The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme

Trustees' Annual Report and Financial Statements
31 December 2025
Scheme Registration Number 10215093

Contents

Section 1 - Trustees and their Advisers

Trustees

During the year the Trustees of the Scheme were:
BESTrustees Limited, Employer appointed Trustee, Chair and Professional Trustee (represented by Alison Creasy until 30 March 2026, and by Alison Creasy and Chris Parrott from 31 March 2026)
Amanda Perrin, Member-Nominated Trustee (to 31 March 2026)
Michael Edwards, Employer appointed Trustee (to 31 March 2026)

After the Scheme year end, the Scheme moved to a Sole Trustee structure from 31 March 2026, with BESTrustees Limited continuing as the Sole Trustee.

Directors of BESTrustees Limited
Andrew John Boorman
Huw Meredydd Evans
Robert John Hymas
Ann Patricia Rigby

Secretary to the Trustees

Paragon Pension Services Limited (represented by Owen Moody)
Suite 2
1 Kings Road
Crowthorne RG45 7BF

Principal Employer

Phoenix Life CA Limited
1 Wythall Green Way
Wythall
Birmingham B47 6WG

Advisers

Scheme Actuary
Susan McIlvogue, FIA (to 14 August 2025)
Hymans Robertson LLP
One London Wall
London EC2Y 5EA

Ben Thompson, FIA (from 14 August 2025)
Hymans Robertson LLP
45 Church Street
Birmingham B3 2RT

Scheme Administrator
Hymans Robertson LLP
45 Church Street
Birmingham B3 2RT

Independent Auditor
Crowe U.K. LLP
R+ Building
2 Blagrave St
Reading RG1 1AZ

Legal Adviser
Sacker & Partners LLP
20 Gresham Street
London EC2V 7JE

Banker
Bank of Scotland PLC
PO Box 17235
Edinburgh EH11 1YH

Trustees and their Advisers (continued)

Advisers (continued)

Custodian
The Northern Trust Company Limited
50 Bank Street
London, E14 5NT

Investment Manager
Insight Investment Management (Global) Limited
160 Queen Victoria Street
London EC4V 4LA

Investment Consultant
Hymans Robertson LLP
20 Waterloo Street
Glasgow G2 6DB

Contact Address for the Scheme
Hymans Robertson LLP
45 Church Street
Birmingham B3 2RT

Insurance Policy Providers
Pensions Insurance Corporation PLC ("PIC")
14 Cornhill
London EC3V 3ND

Rothesay Life PLC ("RL")
The Post Building
100 Museum Street
London WC1A 1PB

Phoenix Life CA Limited
1 Wythall Green Way
Wythall
Birmingham
B47 6WG

Section 2 - Trustees' Report

The Trustees of The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme (the "Scheme") are pleased to present the annual report together with the audited financial statements for the year ended 31 December 2025.

The Scheme was established on 14 July 1988 and is governed by the Trust Deed and Rules and subsequent amendments.

The Scheme currently comprises of benefits which are defined benefit in nature. There are no money purchase benefits.

Scheme Management

The Trustees are responsible for ensuring the Scheme is run in accordance with the Trust Deed and Rules and for ensuring compliance with legislation although certain tasks are delegated to third parties. The day-to-day administration of the Scheme is carried out by a specialist third party administrator, Hymans Robertson LLP.

Trustee Board Structure

During the year, there were three trustees; Michael Edwards (Employer appointed Trustee), Amanda Perrin (Member-Nominated Trustee) and BESTrustees Limited (a professional trustee company, represented by Alison Creasy, an Independent Trustee who is also the Chair). However, following agreement with all of the trustees and the Company, with effect from 31 March 2026, Michael and Amanda retired as trustees leaving BESTrustees Limited as the sole professional corporate trustee. Under the sole professional corporate trustee structure, there are two professional trustees from BESTrustees who manage the Scheme. Alison Creasy continues to be involved and she has been joined by her colleague Chris Parrott.

The Trustee Board meets at least four times a year. During 2025, the Trustee Board met four times (2024: four times) for main meetings, with additional meetings across the year to cover specific circumstances when required. In addition, there are two sub-committees, namely the Investment Sub-Committee ("ISC") and the Administration Sub-Committee ("ASC"), each chaired by a Trustee and set up to ensure sufficient focus is given to those two key functions. Members of the sub-committees are chosen for their skills. The sub-committees are governed by formal Terms of Reference and normally meet quarterly, reporting at each Trustee Board meeting. During 2025, the ISC met four times (2024: four times) and the ASC met four times (2024: four times).

Decision Process

Trustee decisions are made by majority vote and recorded in minutes of meetings. The Trustees have delegated certain decision-making powers to the sub-committees, whilst retaining collective responsibility for all decisions made.

The financial statements on pages 19 to 34 show that the value of the Scheme's assets decreased by £9,485,000 (2024: decreased by £38,310,000) to £291,888,000 as at 31 December 2025 (2024: £301,373,000). The net gain on investments was £7,047,000 (2024: £21,482,000 loss). Global markets continued to experience volatility over the year to 31 December 2025 which resulted in a reduction in the Scheme's assets. However, this also resulted in a reduction in the value placed on the Scheme's liabilities. There has therefore been very limited impact from changes in market conditions over the year on the Scheme as a whole.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 19 to 34.

Trustees' Report (continued)

Internal Dispute Resolution Procedures ("IDRP")

The Trustees have an Internal Dispute Resolution Procedure in accordance with the requirements of the Pensions Act 1995. The IDRP can be obtained from the Secretary to the Trustees.

Trustee Board Effectiveness

The Trustees prepare an annual work plan for business during the coming year and monitor activities against this plan. This ensures appropriate scheduling, as well as effective allocation of resources and budgeting.

The Trustees undergo formal and informal training during the year. All new Trustees are required to complete the Pensions Regulator's Trustee Toolkit to ensure they have sufficient knowledge and understanding to carry out their responsibilities effectively. In addition, all Trustees take part in Scheme specific training provided by advisers to the Scheme as required.

Relationship with Principal Employer

As part of the overall Scheme governance requirements, the Trustees regularly monitor and review the Employer Covenant. Note that the Scheme's obligations are now substantially insured such that Employer covenant is a less material consideration than was the case a number of years' previously.

In August 2022, Sun Life Assurance Company of Canada (U.K.) Limited was purchased by the Phoenix Group and the transaction completed April 2023. The Principal Employer's name has been changed from Sun Life Assurance Company of Canada (U.K.) Limited to Phoenix Life CA Limited following its acquisition by Phoenix Group.

Risk Management and Internal Controls

The Trustees maintain an up-to-date register of risks, which is regularly reviewed. The Trustees also have a written conflict of interest policy.

The Trustees commission various checks to minimise the risk of fraud from any source for example, including mortality screening, address tracing and a member verification process to ensure benefits are paid to the right person.

Transfer values are calculated and verified as required under the provisions of section 97 of the Pension Schemes Act 1993. With effect from 30 November 2021, new legislation came into force in respect of members transfer requests which requires the Trustees to ensure specific checks are made before complying with a member's request to transfer their pension and this forms part of the due diligence process for transfer requests.

Appointment and Assessment of Advisers

Advisers and service providers are selected through a structured process that may include specifying requirements, inviting providers to tender, analysing tenders, due diligence and reference checking.

There are contracts in place for all advisers. Advisers are reviewed regularly, usually every few years. For the administration services a service level agreement is in place, which is reviewed by the Trustees each quarter. All provider services are subject to review and monitoring by the Trustees and the two sub-committees. Advisers are required to have suitable conflict of interest policies and professional indemnity insurance.

Trustees' Report (continued)

Transfer Values

All transfer values paid were calculated in accordance with the methods and assumptions approved by the Scheme Actuary and represented a full cash equivalent of the early leavers' benefits.

On the advice of the Scheme Actuary, the calculation of transfer values makes no allowance for any discretionary benefits that may be awarded but does make full allowance for the preferential early retirement provisions of the Scheme.

Pension Increases

Pensions in payment were increased in line with the Scheme Rules. The increases awarded on 1 January 2025 were 2.7% for eligible pre-2006 pensions and 2.5% for eligible post-2006 pensions.

Pensioners who, at retirement, purchased an annuity with a guaranteed increase have received appropriate increases to these pensions.

No discretionary increases were awarded during the year to 31 December 2025.

Preserved pensions were increased in accordance with the Scheme rules and statutory requirements.

Virgin Media Case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd case, which considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court. However, in June 2025, the Department of Work and Pensions announced that the UK Government would be introducing legislation to help pensions schemes manage the implication for section 37 and in September 2025, the UK government introduced an amendment to the Pension Schemes Bill which seeks to address the concerns that arose following the decision in the Virgin Media v NTL case. Following stages of parliamentary review, on 29 April 2026 the bill was enacted and the Pension Schemes Act 2026 came into effect, bringing retrospective validation into law.

In anticipation of forthcoming legislation, in January 2026, the Financial Reporting Council (FRC) published draft technical actuarial guidance to help actuaries retrospectively validate pension rule changes affected by the Virgin Media v NTL Pension Trustees judgment. Further to this, in March 2026, the Pensions Regulator published guidance regarding the Virgin Media remedy included in the Pension Schemes Bill to enable affected pension schemes to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards where they meet the conditions to be a "potentially remediable alteration". Following enactment of the Pension Schemes Bill into law, FRC issued finalised guidance on 22 May 2026, which sets out practical, non-prescriptive support for actuaries, including illustrative examples that demonstrate how a proportionate approach may be applied when gathering evidence and exercising professional judgement, particularly where historical records are incomplete.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Scheme of the above with its advisers and what steps, if any, it wishes to take. It is not practicable, at present, to estimate the financial effect on the Scheme, if any, of the uncertainties in relation to the amount or timing of any outflow of resources, or the possibility of reimbursement of resources.

Trustees' Report (continued)

Scheme Membership

Membership

The reconciliation of the Scheme membership during the year ended 31 December 2025 is shown below:

	2025
Deferred members	
Members at the start of the year	**1,123**
Adjustment for late recording of change	(1)
Retirements	(74)
Commutations	(5)
Transfers out	(1)
Deaths	(3)
Deferred members at the end of the year	**1,039**
Pensioner members	
Pensioners at the start of the year	**1,542**
Adjustment for late recording of change	2
Death of beneficiaries	(9)
Retirements	74
New beneficiaries (including spouses)	10
Beneficiaries fully commuted	(2)
Deaths and cessations	(29)
Pensioner members at the end of the year	**1,588**
Total membership at end of the year	**2,627**

These membership figures do not include changes notified to the Administrator after the Scheme year end.

There are 2,032 members (2024: 2,041) covered by the insurance policies set out in Note 14 to the financial statements.

Trustees' Report (continued)

Investment Matters

Overview

The Trustees, with the assistance of their appointed Investment Consultant, determine the overall investment strategy for the Scheme which sets out the broad policy to be adopted.

Investment Principles

In accordance with The Occupational and Personal Pension Scheme (Disclosure of Information) Regulations 2013, SI 2013/2734, the information as set out below forms part of the Trustees' Report as included in the relevant paragraphs in the Statement of Investment Principles ("SoIP") included in Appendix 1:

- Investment strategy
- Choosing investments (including incentivisation)
- Kind of investment to be held
- Balance between different kinds of investments
- Risk including funding risks, asset risks and other provider risk
- Expected return on investments
- Realisation of investments
- Portfolio turnover
- Consideration of financially material factors in investment arrangements
- Consideration of non-financially material factors in investment arrangements
- Stewardship
- Voting and Engagement

Any member may request a copy of the SoIP, using the address for the Scheme Administrator provided on page 1. It can also be accessed via the Scheme's website:
https://www.1988onlinebenefits.co.uk/media/xupiyxw1/0625-sloc-soip-v19-fv.pdf

The SoIP may change from time to time according to advice received the Scheme's Investment Consultant and through consultation with the Trustees and Principal Employer. The SoIP was reviewed during the year following the Scheme's disinvestment from credit assets, and the updated SIP signed in July 2025.

To the best of their knowledge, the Trustees note that the Scheme's investment manager did not depart from the Trustees' SoIP over the reporting year ending 31 December 2025.

Investment Strategy

The Scheme's investment strategy is regularly reviewed in consultation with the Principal Employer. The strategy is detailed within the Investment Policy Implementation Document ("IPID") which is updated when there is a change in the investment strategy. A strategic asset allocation benchmark was agreed upon at outset; however, given the maturing nature of the Scheme, it is expected that this will drift moderately over time.

Trustees' Report (continued)

Investment Matters (continued)

Kinds of Investment to be held

The Scheme holds investments as detailed below:

Insurance policies

The Scheme holds bulk and individual insurance policies. Such policies allow the Scheme to reduce the overall investment risk taken whilst safeguarding a proportion of its liabilities.

Assets held with the investment manager

The Scheme may invest in quoted securities of UK and overseas markets including UK fixed interest, index linked gilts and cash. The Scheme invests in these underlying asset classes via pooled funds. The Scheme may also make use of derivatives and contracts for difference for the purpose of efficient portfolio management or reduction in risk. The Trustees consider these classes of investment to be suitable to the circumstances of the performance objectives.

Balance between different kinds of investments

The Scheme's chosen investment manager will hold a mix of investments which appropriately reflects their views relative to the benchmark and/or target. Within each major market the investment manager will maintain a diversified portfolio of securities.

Investment manager

The Trustees have delegated the day-to-day management of investment to its appointed investment manager Insight Investment (see page 2). A written agreement between the Trustees and the manager sets out the terms on which the manager will act.

Assets invested with Insight

Strategic Asset Allocation

Taking appropriate investment advice, the Trustees and the ISC give the manager specific instruction on the type of assets in which to invest. Subject to these guidelines and certain other restrictions, investment decisions are delegated to the manager.

The target allocation and actual allocation at the year-end was as follows:

Asset Class	Target Allocation*	Actual Allocation
Liquidity fund	5.00%	3.07%
Liability Driven Investments ("LDI")	10.00%	8.60%
Annuity policies	85.00%	88.33%
Total	**100.00%**	**100.00%**

* These allocations do not represent a long-term benchmark target. The primary aim for the portfolio is to fully hedge the Scheme liabilities.

Performance Objectives

The Scheme's invested assets are managed by Insight Investment. These are split into two categories of assets: hedging assets, often referred to as LDI, and return-seeking assets.

Trustees' Report (continued)

Investment Matters (continued)

LDI assets

The long-term liability hedge primarily consists of the liability-matching fixed income assets. The benchmark for the hedging portfolio is a proportion of the Scheme's fixed cash flow payments and a proportion of the Scheme's Retail Price Index ("RPI")-linked cash flow payments. The manager's performance objective for this element of the portfolio is to fully hedge the Scheme's uninsured liabilities.

Return Seeking assets

The Scheme invests in a pooled liquidity fund consisting of money-market instruments, which forms the return-seeking element of the portfolio.

During the year, the Scheme sold its allocation to asset-backed securities ("ABS") assets, moving assets into a liquidity (cash) fund held with Insight. Shortly thereafter the cash holding was switched to a "liquidity plus" fund which still holds cash but invests in money-market securities with an objective to generate moderately higher returns than a standard liquidity fund.

Performance

	Asset Performance (% p.a.)	Comparator Benchmark (% p.a.)	Relative Return (% p.a.)
3 months	3.16	3.27	(0.11)
12 months	2.61	2.76	(0.15)
Since inception*	2.42	1.96	0.46

*Inception date for reporting performance purposes is 5 September 2023. This dates the move from "segregated" mandate to pooled arrangement, whereupon asset performance was reset.

The Scheme has performed broadly in line with its benchmark across the 3 months, 12 months and since inception time horizons. The Trustees continue to monitor the investment performance.

Historical performance

The Scheme's historical performance prior to the implementation of the pooled arrangement is shown in the table below. Please note performance is available on a quarterly reporting schedule, meaning the effective date of the figures here is 30 June 2023 i.e. the most recently available report to the new inception date.

	Asset Performance
12 months	(19.5)
3 years (% p.a.)	(13.2)
5 years (% p.a.)	(4.4)

We have relied upon performance information provided by Insight Investment which is shown in the table above. Insight provided a "consolidated performance" of the total assets. Figures are rounded.

Trustees' Report (continued)

Investment Matters (continued)

Custodial Arrangements

The Trustees are responsible for ensuring that the Scheme's assets continue to be securely held and the ISC review the custodial arrangements from time to time.

The Trustees hold a bank account with the Bank of Scotland plc for cash held in connection with the administration of the Scheme.

The investment manager appoints a custodian to securely hold the assets for each pooled fund the Scheme invests in. The Northern Trust Company is the appointed custodian for the Scheme's investments.

Employer Related Investments

The Scheme held insured annuity policies with Phoenix Life CA Limited with a value of £2,548,500 as at 31 December 2025 (2024: £2,758,000), 0.9% of the Scheme's net assets (2024: 0.9%). The Scheme held no other direct or indirect investments in Phoenix Life CA Limited.

Trustees' Report (continued)

Compliance Matters

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension Scheme (Disclosure of Information) Regulations 1996 or voluntarily by the Trustees. The information deals with matters of administrative routine.

Transfer Values

Transfer values are calculated and verified as required under the provisions of the Pensions Act 1993.

Contact for Further Information

Any query about the Scheme, including requests from members for information about their benefits, should be addressed to the Scheme Administrator (details listed on page 1).

The Money and Pensions Service ("MaPS")

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustees of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

Money and Pensions Service
Borough Hall
Cauldwell Street
Bedford
MK42 9AB

Tel:	0800 011 3797
Website:	www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU

Tel:	0800 917 4487
Email:	enquiries@pensions-ombudsman.org.uk
Website:	www.pensions-ombudsman.org.uk

Members can also submit a complaint form online: https://www.pensions-ombudsman.org.uk/making-complaint

Trustees' Report (continued)

Compliance Matters (continued)

The Pensions Regulator ("TPR")

TPR has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Telecom House
125 -135 Preston Road
Brighton
BN1 6AF
Website: www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

Pension Tracing Service
Post Handling Site A
Wolverhampton
WV98 1AF
Tel: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK ("FRS 102"), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustees' Responsibilities in Respect of Contributions

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule of contributions occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed on behalf of The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme:

DocuSigned by:

Alison Creasy

B391939636F645F

Trustee

For and on behalf of BESTrustees Limited

30-07-2026 | 09:34:37 BST

Date

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2022. At the time of signing the accounts, the triennial actuarial valuation as at 31 December 2025 is currently underway and is expected to be completed within statutory deadlines.

This showed that on that date:

The value of the Technical Provisions was:	£341.2 million
The value of the assets at that date was:	£347.4 million*
Surplus	102%
The value of Solvency Liabilities was:	£341.7 million
The value of the assets at that date was:	£350.1 million*
Funding level	102%

* The reason for the difference in total asset values above is due to difference in valuation of insurance policies under the Technical Provisions basis and valuation under the Solvency basis.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: market implied gilt yield curve at 31 December 2022.

Retail Price increases: Market expectation of future inflation dependent on term as measured by the difference between yields on fixed and index-linked government bonds.

Consumer Price increases: term dependent rates derived from market implied gilt yield curve less 1.0% p.a. pre-2030, and less 0.0% p.a. post 2030.

Pension increases: where pension increases are fixed under the Scheme's rules, the fixed rate is to be used.

For pensions increasing in line with inflation up to a maximum of 5% p.a. or 2.5% p.a., government debt inflation curves are to be used with adjustment applied to allow for the impact of floors and caps. The adjustments are based on observations from the swaps market where limited price indexation products are traded.

Report on Actuarial Liabilities (continued)

Mortality:

Base mortality tables

The post-retirement mortality base tables will be a suite of bespoke assumptions which reflect the characteristics of the Scheme membership. One set of base tables will be used for the insured membership, and another set of base tables will be used for the non-insured membership. The base tables adopted for the 31 December 2022 valuation are derived using data from occupational pension schemes during the period 2018 to 2020 as collated by Club Vita and take into account the average characteristics of the insured and non-insured populations affecting longevity like affluence, lifestyle, retirement type (illness or normal health) and occupation, The impact of Covid-19 has been implicitly allowed for in the future longevity improvement assumption, therefore, an appropriate adjustment has been made to the base tables to avoid the impact of Covid-19 being double counted.

The full suite of VitaCurves adopted is available, on request from the Trustees to any party with a legal entitlement to a copy of this statement. The Trustees may also, at their discretion, make the information available to other parties on request.

Future improvements in longevity

Assumed to be in line with the Continuous Mortality Investigation ("CMI") 2021 model with no weighting on 2020 or 2021 data, a long term rate of improvement of 1.5% p.a. with the smoothing parameter (Sk) set to 7.0 and an initial up lift of 0.25% p.a., with allowance for the decrease in improvement at the older ages to occur between the ages of 85 and 110.

The next full valuation will be as at 31 December 2025.

Schedule of Contributions – Actuarial Certificate

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective could have been expected on 31 December 2022 to continue to be met for the period for which the schedule is to be in force.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated June 2023.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signed by	Susan McIlvogue
Date	13-10-2023 | 13:07:41 BST
Name	Susan McIlvogue
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

Section 3 - Independent Auditor's Report

Independent auditor's report to the Trustees of The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme

We have audited the financial statements of The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme for the year ended 31 December 2025 which comprise the fund account, the statement of net assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (continued)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Scheme, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.

- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment manager of investments held at the Statement of Net Assets date.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Diversion of assets through large investment transactions. This is addressed by reviewing the ISAE 3402 Assurance Reports on Internal Controls for fund managers and testing investment transactions to the investment manager reports.
- Verification of the right to annuity income from bulk annuity policies. This is addressed by testing that the amounts receivable from the bulk annuity provider is reconciled by the administrator to benefits paid to members.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Scheme's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

Crowe U.K. LLP

3C8EAFF7492C440...

Crowe U.K. LLP
Statutory Auditor
Reading
Date: 30-07-2026 | 14:12:37 BST

Section 4 – Financial Statements

Fund Account for year ended 31 December 2025

	Note	2025 £000	2024 £000
Other income	4	**19**	114
Benefits paid or payable	5	**(15,261)**	(15,382)
Payment to and on account of leavers	6	**(48)**	(141)
Other payments	7	**(3)**	-
Administrative expenses	8	**(1,239)**	(1,419)
		(16,551)	(16,942)
Net withdrawals from dealings with members		**(16,532)**	(16,828)
RETURNS ON INVESTMENTS			
Investment income	9	**15,081**	15,376
Change in market value of investments	10	**(7,645)**	(36,314)
Investment management expenses	11	**(389)**	(544)
Net return on investments		**7,047**	(21,482)
Net decrease in the fund during the year		**(9,485)**	(38,310)
Net assets of the Scheme at start of year		**301,373**	339,683
Net assets of the Scheme at end of year		**291,888**	301,373

The accompanying notes on pages 21 to 34 are an integral part of these financial statements.

Statement of Net Assets (available for benefits) as at 31 December 2025

	Note	2025 £000	2024 £000
Investment assets:			
Pooled investment vehicles	13	**33,970**	35,357
Insurance policies	14	**257,249**	265,558
Cash	10	**31**	32
Accrued investment income	10	**1**	28
Total net investments		**291,251**	300,975
Current assets	18	**2,194**	1,899
Current liabilities	19	**(1,557)**	(1,501)
Net assets of the Scheme at end of year		**291,888**	301,373

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take into account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The assets of the Scheme include insurance policies which match and fully guarantee the obligations of the Scheme in respect of specific individual members and/or their beneficiaries. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report of Actuarial Liabilities on page 14 and 15 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 21 to 34 form an integral part of these financial statements.

These financial statements were approved by the Trustees on:

DocuSigned by:
Alison Creasy
B391939636F645F...

Trustee

For and on behalf of BESTrustees Limited

30-07-2026 | 09:34:37 BST

Date

Section 5 - Notes to the Financial Statements

Notes to the financial statements for the year ended 31 December 2025

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and with guidance set out in the Statement of Recommended Practice (Revised 2018) ("the 2018 SORP").

The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months. This assessment, together with the funding position, gives the Trustees confidence to prepare the financial statements on a going concern basis.

2 IDENTIFICATION OF FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is: 45 Church Street, Birmingham, B3 2RT.

3 ACCOUNTING POLICIES

The principal accounting policies of the Scheme are as follows:

3.1 Other income

Other income is accounted for on an accruals basis.

3.2 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

3.3 Expenses

Expenses are accounted for on an accruals basis and any VAT reimbursements from the Employer are accounted for on an accruals basis and deducted from the total expenses disclosed in Note 8.

3.4 Investment income

Income from cash and short-term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when the rights to the income pass to the Scheme.

Receipts from annuity policies are accounted for as investment income on an accruals basis.

Notes to the financial statements for the year ended 31 December 2025 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.5 Investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

The insurance policies have been valued by the Scheme Actuary as an amount equal in value to that of the related obligation – details in Note 14.

3.6 Presentation Currency

The Scheme functional and presentation currency is pounds sterling.

Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Notes to the financial statements for the year ended 31 December 2025 (continued)

4 OTHER INCOME

	2025	2024
	£000	£000
Death claims received	-	84
Bank interest	19	28
Transfer calculation fees	-	2
	19	114

5 BENEFITS PAID OR PAYABLE

	2025	2024
	£000	£000
Pensions	13,340	12,717
Lump sum retirement benefits	1,819	1,801
Lump sum death benefits	50	93
Trivial commutations	46	208
Lifetime allowance	6	-
Purchase of annuities	-	563
	15,261	15,382

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2025	2024
	£000	£000
Individual transfers out to other schemes	48	141

7 OTHER PAYMENTS

	2025	2024
	£000	£000
Ex-gratia payments	3	-

Other payments relate to compensation to two members of £2,500 and £500 respectively (2024: £Nil).

Notes to the financial statements for the year ended 31 December 2025 (continued)

8 ADMINISTRATIVE EXPENSES

	2025	2024
	£000	£000
Administration & project fees	442	523
Actuarial & investment consultancy fees	374	448
Audit fee	52	44
PPF levy	21	19
Legal fees	192	277
Other expenses	235	191
	1,316	1,502
Recovery of VAT	(77)	(83)
	1,239	1,419

9 INVESTMENT INCOME

	2025	2024
	£000	£000
Income from pooled investment vehicles	413	1,349
Annuity income	14,660	14,028
Interest on cash deposits	8	(1)
	15,081	15,376

Income from pooled investment vehicles is retained within the investment fund except as received above. Interest on cash deposits is interest income net of fees.

Included in the annuity income is £117k from annuities insured with the company. In prior years this income was included within pension benefits (2024: £111k).

Notes to the financial statements for the year ended 31 December 2025 (continued)

10 RECONCILIATION OF INVESTMENTS

	Value at 1 January 2025	Purchases at cost	Sales proceeds	Change in market value	Value at 31 December 2025
	£000	£000	£000	£000	£000
Pooled investment vehicles	**35,357**	21,553	(23,604)	664	**33,970**
Insurance policies	**265,558**	-	-	(8,309)	**257,249**
	300,915	21,553	(23,604)	(7,645)	**291,219**
Cash	**32**				**31**
Accrued investment income	**28**				**1**
	300,975				**291,251**

During the year, there were purchases of £21.6m and sales of £23.6m in the pooled investment vehicle funds held with Insight, primarily for rebalancing the portfolio and disinvestments to meet cashflow requirements.

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction Costs

Transaction costs are included in the cost of purchases and sales proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. During the year to 31 December 2025 the Scheme paid no transactions costs (2024: £nil).

In addition to the direct transaction, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

Concentration of Investments

The following investments, account for more than 5% of the Scheme's net assets:

	2025 Market value £000	**% of net assets**	2024 Market value £000	% of net assets
Insurance policy held with Rothesay Life	**138,600**	**47**	141,300	47
Insurance policy held with PIC	**116,100**	**40**	121,500	40

Notes to the financial statements for the year ended 31 December 2025 (continued)

11 INVESTMENT MANAGEMENT EXPENSES

	2025	2024
	£000	£000
Administration and management	**389**	544

All investment manager fees, investment charges and investment expenses are paid directly from the Scheme assets.

12 TAXATION

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13 POOLED INVESTMENT VEHICLES ("PIV")

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2025	2024
	£000	£000
Bonds	**25,048**	28,574
Cash	**8,922**	6,783
	33,970	35,357

Notes to the financial statements for the year ended 31 December 2025 (continued)

14 INSURANCE POLICIES

	2025	2024
	£000	£000
Annuities with Phoenix Life CA Limited	**2,549**	2,758
Buy-in policy held with PIC	**116,100**	121,500
Buy-in policy held with Rothesay Life	**138,600**	141,300
	257,249	265,558

These annuities are valued by the Scheme Actuary as above and no collateral is held in relation to these assets.

The assumptions adopted for this purpose are those used for the 31 December 2025 Scheme Funding:

- RPI increases – market implied RPI inflation.
- Increases to annuity income in payment – market implied inflation curve (with adjustments applied to allow for the impact of the floors and caps) or fixed increase rate where increase type has been given.
- Discount rate (buy-in) – market implied gilt yield curve.
- Longevity base tables – S3NA standard tables pre-retirement and 2022 VITA tables of the scheme post retirement
- Longevity future improvements - CMI 2021 model with no weighting on 2020 or 2021 data, initial addition to improvements of 0.25%, long-term rate of improvement of 1.5% p.a. and allowance for the decrease in improvement at the older ages to occur between the ages of 85 and 100.

Notes to the financial statements for the year ended 31 December 2025 (continued)

15 FAIR VALUE DETERMINATION

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment date.

Level 2 Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs which are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows.

As at 31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles	**-**	**33,970**	**-**	**33,970**
Insurance policies	**-**	**-**	**257,249**	**257,249**
Cash	**31**	**-**	**-**	**31**
Accrued investment income	**1**	**-**	**-**	**1**
	32	**33,970**	**257,249**	**291,251**

As at 31 December 2024	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Pooled investment vehicles	-	35,357	-	35,357
Insurance policies	-	-	265,558	265,558
Cash	32	-	-	32
Accrued investment income	28	-	-	28
	60	35,357	265,558	300,975

Notes to the financial statements for the year ended 31 December 2025 (continued)

16 INVESTMENT RISK DISCLOSURES

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of change in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional Investment Consultant. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment manager and monitored by the ISC by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

		Market Risk				
	Credit Risk	Currency	Interest rate	Other price	2025 Value £000	2024 Value £000
Pooled investment vehicles:					33,970	35,357
Direct	●	○	●	○	-	-
Indirect	◐	○	◐	◐	-	-
Insurance policies	●	○	○	○	257,249	265,558
Accrued investment income	●	○	◐	○	1	28
Cash deposits	●	○	○	○	31	32
Total investments					**291,251**	**300,975**

In the above table, the risk noted affects the asset class [●] significantly, [◐] modestly or [○] hardly/not at all.

Further information on the Trustees' approach to risk management, credit and market risk is set out below.

Notes to the financial statements for the year ended 31 December 2025 (continued)

16 INVESTMENT RISK DISCLOSURES (continued)

Investment Strategy

The Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Scheme, with day-to-day investment decisions delegated to Insight Investment ("Insight"). The manager is authorised under the Financial Services and Markets Act 2000. The strategic asset allocation has been translated into initial target allocations for Insight which are consistent with the Scheme's overall strategy.

Investments with Insight are managed through pooled funds under the terms of an Investment Management Agreement in accordance with the Trustees' instructions. The Trustees consider this approach to be appropriate for the Scheme.

The Investment strategy takes due account of the maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of deferred and pensioner members), the level of disclosed surplus or deficit and the Trustees' view on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk. The ISC monitors the investment strategy relative to its agreed instructions. It is required that the investment strategy will be reviewed at least once every three years following an actuarial valuation of the Scheme. The Trustees consult with the Principal Employer in reviewing the Scheme's investment strategy.

It is expected that the Scheme's risk exposure will reduce in the long term as the liability profile of the Scheme matures and the funding level improves.

Notes to the financial statements for the year ended 31 December 2025 (continued)

16 INVESTMENT RISK DISCLOSURES (continued)

Credit Risk

The Scheme is subject to credit risk because the Scheme directly holds cash balances and insurance policies. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the institutions who manage the pooled investment vehicles. The Scheme is indirectly exposed to credit risks arising on the underlying investments held in the pooled investment vehicles.

Investments exposed to credit risk	2025 £000	2024 £000
Pooled investment vehicles	**33,970**	35,357
Insurance policies	**257,249**	265,558
Accrued investment income	**1**	28
Cash deposits	**31**	32
	291,251	300,975

During the year, credit risk arising on bonds was mitigated by investing in UK government bonds where the credit risk is minimal. Credit risk arising on any other investments such as issuers of money market securities is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated and be diversified. The Trustees monitor the performance and operating capabilities of Insight on an ongoing basis.

Cash is held within financial institutions which are at least investment grade credit rated.

There is some direct credit risk attached to the insurance policies whereby the insurance provider may cause financial loss to the Scheme by failing to discharge their obligation, however this is mitigated by the Trustees investing in the annuity policy with a regulated insurance provider. Additional comfort is provided by the regulatory system under which the insurance companies providing the policies operate and the Trustees monitor the insurance policies on a regular basis.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025 £000	2024 £000
Irish Collective Asset-management Vehicle	**25,048**	24,729
Open-ended investment company	**8,922**	10,628
	33,970	35,357

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments across a number of pooled arrangements. The ISC carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory operating environment of the pooled manager.

Notes to the financial statements for the year ended 31 December 2025 (continued)

16 INVESTMENT RISK DISCLOSURES (continued)

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. At the year-end the total value of underlying investments subject to credit risk was £33,970,528 (2024: £35,357,351) as reported by the pooled managers. This risk is mitigated by requiring pooled managers to invest in at least investment grade credit rated investments, and through diversification to minimise the impact of default by any one issuer.

Interest Rate Risk

The Scheme is subject to interest rate risk. To mitigate this risk, the Scheme targets 100% hedging on a gilt+0.0% p.a. liability basis using index-linked and conventional gilts within the LDI assets.

Other Price Risk

Other price risk arises principally in relation to the Scheme's return-seeking assets which includes money-market securities.

As at 31 December 2025 the Scheme held 25.5% of its investment-only assets in Liquidity Plus funds (2024: 0.0%) and nil in Asset Backed Security funds (2024: 1.3%).

17 EMPLOYER RELATED INVESTMENT

The Scheme held insured annuity policies with Phoenix Life CA Limited with a value of £2,548,500 as at 31 December 2025 (2024: £2,758,100), 0.9% of the Scheme's net assets (2024: 0.9%). The Scheme held no other direct or indirect investments in Phoenix Life CA Limited.

18 CURRENT ASSETS

	2025	2024
	£000	£000
Cash balances	**1,003**	735
Pensions paid in advance	**880**	842
Benefit reimbursement due from Rothesay Life	**196**	300
VAT due from Principal Employer	**99**	22
Sundry debtors	**16**	-
	2,194	1,899

Notes to the financial statements for the year ended 31 December 2025 (continued)

19 CURRENT LIABILITIES

	2025	2024
	£000	£000
Unpaid benefits	17	147
Other creditors	459	339
Deferred annuity income	1,081	1,015
	1,557	1,501

20 RELATED PARTY TRANSACTIONS

The Principal Employer does not meet any expenses on behalf of the Scheme.

The Scheme and the Principal Employer have an arrangement whereby the Principal Employer reimburses the Scheme for an element of the VAT incurred in the payment of Administrative Expenses; this amount is reclaimed from HMRC and then paid to the Scheme. VAT reimbursements from Q4 2024 onwards totalling £98,830 were outstanding at 31 December 2025 and have been received from the employer since the year end (2024: £82,676 was paid to the Scheme and an estimated balance of £22,000 was due at 31 December 2024).

During the year, annuity income of £117k (2024: 111k) was received from the employer for company insured annuities.

Professional Trustees fees of £66,000 (2024: £73,000) were incurred during the year, of which £20,000 was outstanding at the year-end (2024: £6,000). These are included within the administrative expenses disclosed in Note 8.

The Member Nominated Trustee is a pensioner member of the Scheme and receives a pension.

21 VIRGIN MEDIA CASE

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd case, which considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court. However, in June 2025, the Department of Work and Pensions announced that the UK Government would be introducing legislation to help pensions schemes manage the implication for section 37 and in September 2025, the UK government introduced an amendment to the Pension Schemes Bill which seeks to address the concerns that arose following the decision in the Virgin Media v NTL case. Following stages of parliamentary review, on 29 April 2026 the bill was enacted and the Pension Schemes Act 2026 came into effect, bringing retrospective validation into law.

Notes to the financial statements for the year ended 31 December 2025 (continued)

21 VIRGIN MEDIA CASE (continued)

In anticipation of forthcoming legislation, in January 2026, the Financial Reporting Council (FRC) published draft technical actuarial guidance to help actuaries retrospectively validate pension rule changes affected by the Virgin Media v NTL Pension Trustees judgment. Further to this, in March 2026, the Pensions Regulator published guidance regarding the Virgin Media remedy included in the Pension Schemes Bill to enable affected pension schemes to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards where they meet the conditions to be a “potentially remediable alteration”. Following enactment of the Pension Schemes Bill into law, FRC issued finalised guidance on 22 May 2026, which sets out practical, non-prescriptive support for actuaries, including illustrative examples that demonstrate how a proportionate approach may be applied when gathering evidence and exercising professional judgement, particularly where historical records are incomplete.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Scheme of the above with its advisers and what steps, if any, it wishes to take. It is not practicable, at present, to estimate the financial effect on the Scheme, if any, of the uncertainties in relation to the amount or timing of any outflow of resources, or the possibility of reimbursement of resources.

22 SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure in the financial statements (2024: none).

Section 6 – Independent Auditors' Statement about Contributions

Independent auditor's statement about contributions to the Trustees of The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme, for the Scheme year ended 31 December 2025 which is set out on page 36.

In our opinion contributions for the Scheme year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 13 October 2023.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our work, for this statement, or for the opinion we have formed.

Signed by:

Crowe U.K. LLP

3C8EAFF7492C440...

Crowe U.K. LLP
Statutory Auditor
Reading
Date:

30-07-2026 | 14:12:37 BST

Section 7 – Summary of Contributions

Trustees Summary of Contributions Payable under the Schedule of Contributions in respect of the Scheme year ended 31 December 2025

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees.

It sets out the contributions payable to the Scheme for the year ended 31 December 2025 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 13 October 2023. The Scheme's Auditors reports on contributions payable under the Schedule in the Auditors' Statement about Contributions on page 35.

Contributions payable under the Schedule in respect of the Scheme year

	£000
Total contributions as reported in the financial statements	-

Signed on behalf of The Sun Life Assurance Company of Canada 1988 UK & Irish Employee Benefits Scheme:

DocuSigned by:
B391939636F645F...

Trustee

For and on behalf of BESTrustees Limited

30-07-2026 | 09:34:37 BST

Date

Section 8 – Implementation Statement (forming part of the Trustees' Report)

Statement of Compliance with the Sun Life Assurance Company of Canada 1988 UK and Irish Employee Benefit Scheme's Stewardship Policy for the year ending 31 December 2025

Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustees have complied with their Stewardship Policy during the period from 1 January 2025 to 31 December 2025. Given the residual assets held in the Scheme, this Implementation Statement is intentionally brief.

Stewardship policy

The Trustees' Stewardship Policy sets out how the Trustees will behave as an active owner of the Scheme's assets, which includes the Trustees approach to:

- the exercise of voting rights attached to assets, where relevant; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Scheme's Stewardship Policy is reviewed on an annual basis in line with the Scheme's Statement of Investment Principles ("SIP") review which was last completed on 2 June 2025.

There were no changes made to the Stewardship Policy during the past year.

The Scheme's Stewardship Policy can be found within the SIP, publicly available here.

The Scheme's assets consist of insurance policies which form majority of the Scheme's assets, and a portfolio of residual assets managed by Insight Investment ("Insight"), made up of physical gilts, money-market securities, and cash. Within this asset mix, the Scheme holds no assets which confer any applicable voting rights.

The Trustees have delegated any engagement activity in respect of the asset portfolio to the Scheme's investment managers. The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, by engaging with the management on issues which affect a company's financial performance, for instance, any issuers in the money-market securities.

Engagement activity

The Trustees own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. The Trustees meet periodically with their managers and during such meetings consider how managers have exercised their stewardship responsibilities.

During the year covered by this statement, the Trustees met with Insight twice at Investment Sub-Committee ("ISC") meetings. Discussions with Insight cover a wide range of topics including a review of short- and long-term performance in the market context, market outlook, risks and opportunities, and responsible investing. At the September 2025 meeting, the Trustees also reviewed Insight's engagement case studies and ESG metrics for the year with the support of their investment adviser.

The Trustees also monitor their own compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied over the last year.

The Trustees' insurance policies are held with Pension Insurance Corporation ("PIC") and Rothesay Life. These insurers were invited to the Trustee ESG day on 20 February 2025 to discuss their investment processes including ESG-integration and policies in detail. The Trustees note there is limited scope to engage with insurers due to the nature of the annuity policies.

Appendix 1 – Statement of Investment Principles (forming part of the Trustees' Report)

Statement of Investment Principles

This is the Statement of Investment Principles made by the Trustees of the Sun Life Assurance Company of Canada 1988 UK and Irish Employee Benefits Scheme ("the Scheme") in accordance with the Pensions Act 1995. It is subject to periodic review by the Trustees at least every three years and more frequently as appropriate.

In preparing this Statement, the Trustees have consulted with the Principal Employer to the Scheme ("Phoenix Life CA Limited") and have taken written advice from their investment adviser, Hymans Robertson LLP.

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefit basis.

The Trustees' funding objectives are set out in more detail in the Statement of Funding Principles.

Primary Funding Objective

The Trustees are required under Section 222 or the Pensions Act 2004 to adopt a "Statutory Funding Objective". The Statutory Funding Objective is the Trustees' primary funding objective.

The Statutory Funding Objective requires the Scheme's assets to be "sufficient and appropriate" in relation to the expected cost of providing members' past service benefits.

Sufficiency

To ensure the sufficiency of the Scheme's assets, the Trustees will seek contributions from the Principal Employer at such rates as they determine, on the advice of the Scheme Actuary, to be sufficient to meet the expected cost of the benefits payable from the Scheme.

To assess the expected cost of the benefits payable from the Scheme, the Trustees will obtain regular actuarial valuations of the Scheme from the Scheme Actuary. The Trustees will choose an appropriate funding method for the actuarial valuation, together with a prudent[1] set of actuarial assumptions. The Trustees will seek the advice of the Scheme Actuary before determining the method and assumptions.

If the actuarial valuation shows that the Scheme's assets are insufficient to meet the cost of members' past service benefits, the Trustees will put in place a recovery plan which will require additional contributions from the Principal Employer.

The Trustees will seek the agreement of the Principal Employer before deciding on the method and assumptions to be used in the actuarial valuation and before determining the level of Employer contributions payable to the Scheme. These funding positions are monitored regularly by the Trustees and formally reviewed at each triennial actuarial valuation, or more frequently, as required by the Pensions Act 2004.

Appropriateness

The policy for securing the appropriateness of the assets is set out in this Statement of Investment Principles.

Investment strategy

The Trustees have translated their objectives into a suitable strategic asset allocation benchmark.

[1] In this context "prudent" means that, when taken as a whole, the actuarial assumptions are expected to have a better than 50% chance of being borne out over the long term.

Statement of Investment Principles (forming part of the Trustees' Report) (continued)

The investment strategy takes due account of the maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners), the level of disclosed surplus or deficit and the Trustees' views on the appropriate balance between seeking an enhanced long-term return on investments and accepting greater short-term volatility and risk. The Trustees monitor the investment strategy relative to their agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years following an actuarial valuation and will normally be reviewed annually. The Trustees consult with the Principal Employer in reviewing the Scheme investment strategy.

At the point of the latest actuarial valuation, the Scheme's funding level was above 100% on a gilts basis. As the Scheme aims to meet its long-term objective, suitable hedging has been implemented via the asset portfolio to protect the Scheme's funding position.

All day to day investment decisions have been delegated to Insight Investment ("Insight"). Insight is authorised under the Financial Services and Markets Act 2000. The Trustees' non-insured strategic asset allocation has been translated into target allocations for Insight which are consistent with the overall strategy.

Investments with Insight are managed through pooled funds, under the terms of an Investment Management Agreement, relative to a bespoke asset allocation benchmark. The Trustees consider this approach to be appropriate.

Choosing Investments

The Scheme's assets consist of assets managed by Insight Investment, and insurance policies.

Assets invested with Insight

The Trustees, after seeking appropriate investment advice, have given Insight specific directions as to the asset allocation but delegated investment choice to them, subject to their respective benchmarks and asset guidelines.

Insight are expected to deliver investment returns which overall will align to deliver the broader Scheme investment strategy.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including UK fixed interest gilts, UK index linked gilts, cash, and pooled liquidity funds which themselves invest in these underlying asset classes and a broad range of other liquid securities with a focus on quality. The Scheme may also make use of derivatives and contracts for difference for the purpose of efficient portfolio management or reduction in risk. The Trustees consider all of these classes of investment to be suitable to the circumstances of the performance objectives.

Insurance policies

The Scheme may hold bulk insurance policies, which allow the Scheme to reduce the overall investment risk taken whilst safeguarding a proportion of liabilities.

The Scheme entered into an insurance policy designed to hedge a proportion of pensioner liabilities, with Pension Insurance Corporation ("PIC") in 2018. PIC is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and PRA. The Trustees monitor PIC's solvency ratio, coverage and credit rating on a regular basis.

The Scheme entered into an insurance policy designed to hedge a proportion of deferred and pensioner liabilities, with Rothesay Life ("Rothesay") in 2021. Rothesay is authorised by the PRA and regulated by the FCA and PRA. The Trustees monitor Rothesay Life's solvency ratio, coverage and credit rating on a regular basis.

The Scheme holds a small number of annuities where whole or partial Scheme benefits were insured by the Company. This includes a very small number of Maltese members where payment is made in Euros.

Statement of Investment Principles (forming part of the Trustees' Report) (continued)

Given that the nature of these assets, they are not included in the strategic allocation or investment performance benchmarking.

General principles

The Trustees ensure that all investment manager engagements have clearly defined benchmarks, objectives and management parameters.

The Trustees will invest in pooled funds where the objectives of the fund and the policies of the investment manager will be evaluated by the Trustees to ensure that they are appropriate for the needs of the Scheme.

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set according to the total value of invested assets. Where appropriate to the nature of the mandate, the term of the mandate and the role the mandate plays within the investment strategy, the Trustees may agree to a fee structure where the investment manager is incentivised to deliver outperformance relative to an agreed benchmark, typically in conjunction with a tiered fee structure based on the total value of invested assets. The Trustees periodically review the fees paid to the investment manager against industry standards. Those fees are set out in the Scheme's Investment Policy Implementation Document ("IPID").

The Trustees review the suitability of the Scheme investments on a regular basis. The Trustees seek and consider written advice from a suitably qualified person when determining the appropriateness of each manager and mandate for the Scheme, considering matters such as diversification, risk, expected return and liquidity. If, at any time, investment in a security or product not previously known to the Trustees is proposed, appropriate advice is sought and considered to ensure its suitability.

The Trustees recognise the short-term objective and appoints the investment manager to invest in such a way that generates sustainable returns. The Trustees will carry out necessary due diligence on the underlying investment decision making process, to ensure the investment manager makes investment decisions over an appropriate time horizon aligned with the Scheme objective.

The Trustees review the performance of the investment manager and each chosen mandate on a regular basis against a series of metrics, including financial performance against the benchmark and objectives of the mandate, the exercise of stewardship responsibilities (including engagement with issuers) as set out in greater detail below, and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed.

The Trustees monitor their investment manager's performance against their respective benchmarks or targets, where relevant, on a quarterly basis over a short-term time horizon given the relative maturity of the Scheme. The Trustees challenge the investment manager on a quarterly basis and are expected to provide an explanation for any significant deviations away from benchmark or target.

Balance between different kinds of investments

The investment manager for the assets of the Scheme will hold a mix of investments which appropriately reflects their views relative to the benchmark. Within each major market the investment manager will maintain a suitably diversified portfolio of securities.

Risk

The Scheme is exposed to a number of risks which impact the Scheme meeting its objectives. The principal risks affecting the Scheme are:

Statement of Investment Principles (forming part of the Trustees' Report) (continued)

Funding risks

- Financial mismatch – The risk that Scheme assets fail to grow in line with the developing cost of meeting the liabilities. This also considers the impact of interest rates and inflation on the value of assets and liabilities.
- Changing demographics –The risk that longevity improves and other demographic factors change, increasing the cost of the Scheme benefits.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Scheme's liabilities. Climate change is a particular systemic risk that has the potential to cause economic, financial and demographic impacts.

The Trustees measure and manage financial mismatch in two ways. As indicated above, the Trustees have set a strategic asset allocation benchmark for the Scheme. The Trustees assess risk relative to that benchmark by monitoring the Scheme's asset allocation and investment returns relative to the benchmark. The Trustees also assess risk relative to liabilities by monitoring the delivery of benchmark returns relative to the Scheme liabilities.

The Trustees keep mortality and other demographic assumptions, which could influence the cost of benefits, under review. These assumptions are considered formally at triennial valuations. To mitigate longevity risk the Trustees hold annuity insurance contracts with insurers in respect of a proportion of deferred and pensioner liabilities. All deferred and pensioners insured within those policies remain members of the Scheme and the Trustees continue to have ultimate responsibility for the payment of benefits to those members.

The Trustees seek to mitigate systemic risk through a suitably diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

The Trustees monitor interest rate and inflation risk as a priority risk, given the Scheme's maturity. To mitigate these risks, the Scheme is fully hedged by the use of liability driven investments, and the Trustees review the tracking of these hedging assets versus liabilities on a quarterly basis, implementing changes as needed to ensure close matching.

Asset risks

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Liquidity - The risk that the Scheme cannot meet its immediate liabilities because it has insufficient liquid assets.
- Investment manager underperformance - The failure by the investment manager to achieve the rate of investment return assumed in setting their mandates.
- Environmental, Social and Governance ("ESG") risks – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.
- Climate risk - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

The Trustees manage asset risks through regular monitoring of these risks by their Investment Sub-Committee. The Trustees provide a practical constraint on the Scheme's investments deviating greatly from the Trustees'

Statement of Investment Principles (forming part of the Trustees' Report) (continued)

intended approach by adopting a specific asset allocation benchmark and by agreeing benchmark asset allocations and tracking error requirements with their investment manager which the Trustees monitor.

Given the Scheme holds mainly bulk annuity insurance policies, a significant portion of the overall investment portfolio is illiquid. However, the Trustees regularly monitor the solvency and creditworthiness of the insurers. With regards the residual or uninsured portion of the liabilities, the Trustees have invested in assets with highly liquid profiles, such as gilts, money market instruments and cash, and the Trustees monitor liquidity needs regularly.

The decision to appoint only one investment manager does involve some degree of concentration risk (from potential underperformance of that investment manager) which the Trustees accepts as a reasonable compromise given the size of the portfolio. Different teams within the one investment manager are responsible for the running of different strategies of the Scheme's assets.

The Trustees hold annuity insurance policies covering a proportion of deferred and pensioner liabilities. These policies are held with two different insurers, which helps mitigate concentration in that area of the overall investment portfolio. Under each policy, the insurer makes monthly payments to the Scheme and carry not only the risk of longevity for a subset of the members, as noted previously, but also the investment risks for this proportion of the Scheme's assets.

The Trustees do not expect their investment manager to take excess short-term risk and regularly monitor the investment manager's performance against the benchmarks where relevant and ability to meet the Scheme's investment objectives on a short and medium-terms basis.

The Trustees' approach to the consideration of ESG risks and climate risk is set out in further detail below.

Other provider risk

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers.
- Custody risk - The risk of loss of Scheme assets, when held in custody or when being traded.
- Credit default - The possibility of default of a counterparty in meeting its obligations.

The Trustees monitor and manage risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Scheme, or have delegated such monitoring and management of risk to the appointed investment manager as appropriate (e.g. custody risk in relation to pooled funds). When carrying out transitions, the Trustees seek professional advice.

Expected return on investments

Over the long term the overall level of investment returns, a combination of the performance of the strategic benchmark and the manager's performance relative to the benchmark, is expected to exceed the rate of return assumed by the Scheme Actuary in considering the funding of the Scheme.

Realisation of investments

All securities held within the Scheme are quoted on the major capital markets or are readily traded and may be realised quickly if required.

Portfolio turnover

The Trustees have expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustees' knowledge of the investment manager, investment process and the nature of the portfolio. Whilst the Trustees expect performance to be delivered net of costs, including the costs of

Statement of Investment Principles (forming part of the Trustees' Report) (continued)

trading within the portfolio, the Trustees expect the investment manager to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period.

The Trustees will challenge its investment manager if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

The Trustees will request turnover costs incurred by the investment manager periodically.

Consideration of financially material factors in investment arrangements

The Trustees recognise the consideration of financially material factors, including ESG factors, is relevant at different stages of the investment process. The Trustees consider these to be financially material over the long term. The Trustees also recognise the potential for these factors to impact asset pricing over the short-to-medium term. The Trustees recognise the changing duration of the Scheme's obligations and consider the length of time that they consider investments will be held by the Scheme. Depending on the asset class and circumstances of the Scheme, this could be short-term (5 years or less) or longer-term (over 5 years).

Strategic Considerations

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions are derived by our investment advisors at a broad market level to implicitly reflect all financially material factors. This includes ESG factors including climate change which are discussed with the Trustees' investment adviser, investment manager and the insurers as needed to consider the potential implications for the Scheme's assets.

Structural Considerations

In an active mandate, the Trustees would expect that their investment manager will take account of all financially material factors including the potential impact of ESG factors in the implementation of their mandate.

In a passive mandate, the Trustees recognise that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustees accept that the role of the passive manager is to deliver returns in line with the benchmark and believe the choice of benchmark will deliver appropriate risk adjusted returns. As the passive mandate is a liability driven investment portfolio, the benchmark is specific to the liabilities of the Scheme.

In selecting a new investment manager for the Scheme, appointing a current investment manager to manage a new mandate on behalf of the Scheme or agreeing a new insurance contract, where relevant the Trustees explicitly consider the approach to responsible investment and the extent to which ESG issues are integrated in the investment process as a factor in their decision making. The Trustees do this based on advice from their investment advisors.

Consideration of non-financially material factors in investment arrangements

Given the objectives of the Scheme, the Trustees have not considered any non-financially material factors in the development and implementation of their investment strategy.

The Trustees have not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

Stewardship

The Trustees recognise that stewardship encompasses the exercise of voting rights, engagement by and with the investment manager and the monitoring of compliance with agreed policies.

Statement of Investment Principles (forming part of the Trustees' Report) (continued)

Voting and Engagement

The Trustees have adopted a policy of delegating voting decisions where relevant to their investment manager on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.

Given the nature of assets held and overall maturity of the Scheme, however, it is unlikely for any assets owned that the investment manager will be required to vote on the Scheme's behalf.

Where voting rights do not apply, the Trustees will engage with and may seek further information from their investment manager and the insurers on how they engage with issuers if and where relevant.

Nonethless, responsibility for investment decisions has been delegated to the investment manager which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where the investment manager is responsible for investing in new issuance, the Trustees expect the investment manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustees separately consider any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each investment manager has an appropriate conflicts of interest policy in place. The investment manager is required to disclose any potential or actual conflict of interest in writing to the Trustees.

Monitoring

The Trustees aim to meet with their investment manager and insurers on at least an annual basis. The Trustees provide their managers with an agenda for discussion, including issues relating to individual holdings and, where appropriate, ESG issues. The investment manager and insurers are challenged both directly by the Trustees and by their investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

Signed and dated:

Alison Creasy	Alison Creasy
Trustee For and on behalf of BESTrustees Limited	Name
24-07-2025 | 10:33:06 BST	
Date	