

Chair's DC Governance Statement, covering 1 January 2024 to 31 December 2024

1. Introduction

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

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

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

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

- The Trustee regularly monitors the investment arrangements, and is satisfied that the lifestyle strategies and other investment options remain suitable for the membership.

- The administrators (WTW and Standard Life) have processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and the Trustee remains comfortable with the administrator's performance. Aegon were introduced as a new administrator for the MPA and AVC section of the Plan in November 2024. Therefore, due to the short time they were in place, we have not assessed the administration service provided by Aegon within this Statement.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and the Trustee remains comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain.
- In November 2024, members in the Plan's other DC arrangements (see 1.2 below) with unit-linked assets were transitioned from Standard Life to Aegon. As part of this transition members fees were reduced albeit with a different fund range made available with Aegon.
- Please rest assured that the Trustee is looking after your best interests as members, and undertakes training and receive advice as appropriate so that they have sufficient knowledge and understanding to do so effectively.

The Plan contains the following DC arrangements:

1.1 Individual Member Accounts ("IMA")

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

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

1.2 Other DC arrangements

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

In the Plan year, all members of the Plan had access to an Additional Voluntary Contribution (“AVC”) arrangement until 30 September 2024 when this facility was removed.

The MPA and AVC section of the Plan was administered solely by Standard Life (“SL”) until the unit-linked assets were transitioned to Aegon in November 2024. Therefore, at the Plan year end, SL and Aegon are the bundled platform providers for the MPA and AVC sections, with only with-profit assets now administered by SL, and all unit-linked assets administered by Aegon.

This Statement covers all of the DC arrangements over the period from 1 January 2024 to 31 December 2024.

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

2. Default arrangements

The Plan is not being used as a Qualifying Scheme for automatic enrolment purposes. The Trustee has received legal advice stating that Regulation 3 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 does not apply to the Plan. This is because it is not a “relevant scheme” under the terms of the regulations, as there have been no contributions other than AVCs since 6 April 2015. Based on this legal advice, the Trustee understands that the reporting requirements relating to default arrangements do not apply to the Plan.

The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the IMA, and MPA and AVC arrangements. The Trustee has made available a range of investment options for members in the IMA and MPA and AVC arrangements.

The last strategic review of the IMA section was on 17 January 2023. The performance and strategy were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of the Drawdown Targeting Lifestyle strategy, and to check that it continues to be suitable and appropriate, given the Plan’s risk profiles and demographics of the membership.

The Trustee decided to make the following changes as part of the last review and these changes were implemented in February 2024:

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

The MPA and AVC arrangement was last reviewed on 27 June 2023. Following this review, the Trustee decided to transfer the unit-linked assets from Standard Life to Aegon, offering the same fund range to members as the IMA section. The transition took place in November 2024. As a result of this transition, a new Cash Targeting Lifestyle strategy was created (replacing the previous lifestyle arrangement available to members of the MPA and AVC section with Standard Life) using the funds available as part of the new arrangement with Aegon.

The next reviews are intended to take place in early 2026 or immediately following any significant change in investment policy or the Plan’s member profile.

Details of the objectives and our policies regarding the investment arrangements are set out in a document called the ‘Statement of Investment Principles’ (“SIP”). The Plan’s SIP covering the investment arrangements is attached to this Statement as an Appendix.

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

The lifestyle arrangements do not have any performance-based fees.

Asset allocation breakdown

Schemes are required to show the asset allocation of the default arrangements. Whilst the Plan is not required to disclose this as there are no default arrangements, a sizable number of members are invested in the Drawdown Targeting Lifestyle strategy (used in the IMA section) and so we have shown the asset allocation for different ages as at the Plan year end for this lifestyle arrangement.

Drawdown Targeting Lifestyle strategy

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	-	-	2	27
Corporate bonds (UK and overseas)	-	-	9	17
UK government bonds	-	-	4	7
Overseas government bonds	-	-	12	21
Listed equities	100	100	68	18
Property*	-	-	2	4
Other**	-	-	3	6

*The property allocation is in respect of investments in pooled funds that give indirect exposure to those types of investment, via investment in equities / listed investments. For example the property allocation is in respect of the BlackRock Aquila Life Market Advantage Fund which invests in Real Estate Investment Trusts ("REITs"). **This includes commodities.

3. Processing of core financial transactions

3.1 IMA

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

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

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

- there are no new contributions being made into IMA funds.
- the Trustee does not accept transfers into the Plan. Any transfers out are processed by WTW in accordance with the SLA.

- Members with IMA funds can request a switch form from WTW or can facilitate this through WTW's online member platform.
- payments to members and beneficiaries are also processed in accordance with the SLA (which often coincide with defined benefit payments from the Plan).

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

- preparation of a quarterly administration report, which is presented to the Trustee's Administration Committee and includes performance against SLAs covering timeliness for core transactions;
- a task logging system which is reviewed weekly for forthcoming workloads and tasks are allocated on a daily basis;
- monthly cash reconciliation;
- all monetary transactions are peer reviewed and authorised by a senior administrator (transactions less than £100,000) and a senior administrator and a team leader (transactions more than £100,000 but less than £250,000) or a senior administrator and an administration manager (transactions over £250,000). Transactions are reviewed and released for payment by a treasury administrator, with final authorisation by an administration manager (or above); and
- bank balances are reviewed daily by the administrator's treasury team.

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

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

WTW has achieved 91% of its targeted SLAs over the period covered by this Statement. This is a slight improvement (from 90%), compared to the previous Plan year and has met the SLA target of 90% for the Plan year but missed this target in Q1 2024 and Q4 2024.

Quarter	SLA
Q1 2024	88%
Q2 2024	90%
Q3 2024	96%
Q4 2024	89%

The Trustee will monitor progress at each Administration Committee meeting when reviewing the administration reports and monitor the SLAs on an ongoing basis.

Based on our review processes, we are satisfied that over the period covered by this Statement:

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

3.2 Other DC arrangements (MPA and AVC)

The Trustee also has MPA and AVC policies with Standard Life ("SL"). In November 2024, members' unit-linked assets were transitioned from SL to Aegon. SL continues to be the administrator for members with With-Profit funds; however, given the short time frame where unit-linked assets were held with Aegon the Trustee has focused on SL SLAs for the Plan year. MPAs are no longer open to new members or to contributions and during the Plan year, the Trustee removed the facility which allowed members to pay AVCs. However, in the Plan year, new contributions paid as AVCs were processed by Eaton's payroll.

SL have confirmed that all core financial transactions were dealt with promptly and accurately over Plan Year. There is a standard SLA covering the accuracy and timeliness of all core transactions which targets completing 90% of all requests within 10 working days for core financial transactions.

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

- automated systems are designed to ensure consistent, timely and accurate receipt and allocation to the correct funds for regular and single payments;
- regular monitoring of process and people performance, including control self-assessment reviews;
- reconciliations are carried out between Finance and Customer Operations to ensure contributions are accurately recorded;
- documented business procedures are in place for contributions processes;
- compliance with processes is supported by an automated workflow system that ensures work is enabled, tracked and managed;
- a dedicated control team actively manages manual payments (including automation failures) and the reporting of missed contributions to the Pensions Regulator ("TPR");
- an automated quotes system, which ensures the consistent application of calculations;
- Plan rules and policy provisions are coded within automated systems that have been built and tested to establish project management practices; and
- a quality assurance framework is in place to ensure that payments are processed in line with the defined processes and service levels.

The Plan has four policies with SL. Service levels over 2024 were as follows:

Plan policy number	Requests completed within 5 working days	Requests completed within 10 working days -
H93065	53%	69%
H93066	20%	53%
H93448	38%	86%
H93762	42%	65%

From the data provided by SL, all of the requests which failed to complete within the 10 working days pertained to providing Plan / members information (non-telephone) and updating member records. In general, compared to the previous Plan year, SLA have increased across the policies. The low SLAs were mainly

attributable to delays in Standard Life providing information to members. To improve this situation Standard Life upskilled existing staff and have since been maintaining a position within SLA, the only exception being its busy period over tax year end.

Based on its review processes and the data available, the Trustee is satisfied that over the period covered by this Statement that in most cases core financial transactions have been processed promptly and accurately during the Plan year by Standard Life. However, the Trustee will continue to monitor the services provided in the coming Plan year to ensure members are not adversely affected by any activities completed outside of service levels.

4. Member-borne charges and transaction costs

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

The Trustee is also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the 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 TER and transaction costs are the only costs borne by members.

In respect of the IMAs, the charges and transaction costs have been supplied by the Plan's platform provider (Aegon). IMA members only pay for the investment management costs for the funds in which they are invested, as Plan administration is covered by the Employer/Trustee.

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

When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. Any negative figures in the tables for the year are shown as provided, but for the costs and charges illustrations zero is used where a transaction cost is negative

to give a more realistic projection (ie it would not expect transaction costs to be negative over the long term).

All figures are shown as % per annum ("pa"). None of the lifestyles have any performance based fees associated with them.

Investment charges for IMAs

4.1 Drawdown lifestyle strategy charges and transaction costs

Members with IMAs are able to invest in a lifestyle strategy which, from April 2021, targets drawdown at retirement. A lifestyle approach is one where members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

The annual charges ranged from 0.19% to 0.32% pa, depending on the invested member's proximity to retirement. Transaction costs varied from 0.01% to 0.12%. For the period covered by this Statement, charges and transaction costs are set out in the following table (as % pa).

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.19	0.01
15 years to retirement	0.20	0.02
10 years to retirement	0.27	0.07
5 years to retirement	0.32	0.11
At retirement	0.31	0.12

Annuity Lifestyle (legacy lifestyle) charges and transaction costs

Members who were within one year of their Target Retirement Age ("TRA") when the Drawdown Lifestyle was introduced (in April 2021) were permitted to remain within the Annuity Lifestyle. At the end of the Plan year, members remain invested in this fund, past their target retirement date. The TER for members in the at retirement allocation over the year was 0.12% pa and transaction costs were -0.01%.

4.2 IMA fund range

The level of charges for each self-select fund (including those used in the drawdown targeting lifestyle strategy) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the IMA Drawdown Lifestyle strategy are shown in **bold**.

Self-select fund charges and transaction costs

Fund name	TER	Transaction costs
Aegon LGIM Low Carbon Transition Developed Markets Equity Index ("LCTF")	0.19	0.01
Aegon BlackRock MSCI World Index Fund ¹	0.14	0.00
Aegon BlackRock Aquila Life Market Advantage	0.38	0.15
Aegon BlackRock ACS 60:40 Global Equity Index Fund ²	0.14	0.07
Aegon BlackRock ACS UK Equity Index Fund	0.13	0.06
Aegon BlackRock Aquila Life Corporate Bond All Stocks Index Fund	0.17	0.00
Aegon BlackRock Aquila Life Over 15 Years UK Gilt Fund ²	0.11	0.02
Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund	0.10	0.02
Aegon BlackRock Index Linked Gilt Index Fund ²	0.10	-0.08
Aegon BlackRock Cash Fund	0.10	0.01

Source: Aegon, as at 31 December 2024. ¹From February 2024, the fund was no longer part of the Drawdown Lifestyle strategy as assets switched to the LCTF. ²This option was removed as a self-select option as part of the transition that took place in April 2021. Lifestyle assets remain invested.

Investment charges for other DC arrangements (MPA and AVC)

4.3 Cash Lifestyle Strategy charges and transaction costs

In the other DC arrangements (MPA and AVC), members are able to invest in a lifestyle strategy which targets cash withdrawal at retirement. The annual charges ranged from 0.45% to 0.68% pa, depending on the invested member's proximity to retirement. Transaction costs varied from 0.02% to 0.16% pa.

Cash lifestyle charges and transaction costs

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.45	0.02
15 years to retirement	0.51	0.06
10 years to retirement	0.59	0.10
5 years to retirement	0.66	0.15
At retirement	0.54	0.10

Source: Standard Life, TER as at 30 November 2024, transaction costs as at 30 September 2024, which is the period closest to when members were invested.

As part of the transition of unit-linked assets from Standard Life to Aegon as agreed by the Trustee, a new cash lifestyle was created to replace the one shown above. The annual charges ranged from 0.41% to 0.58% pa, depending on the invested member's proximity to retirement. Transaction costs varied from 0.01% to 0.11%.

Cash lifestyle (new) charges and transaction costs

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.44	0.01
15 years to retirement	0.45	0.02
10 years to retirement	0.52	0.07
5 years to retirement	0.58	0.11
At retirement	0.41	0.04

Source: Aegon, as at 31 December 2024.

4.4 MPA and AVC Individual funds charges and transaction costs

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

Fund name	TER	Transaction costs
SL Vanguard FTSE UK All Share Index Pension Fund	0.51	0.04
SL Global Equity 50:50 Tracker Pension Fund	0.45	0.02
SL BlackRock ACS World (Ex UK) Equity Pension Fund	0.50	0.03
SL Corporate Bond Pension Fund	0.50	0.02
SL Index Linked Bond Pension Fund	0.50	0.06
SL Annuity Targeting Pension Fund	0.50	0.10
SL Deposit and Treasury Pension Fund	0.50	0.09
SL Managed Pension Fund (non-core fund closed to future Plan contributions)	0.50	0.10
SL BlackRock Market Advantage Pension Fund	0.75	0.20
Standard Life With Profits One 2006 Fund ²	Not disclosed	0.03%
Standard Life With Profits One Fund ²	Not disclosed	0.03%

Source: The fees shown above for the Standard Life funds are after the allowing for the Plan rebate of 0.50% pa. TER has been confirmed by SL as at 30 November 2024, transaction cost as at 30 September 2024, which is the period closest to when members were invested. ²TERs not provided by Standard Life for the with profits funds as it is implicit.

As part of the transition of unit-linked assets from Standard Life to Aegon, members were offered a range of self-select funds as part of the new bundled arrangement. Funds that are used within the new MPA and AVC cash lifestyle strategy are shown in bold.

Self-select fund charges and transaction costs

Fund name	TER	Transaction costs
Aegon LGIM Low Carbon Transition Developed Markets Equity Index ("LCTF")	0.44	0.01
Aegon BlackRock MSCI World Index Fund	0.39	0.00
Aegon BlackRock Aquila Life Market Advantage	0.64	0.15
Aegon BlackRock ACS UK Equity Index Fund	0.36	0.06
Aegon BlackRock Aquila Life Corporate Bond All Stocks Index Fund	0.36	0.00
Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund	0.40	0.02
Aegon BlackRock Cash Fund	0.35	0.01

Source: Aegon, as at 31 December 2024.

Illustration of charges and transaction costs

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

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years (with the exception of the LCTF which is over a 1-year period and the BlackRock Aquila Life Market Advantage Fund which is over a four-year period given the more recent inception within the Plan), subject to a floor of zero (so the illustration does not assume a negative cost over the long term). The average annualised transaction costs over the past five years are used as it should be more indicative of longer-term costs compared to only using figures over the Plan year.

- The illustration is shown for the IMA lifestyle that was in place as at 31 December 2024, as well as two funds from the Plan's self-select fund range. We have excluded MPA and AVC funds within our illustrations due to the small proportion of assets held relative to the IMAs within the Plan. The two self-select funds shown in the illustration are:

- the fund with highest annual member borne costs (TER plus Plan Year transaction costs) – this is the this is the Aegon BlackRock Aquila Life Market Advantage (IMA funds)
- the fund with lowest annual member borne costs – this is the Aegon BlackRock Index Linked Gilt Index Fund (IMA funds)

Projected pension pot in today's money

Years invested	IMA Lifestyle		Aegon BlackRock Index-Linked Gilt		Aegon BlackRock Aquila Life Market Advantage	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£16,000	£16,000	£16,200	£16,200	£15,700	£15,600
3	£17,200	£17,100	£17,700	£17,500	£16,200	£15,800
5	£18,400	£18,200	£19,300	£19,000	£16,700	£16,000
10	£21,800	£21,400	£24,100	£23,400	£18,000	£16,500
15	£25,200	£24,300	£30,000	£28,800	£19,400	£17,100
20	£28,200	£26,300	£37,400	£35,300	£20,900	£17,600
25	£30,200	£27,300	£46,600	£43,400	£22,500	£18,200

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%.
- The starting pot size used is £15,500. This is the approximate average (median) pot size for members lowest five-year age bracket (42-47 years old) rather than using a whole membership average, we have taken this approach to give a more realistic projection).
- The projection is for 25 years, being the approximate duration that the youngest Plan member has until they reach the Plan's Normal Pension Age (65).
- No contributions have been assumed to be paid, since the Plan is closed to future contributions.
- The projected before costs annual returns used are as follows:
- Lifestyle option: Drawdown Lifestyle Strategy (IMA) – returns vary from 3.5% above inflation for the initial years, gradually reducing to a return of 1.0% below inflation at the ending point of the lifestyle.
 - Aegon BlackRock Index Linked Gilt Index Fund: 4.5% above inflation
 - Aegon BlackRock Aquila Life Market Advantage: 1.5% above inflation
- No allowance for active management outperformance has been made.

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

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Plan year, over periods to Plan year end for the IMA

section and over periods to 30 November 2024 for the MPA section. We have had regard to the statutory guidance in preparing this Section.

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

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

IMA drawdown lifestyle net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)
25	0 ¹
45	21.4
55	13.8

Previous MPA cash lifestyle net returns over period to 30 November 2024

Age of member at the start of the period	1 year (%)
25	0 ¹
45	21.0
55	15.9

Notes

- ¹The Plan is closed to new members and the youngest member of the Plan is older than 25. The net returns for a 25-year-old therefore is equal to 0 as there were no members of this age in the Plan.
- We have not shown net returns for the new MPA cash lifestyle as members have only been invested in the lifestyle strategy since November 2024, as such, members would have not received 1 year performance.

IMA individual fund net returns over periods to Plan year end

Fund name	1 year (%)	5 year (%)
Aegon BlackRock MSCI World Index Fund	21.0	12.8
Aegon BlackRock Aquila Life Market Advantage	5.8	0.6
Aegon BlackRock Aquila Life 60:40 Global Equity Index Fund ¹	9.6	6.4
Aegon BlackRock ACS UK Equity Index Fund	8.3	4.1
Aegon BlackRock Aquila Life Corporate Bond All Stocks Index Fund	1.6	-1.1
Aegon BlackRock Aquila Life Over 15 Years UK Gilt Fund ¹	-10.2	-10.5
Aegon BlackRock Aquila Life All Stocks UK Gilt Index Fund ¹	-3.3	-4.8
Aegon BlackRock Index Linked Gilt Index Fund	-10.4	-8.2
Aegon BlackRock Cash Fund	5.4	2.3
Aegon LGIM Low Carbon Transition Developed Markets Equity Index	21.4 ²	-

¹ This option was removed as a self-select option as part of the transition that took place in April 2021. Lifestyle assets remain invested. ² The fund was added to the Plan range in February 2024 and therefore 5 year performance is not available for the Plan.

MPA and AVC individual net returns over period to 30 November 2024

Fund name	1 year (%)	5 year (%)
SL Vanguard FTSE UK All Share Index Pension Fund ¹	15.1	5.2
SL Global Equity 50:50 Tracker Pension Fund ¹	21.0	9.1
SL BlackRock ACS World (Ex UK) Equity Pension Fund ¹	26.5	12.5
SL Corporate Bond Pension Fund ¹	6.2	-1.1
SL Index Linked Bond Pension Fund ¹	1.6	-8.0
SL Annuity Targeting Pension Fund ¹	4.3	-5.5
SL Deposit and Treasury Pension Fund ¹	4.8	1.8

Fund name	1 year (%)	5 year (%)
SL Managed Pension Fund ¹ (non-core fund closed to future Plan contributions)	14.4	4.9
SL BlackRock Market Advantage Pension Fund ¹	10.8	0.8
Standard Life With Profits One 2006 Fund	10.2	4.7
Standard Life With Profits One Fund	10.2	4.7

¹ Members were transitioned from this Fund in November 2024, as such, performance is to 30 November 2024 (the last month end after closure). Members assets were transferred to various funds that are available as part of the IMA section. Performance for these funds are shown in the IMA section.

6. Value for members assessment

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

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The date of the last review was 14 April 2025.

The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustee's investment advisers, Lane Clark & Peacock LLP, have confirmed that the fund charges are competitive for the types of fund available to IMA members. For the MPA and AVC section, charges are broadly in line with those typically seen for schemes such as the Plan, taking into account the largely legacy nature of the assets and the fact that there have been no contributions into the Plan for several years (except for AVCs). Furthermore, following the transition of unit-linked assets from Standard Life to Aegon, overall fees for the unit-linked funds members are invested in have decreased.

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

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

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

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

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

The Trustee's assessment included a rating of the Plan for the following seven criteria (assigning a rating of poor, fair, good or very good):

- **Charges** – Good – The sponsoring employer meets the majority of the Plan's running costs, and the costs being borne by members are competitive overall. The majority of assets in the MPA and AVC section moved to Aegon on a bundled basis in November 2024, which reduced fees for members. The costs for the MPA and AVC section are slightly higher than comparative schemes but this is to be expected, given the size of this section.
- **Administration** – Fair – The sponsoring employer covers the cost of the administration for the IMA section. Members with unit-linked and with-profits assets in the MPA/AVC sections incur the costs of Aegon's and SL's administration respectively. For IMA Section members, WTW met the agreed standards for 91% of processed transactions over the Plan year. For MPA and AVC section members, SL did not complete all requests within 10

working days, which is aims to do. However, since November 2024, only members with With-Profit funds remain with SL.

- **Governance** – Very good – The Trustee Board keeps itself informed of key regulatory requirements and is committed to running the Plan. A Trustee Knowledge Understanding assessment was undertaken in 2024. The overall assessment showed positive results with a high level of understanding across most areas.
- **Communications** – Very good – Communications are easily accessible on the Plan's website homepage. The Trustee has a communications strategy in place for the year ahead which will primarily focus around driving forward digital engagement with members and enhancing the member portal to allow greater self-serve functionality.
- **Lifestyle arrangements** – Good – The passive funds used in the growth phase of the lifestyles have tracked their benchmark over 1, 3 and 5 years to 31 December 2024. Performance was positive for all members of the drawdown lifestyle strategy over 2024. A new cash lifestyle for MPA and AVC section members was introduced in November 2024 and will be monitored quarterly going forward.
- **Investment range and performance** – Good - There is a clear and concise range of appropriate self-select funds across the IMA and MPA and AVC sections, covering most of the main asset classes.
- **Post-retirement services** – Good – The at-retirement support remains limited, given the Plan's particular characteristics and rules governing how benefits can be taken. However, during the Plan year, the Trustee appointed an IFA firm to provide support and guidance to members approaching retirement (over 54 and a half) who have access to one round of advice paid for by the Plan. The Trustee therefore believes it has improved value for members in this area, through the enhancements made during the Plan year.

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

7. Trustee knowledge and understanding

The Plan's Trustee directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. This, together with the advice available, enables the Trustee to exercise its function properly and run the Plan effectively,

having due regards to the Trust Deed and Rules of the Plan, the current Statement of Investment Principles ("SIP"), and the various policies that the Trustee has in place. The Trustee's business and decision-making is recorded in the minutes of meetings by the appointed Plan Secretary.

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

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

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps. The Trustee's 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. During the period covered by this Statement, the Trustees received training on the following topics:

- Mansion House update, provided by Baker McKenzie;
- Credit training, provided by LCP;
- TPR's General Code of Practice, provided by WTW;
- Inclusion and Diversity in pensions, provided by WTW;
- Longer term funding and investment strategy, Biodiversity Loss including TNFD, provided by LCP; and
- The role of a custodian, provided by LCP.

Additionally, the Trustee receives quarterly updates on topical pension issues from its advisers.

All the Trustee directors are familiar with and have access to copies of the Plan's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is formally reviewed annually and as part of making any change to the Plan's

investments. Further, the Trustee believes that it has sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil its duties.

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

All the Trustee Directors, as at 31 December 2024, have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). All new Trustee Directors are expected to complete TPR's Trustee Toolkit within six months of appointment (this requirement is being met). In addition to the Toolkit, new Trustee Directors are provided with access to the Plan's key documents via the Trustees' portal and receive an induction pack containing key Plan documents. A meeting is arranged with the Chair, key advisers and the Trustee Secretary to discuss Plan matters in more detail. Two new Trustee Directors were appointed post Plan year end and are working through the induction process.

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

Considering the Trustee knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), the Trustee believes that it is well placed to exercise our functions as Trustee Directors of the Plan properly and effectively.

R A Brougham Date: 30 June 2025

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