



BAKKAVOR PENSION SCHEME

– Engaging with you

MEMBERS' UPDATE 2024

You can get in touch with us using the contact details on the back page



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Welcome

...to your annual update for 2024, which provides information to keep you up to date with what's going on in the Bakkavor Pension Scheme (the Scheme) and how we are looking after your benefits.

We'd really like you to be able to receive these and other updates online, straight to your electronic device should you wish and we're working on this.

Please let us know your thoughts on this, on the Scheme, on how we're managing it on your behalf and what you'd like to see in your update.

Finally, if you only do three things relating to pensions this year, how about the following:

1. Log in to see your benefits online at <https://epa.towerswatson.com/accounts/bakkavor/>
2. Make sure your benefit nominations are up to date.
3. If you're thinking about retiring, consider taking financial advice with www.ilumiti-hub.co.uk/bakkavor

Thanks
Jane Scriven, Chair
Bakkavor Pension Scheme



Highlights from 2024

This issue highlights the key facts and figures from the Annual Report and Accounts for the year ended 31 March 2024, including the investment performance of the Scheme’s assets as well as the movements in the membership (page 14).

Our investment section (page 20) also considers the steps taken by the Trustee to develop the strategy.

The Scheme’s funding position moved into a surplus position, on what is known as the Technical Provisions (TP) basis. This is good news as the Scheme prepares for its next actuarial valuation in 2025. The current position, as at 31 March 2024 is shown in the next section.

We hope you find this update useful. If you have any comments or suggestions about what we can include in the future, please get in touch. Our contact details can be found on the back page.

Highlights of the Year

- The Company paid in £2.5m in contributions to help progress the Scheme’s funding position.
- The Trustee continues to be pleased with its success in achieving strong, risk-managed investment returns and a funding position that has continued to improve, assisted by rising markets.
- During the year to 31 March 2024, the value of the fund reduced to £188.9m, due largely to market factors. The value of the liabilities fell by a higher figure, thus improving the Scheme’s funding position.
- One of the investments suffering an impairment, with a loss to the Scheme of over £2m during 2024.
- Scheme membership reduced by 18 during the year.
- We have seen another growth in the use of our secure online member portal, where you can update your details and request quotes.
- New regulations on how we govern the Scheme (including its funding) came into effect in 2024.
- Member-Nominated Director selection has been reviewed in light of the general code and will take place during 2025.

Summary Funding Statement

The Trustee of the Bakkavor Pension Scheme (the “Trustee”) are pleased to provide you with an update of the funding position of the Bakkavor Pension Scheme (the “Scheme”).

Summary Funding Statement

The actuarial valuation of the Scheme, which assessed the assets and the value of current and future benefits as at 31 March 2022, was agreed by Bakkavor Limited (the “Company”) and the Trustee on 15 May 2023. Since then, funding updates as at 31 March 2023 and 31 March 2024 have been undertaken.

The Trustee runs the Scheme on behalf of the Scheme members. We will send you a statement like this on a regular basis to provide you with updated information about the funding of the Scheme.

The latest funding information

The funding position of the Defined Benefit Section of the Scheme at 31 March 2022, 31 March 2023 and 31 March 2024 was as follows:

	Funding update 31 March 2024	Funding update 31 March 2023	Actuarial valuation 31 March 2022
Assets	£ 188.9 million	£195.4 million	£284.4 million
Amount needed to provide benefits	£179.7 million	£193.4 million	£279.4 million
Allowance for future expenses	£7.0 million	£7.0 million	£7.0 million
Surplus (Shortfall)	£2.2 million	(£5.0 million)	(£2.0 million)
Funding level	101%	98%	99%

The funding position as at 31 March 2024 showed an improvement from the position shown in the Summary Funding Statement at 31 March 2022. This was predominantly due to the payment of deficit reduction contributions from the Company, and changes in market conditions which have reduced the liabilities by more than the assets.

The Trustee continues to monitor the funding position and the next triennial actuarial valuation for the Scheme will have an effective date of 31 March 2025.

Statutory information

By law, the Trustee has to tell you the following about the Scheme. Firstly, no payment has been made to the Company out of Scheme funds since the last Summary Funding Statement was issued.

Secondly, we have to tell you whether the Pensions Regulator has exercised its powers to modify the Scheme or impose a Schedule of Contributions on the Scheme. We can confirm that the Pensions Regulator has not exercised any of these powers.

Recovery plan

The assets held at the most recent actuarial valuation (31 March 2022) were insufficient, on the assumptions adopted, to cover the amount needed to provide the Scheme’s benefits.

The Trustee and Company therefore agreed a recovery plan expected to remove the shortfall by 31 August 2025, with the Company paying additional contributions to the Scheme as follows:

- Payments of £2.5 million per annum paid monthly until 31March 2025
- If the Scheme is in deficit at both 31 December 2024 and 31 January 2025, payments of £2.5 million per annum shall continue until 31 August 2025.
- If the Scheme is in deficit at either 31 December 2024 or 31 January 2025, but not both, payments of £2.5 million per annum shall continue until 30 June 2025.

What would happen if the Scheme started to wind up?

Inclusion of this information does not imply that the Company is thinking of winding up the Scheme, but is required by pensions legislation.

If the Scheme were to start to wind up, the Company would be required by law to pay enough into the Scheme to enable members’ benefits to be completely secured with an insurance company. At the 31 March 2022 valuation it was estimated that there was a buy-out deficit of £72.3 million.

It may be, however, that the Company would not be able to pay this full amount. If the Company were to become insolvent, the Pension Protection Fund may take over the Scheme and pay compensation to members.

Further information and guidance is available on the Pension Protection Fund’s website at www.pensionprotectionfund.org.uk.





Accessing your benefits

The Trustee want to make sure your benefits are as easy to access as possible and so have worked with WTW to develop the online member portal 'ePa' which you can access at any time of the day. This portal enables you to:

- Run your own retirement quotations
- Obtain a transfer value quotation
- Update some of your personal information such as address or telephone number

Within the portal you can run multiple quotations to see how your pension at retirement might differ depending on your chosen retirement date, this is a great tool to assist you in planning for retirement and ensuring financial wellbeing. We strongly encourage you to log in, even if you aren't considering retirement at this stage as it will make the process much smoother in future.

In 2021, communications were sent to all members of the Scheme to provide both a username and password to enable you to log in. Don't worry if you have lost your log in details as an account recovery function is available at: <https://epa.towerswatson.com/accounts/bakkavor/>.

If you need any help with logging in then you can also call the contact centre on **01737 230486**.

Where can I get more information?

If you have any other questions, or would like any more information, please contact the Scheme's administrators at the following address:

Bakkavor Pension Scheme WTW, Sunderland SR43 4JU

Alternatively send an email to: bakkavor@wtwco.com

Important: If you are thinking of leaving the Scheme for any reason you should consult a professional advisor, such as an independent financial advisor, before taking any action.

The Trustee of Bakkavor Pension Scheme
September 2024

Documents available on request

You can request any of the following Scheme documents from the Secretary to the Trustee:

- The Statement of Investment Principles – this explains how the Trustee invests the Scheme's assets.
- The Statement of Funding Principles – this sets out the Trustee's policy for ensuring the funding objective is met.
- Implementation Statement – this sets out the voting and engagement of the investment managers.
- The Actuarial Valuation Report – this contains details of the funding position of the Scheme as at 31 March 2022.
- The Recovery Plan – this sets out how the shortfall is being met.
- The Annual Report & Accounts – this shows the activities of the Trustee, income, expenditure and investment performance over the Scheme year.
- Privacy Statement – this sets out how we will use and protect the data we need to hold in order to manage your benefits.

- Investment Consultant Objectives – these are the objectives we have set for our investment advisers.

Contact us through the Bakkavor Pensions website (www.bakkavor.com/pensions) if you wish to find out more.

Trustee appointments

All occupational pension schemes like the Bakkavor Pension Scheme ("the Scheme") have a Trustee or Trustees, responsible for running the Scheme. There is a corporate trustee, Bakkavor Pension Trustees Limited, whose directors are appointed under the provisions of the Memorandum and Articles of that Company.

The Trustee Board meets four times a year to consider the Scheme. Our directors are required to attend these meetings. Occasionally, additional meetings are arranged between the usual quarterly cycle.

We also have an Investment Committee and a Governance and Risk Committee (both made up of some members of the Trustee board). Each of these has additional meetings each year to consider investments and governance issues respectively.

It is a legal requirement that at least one-third of the Trustee Directors are nominated and selected from Scheme members. The Scheme currently has seven Trustee directors in total, four are appointed by the Company and three are nominated by the members of the Scheme.

The current Trustee directors are listed on the next page.

Company Appointed

Name	First Appointed	Membership Status
Jane Scriven	2011	Pensioner Member
Rob Marsh	2019	Pensioner Member
Sveinn Stefansson	2015	Pensioner Member
Tim Bartram	2020	Pensioner Member

Member Nominated

Name	First Appointed	Term of Office Ends	Membership status
Dave Aspinall	2009 reappointed 2020	December 2024	Pensioner Member
Gillian Haythornthwaite	2012 reappointed 2020	December 2024	Pensioner Member
John Spirling	2016 reappointed 2022	December 2026	Pensioner Member

Dave and Gillian will come to the end of their current term of office in December 2024, whereas John’s current term runs until December 2026.

Would you like to help manage your Scheme?

We have two vacancies on the Trustee for member nominated Trustee director (“scheme trustee”) and are seeking applications from you, the members.

What’s in it for you to become a scheme trustee?

- You’ll learn about investments, receiving free training and expert insights into pensions and investment markets.
- If you work for Bakkavor, you’ll be entitled to time off to attend Trustee meetings.
- If you no longer work for Bakkavor, you’ll receive a fee for your time and your expenses will be paid.
- You’ll find the reward that comes from expanding your skillset and working with a great team.
- In return, we want your time and existing skills.

What are we looking for generally?

- A questioning nature, willingness to contribute and the confidence to express views that may be different to the group as a whole;
- Some financial acumen and strong analytical skills; and
- A willingness to complete the Pensions Regulator’s Trustee Toolkit within six months of being elected

Details of eligibility requirements are set out in the nomination form enclosed with this booklet.

If you would like a challenging but rewarding role helping to govern your Scheme, keep reading and please complete and return the attached form!

Nomination forms must be received on or before 18 April 2025.

The following Q and A section covers the information we are required to provide you to help you decide.

Q.What does the role entail?

A.Bakkavor Pension Scheme is a defined benefit (‘final salary’) scheme, originally set up in 1972, providing retirement benefits for staff members. The Scheme has been closed to accrual since 2011, meaning that the benefits are preserved for members, of which there are over 2,300. Our members are current and former members of staff, known as ‘deferred members’ (their benefits are deferred until they choose to take them) and ‘pensioner members’ and ‘beneficiary members’ members (those who are in receipt of a pension).

Many of our members will be in receipt of pension benefits for many years to come. The Scheme has assets (the investments) and corresponding liabilities (the members’ benefits) valued at around £200 million. The Trustee Board, supported by its advisers, invests the Scheme’s assets on the members’ behalf, in a range of investment classes and with different managers, with two key aims:

- Ensuring that the value of the assets does not fall behind any rising value in liabilities; and
- Generating positive returns in order that the value of the assets increases.

Ultimately, the Trustee aims to ensure that all members’ benefits will be paid, as and when they fall due, from the assets in the Scheme.

Q.And the ideal candidates?

A.Occasionally, we may look for people who come from a specific background (such as Finance, HR, IT) where we feel there might be a gap in our skillset, or a need for greater diversity. On this occasion, we are looking for one candidate with some investment knowledge and one with more of a governance focus.

Whilst pensions experience may be useful, it is certainly not a requirement. However, there are certain characteristics that we are looking for from candidates.

We want our candidates to be analytical, to speak up and to be prepared to learn and contribute. The role of trustee of an occupational pension scheme is an important one. Scheme trustees are responsible for overseeing the proper running of the scheme, from the collection of contributions and investment of the assets to the payment of benefits.

Scheme trustees are required by law to be familiar with the documents governing their own scheme. In addition, they need to have an understanding of such areas as funding and investment principles, pensions and trust law in order properly to carry out their functions.

In order to gain this understanding, anyone new to the role will be provided with and encouraged to have relevant training. This will include completing a modular course on the Pension Regulator’s website called the Trustee Toolkit. We like to see this completed within six months and we will also arrange time with our advisers to bring new scheme trustees up to speed.

Anyone new to the role, who is also an employee of the Company, will be given reasonable paid time off to fulfil their duties and to undertake training.

Those not employed by the company will also receive a small fee for their services, as well as any expenses incurred for attending meetings and performing their duties.

Q.How long would you serve in the role?

A.Your appointment will last for a period of 4 years.

A scheme trustee may be removed from office in certain circumstances including where they are prohibited from acting as a director by law, become bankrupt or all of the other members of the Trustee Board agree that they should be removed from office.

Q.What is the selection process?

A.We will form a selection panel that will consider all nominee applications and assess their suitability for appointment against the needs of the Scheme and specifications for the roles.

If the number of nominations received by the deadline for the receipt of nominations is equal to or less than the number of vacancies and the selection panel considers that a nominee is suitable, they will arrange for such nominee(s) to be appointed to the role.

Where the number of nominations received by the deadline for receipt of nominations is more than the number of vacancies, the selection panel will consider all the candidates and appoint the most suitable candidate after interviewing. The Trustee will take reasonable steps to notify each Scheme member of the outcome of any nomination and selection process

in writing within thirty days (or such longer period as the Trustee determines to be appropriate in the circumstances).

Q.What if there are not enough or no nominations?

A.Where there are either not enough nominations to fill vacancies on the Trustee Board or no nominations, the Trustee will review the vacancy from time to time and may request an eligible member to fill the vacancy. As a minimum, the Trustee will seek further nominations within three years.

Q.And finally, what if you are interested?

A.If you feel that you are the kind of person who can bring these attributes to the Scheme, or know a suitable person who may, please complete the attached nomination form.

If you would like to discuss this first or have any queries regarding the role, feel free to contact Logan, the Pensions Manager and Secretary to the Trustee, on **07753 452 521**, or at **Logan.anderson@bakkavor.com**

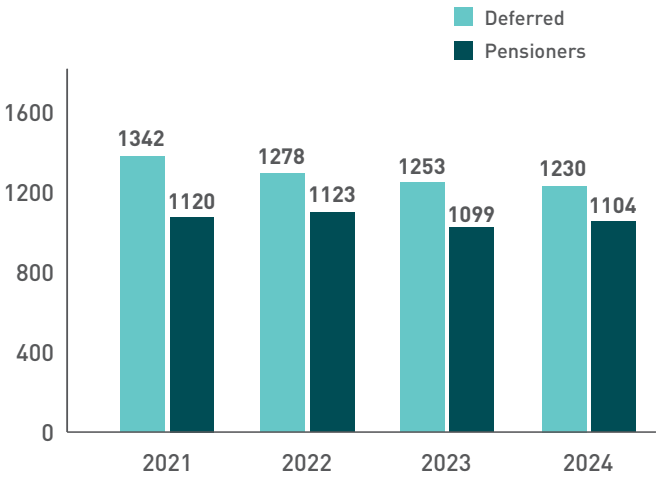


Scheme Financials

On the next few pages you will find a summary of the Scheme’s Annual Report & Accounts for the year ended 31 March 2024.

Scheme membership

As the Scheme is closed to future accrual, there are no active members. The current membership as at 31 March 2024, with a comparison to previous years, is shown below



The leavers above include a number of members who have transferred their benefits out of the scheme. This, in turn, has contributed to the reduction in the size of the fund.

Fund account

The income and expenditure from 1 April 2023 to 31 March 2024 is shown below:

INCOME	
Employer contributions	£2,500,000
Employer additional contributions	35,343
Total	£2,535,343

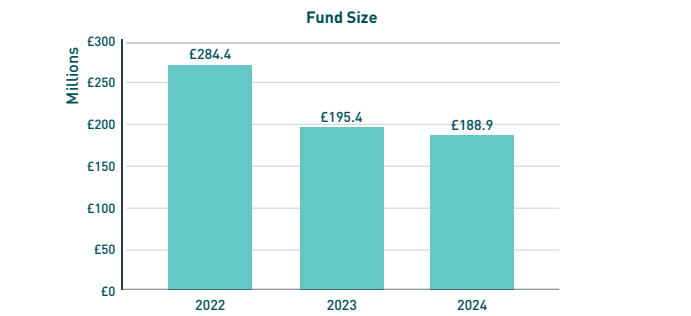
RETURN ON INVESTMENTS	
Investment income	£8,794,854
Change in market value of investments	(£8,277,486)
Investment management expenses	(£499,360)
Total	(£18,008)

EXPENDITURE	
Benefits paid	£6,761,697
Paid to leavers	£559,564
Other payments *	£973,305
Total	£8,294,566

This includes administration, accounting, actuarial, audit, legal and other professional fees. It also includes the Scheme levies, which are paid to the Pensions Regulator, Pension Protection Fund and Information Commissioner’s Office.

As the outgoings for the Scheme exceeded the incomings, the size of the fund fell in 2023/24.

The value of the fund



More information about the value of the fund can be found in our investment report, starting on page 20.

Pensions news

Planning to retire early? Read this

The UK Government has announced that the Normal Minimum Pension Age will increase from age 55 to age 57 with effect from 5 April 2028. The Normal Minimum Pension Age is the earliest age you can normally retire from a pension scheme without incurring tax penalties unless you are suffering from ill-health.

Members who choose to remain within this scheme will not be impacted by this change and are expected to retain the ability to take a reduced pension from age 55. You should, however, be aware that this may be lost should you choose to transfer your benefits out of the scheme. If you will be under age 57 on 6 April 2028 and are considering accessing your benefits before age 57 after transferring them out of the Scheme, you may wish to discuss this with your financial adviser.

Scams

Any financial products, including your Scheme benefits need your vigilance.

Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or release funds from it.

Only in very rare circumstances, such as terminal illness, can you access pension funds before age 55. In most cases, promises of early cash are likely to be bogus and are likely to result in serious tax consequences of more than half of your pension. If you need any information about your pension please contact the Administration Team directly (contact details can be found below). We can provide information, but we can’t give advice. If you need to take advice you can find a suitable independent financial advisor.

If you suspect a scam, report it to:

- The Financial Conduct Authority (FCA) on **0800 111 6788** or at <http://www.fca.org.uk>
- Action Fraud on **0300 123 2040** or at <http://www.actionfraud.police.uk>
- If you are in the middle of a transfer or retirement when you suspect a fraud please call the WTW contact centre on **01737 230486** immediately.

There has been a marked increase in pension scam activity since the pandemic.

Scheme noticeboard

Improving Scheme administration

We have identified that a number of members experience delays relating to access of their AVC benefits. We are working with WTW (the Scheme Administrator) and the AVC providers to address this. In the meantime, if you are thinking about taking your AVC benefits, we would suggest you contact WTW or use the online portal (see below) at least three months in advance of your chosen retirement date.

If you are experiencing delays and need support, please contact the Pensions Manager for assistance or email bakkavor@willistowerswatson.com.

Bakkavor Pensions website

We are pleased to see that our new pensions website for current and former colleagues has been popular with members. The site, www.bakkavor.com/pensions, gives you a link through to the online member portal (see below), as well as useful information to help you plan ahead.

Please feel free to check the website and tell us what you think (Logan.Anderson@Bakkavor.com)

New member portal – have you logged in yet?

During 2022 and 2023 we wrote to you all, inviting you to access your own personal pension information online.

The change was aimed at providing you with easier access to information about your membership of the Scheme and to improve the security of your data by giving you access to an online portal. It also helps reduce the costs of running the Scheme.

If you have not yet used the portal, it's very easy to log in to the system:

- Go to <https://epa.towerswatson.com/accounts/bakkavor/>
- If you still have your log-in information (sent in January 2022), please use this
- If you haven't logged in before, please use the 'account recovery' service to obtain new log-in details. You will need some sort of photo ID (passport or driving licence).

This will enable you to:

- view your Bakkavor Pension Scheme benefits
- update your personal information
- run your own retirement and transfer quotations.

Within the portal you can run multiple quotations to see how your pension at retirement might differ depending on your chosen retirement date, this is a great tool to assist you in planning for retirement and ensuring financial wellbeing. We strongly encourage you to log in, even if you aren't considering retirement at this stage as it will make the process much smoother in future. Whilst feedback on the system remains positive, the take-up, so far, is somewhat disappointing.

Whilst feedback on the system remains positive, the take-up, so far, is somewhat disappointing.

If you have been unable to access the system and would like to do so, please call the helpline ([01737 230 486](tel:01737 230 486)) or email bakkavor@willistowerswatson.com and our colleagues at WTW will assist you in setting yourself up on the system.

Access to the system can also be found through the new Bakkavor Pensions website, www.bakkavor.com/pensions

Changes in your circumstances

It is very important that you let us know if you change address or if there is a change to your circumstances. If we cannot get in touch with you, there could be delays with administering your benefits. You can use the member portal (see above) to update your address details.

You can also use the portal to review and change your nomination form (also known as an 'Expression of Wish Form').

Think of your loved ones

Nobody enjoys thinking about death, but, if you were to die there may be benefits payable from the Scheme to your family. As well as a lump sum, there may also be a spouse's pension payable in the event of your death.

Where possible the Trustee will take into account any wishes you have set down in your lifetime, including your Will, but the easiest way to make sure they know your views is by completing a couple of forms.

Support from the Company

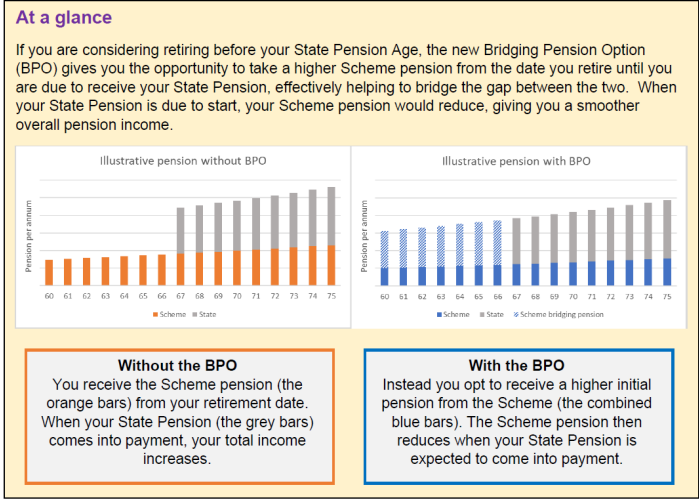
Since the last valuation, dated 31 March 2022, the Company has made payments of £2.5m each in 2022/23 and will continue to make these payments until the summer of 2025.

New for our deferred members

Bridging Pension Option

We wrote to all our deferred members in November 2024 to advise of a new retirement option that you may be able to take advantage of.

If you are considering retiring before your State Pension Age, the new Bridging Pension Option (BPO) gives you the opportunity to take a higher Scheme pension from the date you retire until you are due to receive your State Pension, effectively helping to bridge the gap between the two. When your State Pension is due to start, your Scheme pension would reduce, giving you a smoother overall pension income.



If you request a retirement pack and your benefits meet the criteria, our retirement pack will include a bridging pension option for you. More details can be found online at www.bakkavor.com/pensions.

Financial advice from an impartial adviser


There's plenty to think about when deciding how to take your benefits from the Scheme and we are sometimes asked by deferred members about obtaining financial advice. Taking financial advice does cost money but when it comes to making life-changing financial decisions, it might save you money in the long run.

In previous communications we've given you details about how you might source a financial adviser. We have done this below again.


In addition, to support you with retirement decisions, the Trustee (with the support of the Company) has selected an impartial financial adviser, ilumiti, to help you understand your Scheme retirement options and decide which one is right for you (including the Bridging Pension Option).


The Trustee has negotiated competitive rates for members which are significantly lower than the typical cost if you were to find your own financial adviser. Should you wish to make use of this, please see below.

To find out more and arrange your appointment, contact ilumiti:




Website: <https://www.ilumiti-hub.co.uk/bakkavor>
Or access the website via the QR code:





Telephone: 0800 619 1019
9.00am – 5.00pm, Monday to Friday



Email: bakkavor@ilumiti.co.uk

Please have a copy of your retirement or transfer pack to hand.

*All calls are recorded for business purposes. Calls are free from landlines and from mobiles if calling from within the UK.

If you'd rather find your own independent financial adviser, there are several other websites that can help you find an adviser in your area. You can search for an adviser on the MoneyHelper website – just type 'retirement adviser directory' into their search box bring up their useful tool.

If you are over 50 and have a defined contribution pension, you can obtain free and impartial advice from Pension Wise, a government service provided by MoneyHelper.

If you've not yet reached State pension age (and it is at least 30 days away) and you want to know how much State pension you're entitled to, you can obtain a State pension forecast through the GOV website.

You can access all of these sites through our website:
www.bakkavor.com/pensions

News for our pensioner members

Q. Are the pensions increases we received determined by the Trustee or by the rules?

A. They are quite strictly determined by the rules.

Q. Why are the increases different from one year to the next?

A. This is because the rules make reference to changes in the Retail Prices Index (RPI) and Consumer Prices Index (CPI), which are both measures of inflation, and these figures vary from year to year.

Q. Does this mean, when inflation is high, that we will receive higher increases?

A. Yes to a point; however, the inflationary increases are capped under the rules of the Scheme.

Q. What is the formula the Trustee uses for each set of benefits?

A. For most members, the increases are calculated as follows:

Pensions in payment in excess of the Guaranteed Minimum Pension (GMP) are increased as follows:

- (i). no automatic increases for pensionable service prior to 6 April 1997;
- (ii). 5% per annum or the rise in the cost of living, if less, as measured by the Retail Prices Index (RPI), for pensionable service completed between 5 April 1997 and 6 April 2006; and
- (iii). 2.5% per annum or the rise in the cost of living as measured by RPI, if less, for pensionable service after 5 April 2006.

The GMP forms part of the amount that the Scheme provides for pensionable service before 6 April 1997, as the Scheme was contracted-out of the earnings-related part of the State pension. This element of pensions in payment is increased on an annual basis as follows:

- (i). GMP for the period 6 April 1978 to 5 April 1988 is increased by the State in line with the rise in the cost of living as measured by the Consumer Prices Index (CPI); and
- (ii). GMP for the period 6 April 1988 to 5 April 1997 is also increased by CPI. However, the first 3% (or CPI if less) of any increase is paid by the Scheme, with any excess being paid by the State.

Q. Can you predict the increases for 2025?

A. Yes, the RPI and CPI figures are taken from the September 2024 national statistics, which have been published. The RPI and CPI annual increases in September 2024 were 2.7% and 1.7% respectively.

Q. What will these increases be?

A. The GMP element of benefit [accrued both before and after 1988] will attract an increase of 1.7% in May 2025. The non-GMP element of benefit accrued between 1997 and 2006 will attract an increase of 2.7% in May 2025. The non-GMP element of benefit accrued after 2006 will attract an increase of 2.5% in May 2025.

Q. Are there any circumstances in which additional increases could be allowed, for example for benefits accrued prior to 1997?

A. Yes. The Trustee can recommend discretionary pension increases on pensions. Once a recommendation is received from the Trustee, the Company has to agree whether such an increase should be paid.

Q. Why might the Company not agree to any discretionary increases?

A. As the Company has already paid significant pensions contributions to meet the already guaranteed benefits, it decided in its most recent response not to agree to a discretionary pension increase.

Q. That feels quite complicated. Will you confirm the figures to me?

A. Yes, we will write to you and advise you of any increases to apply to your benefits in payment.

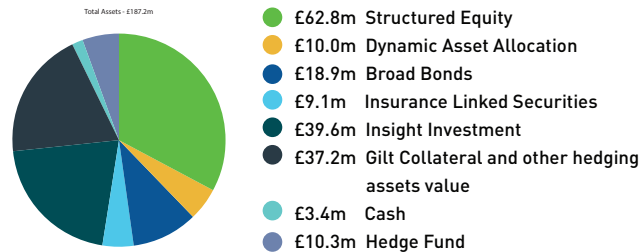


Investment Report

The Trustee is committed to the proactive management of the Scheme's assets, prioritising the generation of the necessary returns while effectively managing associated investment risks. In making investment decisions, the Trustee carefully evaluates prevailing market conditions and the specific circumstances of the Scheme. Each decision is informed by formal advice from a financial consultancy that is regulated by the Financial Conduct Authority (FCA), ensuring a thorough and compliant approach.

To further safeguard the Scheme, the Trustee actively mitigates the risks inherent in managing a UK pension scheme. A liability hedging portfolio has been established to provide protection against the effects of fluctuations in interest rates and inflation on the value of the liabilities. In addition, the Scheme maintains a diversified investment portfolio, which is designed to support its long-term growth objectives and also fulfil cash flow requirements.

Where the assets were invested as at 31 March 2023



The Scheme's investment portfolio is broadly diversified with exposure to a range of growth assets including structured equity, hedge funds, insurance linked securities, return seeking credit and dynamic asset allocation strategies. The Scheme also invests in cashflow matching credit which uses high quality corporate bonds, producing cash steadily over time. This reduces the risk of having to sell Scheme assets at inopportune times to meet member benefit payments. The Scheme's existing allocation to cashflow matching credit aims to match the majority of the Scheme's projected benefit payments till 2030. This is complemented by the liability hedging portfolio which is set up to stabilise the scheme's funding level.

Investment changes

- Over the year the Trustee reviewed the investment strategy and agreed to rebalance the portfolio such that the expected return is in line with the target Gilts + 2.0% p.a. The Trustee agreed on the following changes:
- Fully redeem from the insurance linked fund (Leadenhall Life) and the dynamic asset allocation fund (Blackrock);
- Partially disinvest from the Scheme's existing hedge fund manager to rebalance it back to target;
- Invest in a new complementary hedge fund (managed by Marshall Wace) with a target allocation of 5%;
- Fully redeem from broad bonds fund (Western Asset); and
- Invest in three bond funds' add the following (PIMCO).

Investment performance

Over the financial year the Scheme achieved a return of 0.7% ahead of the gilt based objective of -5.4%. Key points of the recent investment performance through the year include:

- Growth assets (i.e. all assets excluding liability hedging assets and cashflow matching credit) of the Scheme returned double digit positive performance of 11.1%, over the year against target of 8.2%. This was amidst the challenging market environment impacted by high inflation and rising interest rates.
- The Scheme’s market return managers partially captured the equity upside and credit market performance, with positive performance across all managers except for insurance linked securitisers which underperformed. The Scheme has submitted a request to fully disinvest from insurance linked securities and awaiting proceeds, in the meantime the Trustees continue to monitor this holding as a result of ongoing underperformance.
- The high level of protection against interest rate and inflation movements helped mitigate the asset value against large movements in the value of the liabilities. The increase in interest rates led to a fall in both the liability hedging assets and the Scheme liabilities.

The assets of the Scheme as at 31 March 2024 include £9.14m in relation to Mortality insurance-linked investments with Leadenhall Life. In April 2024, the Trustee was made aware of an issue with one of Leadenhall Life’s investments and that Leadenhall Life was suing the managers of one of its investments in the US courts. At 30 September 2024, the value of the investment, taking into account redemptions to the Scheme (around £1m) and impairments of around £2m, is £6.18m.

The Trustee monitors this position regularly.

Market review – 12 months to 31 March 2024

During the first part of the 12-month period investor focus was primarily on rising inflation and the policy response from major central banks. There were fears that rising interest rates could lead to recession. However, global economic growth generally remained resilient, particularly in the US.

Towards the end of 2023, inflation readings in major developed market economies began to soften. This led to hopes that interest rates may have plateaued and could soon fall in 2024. Markets began to price in a series of interest cuts, leading to strong equity market performance over Q4 2023. However, as 2024 progressed, inflation proved to be stickier than expected and markets were forced to push back both the timing and extent of rate cuts, especially in the US.

Global shares posted strong gains over the 12-month period, shrugging off concerns about higher-for-longer interest rates and risks to growth. The MSCI World index returned 25.1% (in US dollar terms). An important theme in the period was enthusiasm for stocks with exposure to Artificial Intelligence (AI).

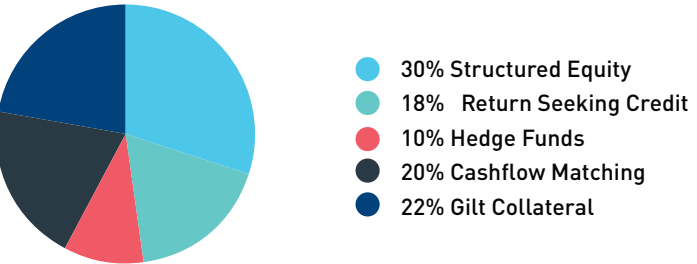
Japanese shares performed particularly well in local currency terms following a call from Tokyo Stock Exchange for companies to focus on improving their corporate governance and achieving higher valuations.

Emerging market equities lagged their developed peers. The MSCI EM index returned 8.2% (in US dollars). For most of 2023, yields rose across major government bond markets as investors discounted a succession of interest rate

hikes from the central banks to tackle above target inflation. From November, easing inflationary pressures convinced investors that interest rates had peaked and triggered a sharp rally in bond markets into the year end. But this began to reverse in 2024 as sticky inflation made rate cuts a more distant prospect. Over the 12-month period, the 10-year US Treasury yield rose from 3.48% to 4.21%. Japan was an outlier in terms of the interest rate picture. In early 2024, the Bank of Japan increased interest rates from -0.1% to 0.1%. This signalled an end to negative rates and was the first Japanese rate hike in 17 years.

The chart below shows the new target allocations for the investment strategy as at 30 September 2024.

The chart below shows the new target allocations for the investment strategy as at 30 September 2024.



Structured Equity: The Scheme uses several structured equity shapes designed specifically for the Trustee, providing a more risk-controlled way of accessing global developed equity markets. The maximum return over the life of products is capped but there is capital protection in the event of market falls.

Return Seeking Credit: These funds are actively managed fixed income funds, giving the Scheme exposure to a range of regions from developed markets and emerging markets, as well as across investment grade and high yield bonds.

Hedge Funds: The term “hedge fund” encompasses a wide range of potential strategies that aim to generate return while hedging the portfolio against various risks. These funds typically involve a relatively high reliance on the ability of the manager to exploit market inefficiencies and manage risk.

Cashflow Matching Credit: The Scheme invests in cashflow matching credit to meet the majority of the Scheme’s projected benefit outgo until 2030. Cashflow matching credit provides income via coupon and maturity payments while providing a modest return above government bonds (i.e. gilts).

Gilt Collateral: This is a government bond (i.e. gilt) holding provides collateral for the liability hedge that protects against interest rate and inflation movements.

Keep in touch

If you have any questions about this update or would like more information on the Scheme, please contact the Secretary to the Trustee.

LOGAN ANDERSON - Pensions Manager and Secretary to the Trustee

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If you need information about your Scheme benefits, or your personal details change (e.g. if you get married, divorced or move house), please contact the Scheme's administrator or, better still, log in to the member portal, where you can do it all online:
<https://epa.towerswatson.com/accounts/bakkavor/>.

If you are an employee of the Company, you should also tell your HR department.

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