

Chair’s DC Governance Statement, covering the period from 1 October 2022 to 30 September 2023 (the “Trust Year”)

1. Introduction and members’ summary

The **TUI GROUP UK Pension Trust** (the “Trust”) includes three segregated schemes, the BAL Scheme, the TUI UK Scheme and the TAPS Scheme (the “Schemes”). Each of the Schemes is an occupational pension scheme. The BAL Scheme and the TUI UK Scheme have sections that provide defined contribution (“DC”) benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments (or is invested in the default option) but bears the investment risk). All of the three Schemes have members who have paid Additional Voluntary Contributions (“AVCs”) into the Scheme.

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

- the design and oversight of the default investment option (ie where contributions were historically invested for members that did not wish to choose their own investments. The Schemes are now closed to contributions);
- processing of core financial transactions (ie administration of the Trust, such as processing of transfers);
- the charges and transaction costs borne by members for the default 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 Schemes is assessed; and
- Trustee knowledge and understanding.

The following table summarises the type of benefits held in the Schemes:

	DC Section	AVCs
BAL Scheme	Yes	Yes
TUI UK Scheme	Yes	Yes
TAPS Scheme	No	Yes

The key points that we would like members reading this statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator, Equiniti, has processed core financial transactions promptly and accurately to an acceptable level during the Trust Year, and we remain comfortable with the administrator’s performance. Standard Life acts as a platform provider for the DC and AVC Sections in each of the BAL Scheme and the TUI UK Scheme, and the AVC Section of the TAPS Scheme. Standard Life’s performance has been relatively poor; however, steps are in place to improve this.
- 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 we remain comfortable that these fees are reasonable given the circumstances of the Schemes and represent value for the benefits members obtain.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Schemes are closed and are not used as a Qualifying Scheme for automatic enrolment purposes.

We have made available a range of investment options for members. Members who do not choose an investment option are placed into the Flexible Income Lifestyle Strategy (the “Default”). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date.

The BlackRock Market Advantage Fund (“BMAF”) is also considered to be an additional default arrangement for governance purposes. This is as a result of a bulk transfer of assets without member consent in June 2019.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

Details of the objectives and our policies regarding the default arrangements are set out in a document called the ‘Statement of Investment Principles’ (“SIP”). The Trust’s SIP, covering the default arrangements, is attached to this statement. The Trustee’s investment beliefs are defined in the SIP. The SIP was updated after Trust Year end, to reflect:

- DWP’s new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship; and
- The Trustee’s policy regarding investments in illiquid assets.

As this review took place after the end of the Trust Year, the SIP attached to this statement is the version that was in place during the Trust Year. The updated SIP can be found online here:

<https://www.tuigroup.com/damfiles/default/tuigroup-15/en/about-us/our-business/TUI-GUPT-SIP---effective-6.12.2023.pdf-cd13c40fbe32938a911b7956b2e1ffa1.pdf>

The aims and objectives of the default arrangement, as stated in the SIP, are as follows:

- aim for significant long-term real growth while members are further away from retirement;
- manage down volatility in fund values as members near retirement; and
- target an end point portfolio that is appropriate and consistent with members using their accumulated pot to fund their retirement via flexi-access drawdown.

The Default is reviewed at least every three years and was last reviewed on 7 December 2022. The review considered the current demographics of the membership and when members are retiring relative to their target retirement age. The performance and strategy of the Default were reviewed to check whether investment returns (after deduction of charges and costs) have been consistent with the aims and objectives of the Default as stated in the SIP, and to check that it continues to be suitable and appropriate given the Trust’s risk profiles and membership.

In addition to triennial strategy reviews, we also review the performance of the default arrangements against their objectives on a quarterly basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Trust Year concluded that the default arrangement was performing broadly as expected given the market environment.

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the Trust, Equiniti, the platform provider, Standard Life, and by the AVC providers, Prudential and Wesleyan.

Core financial transactions include (but are not limited to): processing of transfers in and out of a Scheme, transfers of assets between different investments within a Scheme, and payments to members/beneficiaries.

We recognise that delay and error can cause significant issues for members. They can also cause members to lose faith in pension saving, which may in turn reduce their propensity to save and impair future outcomes. We

have received assurance from Equiniti and Standard Life that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Trustee has an agreement in place with the administrator which covers, among other things, agreed service levels around the accuracy and timeliness of all core financial transactions. Further details of the controls and assurances in place for each provider are detailed below.

Equiniti

Equiniti has various administration responsibilities, which are outlined in the services agreement with the Trustee. It deals with all member enquiries, including member disinvestments. Core financial transactions include (but are not limited to): processing of transfers in and out of the Schemes, and payments to members/beneficiaries. With regards to retirement processing, Equiniti is responsible for producing quotations, issuing retirement options to members, dealing with any queries relating to retirement benefits, and arranging settlement/commencement of benefits for members.

We are able to monitor service levels with Equiniti via monthly and quarterly Administration Reports and a monthly TUI Member Web Statistics Report. Monthly Supplier Performance Meetings between Equiniti and the TUI UK Pension Manager include a review of Equiniti's performance during the previous month (including, but not limited to, service levels). Any issues identified as part of our review process would be raised with the administrators immediately, and steps would be taken to resolve the issues.

Equiniti have confirmed that the qualified opinion on their latest AAF 01/20 report for the period to 31/12/22 had no impact on the Trust.

There is an agreed service level in place with Equiniti that covers timescales for addressing key administrative tasks. The agreed timescales range from 2 to 10 days. Equiniti's performance against agreed service levels over the 12 months to 30 September 2023 has been good at c.99.5% (99.4% for TUI UK, 100% for TAPS and 99.2% for BAL).

Equiniti has not reported any material administration issues in relation to core financial transaction processing over the 12 months to 30 September 2023. Any errors or breaches are discussed at the monthly meetings between Equiniti and the TUI UK Pension manager.

Standard Life

Standard Life acts as a platform provider for the DC and AVC Sections in each of the BAL Scheme and the TUI UK Scheme, and the AVC Section of the TAPS Scheme. It also provides an online portal where members are able to instruct investment switches.

The key processes adopted by Standard Life to help it meet its agreed service levels set out in its Pensions Internal Control Statement, which the Trustee has reviewed. This document gives descriptions of the key controls to meet the following control objectives:

- Authorised switches between investment options and changes to investment instructions are processed accurately and in a timely manner (including Lifestyle profiles).
- Transfer values are calculated in accordance with policy provisions and are paid on a timely basis.
- Benefits are provided in accordance with scheme rules, policy provisions, relevant legislation, and individual elections.
- Benefits are calculated on the basis of accurate fund values and are set up and paid on a timely basis.

Having reviewed the descriptions of the controls for these objectives, and with guidance from its advisers, we believe that the controls in place are sufficient.

We receive quarterly reports about Standard Life's performance against and compliance with the agreed service levels. Standard Life's performance against agreed service levels has been disappointing, averaging c81% over the year (71.3% in Q4 2022, 89.7% in Q1 2023, 74.3% in Q2 2023 and 88.9% in Q3 2023). Poor performance has been due to a number of factors such as staff attrition and lack of training. Steps have been taken by Standard Life to improve performance and we are monitoring this.

Prudential and Wesleyan

Prudential and Wesleyan are responsible for processing the core financial transactions for the AVC assets they hold, and ensuring there are adequate internal controls in place so that core financial transactions relating to the Schemes are processed promptly and accurately.

Prudential has adopted the following processes to help meet its service level targets:

- employing a central financial control team separate from the main administration team;
- peer checking and authorisation of payments;
- daily monitoring of bank accounts;
- daily checking and reconciliation of member unit holdings;
- employing a dedicated contribution processing team; and
- reporting of late contributions.

Wesleyan has a service level standard of 7 working days to respond to requests unless the request is more complex, in which case this may be slightly longer. If the request is a generic enquiry which requires no calculation or alternations, then Wesleyan aims for a turnaround of 3 working days. Wesleyan has stated that they do not record their performance against its service level targets. Wesleyan has adopted the following processes to help meet its service level targets:

- quality checking on a competency-basis for all information, alteration & claim requests;
- regular monitoring of suspense accounts to ensure that any payments received can either be allocated to a particular plan or traced back to the payer if sufficient details haven't been provided; and
- for annual statements for members, they have dedicated teams to ensure that the data being reflected within the statements is correct, compliant, and up to date.

Wesleyan has acknowledged there have previously been some delays in responding to queries. It indicated last year it would aim to resolve this by increasing training within the Pensions department so answers to queries would be more readily available. Our advisers have seen an improvement in responsiveness.

Given that Prudential and Wesleyan are legacy AVC arrangements with a small number of members and assets relative to the overall DC arrangements, we monitor their administrative performance less frequently than we do Equiniti's and Standard Life's performance. However, Prudential and Wesleyan are aware that we expect reporting of any material administration errors in relation to processing core financial transactions. Having received no reports of such errors or any related member complaints, we believe that Prudential and Wesleyan processed Scheme core financial transactions promptly and accurately during the Scheme year.

Overall assessment

Based on our review processes, we are satisfied that during the Trust Year:

- the administrator and each provider above was operating appropriate procedures, checks and controls, and operating within their agreed service levels with the exception of those noted above for Standard Life;
- 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 Trust year.

4. Member-borne charges and transaction costs

We are 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 stated charges are shown as a per annum ("pa") figure and also include a portion of the administration costs. However, in order to maintain lower fees for members, the Company, TUI Group UK, pays a per member per annum amount for BAL Scheme members and for TUI UK Scheme members.

We are also required to disclose transaction cost figures. In the context of this statement, the transaction costs shown are those incurred when the Trust'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. Transaction costs are borne by members.

The majority of charges and transaction costs have been supplied by Standard Life who are the investment platform provider for the Schemes. When preparing this section of the statement we have 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. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term).

Default arrangements

The Default has been set up as a lifestyle approach, which means that 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.

Annualised charges and transaction costs during the Trust Year are set out in the following table. The BMAF is covered in the self-select fund section.

Please note that "Main Schemes", as quoted in all of the tables throughout this statement, applies to the DC Section of each of the Schemes, together with the TUI DB AVCs. The BAL DB AVCs have different TERs so are shown in a separate column. The TAPS Scheme is included in the AVC section as this Scheme only has AVC assets.

Default option (Flexible Income Lifestyle Strategy)

Years to target retirement date	Main Schemes TER (%)	BAL DB AVCs TER (%)	Transaction costs (%)
15 or more years to retirement	0.24	0.81	0.05
10 years to retirement	0.37	0.94	0.25
5 years to retirement	0.49	1.06	0.44
At retirement	0.35	0.92	0.29

Non-default lifestyle strategies – charges and transaction costs

In addition to the default arrangement and a range of self-select funds, members also have the option to invest in two other lifestyles, targeting cash withdrawal and annuity purchase. The annual charges for these lifestyles during the period covered by this statement are set out in the tables below. The default and alternative lifestyle strategies have the same asset allocation up until 5 years to retirement, therefore the fees are the same.

Lump Sum Lifestyle Strategy

Years to target retirement date	Main Schemes TER (%)	BAL DB AVCs TER (%)	Transaction costs (%)
15 or more years to retirement	0.24	0.81	0.05
10 years to retirement	0.37	0.94	0.25
5 years to retirement	0.49	1.06	0.44
At retirement	0.17	0.74	0.06

Annuity Lifestyle Strategy

Years to target retirement date	Main Schemes TER (%)	BAL DB AVCs TER (%)	Transaction costs (%)
15 or more years to retirement	0.24	0.81	0.05
10 years to retirement	0.37	0.94	0.25
5 years to retirement	0.49	1.06	0.44

Years to target retirement date	Main Schemes TER (%)	BAL DB AVCs TER (%)	Transaction costs (%)
At retirement	0.21	0.78	0.14

Self-select fund range – charges and transaction costs

The level of charges for each self-select fund (including those used in the Default) and the transaction costs over the Trust Year are set out in the following table. The underlying funds used within the Default are shown in **bold**.

Fund	Main Schemes TER (%)	BAL DB AVCs TER (%)	Transaction costs (%)
Passively managed funds			
SL BlackRock ACS World Multifactor Equity Tracker Pension Fund	0.30	0.87	0.04
Standard Life World Ex UK Equity Pension Fund	0.15	0.72	0.06
SL iShares UK Equity Index Pension Fund	0.14	0.71	0.04
SL iShares Emerging Markets Equity Index Pension Fund	0.33	0.90	0.08
SL iShares Corporate Bond Index Pension Fund	0.14	0.71	0.07
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	0.15	0.72	0.04
SL iShares North American Equity Index Pension Fund	0.14	0.71	0.00
SL iShares Continental European Equity Index Pension Fund	0.14	0.71	0.10
SL iShares Japan Equity Index Pension Fund	0.14	0.71	0.04
SL iShares Pacific ex Japan Equity Index Pension Fund	0.16	0.73	0.12
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	0.15	0.72	0.00
SL HSBC Islamic Global Equity Index Pension Fund	0.43	1.00	0.00
Standard Life Annuity Targeting Pension Fund	0.22	0.79	0.17
Actively managed funds			
SL BlackRock Market Advantage Pension Fund	0.49	1.06	0.44
Standard Life Deposit and Treasury Pension Fund	0.19	0.76	0.06
Standard Life Property Pension Fund	0.31	0.88	0.22

AVC funds – charges and transaction costs

Some members of the Schemes' defined benefit sections have made Additional Voluntary Contributions (AVCs) to policies held with a number of different providers. Our advisers have contacted the AVC providers to request the charges and transaction costs for inclusion in this statement.

The transaction cost figures for Prudential and Wesleyan for the Trust Year were not available at the time of finalising this statement, but all efforts are being made to obtain the figures for next year's statement. Our advisers have repeatedly chased for this information and are escalating the issue with the AVC providers at a more senior level and emphasising the importance of obtaining the figures in a timely manner. Since Prudential and Wesleyan have not been able to provide figures for the Trust Year, we have shown the latest figures we were able to obtain, for the 12 months to 30 June 2023 and 31 December 2022 respectively.

AVC fund charges and transaction costs where available are shown in the following table.

Fund	TER (%)	Transaction costs (%)
Standard Life		
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.66	0.27
Pension Millennium With Profits Fund	n/a	0.01
Pension Millennium With Profits 2006 Fund	n/a	0.01
Standard Life Managed Pension Fund	0.64	0.18
SL Abrdn UK Smaller Companies Pension Fund	1.12	0.11
Standard Life Asia Pacific ex Japan Equity Pension	0.74	0.05
Standard Life Stock Exchange Pension Fund	0.65	0.17
Pension With Profits One Fund	n/a	0.01
Standard Life North American Equity Pension Fund	0.63	0.05
Standard Life European Equity Pension Fund	0.63	0.06
Standard Life FTSE Tracker Pension Fund	0.63	0.06
Standard Life UK Equity Pension Fund	0.63	0.14
Wesleyan		
Deposit Fund ¹	0.75	0.00
Managed Fund ¹	1.00	0.00
With-Profits Fund ¹	0.90-1.00	0.04
Prudential		
With-Profits Cash Fund ²	n/a	0.17
With-Profits Fund ²	n/a	0.17
M&G Cash Fund	0.11	n/a
M&G UK Equity Fund	0.42	n/a

¹ As at 31 December 2022 ² As at 30 June 2023

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, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five years as this is the longest period over

which figures were available, and should be more indicative of longer-term costs compared to only using figures over the Trust Year.

- The illustration is shown for the Default, as well as the other legacy legislative default arrangement (BMAF) and two funds from the Schemes' self-select fund range. The two self-select funds shown in the illustration are:
 - the fund with highest annual member borne costs (TER plus Trust Year transaction costs) – this is the SL BlackRock Market Advantage Pension Fund (this is also an additional default arrangement)
 - the fund with lowest annual member borne costs – this is the SL iShares North American Equity Index Pension Fund

Projected pension pot in today's money

Years invested	Default option		SL BlackRock Market Advantage Pension Fund		SL iShares North American Equity Index Pension Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£31,700	£31,500	£30,800	£30,500	£32,000	£31,900
3	£33,900	£33,500	£31,100	£30,200	£34,900	£34,800
5	£36,200	£35,600	£31,400	£29,900	£38,100	£37,800
10	£42,900	£41,500	£32,200	£29,300	£47,500	£46,800
15	£50,800	£48,300	£33,000	£28,700	£59,200	£57,800
20	£57,600	£53,400	£33,800	£28,100	£73,800	£71,500
25	£60,800	£54,100	£34,700	£27,500	£92,000	£88,400
30	£63,800	£54,600	£35,500	£26,900	£114,600	£109,300

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 £30,600. This is the approximate average (median) pot size for members aged 40 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 30-year projection).
- The projection is for 30 years, being the approximate duration that the youngest scheme member has until they reach the Schemes' Normal Pension Age.
- As the Schemes are closed and all members are deferred, there are no contributions.
- The projected annual returns used are as follows:
 - Default option: 3.1% above inflation for the initial years, falling to a return of 0.4% below inflation at 5 years to retirement before rising to a return of 0.6% above inflation at the ending point of the lifestyle.
 - SL BlackRock Market Advantage Pension Fund : 0.4% below inflation
 - SL iShares North American Equity Index Pension Fund: 4.3% above inflation

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 scheme year. 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 arrangements where returns vary with age, such as for the default strategy, returns are shown over the scheme for various periods for a member aged 45 and 55 at the start of the period the returns are shown over. Statutory

guidance requires returns for a 25-year-old member to be shown however, there are no members in the Schemes that are as young as 25 (the youngest member is 32 at the time of writing) so these returns have not been shown. We considered showing the figures for a 35-year-old member as well, but since the lifestyle de-risking starts at 15 years before retirement the 35- and 45-year-old lifestyle invested members would have experienced the same returns.

Default option (Flexible Income Lifestyle Strategy) net returns over periods to scheme year end

Age of member at the start of the period	Main Schemes		BAL DB AVCs	
	1 year (%)	2 years (% pa)	1 year (%)	2 years (% pa)
45	8.2	1.6	7.6	1.1
55	5.9	-3.0	5.3	-3.5

Lump Sum Lifestyle Strategy net returns over one year to scheme year end

Age of member at the start of the period	Main Schemes		BAL DB AVCs	
	1 year (%)	2 years (% pa)	1 year (%)	2 years (% pa)
45	8.2	1.6	7.6	1.1
55	5.9	-3.0	5.3	-3.5

Annuity Lifestyle Strategy net returns over one year to scheme year end

Age of member at the start of the period	Main Schemes		BAL DB AVCs	
	1 year (%)	2 years (% pa)	1 year (%)	2 years (% pa)
45	8.2	1.6	7.6	1.1
55	5.9	-3.0	5.3	-3.5

Self-select fund net returns over periods to scheme year end

Fund name	Main Schemes		BAL DB AVCs	
	1 year (%)	2 years (% pa)	1 year (%)	2 years (% pa)
SL BlackRock ACS World Multifactor Equity Tracker Pension Fund	6.7	3.4	6.1	2.8
Standard Life World Ex UK Equity Pension Fund	12.5	1.7	11.9	1.2
SL iShares UK Equity Index Pension Fund	14.4	4.6	13.7	4.0
SL iShares Emerging Markets Equity Index Pension Fund	-0.4	-4.7	-1.0	-5.3
SL iShares Corporate Bond Index Pension Fund	6.3	-9.0	5.7	-9.5
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	-13.6	-20.7	-14.1	-21.1
SL BlackRock Market Advantage Pension Fund	4.4	-5.9	3.8	-6.4
SL iShares North American Equity Index Pension Fund	7.8	4.2	7.1	3.6
SL iShares Continental European Equity Index Pension Fund	20.7	2.0	20.0	1.4
SL iShares Japan Equity Index Pension Fund	12.9	-0.8	12.2	-1.4
SL iShares Pacific ex Japan Equity Index Pension Fund	4.9	-2.2	4.3	-2.7

Fund name	Main Schemes		BAL DB AVCs	
	1 year (%)	2 years (% pa)	1 year (%)	2 years (% pa)
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	8.6	0.7	8.0	0.1
SL HSBC Islamic Global Equity Index Pension Fund	13.7	5.3	13.1	4.7
Standard Life Annuity Targeting Pension Fund	-2.0	-15.3	-2.5	-15.8
Standard Life Deposit and Treasury Pension Fund	3.9	2.2	3.3	1.6
Standard Life Property Pension Fund	-11.9	-1.6	-12.4	-2.1

AVC funds – investment returns

Fund	1 year (%)	2 years (% pa)
Standard Life		
Standard Life At Retirement (Multi Asset Universal) Pension Fund	5.5	-3.3
Pension Millennium With Profits Fund ¹	n/a	n/a
Pension Millennium With Profits 2006 Fund ¹	n/a	n/a
Standard Life Managed Pension Fund	4.4	-2.4
SL Abrdn UK Smaller Companies Pension Fund	-0.3	-21.6
Standard Life Asia Pacific ex Japan Equity Pension	1.2	-6.4
Standard Life Stock Exchange Pension Fund	8.6	0.5
Pension With Profits One Fund ¹	n/a	n/a
Standard Life North American Equity Pension Fund	4.5	2.0
Standard Life European Equity Pension Fund	14.8	0.2
Standard Life FTSE Tracker Pension Fund	13.1	3.7
Standard Life UK Equity Pension Fund	10.8	2.6
Wesleyan		
Deposit Fund	3.3	1.8
Managed Fund	12.8	2.5
With-Profits Fund	1.9	3.0
Prudential		
With-Profits Cash Fund	4.9	5.6
With-Profits Fund	4.9	5.6
M&G Cash Fund	3.9	2.2
M&G UK Equity Fund	13.5	-0.3

¹Standard Life have confirmed fund performance is not applicable to the With Profits funds used in the Scheme.

6. Value for members assessment

We are 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.

We review 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 Schemes. The date of the

last review was 29 January 2024. We note 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. Where transaction costs are unavailable for some AVC funds, the Trustee has taken a proportionate approach in its consideration of value for members, with a focus on where the majority of Scheme assets are invested.

Our investment advisers have confirmed that overall the fees appear reasonable when compared to other schemes of a similar size, with the majority being broadly in line with the median.

Our assessment included a review of the performance of the Schemes' investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the majority of investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives. The BMAF delivered muted returns and has underperformed its "cash plus" benchmark over 5 years due to difficult market conditions over the last couple of years. The Fund's allocation to developed small cap equity and inflation linked gilts were key reasons for the underperformance. All of the passive funds have tracked their respective benchmarks within acceptable limits. We are comfortable with the performance of the fund range.

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

- our oversight and governance, including ensuring the Schemes are compliant with relevant legislation, and holding regular meetings to monitor the Schemes and address any material issues that may impact members;
- the design of the default arrangements 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 Trust website where members can access fund and Trust information online, accessible here <https://mytuirpension.equiniti.com/>; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

As detailed in the earlier section covering the processing of core financial transactions by Equiniti, we are comfortable with the quality and efficiency of the administration processes. Standard Life's performance against its agreed service levels has been disappointing, but steps are in place to improve this.

We believe 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.

Overall, we believe that members of the Schemes are receiving good value for money for the charges and costs that they incur, for the reasons set out in this section.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Schemes effectively. We have 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 Trust Year are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they were material. During the Trust Year, we received training on the following topics:

- Integration of Environmental, Social and Governance factors into the default strategy as part of the triennial review.
- Understanding the Department for Work and Pensions Stewardship guidance.

Additionally, we receive quarterly updates on topical pension issues from our investment and legal advisers.

We are required to pass 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) within six

months of joining the Board. All the Trustees Directors in place as at the Scheme Year end have completed this or are in the process of completing this by the end of Q1 2024. We are also required to attain the PMI Award in Pension Trusteeship. All new joiners have a training session with the Pensions Manager, legal adviser, investment adviser and Trust actuary on joining. All new joiners undertake the online Basic PLSA training and the toolkit. They then progress to the PLSA Trusteeship courses (Parts 1 & 2) and finally undertake the PMI certificate in Trusteeship DB & DC. 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 Trust Year.

We are familiar with and have access to copies of the Schemes' 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 Schemes, and the SIP is formally reviewed annually and as part of making any change to the Schemes' investments. Further, we believe that we 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 our duties.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date.

A questionnaire is used to conduct an annual evaluation of our knowledge and to help to identify training needs. We also carry out an evaluation of the performance and effectiveness of the Trustee Board as a whole as measured against the objectives of the Schemes' business plan. This questionnaire was last carried out in Q4 2023 and confirmed all committees, Board and Chair are performing well. No changes were proposed. A skills and diversity evaluation is to be carried out every two years with the next due in Q4 2024.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe that we are well placed to exercise our functions as directors of the Trustee of the Trust properly and effectively.

_____ Date: _____

Signed by the Chair of Trustees of the TUI GROUP UK Pension Trust