategic communications. Furthermore, members can access fund information online, such as Plan documentation and fund factsheets and have access to a retirement lifestyle planner. Communications are overseen by the Engagement Committee on a quarterly basis.
- With the help of LikeMinds, the Trustee developed an engagement plan for communications during the Plan Year with a focus on empowering members to understand their pension benefits, clarifying the concept of a ‘good outcome’, helping them recognize their own outcomes, and encouraging proactive actions to shape their future. Examples of communications sent over the Plan Year include communications covering the changes to the Plans’ investment funds, the changes to the minimum pension age from 2028, encouraging members to complete their death benefit nomination forms as well as communications about the ‘STEPS’ website that educates members on pensions related topics and has a section that helps members plan their retirement.
- The Trustee has also implemented feedback received from member focus groups over the Plan Year. This has included updating the home page of MyCitiPension to reflect the information most useful for members which has resulted in higher engagement numbers. Furthermore, LikeMinds has launched drumbeat communications in 2024. These are a series of emails to encourage engagement with members on a regular basis.
- The Plan offers members three lifestyle strategies, targeting income drawdown, cash lump sum, and annuity purchase at retirement. Members also have access to a range of self-select funds, covering an appropriate range of asset classes. The performance of the lifestyle strategies and the self-select funds are reviewed by the Trustee on a quarterly basis. Changes made as part of the last strategy review were concluded over the Plan Year, improving the expected risk and return profile for members. The Default strategy has performed in line with expectations over the Plan Year.
- Support and guidance offered to members is clear, timely and reflects the choices members are making when taking their benefits. Members are given access to a variety of options when they come to take their benefits, some within the Plan with others accessible by transferring out to another scheme. Within the Plan, members can take their complete pots as one uncrystallised funds pension lump sum or buy a guaranteed income for life. Members are also notified that they can access all Freedom and Choice retirement options not otherwise available in the Plan by transferring out at-retirement. The Trustee has negotiated a post-retirement arrangement with the L&G Mastertrust, which it makes members aware of in the retirement packs offered by WTW. This arrangement replicates the fund range available within the Plan and also makes available funds from the L&G Mastertrust’s core range. Within the L&G Mastertrust, members also have access to an advice service. In addition, LikeMinds has updated the links available to members on each page of MyCitiPension to connect with a section of the STEPS website, called Step into Retirement, and has also made the STEPs tile more prominent for members to use.

6.3 Conclusion

Taking all factors into account, the Trustee believes that the costs and charges members pay represents very good value when compared to the benefits the members receive in relation to the Plan, as summarised below:

- There are a number of benefits provided by the Plan that are paid by the employer. Plan governance and communication costs are all met by the employer.
- Overall, the charges for the lifestyle and self-select funds (with the additional 0.10% fee included) are reasonably priced and are also generally in line with the wider market. Members (and the employer) do not pay platform fees on any funds managed by L&G.
- The quality of the non-investment related services provided to members is good.
- Members invested in the Default strategy experienced reduced risk as they approached retirement over the year to 31 March 2024, consistent with the objectives of the Default strategy. The growth phase of the Default has produced moderately positive absolute returns over the three years to 31 March 2024.

To help compare criteria and assess any changes between Plan Years, the Trustee has rated each criteria as either Poor, Fair, Good or Very Good. The chart below compares the ratings given for this Plan Year against the ratings given in previous assessments.



Recognising that maintaining good value is an ongoing process, the Trustee continues to aim to further improve value for members in the future. The Trustee is currently in the process of taking steps to improve the Plan, which include the following:

- carrying out an assessment of governance arrangements against TPR's new General Code of Practice;
- monitoring the service plan in place with WTW to improve service levels further;
- working with WTW to complete a data cleanse exercise and data audit;
- working with LikeMinds to implement actions from the Engagement Plan;
- continuing to monitor take-up of the retirement master trust facility to assess the effectiveness of any actions implemented as part of the at-retirement communications strategy review carried out by LikeMinds; and,
- Reviewing L&G as the signposted retirement master trust provider, per the agreed triennial review process.

7. Financial security of pension assets

This section describes, in broad terms, the Trustee's understanding of the key protections that generally apply to members' assets, should the DC platform provider, L&G, or a fund manager used by it, experience financial difficulties. Please note that this is a complex area which is largely untested in practice. Whilst the wording below represents the understanding of the Trustee based on legal advice obtained from the Trustee's legal experts, a future situation may lead to an unexpected outcome.

There are several safeguards designed to prevent default by a DC platform provider, or a fund manager used by it, and potential protections that apply should this happen:

- To prevent default, there is internal oversight carried out by the provider and fund managers. This comprises several elements such as independent internal audits, as well as the work conducted by compliance and risk functions.
- There is external oversight, which is carried out by the relevant regulatory bodies, whose role it is to ensure that the provider and fund managers discharge their financial liabilities in a responsible manner.
- A custodian will normally be appointed to each of the investment funds offered by the provider. The custodian's primary function is the safekeeping of assets. In practice this means, in an investment fund such as a unit trust or an OEIC, keeping investors' funds legally separate from the fund manager's own monies, so they may not be used for meeting creditors' demands not relating to the investment funds. In the case of funds managed by L&G, the funds have to be held as part of L&G's long term insurance fund, which is held to meet obligations to customers.

Thus, the only circumstances in which a default would occur appear to be in the event of dishonesty, fraud or negligence. If a valid claim arose, in the first instance, the Trustee would expect L&G and/or the fund manager to make good any shortfall.

The Trustee has entered into an insurance policy with L&G which provides access to funds managed by third party fund managers. L&G is required to maintain a prudential solvency level as part of its regulatory obligations. The Trustee's policy with L&G is currently covered by the Financial Services Compensation Scheme ("FSCS"). In the unlikely event that L&G is unable to meet its financial obligations, if a solvent insurer cannot be found to take on the business, the Trustee would have a claim on the FSCS for up to the value of the policy.

The FSCS applies to the risk of L&G not being able to meet its obligations. Under the policy, L&G offers access to a range of funds managed by third parties. Some of the third-party funds are structured as unit trusts or investment companies in the UK or in EU countries. Those funds are isolated from the liabilities of the manager and its group of companies. Thus, the only circumstances in which a default would occur appear to be in the event of dishonesty, fraud, or negligence. If a valid claim in respect of dishonesty, fraud or negligence arose, in the first instance, the Trustee would expect L&G and/or the manager to make good any shortfall.

Some other third-party funds are provided by life insurance companies under a reinsurance contract between L&G and those companies. The insurance companies concerned structure their businesses with a view to minimising the risk of other insurance liabilities having an impact on the funds which are used for the Plan and also hold capital in accordance with regulatory requirements.

It is not possible to completely remove the risk that some or all of a member's investment would not be recovered if a fund provider becomes insolvent and there can be no guarantee that funds will never be affected by fraud. However, the funds are subject to strict financial regulation and the funds, and the way the Plan accesses them, are structured to minimise the risk of other liabilities having an adverse impact.

The Trustee keeps the way in which the Plan accesses the funds under review. It is satisfied that the current arrangements are in line with good industry practice.

8. Trustee knowledge and understanding

The Plan's trustee directors (the "Trustee Directors") are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the Plan Year are set out below.

General

The Trustee Directors, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps and attend an annual training day and other bespoke training sessions to provide training on any gaps or to cover topical items or specific issues under consideration during the Plan Year. In addition, the Trustee's advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers would typically deliver training on such matters at Trustee or sub-committee meetings if they were material. Trustee Directors are also encouraged to attend external training sessions and events to keep up to date.

All the Trustees Directors are required to commit to completing relevant training, either at relevant Trustee meetings or by personal study. All the Trustee Directors are also required to complete the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of occupational pension schemes meet the minimum level of knowledge and understanding required by law) within 6 months of taking office, and must complete two modules of the Trustee Toolkit before putting themselves forward for a Trustee Director position.

There are documented processes for the appointment of new member and employer nominated trustees. Members who are interested in becoming a Trustee Director must get the support of two other Plan members before applying for the role. Potential new member nominated trustees are also required to attend a briefing session prior to selection, to ensure that they are aware of the time commitment and responsibilities that come with the role. All nominees are then assessed for suitability before being put forward for the election process. A nominations panel will consider a number of factors in making its determination, including technical skills, communication skills and the ability to meet the time commitment. If the number of candidates put forward by the nominations panel exceeds the number of vacancies, then an election will be held.

Diversity in tenure is recommended to ensure that a balance is struck between experience and new ideas. The Trustee Board has a range of experiences with varied lengths of tenure. The Trustee Directors have Actuarial, Investment, Risk, Legal and Investment Transaction experience. In order to better represent the views of minority groups and the younger generation 'Member Engagement Group' (previously called 'co-optees') continue to attend the quarterly Engagement Committee meetings where they can voice their opinions and share feedback on agenda items as well as communication formats and topics.

In addition, the Trustee Directors receive advice on investment, legal, actuarial, communication and other related issues from their advisers.

All the Trustee Directors are familiar with the Plan's governing documentation and documentation setting out the Trustee's policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is formally reviewed triennially and as part of making any change to the Plan's investments or if otherwise required to comply with legal or regulatory requirements. Further, the Trustee Directors believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

Activities during the Plan Year

During the Plan Year, the Trustee Directors have undertaken the following actions to ensure that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

- The Trustee Directors attended an annual trustee training day, which was held in February 2024 within the Plan Year, which covered topics such as cyber risk, good governance and the General Code and key trustee powers and duties.
- As at the Plan Year end, there were 12 Trustee Directors – 6 appointed by members of the Plan and 6 appointed by the Company.
- The Trustee Directors received quarterly updates on topical issues in the DC market and investment matters from its investment advisors, LCP, at the quarterly DCC meetings to keep up to date with the principles of DC investing.
- The Trustee Directors received quarterly updates on topical general and DC issues from their legal advisers at each DCC meeting, Administration Committee meeting and Trustee board meeting to keep up to date with pensions and trust law.
- The Trustee Directors reviewed and updated the risk register during the Plan Year to include additional risks such as cyber risk and the buy-out policies for deferred members in the Plan.
- A training log is maintained in line with best practice and the training programme is reviewed regularly to ensure it is up to date. The training log contains a section on Trustee knowledge and skills which details the essential and additional courses that each Trustee Director has completed.
- The Trustee Directors considered and applied their knowledge of the Trust Deed and Rules, SIP and Trustee policies where relevant to Trustee decisions.

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

REMOVED 16/10/2024

____ Date: ___________________

Signed by the Chair of Trustee of the Citi (UK) Pension Plan