

YOUR 2022 DC SECTION MEMBER REPORT

Welcome to your 2022 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



STOP PRESS! - Pension Taxation Reforms announced in the Spring Budget 2023

In the Spring Budget 2023, the Government announced significant changes to the limits on the tax-relieved pension savings you can have, to take effect from 6 April 2023:

- The Government confirmed that the additional tax charge on any lifetime pension savings above a set amount, known as the Lifetime Allowance (LTA), will no longer apply from 6 April 2023. The current LTA is £1.0731 million but it is expected that this will be abolished with effect from 6 April 2024.
- The value of pension benefits that can be saved tax-efficiently each year, known as the Annual Allowance (AA), will increase from £40,000 to £60,000 from 6 April 2023. There will also be increases to the Money Purchase Annual Allowance (MPAA) and the Tapered Annual Allowance (TAA) from £4,000 to £10,000 each year.

Although the changes introduced in the Budget will apply to everyone only a very small number of people are likely to be affected by them. You are only likely to be affected if you meet one or more of the following conditions.

- You have opted-out of the Scheme for taxation reasons and/or you have a form of HMRC pension protection.
- Your ABF pension savings are close to or above the current LTA of £1.0731 million.
- Your pension contributions to the ABF Pension Scheme are capped for taxation reasons.
- You have received a pensions savings statement from Group Pensions in previous tax years because your pension savings have exceeded the AA or you are subject to the MPAA.

If your ability to save tax-efficiently into the ABF Pension Scheme is currently limited by either the LTA or the AA, the changes may provide you with the opportunity to start or increase regular pension savings. However, the Government's announcement was unexpected and we are currently waiting for more detail from HMRC. Please bear with us whilst we work to understand the detail behind these pension taxation changes. We will then send out a communication to you if you are affected to explain the options available to you. If your pension contributions to the ABF Pension Scheme are capped then the existing cap will remain in place for now. You will be given the opportunity to change your level of pension contributions when we write to you again.

You can find out more information about LTA and AA on the ABF Pension Scheme website at www.abfpensions.com/dc/taxation. The website also contains examples and further information about how the Tapered Annual Allowance and the Money Purchase Annual Allowance work.

Please note the Group Pensions Department is not allowed to give you advice about your personal tax position. We strongly recommend that you seek advice from a financial adviser before making any decisions about your pension if you believe you are affected by the tax relief limitations on your pensions savings. You can find information on financial advisers by visiting www.unbiased.co.uk.

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.



How are my pension benefits affected by recent movements in the stock market?

Over the past year, the markets have continued to be volatile due to a combination of the Coronavirus pandemic, the situation in Ukraine, the impact of rising inflation and the reaction to the tax cutting plans announced by the UK Government in September.



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 the recent volatility. You can view this at www.abfpensions.com/news/2022/investment-update-30th-september-2022/.

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.

Restrictions on transferring your pension

From 30th November 2021, the Government has introduced 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/dc/scams.

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.



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.



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. Additionally, please note that members of the Scheme are required to take their benefits before they reach the age of 75. We will write to you as you approach the age of 75 to explain the options available to you.



Climate Change Reporting

The Government has introduced new legislation in the Pensions Schemes Act 2021 that requires pension schemes to produce a report demonstrating the actual and potential impacts of climate related risks and opportunities on the scheme's investment strategy and financial planning. This follows the recognition that the reporting of material climate-related information helps support investment decisions as the UK transitions towards a low-carbon economy. This new reporting is called the Task Force on Climate-related Financial Disclosures (TCFD) report.

The report will assess the potential of physical risks such as extreme weather events, and how the scheme intends to navigate or mitigate climate change risks. Schemes with assets of £1 billion or more (such as the ABF Pension Scheme) are now required to publish an annual TCFD report on their website. The Trustees together with their advisors are currently working on producing the first TCFD report that will be published on the Scheme's website by 5 November 2023 to comply with the new climate change legislation. More information will be included in the TCFD report and members may wish to look out for this report once it is published.

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.

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).

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.

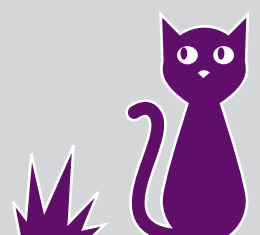
All calls to this number are recorded and the information taken will be used solely to assess the provision of benefits for Death in Service and Ill Health Retirement.

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

Contacting us

We are currently experiencing a very high number of queries and it may take us several weeks to reply if you write to us by email or post. If your enquiry is urgent, please call the team 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.

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.



THE FINANCIALS

Membership

On 5 April 2022, there were:

20,728
Active members

28,985
Deferred members



Income and expenditure

This table shows the breakdown of income and expenditure for the year to 5 April 2022:

Members' contributions	£28,314,000
Members' Additional Voluntary Contributions (AVCs)	£2,886,000
Employers' contributions	£32,986,000
Members' individual transfers in	£1,580,000
Net returns on investments	£81,121,000

Total income

£146,887,000

Retirement and death benefits	£11,933,000
Refunds to leavers	£8,000
Payroll refunds for Eligible Jobholder Opt Outs	£43,000
Members' individual transfers out	£23,472,000
Taxation where Lifetime or Annual Allowances exceeded	£171,000
Transfers of pension on divorce	£312,000

Total expenditure

£35,939,000

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 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.



All together, better

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 99% 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 2022 (the month end nearest to 5 April 2022) 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	4.13
2014 - 2016	4.72
2017 - 2019	5.72
2020 - 2022	6.56
2023 - 2025	7.37
2026 - 2028	8.26
2029 - 2031	8.92

Members in the mid-life phase

Target Date Fund	Return %
2032 - 2034	9.45
2035 - 2037	9.92
2038 - 2040	10.33
2041 - 2043	10.75
2044 - 2046	10.82
2047 - 2049	10.81
2050 - 2052	10.81

Younger members

Target Date Fund	Return %
2053 - 2055	10.81
2056 - 2058	10.81
2059 - 2061	10.80
2062 - 2064	10.90
2065 - 2067	9.76
2068 - 2070	9.75
2071 - 2073	9.78

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), Philippa Nibbs (appointed 3 March 2022)
Member Nominated Trustee Directors	Jonathan Willis (appointed 3 June 2021), Paul Longley, Sarah Giffen, Trevor Smith (appointed 3 June 2021)
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	Mercer Ltd

