

Kingfisher Pension Scheme

Annual Report and Financial Statements

For the year ended 31 March 2026

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Trustee and advisers

TRUSTEE

Kingfisher Pension Trustee Limited

TRUSTEE DIRECTORS

Employer nominated

ITS Limited represented by:

Rachel Croft

Tim Giles (appointed 1 December 2025)

Kamron Arasteh (appointed 20 July 2026)

Richard Athorne (appointed 27 July 2026)

Gillian Baker (resigned 17 November 2025)

Joanna Bevan

Simon Ogle

Paul Shearer (resigned 31 August 2026)

Member nominated

Brett Borkowski

Tosin Banjo

Joanne Cole (appointed 13 July 2026)

Yolanda Jackson (resigned 31 March 2026)

Grant MacGregor

Roger Panton-Kent (appointed 20 July 2026)

Hollie Smith (appointed 13 July 2026)

PRINCIPAL EMPLOYER

Kingfisher plc

PARTICIPATING EMPLOYERS

B&Q Limited

B&Q (Retail) Guernsey Limited

B&Q (Retail) Jersey Limited

Kingfisher Information Technology Service (UK) Limited

Kingfisher International Products Limited

Screwfix Direct Limited

SECRETARY TO THE TRUSTEE

James Chemirmir

BANKERS

Barclays Bank plc

ACTUARY

Hymans Robertson LLP

Lisa Deas FFA (resigned 3 June 2026)

Callum Cooper (appointed 3 June 2026)

INDEPENDENT AUDITOR

Grant Thornton UK LLP

LEGAL ADVISERS

Mayer Brown International LLP

Eversheds LLP

Sacker & Partners LLP

INVESTMENT MANAGERS

Final Salary section

BlackRock Renewable Power Fund II (C), L.P.

BlackRock Investment Management (UK) Limited

Hayfin Direct Lending GP Ltd

Insight Investment Management (Global) Ltd

Legal & General Investment Management

LGT Capital Partners (Ireland) Limited

PIMCO Europe Limited

Money Purchase section

Legal and General Assurance Society Limited

GROUP LIFE ASSURANCE

Canada Life

ANNUITY PROVIDERS

Legal and General Assurance Society Limited

Pension Insurance Corporation

Aviva Life & Pensions UK Limited

INVESTMENT ADVISERS

Aon Solutions UK Limited

Lane Clark & Peacock LLP

Barnett Waddingham LLP

CUSTODIAN

State Street Bank & Trust Company

AVC PROVIDERS

Scottish Equitable plc

Legal and General Assurance (Pensions Management) Limited

The Prudential Assurance Company Limited

Phoenix Life Assurance Limited

ADMINISTRATORS

Final Salary Section

Hymans Robertson LLP (terminated 31 October 2025)

Aptia UK Limited (appointed 14 November 2025)

Money Purchase Section

Legal and General Assurance Society Limited ('L&G')

NAME AND ADDRESS FOR ENQUIRIES

Scheme Secretary

Kingfisher plc

1 Paddington Square

London

W2 1GG

Email: corporatepensions@kingfisher.com

Trustee's report

The Trustee of the Kingfisher Pension Scheme (the 'Scheme') presents its annual report for the year ended 31 March 2026. This report is completed in accordance with all Regulatory requirements applicable for the Scheme year.

Introduction

The Trustee would like to draw attention to the following activities which were undertaken during the Scheme year:

- Consultation on Guaranteed Minimum Pension Equalisation (page 6)
- Completion of the Statement for Taskforce on Climate-related Financial Disclosures (page 8)

The Trustee Report includes the Implementation Statement (page 8) which provides information regarding investment activity and performance during the Scheme year. The Annual Governance Statement for the Money Purchase Section is included as an Appendix to this report, which provides information regarding:

- Investment strategy and governance
- Processing of core financial transactions
- Disclosure of member-borne costs and charges
- Assessment of value for members
- How the Trustee has met trustee knowledge and understanding requirements

Constitution of the Scheme

The Scheme provides a Final Salary section ('FS') and a Money Purchase section ('MP') which holds Scheme funds on trust to apply them for the purpose of paying pensions and other benefits. It is governed by a Trust Deed dated 15 December 1986 and subsequent amendments.

The Final Salary section closed to new entrants on 31 March 2004 and to future accrual on 1 July 2012. The Money Purchase section was introduced on 1 April 2004.

The Money Purchase section does not pay pensions as annuities are purchased to fund pension benefits which are bought in the name of the member. Post the April 2015 'Freedom and Choice' legislation changes, members also now have the voluntary option to take cash and / or transfer monies to an income drawdown solution.

Management of the Scheme

The Trustee Directors who served during the year are listed on page 2.

The current professional Trustee (ITS Limited) is a trustee company, who acts as a Trustee Director to the trust. This company has no interest in the assets of the trust; is not a beneficiary of the trust and is not entitled to share in the assets of the trust. The professional Trustee and four of the Trustee Directors are or were appointed by the Company.

The member nominated Trustee Directors serve for a period of four years unless their Trusteeship is terminated, they resign or leave active membership before the end of their term. These Trustee Directors are also able to stand for re-election for a further one term of four years, making a total of eight years' maximum service.

The number of the Trustee Directors shall never be more than 14 or (except on account of casual vacancies or where the Trustees are or include a company) fewer than three. Within these limits, the Company will have power by deed to remove Trustees from office or to appoint new or additional Trustees. A Trustee will be discharged if they are removed or replaced by the Company (provided that there is at least one Trustee remaining) or if they resign by written notice both to the Company and to the other Trustees (provided that the Trustees continuing in office are at least three in number or include a company). A company which is not the sole Trustee will cease to be a Trustee upon going into liquidation.

Trustee's report (continued)

Committees

The Trustee has established the following sub committees to facilitate additional targeted and technical matters:

- Defined Benefit Investment Committee
- Defined Contribution Investment and Retirement Committee
- Audit, Accounts and Governance Committee
- Benefits Committee

Financial development of the Scheme

The Financial Statements of the Scheme for the year ended 31 March 2026, as set out on pages 21 to 39 have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995. A summary is shown below:

£m	31 March 2026		31 March 2025	
	FS Section	MP Section	FS Section	MP Section
Net (withdrawals)/additions from dealing with members	(108.2)	46.3	(106.6)	55.4
Net returns / (losses) on investments	16.7	159.2	(129.9)	27.3
Net (decrease) / increase in fund	(91.5)	205.5	(236.5)	82.7
Transfers between sections	(5.2)	5.2	(6.3)	6.3
Net assets at the end of the year	1,945.4	1,107.3	2,042.1	896.6

Information regarding the investment activity and performance of the Scheme can be found within the Implementation Statement which begins on page 8.

Actuarial review (Final Salary section)

The latest triennial actuarial valuation of the Scheme was carried out as at 31 March 2025. The results of this actuarial review are shown below:

£m	31 March 2025		31 March 2022	
	TP	LDO*	TP	2FO*
Assets	1,950	1,970	3,506	3,587
Liabilities	1,802	1,861	3,323	3,564
Surplus / (Deficit)	148	109	183	23
Funding level	108%	106%	106%	101%

*Further explanation of LDO and 2FO is provided in the Investment Report on page 7.

Whilst the triennial actuarial review was ongoing an interim Schedule of Contributions ('SOC') was signed on 16 December 2025. The interim SOC allowed the Scheme to resume transfer of the income received from the Special Purpose Vehicle ('SPVI') from the FS Section to the MP Section, as the final SPVI transfer took place in July 2025 under the old Memorandum of Agreement ('MOA') between the Company and the Trustee.

As a result of the latest triennial actuarial review, a Schedule of Contributions ('SOC') was certified on 19 June 2026 which continued to allow the income received from the Special Purpose Vehicle ('SPVI') to be transferred from the FS Section to the MP Section, to assist in funding Employer MP Section contributions. A new Memorandum of Understanding ('MOU') was signed on 19 June 2026 between the Company and the Trustee, which covers the period August 2025 to July 2028 (income payable one month after). The final SPVI transfer from the FS to MP section will take place in August 2028.

Further information on the SPV is provided in note 15 on page 30. Information on contributions received in the year and the corresponding SPVI transfer between sections is shown in note 2 on page 25.

Trustee's report (continued)

Next actuarial valuation

The next actuarial valuation of the Scheme is due as at on 31 March 2028.

The Report on Actuarial Liabilities forms part of the Trustee's Report and is shown after Actuary's Certification of the Schedule of Contributions on page 43.

Membership

Membership	Final Salary Section				Money Purchase Section		
	Deferred	Pensioners*	Total		Active	Deferred	Total
1 April 2025	11,815	14,888	26,703		25,251	48,315	73,566
Opening balance adjustment**	(129)	23	(106)		795	(30)	765
New	-	124	124		3,523	5,192	8,715
Deaths	(21)	(456)	(477)		(1)	(99)	(100)
Retirements	(654)	654	-		(19)	(947)	(966)
Commutations full / trivial	-	(140)	(140)	-	-	-	-
Leavers with retained benefits	-	-	-	(5,192)	-	-	(5,192)
Cessations/surrenders	(3)	(2)	(5)	-	(12)	(12)	(12)
Transfers out	(11)	-	(11)	(5)	(1,877)	(1,882)	(1,882)
Reinstatements	(6)	-	(6)	-	-	-	-
31 March 2026	10,991	15,091	26,082		24,352	50,542	74,894

*Included in the pensioner numbers are 7,787 (2025:8,004) which are secured by annuity contracts. Further information on annuity contracts is provided in note 15.

The number of life insurance only members at the year-end is 11,073 (2025: 8,759)

** relates to late notifications of members

Employees who opt out of the Scheme before contributions are remitted are not included in these statistics.

Pension increases (Final Salary section)

Pensions in payment receive guaranteed annual increases matching the rise in the Retail Prices Index ('RPI') (during a calendar year) up to a maximum of 5%. Where inflation exceeds 5%, the Trustee may consider the payment of additional discretionary increases at the request of the Employer.

Increases from the Scheme do not apply to that element of the pension in payment representing any Guaranteed Minimum Pension ('GMP') earned before 6 April 1988 after age 60 for females, or 65 for males, as these increases are provided with the State pension. The Scheme is required to provide GMP as a consequence of contracting-out of the State Earnings Related Pension Scheme (SERPS). The GMP element earned after April 1988 will be increased by the Scheme in line with inflation, as required by legislation, up to a limit of 3% per annum. Pension increases over the last three years are shown in the table below:

Year	Pension Increase	RPI
2026	4.2%	4.2%
2025	3.5%	3.5%
2024	5% (capped)	5.2%

Increases for pensioners in the Channel Islands are calculated in accordance with their own RPI. The RPI in December 2025 for Jersey and Guernsey was 2.8% (2024: 2.5%) and 3.4% (2024: 4.6%) respectively.

Each year, the Scheme increases deferred pensions in line with inflation, up to 5% per annum between the date of leaving and the date of retirement. These increases are non-discretionary.

Trustee's report (continued)

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issue determined by the judgment arises in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020 the High Court issued a follow-on judgment, which suggested that transfer payments made since May 1990 will need to be topped up to allow for GMP equalisation.

Implementation of GMP equalisation for the Scheme is summarised in the table below:

Name	Category	Timing	Status	Conversion date	Increase in liabilities	Comment
Phase 1	Pensioners > age 80 as of 31 December 2021	Q1 2023	Complete	30 April 2023	£80k	Arrears of £213k paid in March 2023. Pension increases applied in April 2023.
Phase 2	Deferred	Q3 2026	Complete	31 December 2025	£1.27m	Average pension uplift is £191 p.a.
Phase 3	Remaining Pensioners	Q1 2025	Complete	15 July 2024	£924k	Arrears of £603k paid in March 2025. Pension increases applied in April 2025.
Phase 4	Remaining membership including dependants and transfers	Q4 2026	In progress	TBC	TBC	Data preparation underway

The results of Phases 2 and 4 will be provided in the Trustee Report in the next Scheme year.

Changes to rules

There were no changes to the Scheme rules during the year.

Trustee's report (continued)

Investment Report

Custody

Custodian services are provided by State Street Bank and Trust Company Limited. Although the Trustee has delegated day to day management of the Scheme's investments to external managers, the custody (safekeeping) of the segregated assets is carried out independently of the managers by State Street Bank and Trust Company Limited. The underlying assets of pooled investment vehicles are held under the custody of separate custodians appointed by the manager of the respective pooled fund. The Scheme's investment in the Special Purpose Vehicle and the annuity contracts are held directly by the Trustee.

Investment management

The Trustee delegates the day to day management to professional external investment managers. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's investment advisers. The Trustee has put in place investment mandates with their investment managers which implement this strategy.

In accordance with s35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee which incorporates the investment strategy. A copy of the Statement is available to members upon request and is included as appendix I to these financial statements.

Investment managers are remunerated by fees based on a percentage of funds under management and in some instances a percentage of performance above benchmark.

Investment managers have been asked to exercise voting rights where relevant, referring back to the Group Pensions Department only those issues which they feel are contentious and warrant further discussion before taking action.

The Trustee has delegated day to day investment decisions to its appointed investment managers (within certain guidelines and restrictions).

The Trustee believes that all companies should be run in a socially responsible way as in the long run this should contribute to the success of those companies, but equally recognises its fiduciary responsibility to act in the best financial interests of the Scheme's members. Therefore, the Trustee's policy is that the investment managers should take account of social, environmental and governance (ESG) considerations to the extent that they may have a financial impact on investment performance. With this in mind the Trustee Board also encourages managers to pursue policies of engagement with their investee companies.

Objectives and Performance (Final Salary Section)

As part of the 2025 triennial valuation process the Trustee and the Sponsor reviewed the long-term objective of the Scheme's Final Salary Section.

In addition to the statutory funding objective, the Trustee and the Sponsor agreed a long-term objective (the Low Dependency Objective 'LDO', previously referred to as the Secondary Funding Objective '2FO'), to achieve a fully funded position on a low dependency basis by 2043, which corresponds to the estimated timeframe for the Scheme to reach significant maturity, as defined in The Pensions Regulator's new Defined Benefit Funding Code of Practice.

Other details relating to the LDO and the Statutory Funding Objective are set out in the Statement of Funding Principles which is available to members upon request.

Trustee's report (continued)

The performance of the Scheme's investments is measured against the Scheme specific benchmark. Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2026 is shown in the following table:

Annualised return over	1 year	3 years	5 years
Actual	3.5%	-3.2%	-9.9%
Benchmark	3.4%	-3.4%	-10.0%

Reviewing performance over the longer periods is more relevant to the Scheme's long-term objectives.

Information regarding the investment activity and performance of the Scheme can be found within the Implementation Statement which begins on page 8.

Objectives and performance (Money Purchase Section)

A default strategy is provided which the Trustee believes is suitable for the needs of the membership. The Trustee reviews the investment default on a regular basis. The default option for the Money Purchase Section is currently the cash target lifestyle option.

Over the year to 31 March 2026 the return of the default strategy is shown in the following table:

Annualised return over	1 year	3 years	5 years
Actual	19.1%	12.4%	7.9%
Benchmark	19.1%	12.7%	8.4%

The Trustee makes available to members of the Money Purchase Section an appropriate range of investment options to which members and the Employer will contribute in order to provide each member with a fund which will be used to secure their benefit at retirement. The Money Purchase Section offers a facility for members to contribute more on a voluntary basis.

Statement for Taskforce on Climate-related Financial Disclosures ("TCFD")

In October 2022 UK disclosures per the TCFD framework became mandatory for schemes with assets more than £1 billion. The Trustee is pleased to present their annual TCFD Statement which can be found by accessing this link:

<https://www.kingfisherpensions.com/wp-content/uploads/2026/08/Kingfisher-Pension-Scheme-TCFD-Report-31-March-2026.pdf>

Implementation Statement

Background

The Trustee maintains a Statement of Investment Principles (SIP) for the two sections of the Kingfisher Pension Scheme - the Final Salary Section and the Money Purchase Section. The SIP is available on the Scheme's website:

<https://www.kingfisherpensions.com/wp-content/uploads/2025/11/KPS-SIP-2025-Final.pdf>

This statement, which is required by legislation, explains how the Trustee has implemented the SIP during the year ended 31 March 2026.

Changes to the SIP

The Trustee reviews the SIP at least once every three years and following any significant change in investment policy.

The latest review for these purposes was carried out in September 2025, there were no changes made to the SIP during the review, or through the year ended 31 March 2026.

Trustee's report (continued)

The Trustee plans to review the SIP again once the Final Salary investment strategy review and the Money Purchase Section default strategy review have been completed.

Giving effect to the SIP

The Trustee is satisfied that it has followed the SIP throughout the year for both the Final Salary and Money Purchase Sections. The following paragraphs provide information about how the SIP has been followed.

Governance

In accordance with the SIP, certain investment functions have been delegated to the DB Investment Committee and the DC Investment and Retirement Committee (the Investment Committees). There were no changes to the role or responsibilities of the Investment Committees during the year.

The Investment Committees met quarterly during the year to consider investment matters, supported by the Trustee's investment advisers where appropriate as provided for in the SIP.

In December 2025 the Trustee reviewed the written objectives for its investment advisers, so as to meet the requirements of the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022.

During the year, the Trustee Board held a series of designated training days and received training in the following areas;

Date	Topic	Presenters
15.01.2026	Trustee liability insurance training	Mia Stewart - WTW
15.01.2026	Introduction to Own Risk Assessment (ORA)	Michelle Burgess - Aon
15.01.2026	Collective Defined Contribution 'CDC'	Sam Cobley Sean Garratt - LCP
23.10.2025	Pensions legal and regulatory update	Andrew Block and Esther White, Mayer Brown International
23.10.2025	Climate scenario analysis training - including narrative-based scenarios	Lisa Deas – Hymans Robertson
23.10.2025	Navigating the new DB funding code requirements -2025 valuation and the decisions that will need to be made.	Lisa Deas Paul Thornton – Hymans Robertson
10.07.2025	Risk Management Framework and Own Risk Assessment requirements	Michelle Burgess, Tammany Knoesen - Aon risk register team
10.07.2025	Longevity training session – Club Vita	Jill Jamieson, Amy Walker – Club Vita Lisa Deas, Hymans Robertson
10.07.2025	Aon Risk Management platform and Scheme risk reporting	Michelle Burgess, Tammany Knoesen - Aon

Trustee's report (continued)

Additionally, training is provided at Trustee Board and Sub-Committee meetings to support the Trustee's decision making. This included sessions on a variety of topics including, Shariah Sukuk investments; Cashflow matching investment, equity protection and Task Force on Climate-Related Financial Disclosures (TCFD) training. The Trustees completed and published their third TCFD report in 2025.

Investment strategy – Final Salary Section

For the Final Salary Section, the SIP provides that the Trustee will invest with the aim of achieving the Scheme's secondary funding objective, i.e. to be fully-funded on a "gilts flat" basis by 2030. The bulk of the portfolio is to be invested in assets which broadly match the Scheme's liabilities (gilts, corporate bonds, swaps and buy-in policies). In addition, a substantial part of the interest rate and inflation risk is to be hedged using suitable assets. A small proportion of the portfolio is to be invested in return-seeking assets (equities and alternative assets such as private equity, property and commodities). The portfolio is to be gradually de-risked so that by 2030 it consists entirely of matching assets, such as bonds. The timing of de-risking is determined by the Trustee in consultation with the Company. No change was made to this long-term strategy during the year, the Trustees will review their long-term strategy during 2026.

During the year, the Trustee implemented the long-term strategy by continuing to invest predominantly in matching assets. The DB Investment Committee monitored the asset allocation on a quarterly basis and is satisfied that the allocation remained in accordance with the SIP. As at 31 March 2026, the proportions of matching and return seeking assets were approximately 93% and 7% respectively.

On the matching asset side of the Scheme the Kingfisher Pension Scheme employs a Liability Driven Investment (LDI) strategy to hedge the majority of the Scheme's interest rate and inflation exposure. During the year ended 31st March 2026 the Trustee continued to monitor and review the hedging programme against the latest Pensions Regulator, and other regulatory, guidance. The Trustees perform an annual 'deep dive' into the LDI portfolio, assessing the benchmark, the leverage within the portfolio and their collateral management framework. The Trustees also perform stress testing to help understand how the collateral position may be impacted by different market shocks. The Trustee believes the hedging programme to be in a robust and resilient position.

The target level of hedging remains at 96% of the Scheme's interest and inflation exposure. The Trustee monitors the level of collateral and leverage within the LDI programme on an ongoing basis.

The Trustee believes the current investment strategy is supportive of the 2030 secondary funding objective.

Investment strategy – Money Purchase Section

For the Money Purchase Section, the SIP provides that the Trustee will make available a Default Arrangement (for members who do not make their own investment choices) and Self-Select Options (for members who wish to choose). The aim as regards the Default Arrangement is to invest in growth assets for younger members but with de-risking into cash (or similar) over the ten years to selected retirement age; to achieve long-term returns, after charges, of CPI + 3%; and for charges to be well below the 0.75% p.a. charge cap. The aim as regards the Self-Select Options is to offer a simple range of white-labelled funds covering the major asset classes, with suitable diversification within each fund.

During the year, the Trustee gave effect to its strategy by continuing to make available funds which (in the Trustee's view) meet the aims described above.

There were no changes to the Default Arrangement or Self-Select Funds made during the year. The Trustees are currently reviewing the default strategy.

Trustee's report (continued)

Fund managers and performance

All day-to-day investment decisions throughout the year were delegated to authorised fund managers, in accordance with the SIP. Accordingly, decisions as to the sale and purchase of assets underlying the Trustee's chosen funds were made by the fund managers, subject to the applicable mandates.

During the year, no fund managers were appointed or removed. There were no material changes to the arrangements with the existing fund managers.

The Investment Committees monitored the fund managers' performance against the applicable benchmarks on a quarterly basis, using the services of an independent performance measurer, in accordance with the SIP. Turnover costs (where available) were also monitored, along with ESG issues and voting behaviour as described below. In all cases the Committees were satisfied that the Trustee's objectives (taken together) were met.

In accordance with the SIP, the Investment Committees liaised with fund managers on a regular basis throughout the year.

The Investment Committees invite the investment managers to provide updates at their meetings. During the year the Committees held discussions and received updates from BlackRock, Insight Investment Management, PIMCO, L&G and LGT Capital Partners.

The Trustee also receives quarterly reporting from their investment advisers, this includes the advisers' views on the managers and funds that the Scheme employs.

Financial matters including ESG

The Trustee believes that environmental, social and governance (ESG) issues may have a material impact on the long-term performance of investments. The SIP provides that the Trustee will have regard to ESG issues when investing, so far as is consistent with the Trustee's duties as regards seeking returns and mitigating risk. Fund managers' approaches to ESG will be considered when making appointments. Thereafter, the Trustee will monitor and engage with fund managers as regards ESG issues as appropriate and will take account of such issues when reviewing managers' performance. Subject to that it is left to managers to determine the extent to which ESG issues are taken into account when making underlying investments.

Further to the policy set out in the SIP, the Trustee has continued to apply a "climate" tilt to the core equity investments under both the Final Salary and Money Purchase Sections, managed by Legal & General (L&G). The approach gives a greater weighting to companies which are less carbon-intensive, relative to their sector, or which have greater engagement in the transition to a green economy. As part of Final Salary Section investments, the Trustee also invests in a global renewable energy fund. As part of the Money Purchase Section investments, the Trustee invests in a number of L&G 'Future World' funds, including the L&G Future World Equity Fund, the L&G Future World Multi Asset Fund, the L&G Future World Annuity Aware Fund and the L&G Future World Inflation Linked Annuity Aware Fund.

L&G are part of the Net Zero Asset Managers initiative which is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner across all assets under management. In line with this commitment, L&G have a target for 70% of eligible assets under management to be managed in line with this net-zero ambition by 2030. In addition, drawing on industry best practice, they have set out their key requirements for any investment portfolio to be considered net-zero aligned. This includes setting targets, adopting a decarbonisation pathway, engaging for change, excluding misaligned companies, and growing 'green' opportunities.

L&G has also been a member of the Institutional Investors Group on Climate Change ('IIGCC') since 2011; a collaborative initiative for European investors, the IIGCC brings together over 400 members in its aim of driving progress towards net zero and a sustainable future, in line with the Paris Agreement. Initiatives co-founded by the IIGCC include the CA100+, Nature Action 100 and the Net Zero Asset Managers Initiative. The IIGCC also engages with policymakers on successful implementation of the Paris Agreement and on how to decarbonise the real economy.

Trustee's report (continued)

L&G applies a "Climate Impact Pledge" – each year L&G engages with the largest companies across the world identified as key to meeting global climate change goals and commits to disinvesting from companies that fail to demonstrate sufficient action. During 2025, under their Climate Impact Pledge, 245 companies out of a universe of 5,000+ were identified by their quantitative assessment as subject to voting sanctions, due to not meeting their minimum standards. This was a reduction compared to the 455 in the prior year reflecting improvements L&G saw being made across the market; in the disclosures companies are making and their planning and management of approaches to climate change and nature degradation. L&G's assessments are made public and they publish information on their 'minimum standards' for each sector, the data providers they use and the methodology on their dedicated microsite. Through the assessment tool, L&G apply a model of "engagement with consequences". This means that companies that fall short of their minimum standards will be subject to voting sanctions across our entire book.

L&G's Nature Framework sets out their approach to deforestation, natural capital management, the circular economy, and water. L&G is part of the steering committee of the global Finance Sector Deforestation Action (FSDA) initiative to commit to use best efforts to eliminate agricultural commodity-driven deforestation from their investment portfolios. The initiative has set out investor expectations for companies around commitments, disclosure and actions related to deforestation. L&G are also active members of the Investors Policy Dialogue on Deforestation (IPDD). This collaboration was established in 2020 and is an investor-led engagement initiative that aims to halt deforestation.

In accordance with the SIP, the Trustee has encouraged fund managers to vote and exercise other investor rights, and to engage with investee companies and other relevant persons on ESG issues.

The quarterly investment reports which the Investment Committees received from the Trustee's investment advisers included assessments as to the fund managers' integration of ESG considerations into their investment processes, and their stewardship practices. In addition, fund managers supplied information as to their own stewardship activities. The Committees were satisfied that the information received did not give rise to concerns which, in accordance with the SIP, should be raised with the fund managers.

Non-financial matters

The Trustee has regard to ESG issues when investing as described above. The Trustee recognises that members may have their own strong views on ethical, social and environmental issues (non-financial matters), but does not believe that there is any clear consensus as to non-financial matters across the membership. Against that background, in accordance with the SIP, the Trustee has continued to offer the Ethical Fund and the Shariah Fund as Self-Select Options under the Money Purchase Section.

The Trustee, working with L&G and Tumelo provide a member engagement tool that gives members greater transparency of the companies they have their pension invested in. The tool also provides the members with the opportunity to share their views on how certain shareholder votes should be cast in relation to these companies, on issues including ESG: climate change, gender equality, diversity and human rights. These member views are shared with the investment managers who are then able to take them into consideration when voting.

The Scheme provides members with access to webinars provided by L&G covering a broad range of topics including workplace pensions, the pension gender gap, investments and ESG.

Voting

Voting arrangements

The core equity manager for both the Money Purchase Section and the Final Salary Section is L&G. The Trustee does not exercise voting rights, as its investments are through pooled funds with many other participating investors. Instead voting rights are exercised by L&G as described below.

Trustee's report (continued)

L&G's voting and engagement activities are driven by its Investment Stewardship team, made up of ESG professionals. The team determines how to vote and engage with investee companies in order to achieve the best outcome for L&G's clients as a whole. For this purpose, the team has adopted formal policies (reviewed each year) on corporate governance, responsible investment and conflicts of interest. The team draws on its own research and ESG assessment tools, and on ISS recommendations and reports of the Institutional Voting Information Services.

L&G disclose their voting records on their website, they disclose the details of their vote instructions on a per-meeting basis, with the rationale provided for all votes cast against management. The data is uploaded after the conclusion of the shareholder meeting. L&G's voting policies are reviewed annually and take into account feedback from its clients.

L&G's investment Stewardship team uses ISS's "ProxyExchange" electronic voting platform in order to vote. All voting decisions are made by L&G and they do not outsource any part of the strategic decision-making process, their use of ISS is purely to augment their own research and proprietary ESG assessment tools. To ensure that ISS votes in accordance with those strategic decisions, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider to be minimum best practice standards which all companies should observe. L&G retains power to override any proposed voting decisions of ISS.

Voting behaviour

The Stewardship team comprises 21 professionals with an average of 11.9 years of experience in areas including responsible investment, investment stewardship, accounting and audit, impact investment, and public policy. The team includes sector specialists and experts on themes, such as nature and climate change, diversity, and governance.

During 2025 L&G cast 148,846 votes across all their assets under management and their investment stewardship team engaged with 3,201 companies.

L&G report on their compliance with their engagement policies annually, via their Active Ownership Report.

The funds that have an exposure to equities within the default arrangement are as follows:

- L&G Future World Multi-Asset Fund
- L&G Future World Fund

The table below, sets out the further details relating to L&G's voting record for stocks held within each fund for the year to 31 March 2026.

	Future World Fund	Future World Multi-Asset Fund
How many meetings were you eligible to vote at over the year to 31/03/2026?	1,665	9,732
How many resolutions were you eligible to vote on over the year to 31/03/2026?	21,023	100,087
What % of resolutions did you vote on for which you were eligible?	100%	99.9%
Of the resolutions on which you voted, what % did you vote with management?	80.0%	75.5%
Of the resolutions on which you voted, what % did you vote against management?	19.6%	23.7%
Of the resolutions on which you voted, what % did you abstain from?	0.4%	0.8%
In what % of meetings, for which you did vote, did you vote at least once against management?	67.4%	69.1%
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	15.9%	13.9%

For further information about how the Trustee engaged with fund managers as to voting and stewardship, see the "Financial matters" section.

Trustee's report (continued)

Key votes

In the Trustee's view, the most significant votes are those as to ESG issues which are likely to affect long-term investment performance. Significant votes by L&G over the year included the following:

Company name: Microsoft Corporation	
Sector: Information technology: software and services	
Issue identified:	Joint Chair and Chief Executive Officer. L&G considers the separation of the Chair and CEO roles to be a core element of effective corporate governance. L&G opposes combined roles and will vote against such structures, on the basis that they weaken board independence, oversight, and the balance of power.
Position size at date of vote (as a percentage of portfolio):	1.69%
Summary of the resolution:	Resolution 1f: Elect Director Satya Nadella AGM date: 12 December 2025.
How L&G voted:	Against Resolution 1f
If the vote was against management, was the intention to vote conveyed to the Company prior to the vote taking place?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
Rationale for the vote decision:	A vote against was applied as L&G expects companies to separate the roles of Chair and Chief Executive Officer due to risk management and oversight concerns. The decision was an application of L&G's voting policy on the topic of combining the roles of board chair and CEO.
Outcome:	94.0% voted in favour of the resolution.
Why is this vote significant?	Board Leadership: This vote is significant as it is in application of L&G's voting policy on the topic of combining the roles of board chair and Chief Executive Officer. L&G will continue to engage with their investee companies, publicly advocating their position on this issue and monitor company and market-level progress.

Trustee's report (continued)

Company name: Centrica Plc Sector: Utilities	
Issue identified:	L&G believe that climate change represents a financially material and systemic long-term risk to their clients' portfolios. In assessing companies' climate transition plans against their published expectations, L&G aim to encourage them to develop suitably ambitious and credible plans to mitigate risks and seek opportunities from the energy transition.
Position size at date of vote (as a percentage of portfolio):	0.10%
Summary of the resolution:	Resolution 21: Approve Climate Transition Action Plan AGM date: 8 May 2025.
How L&G voted:	For Resolution 21 (i.e. in line with management recommendation)
Rationale for the vote decision:	While L&G note the inherent challenges in the decarbonisation efforts of the utilities sector, L&G expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. L&G believe Centrica has taken significant steps to align its transition plan with the CA100+ benchmark, and support the company's increased ambition. This includes bringing forward its operational net-zero target from 2045 to 2040 and improving its interim scope 1 and 2 targets from a 40% GHG emissions reduction by 2034 to 50% GHG emissions reduction by 2032. L&G also appreciate the transparency regarding policy and regulatory dependencies to meet these goals. Concerns remain, however, regarding the temperature alignment of the company's transition plan -- the emissions trajectory through 2030 is expected to exceed a 2°C pathway before becoming 1.5°C aligned in the mid-2030s -- and the lack of third-party verification of its temperature pathway. Further, L&G encourage more transparency on what qualifies as "green investments", reflecting 50% of planned investment activity between 2023-2028 to support decarbonisation of its operations.
Outcome:	93.4% voted in favour of the resolution.
Why is this vote significant?	This vote is significant due to the importance of the theme (climate change), and the improvements made by the company to enable L&G to vote in favour of the Centrica report. L&G's level of support for management-proposed transition plans and progress reports has been relatively low over the years -- although it is increasing, suggesting that climate reporting is improving. In 2023, L&G's level of support was 44%, and in 2024 this increased to 55%.

Trustee's report (continued)

Company name : Arch Capital Group Ltd Sector : Financials – Insurance	
Issue identified:	L&G believe a diverse mix of skills, experience and perspectives is essential for a company and its board to function and perform optimally. Studies demonstrate that a good level of diversity can improve business resilience and decision-making, minimise risks, and improve the sustainability of profit growth which can maximise long-term returns for investors.
Position size at date of vote (as a percentage of portfolio):	0.14%
Summary of the resolution:	Resolution 5 – Report on Effectiveness of Diversity, Equity and Inclusion Efforts AGM date: 7 May 2025
How L&G voted:	For resolution 5 (i.e. against management recommendation)
If the vote was against management, was the intention to vote conveyed to the Company prior to the vote taking place?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
Rationale for the vote decision:	A vote in favour was applied as L&G believe that disclosing the additional level of information contained in the Equal Employment Opportunity (EEO-1) report (a US disclosure on workforce demographics, mandatory for companies with 100 or more employees) could lead to reduced inequality, thereby helping to support business resilience.
Outcome:	13.3% voted in favour of the proposal.
Why is this vote significant?	This vote is significant due to its relation to L&G's stance on diversity, which is reflected in their thematic policy. This policy sets out their overall approach and their voting stance on this topic and why they believe assessing and addressing the diversity of companies is firmly part of the fiduciary duty of managing their clients' assets.

The Trustee's Annual Report, which includes the Statement of Trustee's Responsibility on page 17 and the Compliance Statement on pages 45 to 46, were approved by the board and signed on its behalf by:

Rachel Croft

ITS Limited
Represented by Rachel Croft, Chairperson

Date: 22 September 2026

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is 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 the Scheme 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 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 Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the scheme in the form of an annual report. The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it 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.

The Trustee also has certain responsibilities in respect of contributions which are set out in the Statement of Trustee's Responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee is responsible for the maintenance and integrity of the financial information of the Scheme included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

Opinion

We have audited the financial statements of the Kingfisher Pension Scheme (the 'Scheme') for the year ended 31 March 2026, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2026, 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 Regulation 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

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties, such as uncertain interest and inflation rates, and volatile global markets, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Trustee's 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 approved by the Trustee.

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

Independent auditor's report (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. 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.

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 themselves. 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 Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 17, the Trustee is 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 Trustee determines is 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 Trustee is 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 Trustee either intends to wind up the Scheme, or has 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 the 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP")).
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee.

Independent auditor's report (continued)

- We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results for the year and inappropriate valuation of investment assets.
- Our audit procedures involved:
 - Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts;
 - Use of our internal experts to challenge the reasonableness of the bulk annuity insurance policy asset, Special Purpose Vehicle and Derivative contracts valuation at the year-end produced by the Trustee's valuation experts and
 - Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
 - Knowledge of the industry in which the Scheme operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council'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 Trustee, 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 Trustee those matters we are required to state to it 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

Date: 22 September 2026

Fund Account for the year ended 31 March 2026

£m	Notes	FS	MP	Total 2026	FS	MP	Total 2025
Contributions and benefits							
Employer contributions		-	79.9	79.9	-	76.2	76.2
Employee contributions		-	11.5	11.5	-	7.9	7.9
Total contributions	2	-	91.4	91.4	-	84.1	84.1
Individual transfers in		-	5.7	5.7	-	7.6	7.6
Other income	3	3.5	-	3.5	2.5	-	2.5
		3.5	97.1	100.6	2.5	91.7	94.2
Benefits payable	4	(101.2)	(8.6)	(109.8)	(96.7)	(7.8)	(104.5)
Payments to and on account of leavers	5	(2.2)	(40.3)	(42.5)	(4.7)	(26.9)	(31.6)
Other payments	6	(2.9)	-	(2.9)	(2.9)	-	(2.9)
Administrative expenses	7	(5.4)	(1.9)	(7.3)	(4.8)	(1.6)	(6.4)
		(111.7)	(50.8)	(162.5)	(109.1)	(36.3)	(145.4)
Net (withdrawals)/additions from dealings with members		(108.2)	46.3	(61.9)	(106.6)	55.4	(51.2)
Returns on investments							
Investment income	8	85.3	-	85.3	88.2	-	88.2
Change in market value of investments	12	(66.1)	159.2	93.1	(216.0)	27.3	(188.7)
Investment management expenses	9	(2.5)	-	(2.5)	(2.1)	-	(2.1)
Net returns on investments		16.7	159.2	175.9	(129.9)	27.3	(102.6)
Net (decrease)/increase in the fund during the year		(91.5)	205.5	114.0	(236.5)	82.7	(153.8)
Transfer between sections	10	(5.2)	5.2	-	(6.3)	6.3	-
Net assets of the Scheme at 1 April		2,042.1	896.6	2,938.7	2,284.9	807.6	3,092.5
Net assets of the Scheme at 31 March		1,945.4	1,107.3	3,052.7	2,042.1	896.6	2,938.7

The notes on pages 23 to 39 form part of these financial statements.

Statement of Net Assets as at 31 March 2026 (available for benefits)

£m	Notes	2026	2025
Final Salary Section			
Investment assets:	12		
Bonds		977.5	949.8
Pooled investment vehicles	13	504.1	485.2
Derivatives	14	310.5	324.1
Special purpose vehicle	15	81.7	94.9
Insurance policies	16	709.1	794.8
AVC investments	17	14.7	15.2
Cash & cash equivalents		28.6	42.5
Other investment balances	19	78.0	32.5
		2,704.2	2,739.0
Investment liabilities:	12		
Derivatives	14	(334.2)	(345.8)
Other investment balances	19	(452.4)	(368.2)
Total net investments		1,917.6	2,025.0
Current assets	22	35.5	25.0
Current liabilities	23	(7.7)	(7.9)
Total net assets of FS		1,945.4	2,042.1
Money Purchase Section			
Investment assets:	12		
Pooled investment vehicles	13	1,098.5	886.9
Current assets	22	12.2	9.7
Current liabilities	23	(3.4)	-
Total net assets of MP		1,107.3	896.6
Total net assets of the Scheme at 31 March		3,052.7	2,938.7

The Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Final salary section, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on page 44 and the Actuarial review on page 4 and these Financial Statements should be read in conjunction with that Report.

Signed for and on behalf of the Trustee of the Kingfisher Pension Scheme on 22 September 2026

Rachel Croft

ITS Limited,
represented by Rachel Croft, Chairperson

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) May 2018 - Financial Reports of Pension Schemes.

The Scheme is established as a Trust under English Law. The registered address for enquiries to the Scheme is Kingfisher Pension Trustee Ltd, 1 Paddington Square, London, W2 1GG.

The Trustee has performed a Going Concern assessment. Amongst other things, their assessment took into account the Scheme funding position, availability of liquid cashflows, the employers ability to continue to fund contributions and the strength of the insurer to continue to fund insured benefits. They also noted that there has been no decision made to wind up the scheme. On this basis the Trustee considers the Going Concern basis appropriate.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

a) Investments

- i) Investments are included at fair value.
- ii) All listed investments are stated at the bid price at the date of the Statement of Net Assets.
- iii) Fixed interest securities including bonds short, are stated at their clean prices. Accrued income is accounted for within investment income.
- iv) Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager. Shares in other pooled arrangements have been valued as the latest available net asset value ('NAV'). Non-daily priced funds are valued at the latest available price prior to the year-end date.
- v) Derivatives are stated at fair value.
 - Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year-end date.
 - Futures are contractual agreements to buy or sell a specified financial instrument at a specific price at a predetermined future date. They are valued at the fair value as determined by the closing exchange price as at the year-end.
 - Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. They are valued at the current value of future expected net cash flows arising from the swap, determined using a discounted cash flow model and market data at the reporting date.
 - All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.
- vi) Repurchase and Reverse Repurchase arrangements.

Under repurchase (repo) arrangements, the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

Under reverse repurchase (reverse repo) arrangements, the Scheme does not recognise the collateral securities received as assets in its Financial Statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the Financial Statements.

Notes to the financial statements (continued)

vii) The Special Purpose Vehicle (SPV) is valued on a discounted cash flow basis by the Employer's treasury team. A discount rate of 6.19%, based on property asset backed bonds and adjusted for Kingfisher plc's credit rating, is applied to the projected future cash flows. The discount rate changes to a risk-free rate (4.22%) when the vacant possession value of the properties exceeds the value of the future income streams.

viii) Annuities purchased in the name of the Trustee, unless immaterial, are included in the Financial Statements using the valuation provided by the Scheme Actuary as at the year-end date. The valuation is determined as the present value of expected future benefit payments for the members covered by the annuity policies. Cashflows in payment are projected using the same assumptions as the 2FO basis used for the latest formal actuarial valuation.

RPI Inflation - Market implied gilt yield curve; CPI Inflation Term dependant rate – RPI less 1% pre 2030, and RPI less 0% post 2030; Discount rate - Market implied gilt yield curve.

b) Investment Income

- i) Interest is accrued on a daily basis.
- ii) Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.
- iii) Investment income arising and distributed from pooled investment vehicles is recognised on an accruals basis. Income arising from underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles accumulation fund. This is reflected in the unit price and reported within 'Change in Market Value'.
- iv) Receipts from annuity policies held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis to match benefits payable.
- v) Income from the SPV investment is recognised on an accruals basis. Accrued income due for the period to 31 March but paid post year end is reflected in the year end valuation of the SPV asset.
- vi) Interest is accrued monthly on swap contracts on basis consistent with the terms of the contract.
- vii) Income payable under repurchase agreements or receivable under reverse repurchase agreements is accounted for on an accruals basis.

c) Foreign Currencies

The functional and presentational currency of the Scheme is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year-end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

d) Contributions

Employer & Employee normal and Employee AVC contributions are accounted for when deducted from pay, apart from contributions deducted from auto-enrolled members during the opt out period which are accounted for on the earlier of receipt or the expiry of the opt out period.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid. None were paid in the year.

e) Other income

- i) Receipts from the insurer to fund death in service benefits payable to Scheme members are included within other income on an accruals basis to match the benefits payable.

Notes to the financial statements (continued)

f) Payments to members

- i) Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving. Pensions in payment are accounted for in the period to which they relate.
- ii) Opt outs are accounted for when the Scheme is notified of the opt out.
- iii) Individual transfers in or out are accounted for when member liability is discharged/accepted which is normally when paid or received.

g) Expenses

Expenses are accounted for on an accruals basis. The Final Salary Section bears all the costs of administration and investment management. Money purchase annual management charges are deducted directly from the members' retirement accounts.

h) Accounting estimated and judgements

No significant judgements have been made by the Trustee in the application of the principal accounting policies. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, the SPV, Annuity policies and Derivative contracts. Explanation of the key assumptions underpinning the valuation of investments are included within (a) on pages 23 and 24.

2. Contributions

£m	FS	MP	2026 Total	FS	MP	2025 Total
Employer						
Normal	-	79.9	79.9	-	76.2	76.2
Employee						
Normal	-	11.5	11.5	-	7.9	7.9
	-	91.4	91.4	-	84.1	84.1

Employer normal contributions include contributions in respect of salary sacrifice arrangements.

Employer normal contributions received in the MP Section, comprise £96.1m (2025: £92.4m) of normal contributions, offset by £16.2m (2025: £16.2m) SPV income in accordance with the MOA. SPV income received in the FS Section is shown in note 8.

Contributions received in the MP Section are allocated to Scheme members.

3. Other income

£m	FS	MP	2026 Total	FS	MP	2025 Total
Claims on term insurance	3.5	-	3.5	2.5	-	2.5

Notes to the financial statements (continued)

4. Benefits payable

£m			2026			2025
	FS	MP	Total	FS	MP	Total
Pensions	75.5	-	75.5	72.5	-	72.5
Commutations of pensions and lump sum retirement benefits	20.0	8.4	28.4	21.1	7.6	28.7
Lump sum death benefits	4.8	0.2	5.0	2.6	0.2	2.8
Purchase of annuities	0.9	-	0.9	0.5	-	0.5
	101.2	8.6	109.8	96.7	7.8	104.5

5. Payments to and on account of leavers

£m			2026			2025
	FS	MP	Total	FS	MP	Total
Pension sharing orders	0.3	1.2	1.5	0.7	0.2	0.9
Individual transfers to other Schemes	1.9	39.1	41.0	4.0	26.7	30.7
	2.2	40.3	42.5	4.7	26.9	31.6

6. Other payments

£m			2026			2025
	FS	MP	Total	FS	MP	Total
Premiums on term insurance paid to the insurer	2.9	-	2.9	2.9	-	2.9

7. Administrative expenses

£m			2026			2025
	FS	MP	Total	FS	MP	Total
Administration and processing	4.3	1.9	6.2	3.8	1.6	5.4
Actuarial fees	0.6	-	0.6	0.5	-	0.5
Audit*	0.1	-	0.1	0.1	-	0.1
Legal and professional fees	0.3	-	0.3	0.3	-	0.3
Trustee fees	0.1	-	0.1	0.1	-	0.1
	5.4	1.9	7.3	4.8	1.6	6.4

*Audit fees for the year to 31 March 2026 were £103,412 (2025: £93,100).

The figures above includes £nil (2025: £34,686) for the Pension Protection Fund (PPF) Levy, which was paid to The Pensions Regulator; this amount does not show due to rounding.

Notes to the financial statements (continued)

8. Investment income

£m			2026			2025
	FS	MP	Total	FS	MP	Total
Dividend income from equities	-	-	-	-	-	-
Income from bonds	21.4	-	21.4	19.8	-	19.8
Income from pooled investment vehicles	1.9	-	1.9	3.6	-	3.6
Income from SPV	16.2	-	16.2	16.2	-	16.2
Annuity income	58.2	-	58.2	55.7	-	55.7
Net interest on cash and cash instruments	(15.1)	-	(15.1)	(19.2)	-	(19.2)
Income from derivatives	2.6	-	2.6	12.0	-	12.0
Other	0.1	-	0.1	0.1	-	0.1
	85.3	-	85.3	88.2	-	88.2

Net interest on cash and cash instruments includes £17.5m (2025: £21.8m) of interest payments payable under repurchase agreements. Other income consists of income from class actions and stock lending (see note 21).

Annuity income includes £1.6m received under the Aviva buy-in policy, due to the completion of the data cleanse exercise in the Scheme year.

SPV income of £16.2m received during both the current and previous year has been transferred from the FS Section to the MP Section in accordance with the SOC's signed on 16 December 2025 and 19 June 2026. This income transfer is shown in 'transfers between sections' in note 10 below.

9. Investment management expenses

£m			2026			2025
	FS	MP	Total	FS	MP	Total
Administration, management and custody	1.8	-	1.8	1.9	-	1.9
Performance measurement services	0.1	-	0.1	0.1	-	0.1
Other advisory fees	0.6	-	0.6	0.1	-	0.1
	2.5	-	2.5	2.1	-	2.1

10. Transfer between sections

Transfer between sections comprise:

£m	2026	2025
FS Section	Total	Total
Amounts disinvested from L&G which are subsequently transferred from the MP section to fund benefits paid under the FS section	11.0	9.9
Amounts transferred from the FS section to the MP section under the MOA agreement between the Company and the Scheme	(16.2)	(16.2)
	(5.2)	(6.3)

11. Tax

The Kingfisher Pension Scheme is a registered pension Scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate as stated in Note1 (b) (ii)).

Notes to the financial statements (continued)

12. Investment reconciliation

Reconciliation of investments held at beginning and end of year.

£m	Value at 1 April 2024	Purchases at cost & derivative payments	Sales proceeds & derivative receipts	Change in market value	Value at 31 March 2025
Final Salary Section					
Bonds	949.8	580.7	(554.5)	1.5	977.5
Pooled investment vehicles	485.2	0.9	(9.6)	27.6	504.1
Derivatives	(21.7)	211.5	(212.3)	(1.2)	(23.7)
Special Purpose Vehicle	94.9	-	-	(13.2)	81.7
Insurance Policies	794.8	-	(2.6)	(83.1)	709.1
AVC Investments	15.2	-	(1.8)	1.3	14.7
	2,318.2	793.1	(780.8)	(67.1)	2,263.4
Cash deposits	42.5			1.0	28.6
Other investment balances	(335.7)			-	(374.4)
Net investment assets	2,025.0	793.1	(780.8)	(66.1)	1,917.6
Money Purchase Section *					
Pooled investment vehicles	886.9	193.3	(140.9)	159.2	1,098.5

*The assets are allocated to members of the Scheme.

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.

Other investment balances include £373.7m of repurchase and reverse repurchase agreements (2025: £339.6m).

13. Pooled Investment Vehicles (PIVs)

The Final Salary Section holdings of PIVs are analysed below:

£m	2026 Total	2025 Total
Bond funds	381.0	361.4
Equity funds	11.5	15.5
Property and Farmland	0.2	0.4
Alternative asset funds	111.4	107.9
	504.1	485.2

Notes to the financial statements (continued)

The Scheme is the sole investor in an alternative asset pooled fund managed by LGT Capital Partners, which is included in the alternative asset pooled fund total above. The LGT Capital Partners fund invests in a range of underlying alternative asset pooled funds. The underlying exposures are:

£m	2026 Total	2025 Total
Private Equity	33.5	25.9
Hedge Funds	29.8	24.9
Fixed Income	12.8	14.5
Property	5.3	6.2
Insurance Linked Strategies	7.2	6.9
Infrastructure	4.2	2.1
Cash	(0.3)	2.8
	92.5	83.3

The Money Purchase Section holdings of PIVs are analysed below:

£m	2026 Total	2025 Total
Equity funds	148.6	119.0
Bond funds	1.6	1.4
Cash funds	60.2	52.6
Diversified Growth funds	887.7	713.5
Property funds	0.4	0.4
	1,098.5	886.9

All Money Purchase investment assets are designated to members. Assets are allocated to provide benefits to the individuals on whose behalf the contributions were paid and the assets identified in the Statement of Net Assets do not form a common pool of assets available for members generally. Members receive an annual statement confirming the contributions paid on their behalf and the value of their money purchase rights.

14. Derivatives

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme.

The Scheme has entered into interest rate and inflation swap contracts, to alter the duration and inflation exposure of the bond assets to better reflect the Scheme's liabilities and cash flow profile.

Futures are used to adjust interest rate exposures and replicate bond positions. Futures often provide a cheap and efficient way of modifying portfolio risk.

Summarised details of the derivatives held at the year-end are set out below:

£m	2026		2025	
	Assets	Liabilities	Assets	Liabilities
Swaps	310.5	(334.1)	324.1	(345.7)
Futures	-	(0.1)	-	(0.1)
	310.5	(334.2)	324.1	(345.8)

Notes to the financial statements (continued)

(i) Swaps

The Scheme had derivative contracts outstanding at the year-end relating to its LDI investment portfolio. These contracts are traded over the counter (OTC) and are shown in the following table:

£m	Number of	Notional			2026
Nature of Contract	Contracts	Principal	Maturity	£ Asset	£ Liability
UK- Interest rate swaps	22	267.4	0-5 Years	4.5	(16.2)
	27	354.1	5-10 Years	21.4	(23.6)
	54	848.2	10-20 Years	57.8	(60.8)
	49	590.8	20-30 Years	83.0	(85.2)
	27	397.3	30-40 Years	57.1	(61.1)
	7	99.2	40-50 Years	19.0	(17.3)
UK- RPI	41	613.9	0-5 Years	26.3	(39.3)
	28	303.2	5-10 Years	11.3	(19.1)
	35	457.5	10-20 Years	14.0	(10.0)
	30	222.7	20-30 Years	6.3	(0.6)
	21	132.0	30-40 Years	7.9	(0.9)
	4	14.5	40-50 Years	1.9	-
				310.5	(334.1)

The counterparties to the swaps are banking institutions. Collateral, either gilts or cash, is held to support the unrealised gain/loss on swaps. At the year-end, the net value of collateral posted to counterparties was £31m (2025: £37.1m).

	£m		£m
Barclays Bank	(5.7)	LCH Clearnet	(5.7)
BNPParibas	3.4	Merrill Lynch International	(8.7)
Citigroup	(3.0)	Morgan Stanley & Co International	13.1
Goldman Sachs International	(19.0)	Natwest Markets Plc	(5.0)
HSBC Bank Plc	10.0	UBS AG	(10.4)

The positive and negative values represent collateral held or (pledged) by the Scheme to support the value of the swaps.

ii) Futures – These contracts are exchange traded

£m	Notional			2026
Nature	Amount	Duration	£ Asset	£ Liability
UK fixed interest future	1.8	Jun-26		(0.1)

15. Special Purpose Vehicle (SPV)

In January 2011 UK property assets with a market value of £83m were sold to the Kingfisher Scottish Limited Partnership (KSLP) and leased back to B&Q plc under standard commercial lease terms. The KSLP gives recourse for the Scheme to the property assets in the event of Kingfisher's insolvency. The Kingfisher Group retains control over these properties including the flexibility to substitute alternative properties. The Trustee's partnership interest in KSLP entitles it to the majority of the income of the partnership until 2031. At the end of this term, Kingfisher plc has the option to acquire the Trustee's partnership interest in KSLP. A further two UK properties with a combined market value of £119m were transferred to the partnership in June 2011 and leased back to B&Q plc under standard commercial lease terms.

Notes to the financial statements (continued)

On an ongoing basis, the Scheme receives a regular income stream from the partnership that forms part of the annual cash contribution from the Group to the Pension Scheme under the Schedule of Contributions.

SPV income received during the Scheme year has been transferred from the FS Section to the MP Section in accordance with the SOC signed on 16 December 2025 in order to offset contributions requirements from the employer.

16. Insurance Policies

The Scheme held bulk buy-in insurance policies at the year-end as follows:

£m	2026 Total	2025 Total
Legal & General Assurance Society Limited	129.1	142.1
Pensions Insurance Corporation	103.2	113.8
Aviva Life & Pensions UK Limited	476.8	538.9
	709.1	794.8

During the year the Trustee completed the final reconciliation of the Aviva buy-in policy. The reconciliation resulted in a payment of £4.3m being received by the Scheme in November 2025. The amount comprised a balancing premium adjustment and a true-up of historic annuity income payments. The backdated income has been recognised within annuity income in note 8, with the premium adjustment reflected as an increase to the value of the policy.

In addition to the above, the Trustee holds annuity contracts that secure the benefits of a small number of pensioner members. The value of these contracts is considered immaterial and therefore the Trustee continues to recognise these contracts at a £nil valuation.

17. Additional Voluntary Contributions (AVCs)

£m	2026 Total	2025 Total
Final Salary		
Prudential	12.9	13.2
Legal & General	0.8	0.8
BlackRock	0.9	1.1
Phoenix Life	0.1	0.1
	14.7	15.2

AVCs paid by members of the Final Salary Section to secure additional money purchase benefits, are invested separately from the other Scheme assets to ensure there are individual funds for each member which are clearly identifiable. Each member of the Money Purchase Section is allocated an individual clearly identifiable investment fund (known as a retirement account) and AVCs paid by such members are invested in the same retirement account.

Notes to the financial statements (continued)

18.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, commission and stamp duty. Transaction costs for the Scheme year were nil (2025: nil).

Transaction costs are also borne by the Scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

19.Repurchase and reverse repurchase agreements

At the year end, within other investment assets and liabilities, amounts payable under repurchase agreements amounted to £446m (2025: £365.8m) and amounts receivable under reverse repurchase agreements amounted to £72.3m (2025: £26.2m). At the year-end £372.2m (2025: £333.9m) of bonds reported in Scheme assets are held by counterparties under repurchase agreements.

The counterparties to the repurchase and reverse repurchase agreements are banking institutions. Collateral, either gilts or cash, is pledged to support the change in value of the gilts used to enter the repurchase or reverse repurchase agreements. At the year-end, the net value of collateral posted to counterparties was £8.4m (2025: £13.5m).

	£m		£m
Insight Government Liquidity Fund	(0.1)	Mizuho International	0.2
LCH Clearent	0.2	National Westminster Bank plc	(1.8)
Lloyds Bank Corporate Markets PLC	(0.7)	Natwest Markets Plc	(0.4)
Lloyds TSB	(5.8)		

20.Investment Fair Value Hierarchy

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

- Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
- Level 2: Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3: Inputs are unobservable, i.e. for which market data is unavailable.

Where multiple inputs are involved in determining the fair value of an instrument, the categorisation is based on the lowest level input (i.e. highest number) that is significant.

£m				
At 31 March 2026	Level 1	Level 2	Level 3	Total
Final Salary Section				
Bonds	-	977.5	-	977.5
Pooled investment vehicles	-	392.5	111.6	504.1
Derivatives	(0.1)	(23.6)	-	(23.7)
Special Purpose Vehicle	-	-	81.7	81.7
Insurance Policies	-	-	709.1	709.1
AVC investments	-	14.7	-	14.7
Cash deposits	28.6	-	-	28.6
Other investment balances	(0.7)	(373.7)	-	(374.4)
	27.8	987.4	902.4	1,917.6
Money Purchase Section				
Pooled investment vehicles	-	1,098.5	-	1,098.5

Notes to the financial statements (continued)

£m At 31 March 2025	Level 1	Level 2	Level 3	Total
Final Salary Section				
Bonds	-	949.8	-	949.8
Pooled investment vehicles	-	376.9	108.3	485.2
Derivatives	(0.1)	(21.6)	-	(21.7)
Special Purpose Vehicle	-	-	94.9	94.9
Insurance Policies	-	-	794.8	794.8
AVC investments	-	15.2	-	15.2
Cash deposits	42.5	-	-	42.5
Other investment balances	3.9	(339.6)	-	(335.7)
	46.3	980.7	998.0	2,025.0
Money Purchase Section				
Pooled investment vehicles	-	886.9	-	886.9

21. Investment risks

Investment risks

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: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial instrument 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 instrument 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 Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report for the Final Salary and Money Purchase Sections. The Trustee manages 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 managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below.

The risk disclosures below do not cover AVCs as they are deemed to be immaterial.

The insurance policies (note 15) exactly match the liabilities that they cover, and the Financial Services Compensation Scheme stand behind authorised insurance companies to provide additional protection. The insurance policies do not therefore feature in the risk disclosures.

Notes to the financial statements (continued)

Concentration risk

Excluding gilts, the Scheme's investments that constitute more than 5% of total net assets of the Scheme are as follows:

£m	2026	2025
FS Section	Total	Total
Insurance policies		
Aviva Life & Pensions UK Limited	15.6%	18.3%

£m	2026	2025
MP Section	Total	Total
Lifestyle Fund	25.2%	21.1%

Final Salary Section

(i) Credit risk

The FS Section is subject to credit risk as the Scheme invests directly in bonds, OTC derivatives, has cash balances and enters into repurchase and reverse repurchase agreements. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Analysis of direct credit risk:

£m	Non-investment			
At 31 March 2026	Investment grade	grade	Unrated	Total
Bonds	977.5	-	-	977.5
Special Purpose Vehicle	-	-	81.7	81.7
OTC Derivatives	(23.7)	-	-	(23.7)
Cash deposits	28.6	-	-	28.6
Repos	(373.7)	-	-	(373.7)
PIVs	-	-	504.1	504.1
	608.7	-	585.8	1,194.5

£m	Non-investment			
At 31 March 2025	Investment grade	grade	Unrated	Total
Bonds	949.8	-	-	949.8
Special Purpose Vehicle	-	-	94.9	94.9
OTC Derivatives	(21.7)	-	-	(21.7)
Cash deposits	42.5	-	-	42.5
Repos	(339.6)	-	-	(339.6)
PIVs	-	-	485.2	485.2
	631.0	-	580.1	1,211.1

Credit risk arising on bonds is mitigated by investing largely in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Currently the Scheme's directly held bonds are all in gilts and quasi-government bonds. This is the position at the year end and the prior year end.

Notes to the financial statements (continued)

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see note 13 (i)). Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts, but all counterparties are required to be at least investment grade.

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

The Scheme has the facility to lend certain bonds under a Trustee approved stock lending programme. At the year end the Scheme had lent £42.7m of fixed interest bonds (2025: £0.8m). The Scheme held collateral delivered to secure obligations in respect of loaned securities consisting of cash, bonds and equities with a market value of not less than 102% of the market value of the transferred securities. If the transferred market value of the collateral falls below 100%, the Scheme will enforce prompt delivery of additional collateral.

Credit risk on repurchase agreements and reverse repurchase agreements is mitigated through collateral arrangements as disclosed in note 19.

The Scheme's holdings in pooled investment vehicles are unrated. 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 amongst several pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

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

£m	2026 Total	2025 Total
Unit linked insurance contracts	11.5	15.5
Authorised unit trusts	119.1	113.7
Open ended investment companies	261.9	247.7
Limited liability companies	111.6	108.3
	504.1	485.2

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities.

(ii) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limits overseas currency exposure through currency hedging.

The Scheme's total net unhedged exposure by major currency at the year-end was as follows:

£m	2026 Total	2025 Total
Currency		
US Dollar	7.2	8.7
Euro	2.5	1.2
Japanese Yen	0.6	2.5
Other	9.2	5.1

Currencies included in 'Other' are predominantly emerging market currency exposures.

Notes to the financial statements (continued)

(iii) Interest rate and inflation risk

The Scheme is subject to interest rate risk on the LDI investments comprising bonds and interest rate and inflation swaps held either as segregated investments or through pooled vehicles and cash. The Scheme has hedged 96% of interest and inflation rate risk. At the year end the Scheme exposures comprised:

£m	2026 Total	2025 Total
Direct		
Bonds	977.4	949.8
Derivatives	(23.7)	(21.8)
Indirect		
Bond PIVs	381.1	361.4
Alternative asset PIVs	111.4	107.9
Special Purpose Vehicle	81.7	94.9

(iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities and alternative assets held in pooled vehicles.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets. At the year end, the Scheme's exposure to investments subject to other price risk was:

£m	2026 Total	2025 Total
Indirect		
Equity PIVs	11.5	15.5
Property & Farmland	0.2	0.4
Special Purpose Vehicle	81.7	94.9
Other alternative asset PIVs	111.4	107.9

Money Purchase Section

(i) Direct credit risk

Legal and General invest all the Scheme's funds in fund manager unit linked funds which are party to reinsurance arrangements. In the event of default by Legal and General, the Scheme is protected by the Financial Services Compensation Scheme.

Notes to the financial statements (continued)

(ii) Indirect credit and market risks

The MP section was also subject to indirect credit and market risk arising from the underlying investments held in the funds. The funds which have significant exposure to these risks are set out below:

2026 and 2025				
Money Purchase Section	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Lifestyle fund	✓	✓	✓	✓
Passive Equity Fund	x	✓	x	✓
Emerging Markets Fund	x	✓	x	✓
Ethical Fund	x	✓	x	✓
Shariah Fund	x	✓	x	✓
Pre-Retirement Fund	✓	x	✓	x
Pre-Retirement Inflation Linked Fund	✓	x	✓	x
Money Market Fund	✓	x	✓	x
Diversified Return Fund	✓	✓	✓	✓
Property Fund	✓	x	x	✓

The analysis of these risks set out above is at Scheme level. Member level risk exposures will depend on the funds invested in by members. The Trustee has selected the above funds and have considered the indirect risks in the context of the investment strategy described in the Trustee's Report.

22. Current Assets

£m	2026			2025		
	FS	MP	Total	FS	MP	Total
Cash balances	30.4	3.6	34.0	23.6	1.2	24.8
Contributions due	-	8.5	8.5	-	8.2	8.2
VAT recoverable	0.2	-	0.2	0.5	-	0.5
Other debtors	4.9	0.1	5.0	0.9	0.3	1.2
	35.5	12.2	47.7	25.0	9.7	34.7

Cash balances held in the MP Section includes £0.1m unallocated to Scheme members (2025: £0.1m). All remaining current assets are allocated to Scheme members.

23. Current Liabilities

£m	2026			2025		
	FS	MP	Total	FS	MP	Total
Expense accruals	1.5	-	1.5	1.7	-	1.7
Unpaid benefits	5.0	-	5.0	4.9	-	4.9
Other creditors	1.2	3.4	4.6	1.3	-	1.3
	7.7	3.4	11.1	7.9	-	7.9

MP Section liabilities are allocated to Scheme members.

Notes to the financial statements (continued)

24. Related party transactions

Transactions with related parties of the Scheme have been disclosed in the annual report as follows:

The Scheme has received employer contributions in respect of eight of the directors of the Trustee Board who are or were contributing members of the Scheme. These were paid in accordance with the Schedule of Contributions and the Rules of the Scheme.

The costs incurred by Kingfisher plc in providing Scheme administration services are rechargeable to the Scheme. Amounts charged during the year were £897k (2025: £805k). Kingfisher plc also recovers VAT on administration services paid by the Scheme. The VAT paid back to the Scheme during the year was £1.4m (2025: £715k). The balance owed by Kingfisher plc at year end is £614k (2025: £82k).

Trustee Director Fees are analysed in the table below:

£ 000'	2026 Total	2025 Total
ITS Limited	82.7	65.0
Dermot Courtier	-	17.9
	82.7	82.9

The amount owed to Trustee Directors at the year-end was £22.2k (2025: £8.6k).

25. Self-investment

No investment is permitted in the shares or bonds of Kingfisher plc, or Companies majority owned by Kingfisher plc, other than indirectly through investment in pooled funds. The exposure to Kingfisher plc through pooled funds is less than 0.1% of total Scheme assets.

26. Contingencies and commitments

At 31 March 2026 the Scheme had the following outstanding undrawn capital commitments:

£m	2026	2025
HayFin Fund III	26.2	22.3
BlackRock renewables fund	-	1.0
	26.2	23.3

GMP Equalisation

Most pensioners' GMP benefits have been equalised, as noted in the Trustee Report on page 6. The 2025 valuation reflects the impact of GMP equalisation where the relevant project work had been completed before the Scheme year end. To allow for the remaining estimated impact of GMP equalisation, the 2025 valuation includes a reserve of 0.2% of liabilities for employed deferred and deferred members, and 0.12% of liabilities for pensioners. The post year end impact for the deferred member exercise is shown in the table on page 6 and is covered by the existing deferred member reserve, with only a small sweep-up exercise remaining. The pensioner reserve has been adjusted to reflect the fact that GMP equalisation has already been completed for some pensioners in prior years. No provision for future phases is currently included in the Financial Statements, as there is not yet a reliable estimate of the related arrears.

Notes to the financial statements (continued)

Data rectification

The Trustee is rectifying the tranche date for certain deferred pension elements to align with Scheme rules. This may result in minor adjustments to some benefits, but the overall impact is not expected to be material to the size of the Scheme. A liability of £11m has been included in the 2025 valuation as a reserve. No provision for the rectification of benefits is currently included in the Financial Statements as there is currently no reliable estimate as to the amount relating to arrears.

High court case regarding section 37 of the Pension Schemes Act 1993

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993.

In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court which had the potential to cause significant issues in the pensions industry. The Government has confirmed within the Pensions Act 2026 that pension schemes affected by this decision will be given the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The Trustee is considering this matter with their legal advisers but it is not possible at present to state whether or not, or the extent to which, this issue could affect the Scheme.

Independent auditor's statement about contributions to the Trustee of the Kingfisher Pension Scheme

We have examined the summary of contributions to the Kingfisher Pension Scheme (the 'scheme') for the scheme year ended 31 March 2026 which is set out in the Trustee's report on page 41.

Statement about contributions payable under the schedule of contributions

In our opinion, contributions for the Scheme year ended 31 March 2026 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid materially at least in accordance with the schedules of contributions certified by the Scheme actuary on 27 September 2022 and 16 December 2025.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the schedules 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 schedules of contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 17 the scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedules of contributions.

It is our responsibility to provide a statement about contributions paid under the schedules of contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee 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 Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

22 September 2026

Summary of contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and 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 occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 March 2026

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and employee contributions payable to the Scheme under the Schedules of Contributions certified by the actuary on 27 September 2022 and 16 December 2025 in respect of the Scheme year ended 31 March 2026. The Scheme Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

All contributions were paid by their due date on the schedules of contributions.

Further information on the composition of the contribution amounts can be found in note 2 and in the actuarial update in the Trustee Report on page 4.

Contributions payable under the Schedules in respect of the Scheme year	£m
Employer	
Normal contributions	96.1
Employee	
Normal contributions	11.5
Contributions payable under the Schedules of Contributions	107.6
SPV income	(16.2)
Contributions as per the Fund Account	91.4

Signed on behalf of the Trustee of the Kingfisher Pension Scheme on 22 September 2026

Rachel Croft

ITS Limited,
represented by Rachel Croft, Chairperson

Actuary’s calculation of technical provisions

Appendix C: Technical provisions certificate

My certification of the calculation of the technical provisions is included below. I am also required to certify the adequacy of the contribution rates set out in the schedule of contributions. That certificate is appended to the contribution schedule.

Actuarial certification of the calculation of technical provisions as required by regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Kingfisher Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 March 2025 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the statement of funding principles dated June 2026.

Date19-Jun-2026 | 10:14 BST

NameCalum Cooper

QualificationFellow of the Institute and Faculty of Actuaries

Name of EmployerHymans Robertson LLP

Address20 Waterloo Street

Glasgow

G2 6DB

Actuary's Certification of the Schedule of Contributions

Kingfisher Pension Scheme

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective can be expected 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 2026.

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.

Date	19-Jun-2026 17:16 BST
Name	Calum Cooper
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	20 Waterloo Street Glasgow G2 6DB

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

Report on Actuarial Liabilities (forming part of the Trustee's report)

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 base on pensionable service to the valuation date. This is assessed at least every 3 years using the assumptions agreed between the Trustee 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 by the Scheme Actuary as at 31 March 2025. This showed that on that date the value of the technical provisions was: £1,802m (2022: £3,323m). The value of the assets at that date was £1,950m (2022: £3,506m). The technical provisions funding level was 108% (2022: 106%).

The value of the technical provisions is based on assumptions about several factors that will influence the Scheme in future, such as the levels of investment return, when members will retire and how long members will live. The method and significant actuarial assumptions used to determine the technical provisions were set by the Trustee after taking advice from the Scheme Actuary and 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 rate: Linear taper based on the market-implied gilt yield curve, with an addition of 1.0% p.a., reducing linearly to 0.5% p.a. by 2043 and remaining at that level thereafter.

Inflation: Implied inflation from swaps market curves.

Pension increases: The Scheme Rules include provision for increases in line with RPI price inflation up to a maximum of 5% and a minimum of 0% each year, to pensions in excess of GMP. For the actuarial valuation as at 31 March 2025 these increases are assumed to follow the assumed rate of price inflation adjusted to allow for the cap and floor.

Mortality: *Base tables*
The mortality base tables are a suite of bespoke assumptions which reflect the characteristics of the Scheme's membership. They make allowance for observed variations in mortality according to age, gender reason for retirement (illness or normal health), pension amount, salary, postcode-based lifestyle group. The assumptions adopted vary according to the characteristics of each individual member.

Future improvements

Future improvements in longevity will be assumed to be in line with the CMI 2024 model (underlying trend based on core half-life parameter), initial addition to improvements of +0.3% p.a. and long term rate of improvement of 1.5% p.a.

GMP equalisation: 0.2% loading to active and deferred liabilities; 0.12% loading to pensioner liabilities to reflect the expected impact of GMP equalisation.

Callum Cooper

Fellow of the Institute and Faculty of Actuaries

Hymans Robertson LLP

19 June 2026

Compliance statement

Enquiries about the Scheme

Any enquiries concerning the Scheme or requests for copies of this Report, individual benefit statements, the Trust Deed and Rules or the latest report on the Actuarial Valuation of the Scheme should be addressed to the Scheme Secretary at the office of Kingfisher plc as noted on page 2.

Transfer Values

All transfer values paid during the year were calculated as cash equivalents (within the meaning of Chapter IV Part IV of the Pension Schemes Act 1993) and verified in the manner prescribed under Section 97 of the Act. No allowance for discretionary benefits was made in the calculation of cash equivalents.

Internal Disputes Resolution Procedure

Any questions you have should be directed to the Administrators first of all, as they have full details of your membership of the Scheme. The Administrators will make every attempt to answer your questions, but if you have a complaint or dispute that you cannot resolve with the Administrators, you should use the Internal Dispute Resolution Procedure, via Kingfisher Group Pensions department. Contact details for the Scheme are noted on page 2.

This is a formal procedure, put in place by the Trustee, to settle any complaints and disputes about the Scheme. It is available on request to all members and beneficiaries, including leavers who still have rights in the Scheme, pensioners and other individuals who have an entitlement or possible entitlement in the Scheme.

There are two stages:

Stage one

Kingfisher Group Pensions Department will give you a form to complete to register your complaint. If you wish, you may nominate a representative to make the complaint on your behalf. Your complaint will be investigated by the Scheme Secretary, and you will normally receive a response within 2 months. The response will include details about how you progress to Stage two of the procedure, if your complaint is not resolved at Stage one.

Stage two

If you are unhappy with the response from the Scheme Secretary, you can refer your complaint to the Trustee. You should do this within six months of receiving the Pensions Director's response. You will normally be sent a response within one month of your complaint.

Pensions Ombudsman

If the problem remains unresolved, members then have the facility to refer the matter to The Pensions Ombudsman who can be contacted at:

10 South Colonnade, Canary Wharf, E14 4PU

Tel : 0800 917 4487

Email : enquiries@pensions-ombudsman.org.uk

Web : www.pensions-ombudsman.org.uk

Compliance statement (continued)

Other Pensions Organisations

The Pensions Regulator

Kingfisher Pension Scheme is regulated by the Pensions Regulator who regulates the running of occupational pension Schemes and can intervene if those responsible have failed in their duties. Their address is:

Customer Support, The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton BN1 6AF

Tel: 0345 600 0707

Email: customersupport@tpr.gov.uk

Web: www.thepensionsregulator.gov.uk

Pension Protection Fund (PPF)

The PPF was set up in April 2005 to protect the pensions of most members of defined benefit Schemes where employers get into financial difficulties and leave a Scheme without enough funds to pay the pensions in full.

The PPF can be contacted at: PO Box 254, Wymondham, NR18 8DN

Tel : 0345 600 2541

Email : information@ppf.co.uk

Web : www.ppf.co.uk

The Pension Service

Contact the Pension Service about State Pension eligibility, claims, payments and complaints, and to update your details. Their address is: The Pension Service, Post Handling Site A, Wolverhampton, WV98 1AF

Tel: 0800 731 0469

MoneyHelper

Following changes in Pension Legislation, more options are now available. To help you understand your retirement options, the Government has set up a free and impartial service, called MoneyHelper. (MoneyHelper will not recommend any products or tell you what to do with your money).

Website Address: www.moneyhelper.org.uk

Phone: 0800 011 3797

Tax Status with HM Revenue & Customs

The Scheme is a 'registered pension Scheme' for tax purposes under the Finance Act 2004. As such most of its income and investment gains are free of taxation. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to overseas investment income.

Constitution

The Kingfisher Pension Scheme is constituted by a Trust Deed and is administered in accordance with the Rules contained in the Deed. Members may inspect this Trust Deed on application to the Trustee or Scheme Administrator. The Final Salary Section of the Scheme is contracted-out of the State Second Pension.

Member Information

Membership of the Pension Scheme is voluntary. The Trustee Board, together with the participating companies, is committed to providing easy-to-understand information to existing members and those eligible to join. This information includes:

- Personal Benefit Statements, which give individual members information annually on the benefits they may receive.
- 'Member Guide', the explanatory booklets for the Money Purchase Section and Final Salary Section.
- 'AVC Fund Fact Sheets' for members of the Final Salary Section giving full details of the available AVC options.

All of these publications are online at our website www.kingfisherpensions.com.

Kingfisher Pension Scheme - Money Purchase Section annual governance statement by the Chair of the Trustee Board

1. Introduction

The Kingfisher Pension Scheme (the “Scheme”) is an occupational pension scheme providing defined contribution (“DC”) benefits (a DC pension scheme is where employee and employer contributions are paid into it; members choose their investments (or are invested in the default option) and bear the investment risk).

Some members also have Additional Voluntary Contributions (“AVCs”) in the Scheme. These are held with Aegon, Legal & General (“L&G”), Phoenix Life, and Prudential.

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

- the design and oversight of the default investment option (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Scheme, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as “legacy” funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Scheme is assessed; and
- Trustee knowledge and understanding.

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

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Scheme year, and we remain comfortable with the administrator’s performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Scheme and represent value for the benefits members obtain.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Scheme is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

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

Annual governance statement (continued)

There is one legacy default arrangement, the Lifestyle Cash Target (legacy Default), which is no longer used as a default arrangement for new members. This was the default arrangement prior to the changes implemented as a result of the strategy review in September 2022.

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

Details of the objectives and our policies regarding the default arrangements are set out in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP covering the default arrangements is attached to this Statement as an Appendix.

The Default is reviewed at least every three years. The last review commenced on 11 March 2025 and continued throughout the Scheme year, concluding outside of the Scheme year in May 2026. The performance and strategy of the Default were reviewed to check whether investment returns (after deduction of charges and costs) have been consistent with the aims and objectives of the Default as stated in the SIP, and to check that it continues to be suitable and appropriate given the Scheme's risk profiles and membership.

Following a review of the Scheme's membership demographics and expected behaviour at-retirement, the Trustee agreed to move from a cash-targeting strategy to a 'catch-all' or universal strategy. This approach aims to provide members with a balance between preserving capital and achieving capital growth and offer greater flexibility at retirement. This reflects the expectation that while some members will take benefits as cash, an increasing proportion will take benefits as drawdown in the future.

Other changes we agreed to make to the default arrangement include extending the de-risking period from 10 to 15 years to support greater exposure to higher-returning assets when members are further from retirement. The Trustee also agreed to increase diversification within the strategy by broadening exposure to a wider range of asset classes, including illiquid assets. Changes are expected to be implemented later in 2026.

We are satisfied that the agreed changes to Default will support improved expected outcomes for members while providing a more appropriate balance between risk and return.

In addition to triennial strategy reviews, we also review the performance of the Default against its objectives on a quarterly basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Scheme year concluded that the Default was performing broadly as expected and consistently with the aims and objectives as stated in the SIP.

Asset allocation breakdown

We are required to show the asset allocation of the default arrangements. In line with DWP's guidance we have also shown this asset allocation for different ages as at the scheme year end.

Lifestyle Cash Target (the Default)

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.6%	0.6%	1.1%	100.0%
Corporate bonds (UK and overseas)	4.9%	4.9%	9.8%	0.0%
UK government bonds	1.0%	1.0%	2.0%	0.0%
Overseas government bonds	3.4%	3.4%	6.8%	0.0%
Listed equities	81.8%	81.8%	63.6%	0.0%
Private equity*	0.6%	0.6%	1.1%	0.0%
Infrastructure*	1.6%	1.6%	3.2%	0.0%
Property*	1.7%	1.7%	3.4%	0.0%
Private debt	4.5%	4.5%	8.9%	0.0%
Other**	0.6%	0.6%	1.1%	0.0%

Annual governance statement (continued)

Legacy Lifestyle Cash Target

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.6%	0.6%	1.0%	100.0%
Corporate bonds (UK and overseas)	4.9%	4.9%	8.2%	0.0%
UK government bonds	1.0%	1.0%	1.7%	0.0%
Overseas government bonds	3.4%	3.4%	5.7%	0.0%
Listed equities	81.8%	81.8%	69.7%	0.0%
Private equity*	0.6%	0.6%	1.0%	0.0%
Infrastructure*	1.6%	1.6%	2.7%	0.0%
Property*	1.7%	1.7%	2.9%	0.0%
Private debt	4.5%	4.5%	7.5%	0.0%
Other**	0.6%	0.6%	1.0%	0.0%

*The private equity, infrastructure and property allocations are in respect of investments in pooled funds that give indirect exposure to those types of investment, via investment in equities / listed investments.

**Other includes global high yield debt and emerging market debt. There are currently no explicit allocations to private debt/credit.

Please note, the figures may not sum to 100% due to rounding.

3. Processing of core financial transactions

The processing of core financial transactions is carried out by the administrator of the Scheme, Legal and General (“L&G”). Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

We have received assurance from L&G that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Scheme has a Service Level Agreement (“SLA”) in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The target service levels and key processes adopted by the administrator to help it meet these are as follows:

Task description	Target timescale to complete task
Create Member Record	24 hours
Process submitted contribution file	24 hours
Allocate contribution payment	24 hours
Make retirement payment	5 working days
Make lump sum payment	5 working days
Make death payment	5 working days
Make ill health payment	5 working days
Make serious ill health payment	5 working days
Make divorce payment	5 working days
Allocate transfer payment to member account	5 working days
Make short service refund payment	5 working days
Surrender member account	5 working days
Apply bulk transfer payments	Agreed individually with Trustee on a case-by-case basis
Apply individual transfer payment	5 working days
Switch current investments / Redirect future contribution investment	24 hours

Annual governance statement (continued)

The administrator aims to complete at least 95% of its administration work and core financial transactions within these service levels. For the year to 31 March 2026, the percentage completed within SLA was 99%.

The Trustee monitors the SLAs on a quarterly basis through governance and administration reports provided by L&G. The reporting covers: volume completed in target, volume not completed in target, volume total, SLA%, average days outside of SLA (for cases not completed in target). Any issues identified as part of our review processes would be raised with the administrators immediately, and steps would be taken to resolve the issues.

Day-to-day administration is managed through work management systems with built-in controls to ensure a high level of quality through checking processes. These are also subject to quality sampling.

Quality controls are reviewed at a monthly "Risk and Controls Committee", which is overseen by L&G's Workplace DC Pensions Senior Leadership team. All processes are documented and assigned to the owners within the appropriate business team.

L&G's workplace pensions business is also subject to regular independent internal auditing from the L&G Group Internal Audit department, which is independent of all business and operational functions in the L&G Group plc; it reports to the Group Audit Committee on the effectiveness of the control environment in mitigating the key risks of the group.

Based on our review processes, we are satisfied that over the period covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Scheme year.

4. Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum ("pa") figure and include any administration charges, since members incur these.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by the L&G which is the Scheme's platform provider. When preparing this section of the Statement we have taken account of the relevant statutory guidance.

Default arrangements

The Default and the legacy Default have been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Annual governance statement (continued)

Default charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
10 or more years to retirement	0.41	0.16
5 years to retirement	0.38	0.11
At retirement	0.29	0.06

Legacy Lifestyle Cash Target charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
10 or more years to retirement	0.41	0.16
5 years to retirement	0.39	0.13
At retirement	0.29	0.06

The default arrangements do not have any performance-based fees associated with them.

Self-select and AVC options

In addition to the default arrangement, members also have the option to invest in two other lifestyles, targeting annuity purchase and income drawdown, and several other self-select funds. The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

Lifestyle Annuity Target charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
10 or more years to retirement	0.41	0.16
5 years to retirement	0.35	0.08
At retirement	0.28	0.02

Lifestyle Drawdown Target charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
10 or more years to retirement	0.41	0.16
5 years to retirement	0.38	0.11
At retirement	0.34	0.05

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

Self-select fund charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Lifestyle Fund	0.41	0.16
Passive Global Equity Fund	0.43	0.20
Diversified Return Fund	0.35	0.05
Money Market Fund	0.29	0.06
Pre-Retirement Fund	0.28	0.00
Pre-Retirement Inflation Linked Fund	0.28	0.00
Ethical Fund	0.93	0.09
Shariah Fund	0.39	0.00
Emerging Markets Fund	1.11	0.24
Property Fund*	1.11	0.00

*The Property Fund TER does not include the Property Expense Ratio of 1.02% as this is not required to be reported on in the TER.

Annual governance statement (continued)

AVC funds charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Aegon BlackRock 70/30 Global Growth Fund	0.35	0.55
Aegon BlackRock Balanced Growth Fund	0.35	0.47
Aegon BlackRock Pre-Retirement Fund	0.16	0.06
L&G Multi-Asset (formerly Consensus) Fund	0.26	0.05
L&G UK Equity Index Fund	0.11	0.00
L&G FTSE4Good UK Equity Index Fund	0.20	0.01
L&G World (ex UK) Equity Index Fund	0.22	-0.02
L&G Over 15 Year Gilts Index Fund	0.10	0.05
L&G Cash Fund	0.12	0.11
Phoenix Traditional With-Profits Fund	1.00	0.11
Prudential With-Profits Cash Accumulation Fund ¹	0.76	0.11

¹The charge of the Prudential With-Profits Cash Accumulation Fund is implicit and taken into account in the declared bonus rates for the Fund. It will depend on the investment returns achieved and the expenses incurred by the Fund. The charge shown assumes that future investment returns will be 5% per year. The transaction cost covers the year to 31 December 2025.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five years as this is the longest period over which figures were available, and should be more indicative of longer-term costs compared to only using figures over the Scheme year. For the default strategy we have used the average of the transaction costs for the underlying funds.
- The illustration is shown for the Default (the Lifestyle Cash Target), as well as the legacy Default and two funds from the Scheme's self-select fund range. The two self-select funds shown in the illustration are:
 - the fund with highest annual member borne costs (TER plus Scheme Year transaction costs) – this is the Emerging Markets Fund
 - the fund with lowest annual member borne costs – this is the Pre-Retirement Fund

Annual governance statement (continued)

Projected pension pot in today's money

Years invested	Default option		Legacy Default option		Emerging Markets Fund (highest cost)		Pre-Retirement Fund (lowest cost)	
	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£6,600	£6,500	£6,600	£6,500	£6,600	£6,500	£6,600	£6,500
3	£12,000	£11,800	£12,000	£11,800	£12,200	£11,900	£12,000	£11,900
5	£17,700	£17,500	£17,700	£17,500	£18,300	£17,600	£17,700	£17,600
10	£34,100	£33,100	£34,100	£33,100	£36,100	£33,500	£34,100	£33,500
15	£53,400	£51,200	£53,400	£51,200	£58,300	£52,000	£53,400	£52,200
20	£76,500	£72,200	£76,500	£72,200	£86,000	£73,800	£76,500	£74,000
25	£103,800	£96,500	£103,800	£96,500	£120,500	£99,200	£103,800	£99,600
30	£136,300	£124,700	£136,300	£124,700	£163,500	£129,000	£136,300	£129,600
35	£167,500	£151,000	£167,500	£151,000	£217,100	£163,800	£174,900	£164,800
40	£186,800	£166,700	£186,800	£166,700	£283,800	£204,500	£220,700	£206,000

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £4,000. This is the approximate average (median) pot size for active (contributing) members aged 25 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The projection is for 40 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.
- The starting salary is assumed to be £19,000. This is the approximate median salary for active members aged 25 or younger.
- Total contributions (employee plus employer) are assumed to be 12% of salary per year. This is based on the approximate median contribution for active members aged 25 or younger of 6% per year, and the contribution matching structure means that the employer also pays 6% per year.
- The projected before costs annual returns used are as follows:
 - Default: 3.5% above inflation for the initial years, gradually reducing to a return of 0.5% below inflation at the ending point of the lifestyle.
 - Legacy Default: 3.5% above inflation for the initial years, gradually reducing to a return of 0.5% below inflation at the ending point of the lifestyle.
 - Emerging Markets Fund: 4.5% above inflation
 - Pre Retirement Fund: 3.5% above inflation
- No allowance for active management outperformance has been made.

Annual governance statement (continued)

Please note that the expected returns used in the projections are the same assumptions used in the Scheme's latest Statutory Money Purchase Illustrations ("SMPIs"). Rules around SMPIs mean that return assumptions are set in a prescribed way based on the volatility of investment returns, with higher volatility meaning higher assumed returns. You should interpret the projections with caution and not make any significant change to your investments as a result of them. You should consider obtaining professional financial advice before making any significant change to your investments.

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the scheme year, over periods to Scheme-year end. We have had regard to the statutory guidance in preparing this Section.

For arrangements where returns vary with age, such as for the Default, returns are shown over various periods for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

Default net returns over periods to scheme year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	19.1	7.9
45	19.1	7.9
55	18.6	7.3

Legacy Default net returns over periods to scheme year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	19.1	7.9
45	19.1	7.9
55	19.1	7.5

Lifestyle Annuity Target net returns over periods to scheme year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	19.1	7.9
45	19.1	7.9
60	17.5	4.3

Lifestyle Drawdown Target net returns over periods to scheme year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	19.1	7.9
45	19.1	7.9
60	18.6	7.3

Annual governance statement (continued)

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

Fund name	1 year (%)	5 years (% pa)
Lifestyle Fund	19.1	7.9
Passive Global Equity Fund	22.8	10.0
Diversified Return Fund	10.8	4.3
Money Market Fund	4.2	3.3
Pre-Retirement Fund	2.8	-5.0
Pre-Retirement Inflation Linked Fund	3.4	-6.7
Ethical Fund	2.9	3.6
Shariah Fund	17.3	12.9
Emerging Markets Fund	30.5	2.0
Property Fund	4.4	3.2

AVC fund net returns over periods to scheme year end

Fund name	1 year (%)	5 years (% pa)
Aegon BlackRock 70/30 Global Growth Fund	11.7	7.9
Aegon BlackRock Balanced Growth Fund	10.7	6.5
Aegon BlackRock Pre-Retirement Fund	2.3	-4.6
L&G Multi-Asset (formerly Consensus) Fund	11.8	4.4
L&G UK Equity Index Fund	21.4	11.1
L&G FTSE4Good UK Equity Index Fund	17.2	10.4
L&G World (ex UK) Equity Index Fund	18.9	11.4
L&G Over 15 Year Gilts Index Fund	0.3	-10.6
L&G Cash Fund	4.1	3.2
Phoenix Traditional With-Profits Fund	2.9	-8.9
Prudential With-Profits Cash Accumulation Fund	2.8	2.0

6. Value for members assessment

We are required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of ‘good value’ which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last review was 8 June 2026. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

Our assessment included a review of the performance of the Scheme’s investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives.

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

- our oversight and governance, including ensuring the Scheme is compliant with relevant legislation, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;

Annual governance statement (continued)

- the design of the default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Scheme website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

Using the criteria described above, we ranked as very good, good, fair, or poor the services members receive from the Scheme, as summarised below, together with brief details of our rationale for each rating.

Charges – Good

The charges borne by members (excluding transaction costs) were benchmarked against other similar sized DC schemes. During the Scheme year, the Trustee engaged with L&G to negotiate a 0.04% reduction in the administration fee paid by members, effective from June 2026.

Default investment arrangement – Good

The Default's growth phase has performed broadly in line with comparable strategies. The Trustee continued its review of the default strategy over the Scheme year with a focus on improving overall value for members, with changes due to be implemented after Scheme year end.

Self-select investment range – Good

The alternative lifestyles and self-select funds available to the Scheme are concise, covering different asset classes and at-retirement targets. During the Scheme year, the Trustee carried out a review of the fund range and agreed a number of changes aimed at better meeting members' needs, including replacing certain underlying funds and adding new investment options. Changes are due to be implemented following the end of the Scheme year.

Administration – Very good

L&G's service levels over the Scheme year were very good and there were no material administration issues in relation to processing core financial transactions.

Governance – Very good

The Trustee is committed to the governance of the Scheme. The Trustee Board and the Committees have clearly defined roles and responsibilities, and knowledge and understanding are of a high standard.

Communications – Good

A range of communications were issued to members over the year to 31 December 2025, covering various topics.

At-retirement support – Good

Members have access to a good level of at-retirement support and options.

Scheme design – Very good

The Company and Trustee's commitment to the Scheme is good as demonstrated in the Scheme design and contribution structure.

Annual governance statement (continued)

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Scheme are receiving good value for money for the charges and costs that they incur, for the reasons set out in this section. We aim to improve value for members in future by taking the following steps:

- Implementing the agreed changes to the Scheme's default investment strategy and self-select range;
- Giving consideration to reviewing retirement solutions currently being developed in the market to understand if these could benefit members in the Scheme; and
- Giving consideration to implementing setting strategic communications objectives and providing targeted communications to help improve member understandability and hence confidence with making decisions about retirement benefits.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they were material. The Scheme is a hybrid scheme having both a legacy Defined Benefit and an active Defined Contribution section, therefore the Trustee Knowledge and Understanding agendas cover both benefit structures. During the period covered by this Statement, we received training on the following topics:

Date	Topic and trainers
10/07/2025	Risk Management platform and Scheme risk reporting delivered by Aon
10/07/2025	Longevity training session delivered by Club Vita
10/07/2025	Risk management framework training delivered by Aon
23/10/2025	New DB funding code requirements delivered by Hymans Robertson
23/10/2025	Climate scenario analysis training delivered by Hymans Robertson
23/10/2025	Pensions legal and regulatory update delivered by Mayer Brown
15/01/2026	Collective Defined Contribution ("CDC") schemes delivered by LCP
15/01/2026	Introduction to Own Risk Assessment delivered by Aon
15/01/2026	Trustee liability insurance training delivered by Willis Towers Watson

Additionally, training is provided at Trustee Board and Sub-Committee meetings to support the Trustee's decision making. Over the Scheme year, this included sessions on Shariah sukuk investments, cashflow matching investments, equity protection and Task Force on Climate-Related Financial Disclosures (TCFD). We also receive quarterly updates on topical pension issues from our advisers.

We are familiar with and have access to copies of the Scheme's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme, and the SIP is formally reviewed at least every three years and as part of making any change to the Scheme's investments. Further, we believe that we have sufficient knowledge and understanding

Annual governance statement (continued)

of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

The Trustee is required to complete the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). New Trustee Directors must complete this within six months of their appointment. Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Scheme year.

A training log is maintained in line with best practice, and the training programme is reviewed annually to ensure it is up to date. Additionally, the Scheme has in place a structured induction process for new trustees.

The Trustee operates four sub-committees, in addition to the Board itself, to help fulfil its governance functions, one of which is the DC Investment & Retirement Committee. The Trustee has a relatively large, diverse board (by gender and age) with members bringing a range of relevant skills and experience. The Chair is an independent professional trustee.

Other Board members have substantial professional knowledge and expertise in a wide range of disciplines including finance, human resources, tax, audit, purchasing and store management.

The Trustee regularly considers the diversity of the Board in relation to core characteristics such as gender, age and ethnicity as well as the mix of skills, experience and cognitive diversity. Where vacancies on the Board arise, the Trustee, where it is possible, seeks to recruit new trustees who enhance the diversity of the Board and its overall effectiveness.

We also conduct an annual evaluation of the performance and effectiveness of the Trustee Board as a whole. The latest review was conducted during the Scheme year, with the Trustee Directors expressing confidence in the Board's governance, leadership and collaborative culture, with no major areas of concern highlighted.

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

Rachel Croft

ITS Limited,
represented by Rachel Croft, Chairperson
On behalf of the Trustee

13 August 2026

Appendix I: Statement of investment principles

GENERAL

Introduction

1. This is the statement of investment principles (**SIP**) for the Kingfisher Pension Scheme (the **Scheme**). The SIP is designed to meet the requirements of section 35 of the Pensions Act 1995 (the **Act**) and the Occupational Pension Schemes (Investment) Regulations 2006 (the **Regulations**). Except where the express provisions of the SIP or the context require otherwise, terms used in the SIP have the meanings which apply for the purpose of the Act and Regulations. References to **Paragraphs** are to paragraphs of the SIP.
2. The SIP has been prepared by the Scheme's trustee (the **Trustee**) after consulting the Scheme's employers and considering written advice from a suitably-qualified adviser, in so far as Regulation 2(2) requires.
3. The Scheme has defined benefit (**DB**) and defined contribution (**DC**) parts. The DB part consists of the Scheme's final salary section (**KPS-FS**) excluding DC AVC funds. The DC part consists of the money purchase section (**KPS-MP**) and AVC funds as just mentioned. In the SIP the DB and DC parts are dealt with separately.
4. The SIP includes both the statement of investment principles for the Scheme generally, in accordance with Regulation 2, and (in Paragraphs 16-22) the statement of investment principles for the default arrangement under KPS-MP (the **Default Arrangement**), in accordance with Regulation 2A.

Governance and compliance (Regulation 2(3)(a))

5. The Trustee has ultimate power and responsibility as to investment policy, though the Trustee is required to consult the Scheme's employers in certain circumstances as described in Paragraph 7. The Trustee has delegated certain of its investment functions to two subcommittees: the DB Investment Committee and the DC Investment & Retirement Committee.
6. The Trustee will invest with a view to giving effect to the principles in the SIP, in accordance with section 36(5) of the Act. Before making any investment, the Trustee will obtain and consider proper advice on whether the investment is satisfactory, having regard to the SIP and the requirements of the Regulations as to suitability, in accordance with Regulation 36(3) of the Act. The Trustee will determine the intervals at which it will obtain proper advice as regards existing investments, and will obtain and consider such advice accordingly.
7. The Trustee will review, and if necessary revise, the SIP at least every three years and in any event without delay after any significant change in investment policy. Before revising the SIP, the trustee will consult the Scheme's employers and consider written advice from a suitably-qualified person, in so far as Regulation 2(2) requires.

Statement of investment principles (continued)

8. The Trustee will review the default strategy and the performance of the Default Arrangement at least every three years, and in any case without delay after any significant change in relevant investment policy or in the demographic profile of relevant members. The Trustee will in particular review the extent to which investment returns under the Default Arrangement (after deduction of charges) are consistent with the Trustee's aims and objectives in respect of the Default Arrangement. The Trustee will if necessary revise the SIP after any review.

Investment beliefs

9. The Trustee has the following general beliefs which will guide its investment decisions:
- (a) **DB liabilities:** A sound understanding of the Scheme's DB liabilities is necessary in order to make appropriate DB investment decisions.
 - (b) **Asset allocation:** Asset allocation is a key decision as regards investment, with significant implications for long-term returns.
 - (c) **Investment risk:** Long-term returns on growth (or return-seeking) assets (e.g. equities) are likely to be higher than those on matching assets (e.g. bonds), but also more volatile. It is necessary to take a certain level of investment risk in order to generate adequate returns (i.e. adequate in order for the DB funding target to be affordable for employers and in order for DC benefits to meet members' expectations at retirement). Appropriate tools should be used to monitor and measure risk. Investment decisions should be made with regard to an agreed risk budget. The Trustee's focus should be on taking intended risks which it believes will be rewarded. Unintended, unrewarded risks should be hedged against in so far as practicable and cost-effective.
 - (d) **Diversification:** Diversification of investments is likely to reduce the level of risk inherent in the overall investment strategy.
 - (e) **Passive versus active management:** Passive investment management is likely to provide the best returns net of charges in many asset classes, particularly developed equity markets. However, active management can sometimes add value. As to active management, a specialist approach (focussing on a particular asset class) is more likely to add value than a balanced approach. The Trustee is satisfied that it has the resources needed in order to put in place and monitor a specialist management structure.
 - (f) **Fees:** Appropriate fee rates and structures will depend on the nature of the investment and on the terms commercially available but may sometimes include a performance-related element.
 - (g) **Responsible ownership:** Investee companies should be run in a responsible way, with due regard to environmental, social and governance (ESG) issues, because in the long term this is likely to contribute to the companies' financial success.

Statement of investment principles (continued)

Fund managers

10. Having regard to the requirements of the Financial Services and Markets Act 2000, the Trustee delegates day-to-day investment decisions to authorised fund managers. The DB and DC Investment Committees appoint, review and remove fund managers, with appropriate support from the Trustee's investment advisers and Kingfisher's group pensions department.
11. The criteria considered when appointing or removing fund managers include the following:
 - (a) **Business:** evidence of clear strategic direction; supportive ownership from a parent committed to fund management.
 - (b) **People:** high-calibre, experienced professionals; relatively low turnover; clear commitment to fund management culture; strong recruitment and training process.
 - (c) **Process:** effective approach to accessing/interpreting research; robust, repeatable investment process; process consistent with stated philosophy. The Trustee expects its fund managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process,
 - (d) **Performance:** variability within acceptable range relative to fund manager's style.
12. The DB & DC Investment Committees monitor fund managers' performance against the applicable benchmarks, using the services of an independent performance measurement company. In addition, the Committees regularly meet with fund managers and review managers' capabilities as against the criteria in Paragraph 11.

Statement of investment principles (continued)

DB INVESTMENT

Background

13. The Scheme is subject to the statutory funding objective (**SFO**) under the Pensions Act 2004, whereby the Scheme is required to have sufficient and appropriate assets to meet the expected cost of providing members' past service benefits (the **Technical Provisions**). As at the effective date of the 31 March 2022 valuation, the Scheme was fully-funded on the SFO basis.
14. Additionally, the Trustee and the employers have agreed a secondary funding objective (**2FO**) for the Scheme, which is to reach full-funding on a "gilts flat" basis by 2030. The Trustee is seeking to achieve and maintain the 2FO through a combination of investment returns and employer contributions, if required.

DB investment policies (Regulation 2(3)(b), (c) and (d))

15. The Trustee has the following policies as regards DB investment:
 - (a) **Kinds of investment, and the balance between them:** Having regard to the funding objectives described above, the Trustee's investment strategy is as follows:
 - The bulk of the DB funds (as at 31 March 2022, 88%) will be invested in assets which are intended broadly to match the DB liabilities, including gilts, corporate bonds, swaps, buy-in policies. In addition, the Trustee will seek to hedge approximately 96% of both the interest rate risk and the inflation risk via a suitable hedging portfolio.
 - A small proportion of DB funds (as at 31 March 2022, 12%) will be invested in growth assets, including equities and alternative assets such as private equity, property and commodities, with a view to achieving the 2FO.
 - The Trustee invests in a Special Purpose Vehicle (SPV) which provides a regular income stream to the Scheme. The SPV provides recourse for the Scheme to the underlying property assets in the event of Kingfisher plc's insolvency.
 - The portfolio will be gradually de-risked over the period to 2030 such that by then the portfolio will be invested entirely in matching assets. The timing and magnitude of switches from growth to matching assets will be determined by the Trustee, in consultation with the employers, with a view to ensuring cost-efficiency.

The Trustee is satisfied that this strategy will ensure that assets held to cover the Technical Provisions are invested in a manner appropriate to the nature and duration of the benefits payable, in accordance with Regulation 4(4). In implementing the strategy, the Trustee will have due regard to the requirements of Regulation 4(3), (5), (6) and (7) as to diversification, investment in unlisted assets, and the security, quality, liquidity and profitability of the portfolio as a whole.

Statement of investment principles (continued)

In accordance with Regulation 4(8), the Trustee will invest in derivatives only to reduce risk (either as part of the strategic asset allocation or on a tactical basis, e.g. to cover exposed positions) or to facilitate efficient portfolio management. Derivatives will not be used to for speculative purposes or to "gear up" returns.

- (b) **Risks, including measurement and management:** The Trustee considers the key risk as regards the DB investments to be as follows:
- (i) **Mismatch risk** – The risk that the assets fail to keep pace with the liabilities. Mismatch risk can include inflation, interest rate and longevity risks. The risk is measured by regular assessment of the potential development of the liabilities relative to the current and target mixes of investments. The risk is managed via a liability-driven investment programme whereby, among other things, the Trustee invests substantially in assets which are intended broadly to match the liabilities, and hedges against residual inflation and interest rate risk (see (a) above)
 - (ii) **Collateral Adequacy risk** – The Scheme is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Scheme may not be able to post additional cash to the LDI portfolio within the required timeframe. A potential consequence of this risk is that the Scheme's interest rate and inflation hedging could be reduced, and that the Scheme's funding level could suffer as a result. In order to manage this risk, the Trustee has a collateral monitoring and collateral waterfall framework in place to ensure that the Scheme has a reasonable liquidity buffer should cash need to be posted to the LDI manager at short notice.
 - (iii) **Concentration risk** – The risk that undue concentration in a single asset or asset class leaves the Scheme exposed should that asset or asset class fall in value. This risk is addressed by investing across a broad range of asset classes as described in (a) above. Within each asset class further diversifying conditions are imposed on fund managers, e.g. limits on maximum holdings in any one asset. No investment is permitted in Kingfisher plc shares or bonds, other than indirectly through pooled funds.
 - (iv) **Manager risk** – The risk that underperformance by a fund manager will adversely affect overall investment returns. To manage this risk, the Trustee will, where appropriate, allocate assets in a given asset class to two or more different fund managers, who may in turn employ different investment approaches (e.g. active versus passive). The Trustee sets clear objectives for fund managers and lays down guidelines and restrictions as to achieving those objectives. The Trustee monitors both the performance of fund managers against their objectives and the performance of DB investments as a whole.

Statement of investment principles (continued)

- (v) **Risks as to derivatives:**
- **Counterparty risk** – The risk of counterparty failure. This risk is managed through conditions as to the selection of counterparties and through the posting of collateral (including suitable margin).
 - **Basis risk** – The risk of a mismatch between the Trustee's obligations under the payable leg of a derivative and the relevant backing assets. The Trustee manages this risk via its investment policy and via delegation to suitably capable fund managers.
 - **Liability risk** – The risk of a divergence between the performance of a derivative and the relevant DB liabilities, e.g. because of an unanticipated change in the basis on which those liabilities are valued. The Trustee manages this risk by constructing its derivative strategy based on a best estimate of future DB cashflows.
- (vi) **Currency risk** – The risk that, where investments are overseas, returns are adversely affected by currency movements. This risk is addressed by hedging an appropriate proportion of the currency exposure (having regard to the extent to which hedging can be achieved efficiently).
- (vii) **Custodian risk** – The risk that the custodian of the Scheme's assets (or an overseas sub-custodian) misplaces assets. The Trustee manages this via a robust process for the appointment and monitoring of the custodian, and by imposing suitable terms as to the use of sub-custodians.
- (viii) **Liquidity risk** – The risk that, due to a shortage of cash, the Trustee is unable to pay benefits when due or is forced to make an unintended asset sale. The Trustee manages this risk by forecasting cashflows and ensuring that a suitable proportion of DB funds are invested in readily-realiseable assets.
- (ix) **Environmental Social and Governance Issues** – Risk of the extent to which ESG factors including climate change are not appropriately reflected in asset prices and / or not considered in investment decision making processes leading to underperformance relative to targets. The Trustee considers this risk by taking advice from their investment adviser and discussing ESG integration with investment managers.
- (c) **Expected returns:** The assets, taken as a whole, are expected to generate returns over the long term that modestly exceed gilts. Target returns for particular portfolios will be agreed with the relevant fund managers.
- (d) **Realisation of investments:** Arrangements are in place to minimise the risk that the Trustee will need to realise investments unexpectedly – see (b)(vii) above. Disposals of individual holdings within a portfolio will normally be a matter for the relevant fund manager. The Trustee does however pro-actively seek and review information as to transaction costs.

Statement of investment principles (continued)

- (e) **Financially-material considerations:** The Trustee believes that ESG issues may have a material impact on the performance of investments over the appropriate time horizon, which the Trustee takes to be the period to 2030 (the target date for the 2FO). The Trustee has regard to ESG considerations when investing, in so far as consistent with the Trustee's duties as regards seeking returns and mitigating risk. In particular, the Trustee takes account of climate-related risks and opportunities in the management of the DB global equity portfolio, the Trustee's view being that climate change and the expected transition to a low-carbon economy give rise to long-term financial risks for the Scheme and for member outcomes. The Trustee has implemented a "climate change tilt", i.e. it has more exposure to companies generating revenue from low-carbon opportunities, and less exposure to companies with higher carbon emissions and fossil fuel assets relative to their sector. The Trustee has also invested in a global renewable energy fund. The Trustee assesses the investment managers' approach to ESG as part of the investment manager selection process. Other than in this regard, it is left to fund managers to determine the extent to which ESG issues are taken into account when making investment decisions. The Trustee recognises that passive managers may be constrained by the need to track relevant indices, but nevertheless expects such managers to pursue a policy of engagement with investee companies (see below).
- (f) **Non-financial matters:** The Trustee recognises that some DB members may have strong views as to non-financial matters including ethical issues. However, the Trustee does not feel that there is any clear consensus as to non-financial matters across the Scheme membership. Against that background, the Trustee does not seek to take account of members' views as to non-financial matters when investing.
- (g) **Voting and investor rights and engagement:** The Trustee encourages fund managers to vote and exercise other investor rights, and to engage with investee companies and other relevant persons on relevant matters, with a view to furthering the Trustee's long-term financial interests and the policies described above. The fund managers decide whether and how to vote and engage on particular issues, referring back to the Trustee only where they deem an issue to be contentious and to warrant discussion by the Trustee. Stewardship information supplied by fund managers is reviewed and, where a review gives rise to a concern, the Trustee will consider how best to address that concern with the relevant manager.

The majority of the DB fund managers, including all managers investing in listed equities, are signatories to the UK Stewardship Code.

- (h) **Arrangements with fund managers:** The Trustee's policy as regards arrangements with any fund manager is as follows:
- (i) The Trustee will enter into a contract with the fund manager on terms which are appropriate having regard to the policies set out in this SIP, including terms as to investment objectives/benchmarks; constraints (e.g. concentration limits); financially-material considerations;

Statement of investment principles (continued)

remuneration; performance measurement and reporting; and termination of the arrangement.

- (ii) The Trustee will ensure that the policies set out in this SIP (so far as relevant) are clearly communicated to the fund manager.
- (iii) The Trustee will proactively monitor and liaise with the fund manager on a regular basis.
- (iv) If the Trustee identifies that the fund manager is failing to meet the Trustee's objectives, the Trustee will engage with the manager with a view to understanding and (as far as possible) addressing the failure.
- (v) If there is a serious or persistent failure to meet the Trustee's objectives, the Trustee will formally review the fund manager's appointment and (depending on the outcome of the review) may terminate the arrangement.
- (vi) Specifically:
 - **Incentives to align decisions with Trustee's policies:** Where appropriate, fund managers may be given a direct incentive to achieve the target investment return agreed with the Trustee, via a suitable performance fee. In all cases fund managers have an indirect incentive to align strategy and decisions with the Trustee's policies, given the process of communication, monitoring, liaison, engagement and review mentioned above.
 - **Incentives to think long-term and to engage:** Fund managers have an indirect incentive to make decisions based on medium- to long-term financial and non-financial performance and to engage with investee companies in order to improve performance, given the process of communication, monitoring, liaison, engagement and review mentioned above. Where performance fees apply, the terms are set with a view to ensuring that short-term performance is not given undue priority; see below.
 - **Performance and remuneration evaluation:** Fund managers' performance and remuneration are evaluated in the round and over predetermined medium- to long-term periods. Investment returns are a factor, but they are not assessed on a purely short-term basis. Performance as against the Trustee's other objectives and policies is taken into account. Where the arrangements with a fund manager include a performance fee, the terms will be set with a view to ensuring that the manager does not give undue priority to short-term investment returns, to the detriment of long-term returns or the Trustee's other objectives and policies.
 - **Portfolio turnover:** The Trustee recognises that in addition to annual management charges and performance fees, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments (such as transition costs from portfolio turnover). The Trustee ascertains fund managers' policies as regards

Statement of investment principles (continued)

portfolio turnover and monitors turnover costs regularly. In general, the Trustee does not go further and formally monitor or specify targets as to turnover or associated costs, because the Trustee recognises that these costs are a necessary cost to generate returns and that the level of these costs varies by asset class and manager. However, where a fund manager is underperforming, the Trustee may scrutinise portfolio turnover and associated costs as part of its review.

- **Duration:** Arrangements with fund managers are generally open-ended but with the Trustee having the right to terminate at any time.

Statement of investment principles (continued)

DC INVESTMENT, INCLUDING THE DEFAULT ARRANGEMENT

Background

16. In accordance with the Pensions Act 2008 and the Scheme's governing rules, the Trustee has put in place:
 - a Default Arrangement in which KPS-MP members' (including automatically enrolled employees) retirement accounts are by default invested; and
 - a range of other 'white-labelled' DC investment options from which members may choose (**Self-Select Options**).
17. The DC investments consist primarily of holdings in unitised funds (**Funds**) offered by insurance companies. The Funds invest in turn (via their fund managers), but the underlying assets of the Funds are not owned by the Trustee.
18. The Trustee has chosen a "Lifestyle Cash Target" as the Default Arrangement. The Trustee's investments under the arrangement consist of units in Funds offered by Legal & General Assurance Society Limited (**L&G**), described further in Paragraph 21(a). The Self-Select Options consist primarily of Funds offered by L&G, although some other legacy investments are retained for certain longstanding members.
19. The Default Arrangement and the Self-Select Options are regularly monitored and reviewed by the Trustee and may be changed by the Trustee at any time.

Aims and objectives for the Default Arrangement (Regulation 2A(1)(a))

20. The Trustee's aims and objectives for the Default Arrangement are as follows:
 - The Default Arrangement should be suitable for the bulk of KPS-MP members and seeks a return of CPI +3% net of all charges over the long term.
 - For younger members, investment should be in growth assets: higher-risk investments which are expected to produce significant real returns (after charges) over the long term.
 - Over the ten years to selected retirement age (**SRA**), investments should be de-risked, with members gradually being switched out of growth assets such that by SRA they are wholly invested in cash/near-cash.
 - Growth assets should be suitably diversified to reduce volatility.
 - Charges should be substantially below the statutory charge cap of 0.75% per year and should ensure that members receive real value-for-money.

DC investment policies (Regulations 2(3), 2A(1)(b), (d))

21. The Trustee has the following policies as regards DC investments including the Default Arrangement:
 - (a) **Kinds of investment, and the balance between them:**
 - **Default Arrangement:** During the growth phase investment is split between the Passive Equity Fund i.e. the L&G Future World Fund and the

Statement of investment principles (continued)

Diversified Return Fund i.e. the L&G Future World Multi Asset Fund. The Passive Equity Fund is invested in global equities, including an ESG climate tilt with 50% of the overseas currency exposure hedged. The Multi-Asset Fund is invested in a range of global assets including equities, government and corporate bonds, real estate, infrastructure and private equity, while reflecting significant ESG issues into the fund's investment strategy; the balance as between the different asset classes is determined by Legal & General. In the de-risking phase investment is gradually switched (as outlined above) to the Money Market Fund. The Money Market Fund is invested in money market instruments and fixed deposits.

- **Self-Select Options:** The Trustee's policy is to offer a simple range of white-labelled Funds covering the major asset classes, with the underlying investments of each Fund being suitably diversified within the relevant asset class. The Funds within the range are chosen having regard to (among other thing) members' likely needs, attitude to risk, and value-for-money.
- (b) **Risks, including measurement and management:** The Trustee considers the key risks to be as follows:
- (i) **Inflation risk** – The risk that the investment returns over members' working lives are inadequate relative to inflation.
 - **Default Arrangement:** Inflation risk is addressed by investing over the bulk of members' working lives in Funds which hold growth assets which are expected to produce positive real returns, and by monitoring the performance of those Funds as against an inflation-based target.
 - **Self-Select Options:** Inflation risk is addressed by informing members of the risk and by offering Funds which hold growth assets and are expected to produce positive real returns.
 - (ii) **Shortfall risk (opportunity cost)** – The risk that members end up with insufficient funds at retirement with which to secure a reasonable income.
 - **Default Arrangement:** Shortfall risk is addressed by investing over the bulk of members' working lives in Funds which hold growth assets and by monitoring the performance of those Funds, and by de-risking over the ten years to SRA so as to limit members' exposure to adverse market movements. See (v) below as regards the shortfall risk which arises from de-risking to cash for members who take benefits via annuity purchase or drawdown.
 - **Self-Select Options:** Shortfall risk is addressed by informing members of the risk and by offering Funds which hold growth assets and Funds which enable members to de-risk in the run-up to retirement.
 - (iii) **Currency risk** – The risk that, where Funds' underlying investments are overseas, returns are adversely affected by currency movements.

Statement of investment principles (continued)

- **Default Arrangement:** Currency risk is addressed in respect of the Passive Equity Fund by hedging of 50% of the currency exposure as described above.
 - **Self-Select Options:** Currency risk is addressed by informing members of the risk and by offering the Passive Equity Fund for members who wish to invest in global equities with some hedging of the currency exposure.
- (iv) **Concentration risk** – The risk that undue concentration in a single asset or asset class leaves members exposed should that asset or asset class fall in value.
- **Default Arrangement:** Concentration risk is addressed by investing, during the growth phase, across two Funds with a broad range of underlying assets as described above.
 - **Self-Select Options:** Concentration risk is addressed by informing members of the risk and by offering Funds across a range of different asset classes, with the underlying assets of each Fund being diversified within the relevant asset class.
- (v) **Benefit conversion risk** – The risk that relative market movements in the run-up to retirement lead to a substantial reduction in the benefits secured.
- **Default Arrangement:** Benefit conversion risk is addressed via de-risking during the ten years prior to SRA. The Trustee recognises that significant risk remains for members who retire before SRA and/or who take benefits via an annuity or drawdown rather than in cash. This residual risk is addressed by informing members of the risk and by offering suitable alternative Self-Select Options (see below).
 - **Self-Select Options:** Benefit conversion risk is addressed by informing members of the risk and by offering Funds which members may use to mitigate it, including the Money Market Fund, the Pre-Retirement Fund and Pre-Retirement Inflation Linked Fund.
- (vi) **Manager risk** – The risk that underperformance by a fund manager will adversely affect a member's overall investment returns.
- **Default Arrangement:** Manager risk is addressed by investing during the growth phase partly in a Fund which is passively managed, and by regularly monitoring the performance and capabilities of the fund managers of the actively managed Funds.
 - **Self-Select Options:** Manager risk is addressed by offering several Funds which are passively managed, and by regularly monitoring the performance and capabilities of the fund managers of the actively managed Funds.
- (vii) **Environmental Social and Governance Issues** – Risk of the extent to which ESG factors including climate change are not appropriately

Statement of investment principles (continued)

reflected in asset prices and / or not considered in investment decision making processes leading to underperformance relative to targets. The Trustee considers this risk by taking advice from their investment adviser and discussing ESG integration with investment managers.

(c) **Expected returns:**

- **Default Arrangement:** The strategy's objective is to generate returns over the long term of CPI + 3% per annum after all charges. This is not guaranteed and there may be periods of underperformance against this return target. The Trustee takes investment advice when reviewing the default strategy to help determine whether the return target remains appropriate.

The growth phase invests in asset classes that are expected to grow in value relative to inflation more than other investments. Cash/near-cash is expected to generate returns in accordance with prevailing market interest rates, though there is a small chance that returns will be negative.

- **Self-Select Options:** For each Fund a target return, appropriate to the underlying assets, is agreed and monitored.

(d) **Realisation of investments and liquidity:** The Trustee's holdings in Funds will be sold as and when necessary for the purpose of investment switches, benefit payments or transfers-out. The Trustee believes that for members it is important that holdings are suitably liquid, so that any decision which members make to switch investments, take benefits or transfer can be implemented without delay. Accordingly, the Trustee's policy is not to invest in Funds which are illiquid or under which a material proportion of the underlying assets are illiquid, and the Trustee does not currently have plans to invest in any such Funds in the future. The Diversified Return Fund, which comprises part of the Default Arrangement during the growth phase, has some exposure to illiquid asset classes (e.g. property and infrastructure) for reasons of diversification, but this exposure is achieved through liquid instruments. Accordingly, the Trustee expects that all holdings will be readily realisable in all normal market conditions. Realisation of the underlying investments of the Funds is a matter for their fund managers. The Trustee does however pro-actively seek and review information as to transaction costs.

(e) **Financially-material considerations:** The Trustee believes that ESG issues may have a material impact on the performance of investments over the appropriate time horizon, which the Trustee takes to be members' working lives. The Trustee has regard to ESG considerations when investing, in so far as consistent with the Trustee's duties as regards seeking returns and mitigating risk. In particular, the Trustee takes account of climate-related risks and opportunities, the Trustee's view being that climate change and the expected transition to a low-carbon economy give rise to long-term financial risks for member outcomes. The Trustee selected the L&G Future World Fund as the underlying fund of the Passive Equity Fund in part to mitigate the financially material risks associated with climate change. The Fund has a "climate change tilt", i.e. it has more exposure to companies generating revenue from low-carbon opportunities, and less exposure to companies with higher carbon emissions and

Statement of investment principles (continued)

fossil fuel assets relative to their sector. The Trustee also selected the L&G Future World Multi-Asset Fund as the underlying fund of the Diversified Return Fund which reflects significant ESG considerations into the fund's investment strategy. The Trustee assesses the investment managers' approach to ESG as part of the investment manager selection process. Other than in this regard, it is left to the fund managers to determine the extent to which ESG issues are taken into account when making decisions as to the underlying investments. The Trustee recognises that passive managers may be constrained by the need to track relevant indices, but nevertheless expects such managers to pursue a policy of engagement with investee companies (see below).

- (f) **Non-financial matters:** The Trustee recognises that some DC members may have strong views as to non-financial matters including ethical issues. However, the Trustee does not feel that there is any clear consensus as to non-financial matters across the Scheme membership. Against that background, the Trustee has determined that the Self-Select Options should include the Ethical Fund and the Shariah Fund, but does not otherwise take account of members' views on non-financial matters when investing.
- (g) **Voting and investor rights and engagement:** Voting and other rights attaching to the investments of the Funds are exercisable by the fund managers. It is left to the fund managers to determine whether and how to exercise those rights. The Trustee does however monitor and engage with the fund managers. L&G provide corporate governance and responsible investment presentations to the Trustee, outlining their stewardship approach and reporting on their engagement and voting activities. Stewardship information supplied by L&G/fund managers is reviewed and, where a review gives rise to a concern, the Trustee will consider how best to address that concern with L&G/the relevant manager.

The fund managers of all Funds are signatories to the UK Stewardship Code.

- (h) **Arrangements with fund managers:** As mentioned in Paragraphs 16 to 18, DC investments are made via insurance companies, principally L&G. Whilst the Trustee selects the underlying Funds which are made available to members, the fund managers of those Funds are appointed by the insurer. Consequently the Trustee has no direct arrangements with fund managers. However, in the interests of transparency, the Trustee's policy as regards analogous matters is as follows:
 - (i) The Trustee will enter into a contract with the insurer on terms which are appropriate having regard to the policies set out in this SIP, including terms as fees; performance measurement and reporting; and termination of the arrangement.
 - (ii) When choosing Funds, the Trustee will so far as practicable ensure that the applicable terms are likewise appropriate, including the terms as to investment objectives/benchmarks; constraints (e.g. concentration limits); financially-material considerations; non-financial matters; and fees.

Statement of investment principles (continued)

- (iii) The Trustee will proactively monitor Funds and liaise with the insurer and/or fund managers from time to time.
- (iv) If the Trustee identifies that a Fund is failing to meet the Trustee's objectives, the Trustee will engage with the insurer and/or fund manager with a view to understanding and (as far as possible) addressing the failure.
- (v) If there is a serious or persistent failure to meet the Trustee's objectives, the Trustee will formally review the Fund's selection and (depending on the outcome of the review) may close or withdraw the Fund or terminate the arrangement with the insurer.
- (vi) Specifically:
 - **Incentives to align decisions with Trustee's policies; incentives to think long-term and to engage:** The Trustee ensures that the terms of Funds are appropriate having regard to the Trustee's policies, as mentioned above. The Trustee considers that the process of monitoring, liaison, engagement and review mentioned above provides L&G (and, to some extent, indirectly, fund managers) with an incentive to align strategy and decisions with the Trustee's policies, to make decisions based on medium- to long-term financial and non-financial performance, and to engage with investee companies in order to improve performance. As mentioned above, the Trustee has no direct arrangements with fund managers. That being the case, the Trustee believes that it would not be practicable to directly incentivise fund managers as regards the matters discussed in this paragraph.
 - **Performance and remuneration evaluation:** Fund performance and charges are evaluated in the round and over predetermined medium- to long-term periods. Investment returns are a factor but they are not assessed on a purely short-term basis. Performance as against the Trustee's other objectives and policies is taken into account. There are no performance fees in relation to the Funds.
 - **Portfolio turnover:** The Trustee may have regard to portfolio turnover when selecting Funds. In addition, the Trustee receives and assesses data from insurers as regards Funds' transaction costs to that extent the Trustee monitors turnover costs. In general, the Trustee does not go further and formally monitor or specify targets as to turnover or associated costs because, in the Trustee's view, such further monitoring and target-setting would not add significant value. However, where a fund manager is underperforming, the Trustee may scrutinise portfolio turnover and associated costs as part of its review.
 - **Duration:** Arrangements with insurers are generally open-ended but with the Trustee having the right to terminate at any time. Likewise the Trustee is generally able to close or withdraw underlying Funds at any time.

Statement of investment principles (continued)

Ensuring the default strategy is in members' interests (Regulation 2A(1)(c))

22. The Trustee considers that KPS-MP members will typically be relatively risk-averse and on retirement will take their benefits in cash form. The Trustee is conscious of the significant impact which charges and transaction costs can have, over the long term, on the benefits which members receive. The Trustee is also conscious that members may want to take or transfer their benefits at short notice and without delay. The Trustee's default strategy described in Paragraphs 20 and 21 above is intended to serve the best interests of members by striking an appropriate balance, during the growth phase, as between maximising returns while reducing volatility; by de-risking in the run-up to retirement so as to avoid conversion risk; by ensuring that holdings are suitably liquid; and by delivering real value for members.

23 September 2025