

Chair's DC Governance Statement, covering 12 months to 31 December 2023

1. Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments as well as bearing the investment risk), to help members achieve a good outcome from their pension savings. The Trustee of the Citibank (UK) Pension Plan (the "Plan") is required to produce a yearly statement (which is signed by the Chair of the Trustee) to describe how these governance requirements have been met for the DC benefits, including additional voluntary contributions ("AVCs"), 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 of core financial transactions;
- the charges and transaction costs borne by members for the default options and any other investment option members can select or have assets in;
- 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 1 January 2023 to 31 December 2023 (the "Plan Year").

The AVC policies in the Plan are DC arrangements that were made available to Plan members with Defined Benefit ("DB") entitlements. An AVC policy allows members to build up pension benefits in addition to the standard benefits provided by the Plan. The Plan's AVC arrangements represent a very small proportion of the overall DC asset value in the Plan.

2. Default arrangements

The Plan is not used for auto-enrolment but it is a Qualifying 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 (see further below), in the initial growth phase, the default option is invested in the Early-Stage Growth Fund 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). In the 20 years before a member's intended TAA, the default option starts to switch 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 whose 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 (see further below), in the initial growth phase, members are invested in the Early-Stage Growth Fund. In the 20 years before a member's intended TAA, the default option starts to switch

gradually into the Growth Fund. In the 10 years before a member's intended TAA, the default option starts to switch gradually into the Pre-Retirement Fund and then from 5 years before a member's intended TAA it will gradually switch 100% 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 Core Fund.
- Global Equity Fund – Passive; and the
- Corporate Bond Fund – Active;

In addition, a number of 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 (when self-selected by members rather than as forming part of any lifestyle strategy);
- The Growth Fund (when self-selected by members rather than as forming part of any lifestyle strategy);
- The Pre-Retirement Fund (when self-selected by members rather than as forming part of any lifestyle strategy);
- 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 described in the “Review” section later in the Statement. This SIP dated 21 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, are 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 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.
- The Sterling Liquidity Fund – Active: To maintain capital by investing in one or more Sterling Liquidity funds. These funds will predominantly invest in a range of short-term money market instruments and government securities.
- The Core Fund: To provide members with long term growth by investing in one or more appropriate asset classes.
- Annuity Targeting Fund (Self-select): To be appropriate for members who wish to purchase an annuity at retirement by broadly aiming to track annuity prices.
- Growth Fund (Self-select): To provide members with long term growth by investing in one or more appropriate asset classes.
- Pre-Retirement Fund (Self-select): 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 13 June 2023.

As part of the review, the Trustee reviewed the Plan's membership demographics to determine whether the target of the Default remained suitable, and it was concluded that a lifestyle strategy targeting drawdown at retirement remained appropriate for the majority of the Plan's members. In addition, as part of the review, various aspects of the default arrangements and alternative investment options have been reviewed including the performance against their aims, objectives and benchmarks of the underlying funds being used, the length of de-risking periods for lifestyles and the currency exposures of blended funds.

The investment strategy changes agreed by the Trustee on 7 March 2023 and 13 June 2023, as set out below, were implemented during the Plan Year in October 2023.

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 target retirement age (TRA) and with a second de-risking period starting at 10 years to TRA. 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 three stage approach has been implemented to allow members to benefit from a higher expected risk and return profile at the start of their pension savings journey to improve expected member outcomes, whilst still gradually reducing expected risk as they approach their target access age.
- 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. This change reflects the Trustee's belief that the LGIM Diversified Fund is a more suitable investment option taking into account expected risk, return and asset class diversification considerations.

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.

Core Fund

- An allocation to emerging market equities was introduced via the JP Morgan Emerging Markets Fund (not currency hedged) to allow members to benefit from the long-term growth prospects of emerging market economies.
- The allocation to UK equities was reduced to reduce home-bias and increase the allocation to global equities.
- The level of currency hedging within the portfolio was reduced from around 84% to 50%.
- All of the passive LGIM equity funds were replaced with their LGIM Low Carbon Transition regional equivalents to improve climate-risk hedging within the Fund.

Self-select fund range

- BlackRock ALMA was replaced with the LGIM Diversified Fund in the Diversified Growth Fund. The reasons for this change have been covered above in the Default section.
- Following consideration of active versus passive management in each equity region and the value being added by the underlying funds, 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. This replacement was made due to several reasons including a decline in assets under management for the previous underlying manager, a larger opportunity set available to the new manager as it wasn't restricted to just UK and longer-duration credit and more positive views on the new manager from LCP.

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

In addition to the triennial strategy review, 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 December 2023 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%	0.1%	1.2%	2.3%
Corporate bonds (UK and overseas)	2.5%	4.8%	25.7%	44.3%
UK government bonds	0.0%	0.2%	5.4%	10.5%
Overseas government bonds	0.0%	0.6%	1.9%	2.6%
Listed equities	90.1%	85.2%	55.2%	30.2%
Private equity	3.3%	3.3%	1.6%	0.0%
Infrastructure (direct)	0.9%	0.9%	0.4%	0.0%
Property (direct)	0.6%	1.1%	1.8%	2.0%
Private debt	0.5%	0.7%	0.9%	0.8%
Emerging market debt	0.0%	0.9%	2.6%	3.5%
Other	2.2%	2.4%	3.3%	4.0%

The Cash Lifestyle:

Asset class	Allocati on 25 y/o %	Allocati on 45 y/o %	Allocati on 55 y/o %	Allocation at retirement %
Cash	0.0%	0.1%	1.2%	100.0%
Corporate bonds (UK and overseas)	2.5%	4.8%	25.7%	0.0%
UK government bonds	0.0%	0.2%	5.4%	0.0%
Overseas government bonds	0.0%	0.6%	1.9%	0.0%
Listed equities	90.1%	85.2%	55.2%	0.0%
Private equity	3.3%	3.3%	1.6%	0.0%
Infrastructure (direct)	0.9%	0.9%	0.4%	0.0%

Asset class	Allocati on 25 y/o %	Allocati on 45 y/o %	Allocati on 55 y/o %	Allocation at retirement %
Property (direct)	0.6%	1.1%	1.8%	0.0%
Private debt	0.5%	0.7%	0.9%	0.0%
Emerging market debt	0.0%	0.9%	2.6%	0.0%
Other	2.2%	2.4%	3.3%	0.0%

Additionally, 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.

Asset class	Sterling Liquidity Fund - Active	Core Fund	Growth Fund (Self-select)	Pre-retirement Fund (Self- select)
Cash	100.0%	0.0%	0.1%	2.3%
Corporate bonds (UK and overseas)	0.0%	10.0%	7.1%	44.3%
UK government bonds	0.0%	0.0%	0.3%	10.5%
Overseas government bonds	0.0%	0.0%	1.3%	2.6%
Listed equities	0.0%	90.0%	80.2%	30.2%
Private equity	0.0%	0.0%	3.2%	0.0%
Infrastructure (direct)	0.0%	0.0%	0.9%	0.0%
Property (direct)	0.0%	0.0%	1.6%	2.0%
Private debt	0.0%	0.0%	0.9%	0.8%
Emerging market debt	0.0%	0.0%	1.8%	3.5%
Other	0.0%	0.0%	2.7%	4.0%

Asset class	Diversified Growth Fund	Global Equity Fund – Passive	Corporate Bond Fund - Active	Annuity Targeting Fund (Self-select)
Cash	0.7%	0.0%	3.4%	0.0%
Corporate bonds (UK and overseas)	23.2%	0.0%	90.7%	60.0%
UK government bonds	1.5%	0.0%	0.4%	40.0%
Overseas government bonds	6.3%	0.0%	3.4%	0.0%
Listed equities	50.2%	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)	4.9%	0.0%	0.0%	0.0%
Private debt	2.1%	0.0%	0.0%	0.0%
Emerging market debt	8.8%	0.0%	0.6%	0.0%
Other	2.5%	0.0%	1.4%	0.0%

3. Requirements for processing core financial transactions

3.1 DC arrangements

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 that 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. The key processes adopted by WTW to help ensure that the processing of core transactions is prompt and accurate, and that the SLAs are met, are as follows:

- A task logging system is in place which is reviewed regularly for upcoming workloads and tasks are allocated daily;
- A monthly cash reconciliation is carried out;
- All monetary transactions are checked and peer reviewed by a senior administrator or above before being authorised by a team leader. All monetary transactions above £250,000 require 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 are made electronically, and members have 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 c.11 days, which 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. For the year to 31 December 2023, quarterly performance of administration tasks against SLAs was 92%, 90%, 88% and 88% (average of 90% over the Plan Year). This is in relation to administration tasks for both the DC and DB sections of the Plan. The SLAs are behind the 95% SLA target and last year's performance (where the performance against SLAs for the final quarter was 93% and the average over 2022 was 93%). WTW has noted that this was in part due to a significant (23%) 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;
- there were no errors over the Plan Year within the DC arrangements; 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 with the administration of the Plan in relation to the DC benefits during the Plan Year.

3.2 AVC arrangements

Prudential and Standard Life are the Plan's AVC providers. The Trustee reviews the Plan's AVC arrangements on a triennial basis. The last review took place over the Plan Year in September 2023. The AVC review included a review of the performance of funds, as well as fees paid by members, and the providers' administration and service standards.

Members have the following guarantees for the With-Profits funds available in the AVC arrangements: the Standard Life Pension With-Profits Fund benefits from a guaranteed growth rate of 4.0% pa and the Prudential With-Profits Cash Accumulation Fund has a capital guarantee that applies at a member's normal retirement date.

Given the guarantees associated with the Standard Life and Prudential AVC policies and funds, the Trustee concluded that the AVC policies with Standard Life and Prudential remain appropriate and, together with a consideration of possible penalties for surrendering these policies, a consolidation exercise would not be in the best interest of members.

The AVC providers have provided the following information in relation to the controls they have in place to ensure core financial transactions are processed promptly and accurately.

Standard Life targets an SLA of 10 working days. It has an internal controls statement that outlines information about processing of its core financial transactions. Governance and oversight arrangements are in place to monitor SLA performance against defined service levels and risk standards. Authorising and processing transactions is achieved through controlled systems including, but not limited to, the following actions.

- Automated systems are designed to ensure consistent, timely and accurate receipt and allocation to the correct funds for regular and single payments.
- Reconciliations are carried out between Finance and Customer Operations to ensure contributions are accurately recorded.
- Documented business procedures are in place for contributions processes.
- Compliance with processes is supported by an automated workflow system that ensures work is enabled, tracked and managed.
- A dedicated control team actively manages manual payments (including automation failures) and the reporting of missed contributions to the Pensions Regulator.
- An automated quotes system, which ensures the consistent application of calculations.
- Scheme rules and policy provisions are coded within automated systems that have been built and tested to established project management practices.
- A quality assurance framework is in place to ensure that payments are processed in line with the defined processes and service levels.

Prudential uses 'End to End' ("E2E") reporting rather than reporting against an SLA, which means that performance is measured against the total time taken to deal with a work item, from the day of receiving it through to the closure date of the work item. The aim of this reporting system, which was introduced on 1 July 2019, is that queries will be dealt with in a shorter number of days. Some examples of transactions that are covered by this reporting are complaints, contributions, retirement claims, and transfers in and out.

Through E2E reporting, Prudential has set target time periods for the completion of work items. Prudential aims to complete 95% of tasks within their Upper and Lower Target Days. Over the Plan Year to 31 December 2023, Prudential has completed 86.2% of tasks within Upper Target Days, and 100.0% of tasks within Lower Target Days. The Trustee is comfortable that Prudential is continuing to improve its service delivery.

Overall, the Trustee has seen continued improvements in Prudential's service over the Plan Year. The Trustee had no concerns with Standard Life's service.

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. The stated charges exclude any administration costs, since these are not met by the members. 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 January 2023 to 31 December 2023. During the Plan Year:

- The employer paid the annual management charges (“AMC”) and investment platform provider fees, on behalf of the members invested in the Plan’s three lifestyle arrangements, the Core Fund and the Sterling Liquidity Fund – Active. Therefore, members only paid the additional expenses (in excess of the AMC) for these funds during the Plan Year, shown in the total expense ratio (“TER”). The additional expenses for the underlying funds of the three lifestyles, the Core Fund and the Sterling Liquidity Fund – Active over 2023 varied between 0.000% and 0.030%.
- With the exception of the Sterling Liquidity Fund – Active, if the white-labelled underlying funds of the lifestyle strategies were chosen as self-select options (where available), then the employer did not pay the AMC – these costs were borne by members.
- The AMC, investment platform provider fees and additional expenses (shown in the TER) applicable to the other funds offered under the Plan, other than the three lifestyle arrangements, the Core Fund and the Sterling Liquidity Fund – Active, were borne by members during the Plan Year. However, there is no platform fee charged on funds managed by L&G.

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

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

Charges and transaction costs for all funds with members invested in the Plan have been provided by L&G, Standard Life and Prudential. At the time of writing, Standard Life has not been able to provide transaction costs for most of the Funds. Where it has provided transaction costs these are over the year to 30 September 2023. Prudential has been unable to provide transaction costs over the year to 31 December 2023 but has provided to 30 June 2023. The Trustee continue to raise this issue with the providers through their investment advisers emphasising the need for timely provision of data.

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 Core Fund, 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 Lifestyle 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 funds they are invested.

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

Default charges and transaction costs

Fund name		AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Default (Drawdown Lifestyle)	20+ years to TAA	0.000	0.026	0.016
	15 years to TAA	0.000	0.028	0.068
	10 years to TAA	0.000	0.030	0.120
	5 years to TAA	0.000	0.026	0.112
	At TAA	0.000	0.022	0.104
Cash Lifestyle	20+ years to TAA	0.000	0.026	0.016
	15 years to TAA	0.000	0.028	0.068
	10 years to TAA	0.000	0.030	0.120
	5 years to TAA	0.000	0.026	0.112
	At TAA	0.000	0.000	0.121
Citibank Plan Sterling Liquidity Fund – Active		0.000	0.000	0.005
Citibank Plan Core Fund		0.000	0.015	0.117
Citibank Plan Annuity Targeting Fund (Self-select)		0.140	0.140	-0.041 ¹
Citibank Plan Growth Fund (Self-select)		0.310	0.339	0.120
Citibank Plan Pre-Retirement Fund (Self-select)		0.153	0.175	0.104
Citibank Plan Global Equity Fund - Passive		0.039	0.039	0.043
Citibank Plan Corporate Bond Fund – Active		0.170	0.240	0.040
Citibank Plan Diversified Growth Fund		0.220	0.250	0.252

¹Under 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	0.000	0.026	0.016
	15 years to TAA	0.000	0.028	0.068
	10 years to TAA	0.000	0.030	0.120
	5 years to TAA	0.000	0.026	0.112
	At TAA	0.000	0.000	-0.040 ¹

¹Under 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 and the Cash Lifestyle during the Plan Year are shown in **bold**.

Fund	AMC (% pa)	TER (% pa)	Transaction costs (%)
Citibank Plan Core Fund ¹	0.000	0.015	0.117
Citibank Plan Early-Stage Growth Fund (Lifestyle)^{1,2}	0.000	0.026	0.016
Citibank Plan Growth Fund (Lifestyle)¹	0.000	0.030	0.120
Citibank Plan Annuity Targeting Fund (Lifestyle) ¹	0.000	0.000	-0.041 ³
Citibank Plan Pre-Retirement Fund (Lifestyle)¹	0.000	0.022	0.104
Citibank Plan Cash Targeting Fund (Lifestyle)¹	0.000	0.000	0.121
Citibank Plan Early-Stage Growth Fund (Self-select)^{1,2}	0.275	0.301	0.016
Citibank Plan Growth Fund (Self-select)	0.310	0.339	0.120
Citibank Plan Annuity Targeting Fund (Self-select)	0.140	0.140	-0.041 ³
Citibank Plan Pre-Retirement Fund (Self-select)	0.153	0.175	0.104
Citibank Plan Index-Linked Gilt Fund – Passive	0.030	0.030	0.043
Citibank Plan Fixed Interest Gilt Fund – Passive	0.030	0.030	0.002
Citibank Plan UK Equity Fund – Passive	0.035	0.035	-0.014 ³
Citibank Plan Global Equity Fund – Passive	0.038	0.039	0.043
Citibank Plan US Equity Fund – Passive	0.040	0.040	0.001
Citibank Plan European (Ex UK) Equity Fund – Passive	0.040	0.040	0.123
Citibank Plan Japan Equity Fund – Passive	0.040	0.040	0.013
Citibank Plan Shariah Fund – Passive	0.200	0.320	-0.065 ³
Citibank Plan Environmental Fund	0.045	0.045	0.003
Citibank Plan UK Specialist Equity Fund – Active	0.580	0.580	0.120
Citibank Plan Responsible Investment Fund	0.370	0.410	0.166
Citibank Plan Global Equity Fund – Active	0.590	0.610	0.063
Citibank Plan Far East (Ex Japan) Equity Fund – Active	0.770	0.960	0.208
Citibank Plan Emerging Markets Equity Fund – Active	0.695	0.755	0.347
Citibank Plan Diversified Growth Fund	0.220	0.250	0.252
Citibank Plan Corporate Bond Fund – Active	0.170	0.240	0.040
Citibank Plan Overseas Bond Fund – Active	0.270	0.270	0.306
Citibank Plan Property Fund – Active	0.120	0.800	0.002
Citibank Plan Sterling Liquidity Fund – Active ¹	0.000	0.000	0.005
Citibank Plan Commodities Derivatives Fund – Active	0.420	0.610	0.419
Citibank Plan Pacific Rim (ex-Japan) Equity Fund – Passive ⁴	0.040	0.040	-0.003 ³
Citibank Plan UK Equity Fund – Active ⁴	0.490	0.510	0.047
Citibank Plan European (ex UK) Equity Fund – Active ⁴	0.310	0.380	0.129
Citibank Plan US Equity Fund – Active ⁴	0.620	0.770	0.052
Citibank Plan Japan Equity Fund – Active ⁴	0.720	0.940	0.093

¹AMC and platform charges for these funds are paid by the employer.

²As mentioned in section 2, a number of changes were made to the Plan including the inception of the Citibank Plan Early-Stage Growth Fund during the Plan Year.

³Under 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.

⁴As 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 AVCs

The charges and transaction costs for the Plan's AVC arrangements which were available to members during the Plan Year (except where otherwise stated below) are detailed in the table below.

Fund name	AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Prudential			
Prudential With-Profits Fund	N/A ¹	N/A ¹	0.17 ²
Standard Life			

Fund name	AMC (% pa)	TER (% pa)	Transaction costs (% pa)
Standard Life Fidelity Global Special Situations Pension Fund	2.00	2.16	TBC ⁴
Standard Life Managed Pension Fund	1.00	1.02	0.00
Standard Life Stock Exchange Pension Fund	1.00	1.02	TBC ⁴
Standard Life European Equity Pension Fund	1.00	1.01	TBC ⁴
Standard Life Far East Equity Pension Fund	1.00	1.07	TBC ⁴
Standard Life North American Equity Pension Fund	1.00	1.01	TBC ⁴
Standard Life UK Equity Pension Fund	1.00	1.01	TBC ⁴
Standard Life Ethical Pension Fund	1.00	1.01	TBC ⁴
Standard Life Money Market Pension Fund	1.00	1.01	TBC ⁴
Standard Life Baillie Gifford Managed Pension Fund	1.28	1.31	TBC ⁴
Standard Life Fidelity Special Situations Pension Fund	2.00	2.15	TBC ⁴
Standard Life With-Profits Fund	N/A ³	N/A ³	0.00
Standard Life With-Profits Inflation Plus	N/A ³	N/A ³	TBC ⁴
Standard Life With-Profits Millennium	N/A ³	N/A ³	TBC ⁴

¹Charges on the Prudential With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved, and expenses incurred. Over time, if investment returns are higher, then the charges would be expected to be higher, and if investment returns are lower, the charges would be expected to be lower.

²At the time of writing, Prudential has been unable to provide transaction costs over the year to 31 December 2023. Therefore, transaction costs have been shown over the closest period available which is the year to 30 June 2023.

³There are no explicit charges or additional expenses for the unitised Standard Life With-Profits funds as charges are allowed for in the calculation of the final bonus rates. Deductions may also be made for the cost of With-Profits guarantees.

⁴ At the time of writing, the Trustee had not received transaction cost data from Standard Life on these AVC funds.

4.4 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 illustration, 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 December 2023 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 charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs. The 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 those provided by the managers over the last three 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).
- The illustration is shown for all of the Plan's default arrangements, 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 Citibank Plan Far East (Ex Japan) Equity Fund – Active
 - the fund with lowest annual member borne costs (TER plus Plan Year transaction costs), excluding funds already shown due to their default status – this is the Citibank Plan UK Equity Fund – Passive.

Projected pension pot in today's money

Years invested	Default option		Cash Lifestyle		Citibank Plan Sterling Liquidity Fund - Active		Citibank Plan Core Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£58,500	£58,400	£58,500	£58,400	£56,600	£56,600	£58,300	£58,300
3	£62,500	£62,300	£62,500	£62,300	£56,900	£56,900	£62,200	£62,000
5	£66,800	£66,400	£66,800	£66,400	£57,200	£57,200	£66,300	£66,000
10	£77,000	£76,000	£77,000	£76,000	£57,900	£57,900	£77,800	£77,000
15	£85,500	£83,700	£81,700	£80,100	£58,700	£58,600	£91,300	£89,900

Years invested	Citibank Plan Corporate Bond Fund - Active		Citibank Plan Annuity Targeting Fund		Citibank Plan Growth Fund		Citibank Plan Global Equity Fund - Passive	
	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£57,100	£56,900	£56,800	£56,700	£58,400	£58,100	£58,500	£58,400
3	£58,200	£57,700	£57,400	£57,100	£62,400	£61,600	£62,600	£62,500
5	£59,400	£58,600	£57,900	£57,400	£66,600	£65,200	£67,100	£66,900
10	£62,400	£60,700	£59,400	£58,400	£78,600	£75,300	£79,700	£79,300
15	£65,600	£63,000	£60,900	£59,400	£92,600	£87,000	£94,700	£94,000

Years invested	Citibank Plan Pre-Retirement Fund		Citibank Plan Diversified Growth Fund		Citibank Plan Far East (Ex Japan) Equity Fund - Active		Citibank Plan UK Equity Fund - Passive	
	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£57,500	£57,400	£57,600	£57,400	£58,500	£57,900	£58,500	£58,500
3	£59,600	£59,100	£60,000	£59,200	£62,600	£60,700	£62,600	£62,600
5	£61,800	£60,900	£62,400	£61,100	£67,100	£63,600	£67,100	£67,000
10	£67,500	£65,700	£68,900	£66,000	£79,700	£71,600	£79,700	£79,400
15	£73,800	£70,900	£76,000	£71,300	£94,700	£80,600	£94,700	£94,200

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 2.5%. This has been prescribed by the Financial Reporting Council ("FRC") in its Actuarial Standard Technical Memorandum 1 ("TM1").
- The starting pot size used is £56,500 as this is the median pot size for Plan members.
- The illustration is shown for a member currently aged 47 as this is broadly similar to the age of the youngest member of the Plan, with a TAA of 60.
- The starting salary is assumed to be £0 and total contributions are assumed to be 0% since the majority (c.96%) of the Plan's membership are deferred, meaning they no longer receive a salary from the employer and they no longer contribute to the Plan, nor receive contributions from the employer.
- The projected annual returns used are, in line with version 4.2 of AS TM1, as follows:
 - Default Drawdown Lifestyle: 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.
 - Citibank Plan Sterling Liquidity Fund: 0.25% above inflation
 - Citibank Plan Core Fund: 3.25% above inflation
 - Citibank Plan Annuity Targeting Fund: 0.50% above inflation
 - Citibank Plan Growth Fund: 3.35% above inflation

- Citibank Plan Pre-Retirement Fund: 1.80% above inflation
- Citibank Plan Diversified Growth Fund: 2.00% above inflation
- Citibank Plan Corporate Bond Fund – Active: 1.00% above inflation
- Citibank Plan Global Equity Fund – Passive: 3.50% above inflation
- Citibank Plan Far East (Ex Japan) Equity Fund – Active: 3.50% above inflation
- Citibank Plan UK Equity Fund – Passive : 3.50% above inflation
- No allowance for active management outperformance has been made.

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.

Drawdown lifestyle strategy net returns over corresponding periods to Plan Year end

Age of member at start of 2023	1 year (%) ^{1,2}	3 years (% pa) ^{1,2}	5 years (% pa) ^{1,2}
25	10.88%	4.72%	7.40%
45	10.69%	4.62%	7.28%
55	9.03%	1.94%	4.55%
60	7.56%	-0.06%	3.41%

¹At the time of writing, L&G has been unable to provide the net of fees returns to 31 December 2023 for these funds, therefore 1 year performance has been calculated using gross returns and charges as at 31 December 2023.

²Please 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.

Annuity lifestyle strategy net returns over corresponding periods to Plan Year end

Age of member at start of 2023	1 year (%) ^{1,2}	3 years (% pa) ^{1,2}	5 years (% pa) ^{1,2}
25	10.88%	4.72%	7.40%
45	10.69%	4.62%	7.28%
55	7.73%	-3.69%	1.75%
60	7.40%	-8.64%	-1.81%

¹At the time of writing, L&G has been unable to provide the net of fees returns to 31 December 2023 for these funds, therefore 1 year performance has been calculated using gross returns and charges as at 31 December 2023.

²Please 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.

Cash lifestyle strategy net returns over corresponding periods to Plan Year end

Age of member at start of 2023	1 year (%) ^{1,2}	3 years (% pa) ^{1,2}	5 years (% pa) ^{1,2}
25	10.9%	4.7%	7.4%
45	10.69%	4.62%	7.28%
55	9.0%	2.2%	N/A ³

Age of member at start of 2023	1 year (%) ^{1,2}	3 years (% pa) ^{1,2}	5 years (% pa) ^{1,2}
60	4.4%	0.64%	N/A ³

¹At the time of writing, L&G has been unable to provide the net of fees returns to 31 December 2023 for these funds, therefore 1 year performance has been calculated using gross returns and charges as at 31 December 2023.

²Please 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.

³This Fund was inceptioned in May 2020 and therefore 5 year performance is currently unavailable.

Self-select fund net returns over corresponding periods to Plan Year end

Fund name	1 year (%)	3 year (% pa)	5 year (% pa)
Citibank Plan Core Fund	14.81	6.81	9.17
Citibank Plan Early-Stage Growth Fund (Lifestyle)¹	N/A	N/A	N/A
Citibank Plan Growth Fund (Lifestyle)²	10.50	4.60	7.32
Citibank Plan Annuity Targeting Fund (Lifestyle)	7.40	-8.64	-1.82
Citibank Plan Pre-Retirement Fund (Lifestyle)	7.56	-0.07	3.40
Citibank Plan Cash Targeting Fund (Lifestyle)	4.44	0.64	N/A ³
Citibank Plan Early-Stage Growth Fund (Self-select)	N/A	N/A	N/A
Citibank Plan Growth Fund (Self-select)	10.19	4.29	7.01
Citibank Plan Annuity Targeting Fund (Self-select)	7.25	-8.77	-1.96
Citibank Plan Pre-Retirement Fund (Self-select)	7.41	-0.21	3.23
Citibank Plan Index-Linked Gilt Fund – Passive	1.74	-13.30	-5.05
Citibank Plan Fixed Interest Gilt Fund – Passive	2.14	-17.42	-6.39
Citibank Plan UK Equity Fund – Passive	7.74	8.58	6.70
Citibank Plan Global Equity Fund – Passive	12.13	7.48	9.33
Citibank Plan US Equity Fund – Passive	19.56	11.99	15.81
Citibank Plan European (Ex UK) Equity Fund – Passive	14.94	7.51	10.36
Citibank Plan Japan Equity Fund – Passive	12.66	3.05	7.06
Citibank Plan Shariah Fund – Passive	27.27	10.97	16.74
Citibank Plan Environmental Fund	17.46	N/A ⁴	N/A ⁴
Citibank Plan UK Specialist Equity Fund – Active	7.37	0.00	7.91
Citibank Plan Responsible Investment Fund	7.85	4.35	12.33
Citibank Plan Global Equity Fund – Active	13.1	-0.69	10.74
Citibank Plan Far East (Ex Japan) Equity Fund – Active	-3.62	-7.21	3.79
Citibank Plan Emerging Markets Equity Fund – Active	0.58	-8.46	5.00
Citibank Plan Diversified Growth Fund	6.90	-0.79	1.62
Citibank Plan Corporate Bond Fund – Active	5.78	-11.05	-2.13
Citibank Plan Overseas Bond Fund – Active	4.96	-3.30	0.49
Citibank Plan Property Fund – Active	-1.3	4.05	1.22
Citibank Plan Commodities Derivatives Fund – Active	-12.51	13.68	7.44
Citibank Plan Sterling Liquidity Fund – Active	4.68	1.98	1.39
Citibank Plan Pacific Rim (ex-Japan) Equity Fund – Passive ⁵	3.95	5.12	3.46
Citibank Plan UK Equity Fund – Active ⁵	14.23	-2.55	-5.05
Citibank Plan European (ex UK) Equity Fund – Active ⁵	20.75	7.7	5.69
Citibank Plan US Equity Fund – Active ⁵	0.86	7.36	7.66
Citibank Plan Japan Equity Fund – Active ⁵	2.21	3.74	1.15

The underlying funds used within the Default and the Cash Lifestyle during the Plan Year are shown in **black bold** text. Funds shown in **bold blue** text are default funds.

¹As mentioned in section 2, this Fund was launched during the Plan Year in October 2023 and therefore performance data is not available.

²At the time of writing, L&G has been unable to provide the net of fees returns to 31 December 2023 for these funds, therefore 1, 3 and 5 year performance has been calculated using gross returns and charges as at 31 December 2023.

³This Fund was inception in May 2020 and therefore 5 year performance is currently unavailable.

⁴The Environmental Fund launched in April 2021 and therefore returns over 3 and 5 years to 31 December 2023 are not yet available.

⁵As 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.

Fund name	1 year (%)	5 years (% pa)
Prudential		
Prudential With-Profits Fund	N/A	N/A
Standard Life		
Standard Life Fidelity Global Special Situations Pension Fund	12.3	9.9
Standard Life Managed Pension Fund	6.5	5.3
Standard Life Stock Exchange Pension Fund	8.6	7.9
Standard Life European Equity Pension Fund	10.6	9.8
Standard Life Far East Equity Pension Fund	5.4	4.9
Standard Life North American Equity Pension Fund	13.5	14.4
Standard Life UK Equity Pension Fund	2.1	4.3
Standard Life Ethical Pension Fund	10.1	4.1
Standard Life Money Market Pension Fund	3.8	0.6
Standard Life Baillie Gifford Managed Pension Fund	9.8	6.2
Standard Life Fidelity Special Situations Pension Fund	4.9	5.6
Standard Life With-Profits Fund	N/A	N/A
Standard Life With-Profits Inflation Plus	N/A	N/A
Standard Life With-Profits Millennium	N/A	N/A

6. Value for members assessment

The Trustee is required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The most recent assessment was considered by the Trustee during April 2024 with the final report being agreed in May 2024]. This review focused on member-borne charges in respect of the Plan's main DC assets, given these represent the vast majority of the overall DC assets in the Plan.

A separate review of the Plan's AVC arrangements was carried out over the Plan Year in September 2023.

The Trustee concluded that the AVC policies with Standard Life and Prudential remain appropriate for members and a consolidation exercise would not be in the best interest of members.

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 service 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 only pay for investment related charges and transaction costs (and in relation to the Default, the other lifestyle options and certain other arrangements as detailed above, they do not pay the AMC or platform fee). The employer paid for all other costs and charges relating to the Plan such as the cost of the Plan's Trustee, external advisers (investment consulting, legal, auditors and communications) and administration costs.

The Trustee's investment adviser has confirmed that the fund charges are competitive for the types of funds available to members. Overall, total charges paid by members are low for an investment-only arrangement relative to similar sized pension schemes, with only a small minority of self-select funds having been identified as being less competitively priced (such as some of the active regional equity funds).

The Trustee believes that the transaction costs 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, for those funds where members pay the TER (ie the majority of the Plan's funds except the Core Fund and Sterling Liquidity Fund – Active). The Trustee monitors the risk and return profile of all 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. The Environmental Fund aims to track its benchmark to within +/-0.6%, which it achieved over the year to 31 December 2023. All other passive funds tracked their index to within a reasonable degree of +/- 0.3% over the year to 31 December 2023. 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.

6.2 Wider assessment

In carrying out the 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:

- Administration;
- 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 them, the Plan's third party advisers 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 2023 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 member plan their retirement.

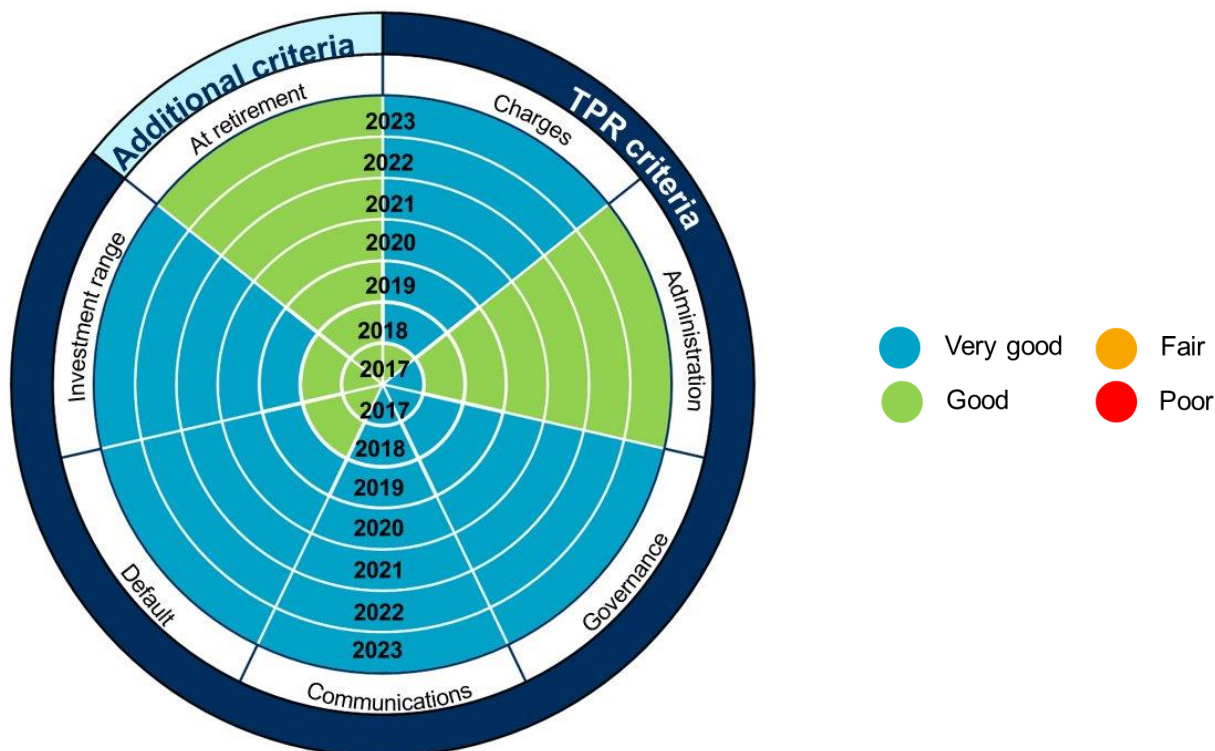
- The Trustee has also implemented feedback received from member focus groups over the Plan Year. This has included updating the home page of MyCitiPension to reflect the information most useful for members which has resulted in higher engagement numbers.
- The Plan offers members three lifestyle strategies, 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 available to members 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. The Trustee believes this because:

- There are a number of benefits provided by the Plan that are paid for by the employer as detailed above. Administration, governance and communication costs are all met by the employer. In addition, the employer also pays the AMC and platform fees for the lifestyle fund options, the Core Fund and the Sterling Liquidity Fund – Active so members only pay the additional expenses for these options.
- Members only pay the AMC and platform fees for the remaining self-select funds.
- Members (and the employer) do not pay platform fees on any funds managed by L&G.
- Most of the fees for the self-select funds are competitively priced and overall the investment charges are very low in comparison to the wider market.
- The growth phase of the Default has produced strong returns, over the three years to 31 December 2023.

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 provides the ratings given for this Plan Year and a comparison against the ratings given in previous assessments.



Recognising that maintaining good value is an ongoing process, the Trustee continues to aim to improve value for members in future. The Trustee will be taking the following steps to improve the Plan during the next Plan year, 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 protections that generally apply to members' assets, should the DC platform provider, or a fund manager on the platform, experience financial difficulties. Please note that this is a complex area which is 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, 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 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 - which are in the case of the relevant L&G relate mostly to funds.

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 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.

Where Legal and General Assurance (Pensions Management) Limited ('PMC') invests in one or more funds operated by another life manager via reinsurance for the benefit of its pooled fund, it obtains protection as a beneficiary of a floating charge issued by such life manager over the assets of the life manager which are attributable to the liabilities reinsured by PMC.

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 investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers typically deliver training on such matters at Trustee meetings if they 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 six 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 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 receives 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 annually and as part of making any change to the Plan's investments. Further, the Trustee Directors believe 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.

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 during the Plan Year in January 2023 which covered topics such as a recap of the Trustee's key DC powers under the Plan to ensure they have a working knowledge of the trust deed and rules and an update on the General Code of Practice to ensure they keep up to date with pensions and trust law.
- The Trustee Directors received quarterly updates on topical issues in the DC market and investment matters from its investment adviser, 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.
- 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 worked to assess the skills of the group, focussing on the individual skills of the Directors and also how the group operates collectively to ensure all Directors feel comfortable to express their views.
- The Trustee Directors consider and apply 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.

SIGNATURE REMOVED

Date: 25/07/2024

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