

YOUR 2021 DC SECTION MEMBER REPORT

Welcome to your 2021 Member Report for the DC Section of the Scheme. Within the report, you'll find brief summaries on investments, membership and updates / changes in the pension world that may impact you.

IN THE NEWS

How are my pension benefits affected by Covid-19?

Over the past year, the Global economy has continued to be significantly affected by the Covid-19 pandemic. There is continued volatility in the market but we are pleased to report that the Scheme's Target Date Funds have recovered the losses seen at the start of the pandemic. The impact that market volatility 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 Covid-19. You can view this at <https://www.abfpensions.com/news/2022/investment-update-coronavirus/>. You can also check your current fund value by logging in to your secure online account at www.abfpensions.com/dc/login.

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 MoneyHelper, you can find more details on their website www.moneyhelper.org.uk.

Contacting us during the Covid-19 outbreak

In response to the Government guidelines for workplaces, the Scheme's administrators continue to adapt their working plans with a combination of office and home working. The Scheme has a comprehensive business continuity plan in place to ensure all member services continue, but as a result of the recent Omicron variant staff absences are occurring and this is unfortunately having an impact on turnaround times, in particular when handling incoming and outgoing post (with the postal service also encountering delays due to staff absence).

The team will endeavour to respond as quickly as possible but there may be a longer turnaround time compared with the usual service. If your enquiry is urgent, please call the department on 0800 090 2267 (or +44 (0)207 636 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.

We are able to reply to you much quicker by email than by post. If you need to send us documents securely then please ask us to provide you with access to our secure file transfer service, which you can use to send your documents to us securely online. 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 that the change has been made.

Are you fully covered for Death in Service and Ill Health benefits?

You can check if you are covered by looking at your most recent benefit statement or by calling the team on 0800 090 2267. If you're not covered, you can find out what you need to do on Page 4 of this report.

New restrictions on transferring your pension

From 30th November 2021, the Government has introduced new conditions which must be met if you wish to transfer your pension out of the Scheme. These have been introduced to help combat the increase in pension scams which are taking place. Based on reports to Action Fraud, over £30 million was lost to pension scams between 2017 and 2020 with scammers adopting increasingly sophisticated tactics.

Should you request a transfer and one or more of the new conditions cannot be met, you will not be able to transfer your pension in to or out of the Scheme. 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 new 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 by any third party (for example an Independent Financial Advisor). Please be patient when requesting a transfer as these new requirements are adding significant processing time whilst we carry out all of the required checks.



You can find more information on how to identify and avoid potential scams on our website at www.abfpensions.com under the Information tab.

Additionally, if you are considering transferring to an overseas arrangement, it's important that 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.

MoneyHelper

Previously, free and impartial guidance on money, savings and pensions could be obtained from a combination of The Money Advice Service, The Pensions Advisory Service and Pension Wise, who were all Government backed initiatives. These have all now been replaced by the MoneyHelper service.

You can find out more at www.moneyhelper.org.uk.

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 6th April 2028.

Making sure we can keep in touch with you

The Scheme provides all communications to members electronically with documents such as joiner packs and annual benefit statements available via your secure online account with an email then sent to let you know that a new document is available.

We want to ensure that we can continue to communicate with you by email so that you receive notifications promptly, however when a member leaves we often don't hold a personal email address for them which means we can no longer communicate with them by email.

Once you are logged in to your online account, you can provide up to two email addresses so we strongly recommend that you provide both a work and personal email address if you have both.

You can change your registered email address at any time, by logging in to your secure online account. You will need to verify your email address during the process so you'll need to make sure that you have access to your email account when you do this. You can also call us to update us if your email address has changed.

If you are an active member who has their work email address recorded as their registered email address, you can change this at any time through your online account (for example, if you wish to change this to your personal email so that you receive emails from us regardless of whether or not you are actually at work).



The pensions website

You can find lots of useful information on the Scheme, your retirement benefits and options on our website, including a secure area which you can use to view your personal information and documents.

If you need any help accessing your secure online account then please call us on **0800 090 2267**.



Member Nominated Trustee vacancies

The Trustee of the Associated British Foods Pension Scheme ("the Scheme") has nine directors, three of whom are Member Nominated Directors (MNT). In 2019, applications were invited from the eligible sections of the membership to apply for the three available vacancies. Members of both the Defined Benefit and Defined Contribution sections were able to apply for the vacancies or be nominated, provided they were either an active contributing member or were in receipt of a pension from the Scheme. Each nominated person needed the support of one sponsor, who is also a member of the Scheme.



There were delays with the nomination and selection process due to Covid 19. A further announcement was made in 2020 reminding eligible sections of membership to apply. As more nominations than vacancies were received, the Trustee Board agreed to appoint an additional MNT for succession planning purposes.

Following a rigorous selection process, we are pleased to confirm that the three available vacancies and one additional MNT position have been filled by Ms Sarah Giffen, Mr Paul Longley, Mr Jonathan Willis and Mr Trevor Smith from 3 June 2021. The MNTs will serve as Trustee Directors for a period of six years.

Chairman's Statement and the Statement of Investment Principles

The DC Chairman's Statement and the Statement of Investment Principles (SIP) set out the Trustee's policies in relation to the default investment fund offered by the Scheme, their objectives in providing the full range of funds available and the charges that apply. You can read or download the SIP on our website at www.abfpensions.com/dc/sip and the DC Chairman's Statement at www.abfpensions.com/dc/chairsstatement.

Your personal Annual Allowance (AA)

The Annual Allowance (AA) is the limit on the total amount of contributions that can be paid to DC schemes and the total amount of benefits that you can build up in DB schemes each year for tax relief purposes. From April 2016, you need to calculate your own personal AA, please refer to our website at www.abfpensions.com/dc/taxation for more details on how to do this. HMRC have also made a calculator available to assist you with calculating your personal AA, you can find this at www.tax.service.gov.uk/paac. If you exceed the AA, you may be liable for a tax charge.

Your personal AA may also be reduced depending on your earnings (known as the Tapered Annual Allowance). In addition to the standard AA, if you take more than 25% cash from a DC arrangement then you will be subject to the Money Purchase Annual Allowance of £4,000 for future contributions to a DC arrangement. If you do exceed your personal AA and incur a tax charge, it is possible for this to be paid from your pension fund using a facility called Scheme Pays. If you would like further details on this, please contact us on **0800 090 2267**.

The Lifetime Allowance (LTA)

The Lifetime Allowance increased to £1.0731 million on 6 April 2020 and has been frozen at this level until 5 April 2026. If your total pension savings exceeded £1 million on 5 April 2016, you can apply for Individual Protection 2016. This does not apply to any members who have Primary Protection or Individual Protection 2014.

If you are interested in applying for protection, further information can be found on the HMRC website at www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance.

Data Protection

In May 2018, new data protection legislation (the General Data Protection Regulation) came into force introducing significant changes to how the Trustees process personal data fairly and securely.

Information about how the Trustees process 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 (and is also available in printed form, please contact us if you would like to request this).



How to ensure that you are covered for the Death in Service and Ill Health Retirement benefits (applies to active contributing members only)



If you joined the DC Section after October 2012, then you need to provide information about pre-existing medical conditions before you are covered for Death in Service and Ill Health Retirement benefits. You can check your most recent benefit statement or call the team on **0800 090 2267** to see if you are covered.

If you are not covered, you just need to check if you have ever been diagnosed with any of the following conditions:

- Multiple Sclerosis
- Motor Neurone Disease
- Any disorder of the kidneys
- Stress, Anxiety or Psychiatric illness
- Diabetes
- Any disorder of the heart, including murmur, stroke, chest pain, palpitations
- Any blood circulatory problem including haemorrhage or clots
- Any form of cancer, including leukaemia, tumour or growth, including moles that a healthcare practitioner has advised may be cancerous
- HIV

If you do not have any of the medical conditions listed – please send an email to our dedicated mailbox lifecoverconfirmation@abfoods.com, confirming the following:

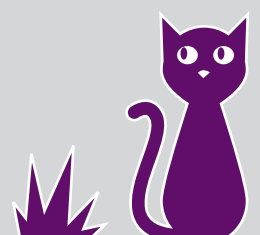
- Your surname
- Your member number (as detailed on all correspondence, including your benefit statement)
- The statement - “I do not have any of the medical conditions listed”

Upon receipt of your email, your record will be updated and you will receive a letter confirming your coverage for Death in Service and Ill Health Retirement benefits. It is important to note that a false declaration could lead to non-payment of benefits at a later date.

If you have one or more of the medical conditions listed – please call our Group Pensions team on 0800 090 2267 (Monday to Friday, from 9am to 5pm) who will be able to take your details over the phone.

All calls to this number are recorded and the information taken will be used solely to assess the provision of benefits for Death in Service and Ill Health Retirement.

Once the details have been assessed, you will receive a letter confirming cover and any temporary exclusions.



THE FINANCIALS

Membership

On 5 April 2021, there were:

20,828
Active members

24,423
Deferred members



Income and expenditure

This table shows the breakdown of income and expenditure for the year to 5 April 2021:

Members' contributions	£26,811,000
Members' Additional Voluntary Contributions (AVCs)	£2,617,000
Employers' contributions	£31,750,000
Members' individual transfers in	£829,000
Net returns on investments	£176,101,000

Total income **£238,108,000**

Retirement and death benefits	£6,708,000
Refunds to leavers	£4,000
Payroll refunds for Eligible Jobholder Opt Outs	£14,000
Members' individual transfers out	£13,897,000
Taxation where Lifetime or Annual Allowances exceeded	£170,000

Total expenditure **£20,793,000**

Focus on contributions

The great thing about saving with the ABF Scheme is that when you pay money in, so does the Company – meaning you get even more out of what you put in.

1 in 5 active DC Members have chosen to pay more than the minimum level of contributions. This means that both they and the Company are contributing more into their pension accounts each year!

The added benefit of paying more is that you receive tax relief on any contribution you make* – so paying more doesn't really cost as much as you think. For example, for someone paying 20% tax, a £50 contribution would only cost them £40.

* Contributions that exceed your personal Annual Allowance will not attract any tax relief.

If you are already paying the maximum percentage rate of contributions, you can pay more through Additional Voluntary Contributions (AVCs). They're truly flexible, and you can stop, start or vary your payments whenever you like. You do however need to be aware the Employer does not match any AVCs and that there are limits on tax efficient savings – information regarding the Annual Allowance (and the Lifetime Allowance) can be found on the website at www.abfpensions.com/dc/taxation.

You can download the form to change your contributions on the website at www.abfpensions.com/dc.



Investing

The Target Date Funds

The Trustees have selected Target Date Funds (provided by the Investment Manager AllianceBernstein) as the default investment arrangement for the Scheme. The Target Date Funds continue to meet their objective of providing excellent performance with a risk managed approach. Over 98% of members have chosen to remain in the Target Date Funds.

The performance of the funds during the period from 30 September 2012 (the Funds' inception date) to 31 March 2021 (the month end nearest to 5 April 2021) is summarised below. Target Date Fund investments do rise and fall in value in the short term, which is particularly common for long term investments like the Target Date Funds.

The performance for each Target Date Fund reflects the blend of investments that are appropriate given the length of time a member has before their retirement (by default targetting their retirement at age 65, unless they have selected a different age at which to retire). Younger Members are invested in higher risk investments which have the potential to earn higher returns, but are likely to have higher volatility. Members who are closer to retirement are invested in a blend of investments that should deliver a more steady return with less volatility to the value of the fund.

Members getting close to retirement

Target Date Fund	Return %
2011 - 2013	4.38
2014 - 2016	4.99
2017 - 2019	6.08
2020 - 2022	6.97
2023 - 2025	7.74
2026 - 2028	8.55
2029 - 2031	9.16

Members in the mid-life phase

Target Date Fund	Return %
2032 - 2034	9.63
2035 - 2037	10.04
2038 - 2040	10.40
2041 - 2043	10.76
2044 - 2046	10.79
2047 - 2049	10.79
2050 - 2052	10.78

Younger members

Target Date Fund	Return %
2053 - 2055	10.78
2056 - 2058	10.78
2059 - 2061	10.77
2062 - 2064	10.88
2065 - 2067	9.61
2068 - 2070	9.60
2071 - 2073	9.63

You can find fund fact sheets which include information on the performance of all the funds available on our website www.abfpensions.com/dc/investments.

It is important to review your chosen investments on a regular basis to ensure that your investment decision is still right for you.

LOOKING AFTER YOUR SCHEME

Trustee	Associated British Foods Pension Trustees Limited
Company Appointed Trustee Directors	James West (Independent Chairman), John Bason, Paul Lister, Giles Haig, Ciara Ruane (resigned 7 October 2021)
Member Nominated Trustee Directors	Jonathan Willis, Paul Longley, Sarah Giffen, Trevor Smith
Secretary to Trustee and Group Pensions Director	Colin Hately
Investment Platform Provider	Mobius Life
Target Date Fund Investment Provider	AllianceBernstein
Actuary	James Bourne, Mercer Ltd
Administrator	ABF Group Pensions Department
Auditor	Ernst and Young LLP
Banker	Bank of Scotland
Investment and Benefit Consultants	KPMG LLP
Solicitor	Travers Smith

