

YOUR 2023 DB SECTION MEMBER REPORT

Welcome to your 2023 Member Report for the DB Section of the Associated British Foods Pension Scheme (the Scheme). In this report you'll find brief summaries of the Scheme's investments and membership as well as updates or changes in the pension world that may impact you.



Investment update

Over the year, markets continued to be volatile due to a number of factors. The impact this may have on your pension will depend on the type of pension you have and how close you are to retirement. We have produced a news article on our website which explains how your pension benefits may be affected by market volatility. You can view this at www.abfpensions.com/news/2023/investment-update.

The Trustee encourages you to think carefully and consider getting investment advice before changing your investment options in the current market (to avoid crystallising any losses). Free impartial guidance is available from the MoneyHelper service. You can find more details on their website www.moneyhelper.org.uk.

In respect of your pension benefits held in the DB section of the Scheme, any investment risk is borne by the Company, not the member. However, if you have made any Additional Voluntary Contributions (AVCs) in the Defined Contribution Section (or for long term AVC payers with the legacy providers) these would be exposed to market movements (explained further in the news article in the link above). The Trustee encourages you to think carefully and consider getting investment advice before changing your AVC investment options in the current market (again see further information in the article above).

Restrictions on transferring your pension

In 2021, the Government introduced conditions which must be met if you wish to transfer your pension out of the Scheme. These were introduced to help combat the increase in pension scams which are taking place.

Should you request a transfer and one or more of the conditions cannot be met, you will not be able to transfer your pension out of the Scheme to your chosen provider. Please be aware that if you request a transfer we will ask you for certain information to be provided to help us determine if the conditions have been met and we may also need to speak to you by phone. Should we require any further information or need to speak to you by phone, this must be directly with you and not via any third party (for example an Independent Financial Adviser).

Although these requirements have now been in place for some time they have added significant processing time while we carry out all of the required checks. Once all the documentation has been received there may be a further requirement for you to be referred to MoneyHelper to receive specialist pension scams guidance before you can transfer. This requirement is also adding significant time to the transfer process. You can find more information on how to identify and avoid potential scams on our website at www.abfpensions.com/db/scams. We are finding the transfer process can take up to six months to complete. In order to meet the statutory transfer requirements, all the required documentation must be received within six months of the original transfer request being made. If the documents are not received within this time, the process will need to be restarted.

Additionally, if you are considering transferring to an overseas arrangement, it's important you understand additional tax charges may apply. You can find more information on the tax charges at www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers.



Pensions Dashboard Programme

A pensions dashboard is a digital platform that allows individuals to access and manage information about all of their pensions in one place. The Government is introducing pensions dashboards to simplify pension information and allow members to trace any pensions they may have lost contact with. The deadline for schemes to connect to the pensions dashboard is 31 October 2026. We will provide further updates as this large project progresses.

Guaranteed Minimum Pension equalisation

You may be aware that in 2018 there was a landmark High Court judgement which ruled that pension schemes must equalise historic pensions. In 1978, the Government introduced the State Earnings Related Pension Scheme (SERPS). Many pension schemes, including the ABF scheme, chose to contract members out of SERPS. Instead, members paid reduced National Insurance contributions and, as a result, the Scheme was responsible for paying a pension that was broadly equivalent to what would have been paid by the State. This element of pension is known as the Guaranteed Minimum Pension (GMP). A woman's GMP was payable from age 60 and a man's from 65. Due to the way different elements of pension are increased both before and after retirement, this can result in differences in the pension payable. As a result of this ruling, the Scheme is undertaking a large exercise to equalise pensions with GMP.

Are you missing out on Pension Credit?

Pension Credit is designed to help with daily living costs for people over State Pension age and on a low income, though you do not need to be receiving a State Pension to receive Pension Credit. Currently, over 1.4 million pensioners in the UK receive Pension Credit. However, there are still many pensioners who are not claiming this extra support. To find out more about Pension Credit, you can visit the Government's website at www.gov.uk/pension-credit which includes a free online calculator to check if you are eligible. You can also call the Pension Credit claim line on **0800 99 1234** (available 8am to 6pm).

Changes to normal minimum pension age

The UK Government has confirmed that the normal minimum pension age (the earliest age at which most members can access their pensions without incurring an unauthorised payments tax charge, unless they are retiring due to ill health) will rise from 55 to 57 from 6 April 2028.

Members with a protected pension age will still be able to access their pension at their earlier minimum pension age, where applicable.

Latest Scheme retirement age

Members of the Scheme are required to take their benefits before they reach the age of 75. As you approach the ages of 65 and 75, we will send you a letter outlining your retirement options, but we can also provide this on request. For further information please contact the Member Services Team on **0800 090 2267 (+44 (0)20 7636 8111** if you're calling from outside the UK) or by emailing pensions.admin@abfoods.com.

Pension Tracing Service

It is important to stay in touch with the administrators of any pensions you may have. This helps you stay informed about your pension and simplifies the process when you wish to access your benefits. The Government has set up a service which allows individuals to search for a lost pension. For more information on using this service, visit www.gov.uk/find-pension-contact-details.

State Pension Checker

In addition to your ABF pension, you may also be entitled to a State Pension. To find out how much you could get when you reach State Pension age, visit www.gov.uk/check-state-pension.



Climate change reporting

The Task Force on Climate-Related Financial Disclosures (TCFD) set up by the Government has made a number of recommendations around climate-related financial disclosure requirements. In line with these recommendations the Trustee has prepared a climate change report. The report is available to download from our website:

www.abfpensions.com/db/tcfid.



National Fraud Initiative

The National Fraud Initiative (NFI) is a data-matching exercise conducted by the Government to help in the detection and prevention of fraud. Pension schemes, including the ABF Scheme, are required to submit data to the NFI on a regular basis. This data includes pension and payroll records. The data is compared against other records to identify errors or potential fraud that require further investigation. As the Trustee processes personal data, the Scheme is registered with the Information Commissioner's Office (ICO), who ensure organisations meet the legal requirements when processing information.

Data protection

In May 2018, new data protection legislation (the General Data Protection Regulation) came into force introducing significant changes to how the Trustee processes personal data fairly and securely. Information about how the Trustee processes your personal data, and your rights in respect of your personal data (including the right to object in certain circumstances), is provided in the privacy notice available online at www.abfpensions.com/dataprotection. Please contact us to request a printed copy.

Accessing your pension information online

Our website has a secure login area for all members of the Scheme. You can view details about your pension online through a dashboard, access certain documents and check or update your personal information and contact details. Please note that for active members a change of name or address must still be notified to us via your local HR team.

If you are a pensioner, you can access your payslip and P60 history online, check or update your personal information, contact details and also change the bank account details that your pension is paid into. You can also find lots of useful information on the Scheme.

If you have not yet registered to use the secure login area of the website, you will need an activation code to register for the first time which can be obtained by contacting us on **0800 090 2267** (+44 (0)20 7636 8111 if you're calling from outside the UK) or by emailing pensions.admin@abfoods.com.

If you have previously registered to use the secure login area of the website but are having problems logging on, please contact us using the details above.



www.abfpensions.com

IMPORTANT INFORMATION

We would like to remind you of some important information and where to find additional guidance should you need it.

Statement of Investment Principles and Implementation Statement

The Statement of Investment Principles (SIP) records the investment arrangements (and the rationale behind those arrangements) adopted by the Trustee. The Implementation Statement sets out how, and the extent to which, the SIP produced by the Trustee has been followed during the year.

You can view the the SIP on our website at www.abfpensions.com/db/sip and the Implementation Statement at www.abfpensions.com/db/implementationstatement.

MoneyHelper

You can get free and impartial guidance on money, savings and pensions from the MoneyHelper service: www.moneyhelper.org.uk.

Pension Wise

If you are over the age of 50, guidance is also available from Pension Wise, a Government service which offers free and impartial guidance about your retirement options. This guidance may be accessed online at www.pensionwise.gov.uk or by telephone on 0800 138 3944 (from outside the UK: +44 20 3733 3495).

Pension scams

Unfortunately, pension scams are on the increase. The Financial Conduct Authority and The Pensions Regulator have produced a leaflet on pension scams which we encourage you to read. You can download this from their website at <https://www.fca.org.uk/publication/documents/pension-scams-leaflet.pdf>. MoneyHelper have also produced further guidance on pensions scams (including an 'identifying a pension scam' tool) which you can view on their website at www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam.

Making sure we can keep in touch with you

If you are an active member of the Scheme, the Company will advise us of any changes to your personal details. However, once you become a deferred member or pensioner it is important you keep us up to date if any of your details change.

The easiest way to update your personal details is through your online account once you are logged in. We have provided details on the previous page of how to access our online account. Alternatively, you can contact the Member Services Team and they will take you through some security questions before taking your new details over the phone. Please find our contact details below.

Contacting us

Due to the ongoing industrial action and other operational issues affecting some postal services, we suggest if you need a quicker response that you contact us by email or by phone if possible. You can call the team on 0800 090 2267 (or +44 (0)20 7636 8111 if you're calling from outside the UK). It's free to call from UK landlines and mobiles and the team are available Monday to Friday, from 9am to 5pm. Alternatively, you can email pensions.admin@abfoods.com.

If you need to send us completed forms or documents, we have a secure file transfer website which can be used on request instead of posting them to us. Please contact us by email or phone for further details. You can write to us at: [Associated British Foods Pension Scheme, 50/51 Russell Square, London, WC1B 4JU](#).

If you move house, you can now call the team and we can take these details over the phone. We will take you through a series of security questions to make sure we're talking to you and you'll receive a letter confirming the changes has been made.



THE FINANCIALS

Membership

On 5 April 2023 there were:

1,043
Active members

6,126
Deferred members

14,324
Pensioners and
Dependants

Income and expenditure

The table below shows the breakdown of income and expenditure for the year to 5 April 2023:

Members' and the company's contributions, and Additional Voluntary Contributions	£33,093,000
Investment income	£100,018,000
Total income	£133,111,000
Retirement and death benefits	£117,424,000
Administration expenses	£6,762,000
Investment management expenses	£13,334,000
Transfers out	£10,883,000
Taxation on investments and where Lifetime or Annual Allowance exceeded	£2,023,000
Change in market value of investments	£617,484,000
Total expenditure	£767,910,000

Investing

How we invest the assets of the Scheme is summarised below:

Fund category	Percentage of holdings at April 2023	Target allocation of overall holdings
Cash	1.5%	1 – 3%
Property	8.6%	36.5 – 46.5%
Global Equities (may include UK)	26.6%	
Fixed interest and index linked bonds (including illiquid credit)	63.3%	52.5 – 60.5%

General market update

During the first half of the year, markets fell with concerns of a recession following persistent elevated inflation, increased interest rates and the continuation of the war in Ukraine.

The year ended with volatility in the banking industry. However, despite signs of economic recovery in respect of early signs of cooling inflation and falling energy prices, interest rates continued to rise.

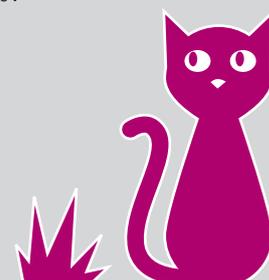
The Trustee has monitored all investment strategies closely throughout the year, meeting with asset managers on a regular basis. All strategies have performed in line with expectations across the Scheme year.

Average overall investment return

Over the year to 31 March 2023, the average annual return was -13.1% vs a benchmark of -5.9%.

Over three years, the average annual return for each year was 5.5% vs a benchmark of 5.0%.

Over five years, the average annual return for each year was 3.0% vs a benchmark of 3.4%



How members have invested their AVCs

AVCs are payments a member can make to help boost their retirement income. They are invested in the way each individual member chooses from the investment options on offer. The Trustee holds members' AVC investments separately from the main fund. Members participating in AVC arrangements receive a statement confirming the amount held in their account(s) at April each year.

On 5 April 2023, a total of over £10.5 million was invested with the following providers:

Current funds

Funds on the Mobius Life platform	£5,424,000
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Legacy funds

Phoenix Life Limited (previously London Life Limited)	£5,000
Clerical Medical	£1,495,000
Prudential	£84,000
ReAssure (previously Guardian, previously Scottish Equitable)	£19,000
Standard Life	£3,566,000
Total	£10,593,000



LOOKING AFTER YOUR SCHEME

Trustee	Associated British Foods Pension Trustees Limited	
Company Appointed Trustee Directors	James West (Independent Chairman), John Bason (resigned 28 April 2023), Giles Haig, Paul Lister, Philippa Nibbs, James Rushton (appointed 18 May 2023)	
Member Nominated Trustee Directors	Sarah Giffen, Paul Longley, Trevor Smith, Jonathan Willis	
Secretary to Trustee and Group Pensions Director	Colin Hatley	
Investment Managers at year end	ABRDN (removed 29 September 2023) Alcentra Ltd Arcmont Asset Management Ltd Ares Management Ltd Artemis Investment Management LLP Beach Point Capital Management LP BlackRock Investment Management UK Ltd Bridgepoint Advisors Ltd Calamos Investments LLC Cordet Capital Partners LLP CQS LLP Goldman Sachs Asset Management Inc	Hay Financial Management LLP H.I.G. Capital International Advisors LLP Insight Investment Management Ltd Liontrust Asset Management Plc Morgan Stanley Muzinich & Co MV Credit Partners LLP NeuBerger Berman Ninety One Global (appointed July 2022) Schroder Investment Management Ltd Veritas Asset Management LLP
Actuary	James Bourne, Mercer Ltd	
Administrator	ABF Group Pensions Department	
Auditor	Ernst and Young LLP	
Banker	Bank of Scotland	
Custodian	The Bank of New York Mellon (removed 31 July 2023) Northern Trust LLP (appointed 1 August 2023)	
Investment and Benefit Consultants	Mercer Ltd	
Property Manager	Workman LLP	
Property Valuer	CB Richard Ellis	
Solicitor	Travers Smith	

