UNITED UTILITIES PENSION SCHEME

DC GOVERNANCE STATEMENT – YEAR ENDED 31 MARCH 2025

1. Introduction and Governance Arrangements

1.1 This statement describes how the Trustee has governed the Defined Contribution (DC) Section of the Scheme during the year. The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report. This statement covers the period from 1 April 2024 to 31 March 2025.

1.2 The Trustee Board delegates certain DC matters to its DC Sub-Committee (DCSC). The Trustee Board has agreed appropriate terms of reference for the DCSC, which meets at least four times each year to consider matters relating to the DC Section. The DCSC reports on a quarterly basis to the Trustee Board.

1.3 The DCSC is supported by an independent DC investment adviser, who also covers wider DC matters and governance, and attends DCSC meetings. The Trustee's legal advisers provide additional support and attend meetings as required. Day-to-day support to the DCSC is provided by the employer's in-house pensions team.

1.4 The statement covers four principal areas:

1. Investment, including the Scheme's default investment arrangements.
2. Internal controls, with particular focus on the processing of core financial transactions.
3. Value for members, including charges and transaction costs borne by members.
4. The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Scheme and how these help the Trustee to ensure that the Scheme is governed effectively.

2. Investment Arrangements

Introduction

2.1 A copy of the Scheme's Statement of Investment Principles (SIP), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is included within the Annual Report and online through UUPS SIP[1]. The SIP covers the Trustee's aims and objectives in relation to the default investment arrangement as well as policies in relation to risk, diversification, and environmental, social, and governance (ESG) matters. It also states why the Trustee believes the default investment arrangement to be designed in members' best interests.

2.2 During the year, while there were no changes to the overall DC investment strategy, the SIP was reviewed and updated, primarily to reflect changes to the investment arrangements of the Defined Benefit Section of the Scheme. The Trustee also added its stewardship priorities to the SIP.

2.1 The current SIP is dated March 2025 and was agreed at the Trustee meeting held on 18 March 2025.

Current Default Investment Strategy

2.2 For members who don't make an investment choice, contributions are invested in a default investment strategy. The default investment strategy during the year was the Retirement Flexible Income Fund Lifestyle. This strategy is designed to meet the needs of members who intend to remain invested when they start drawing benefits and assumes that members invested in the strategy will take benefits out in stages, via income drawdown. Currently, the Scheme does not provide an income drawdown facility, but members are able to transfer out of the Scheme when they take their benefits in order to access such a policy.

[1] The full address for the website where the SIP can be found is:
https://www.unitedutilities.com/corporate/careers/pensions/information-library/

2.3 The default strategy invests in equities and other growth-seeking assets during its growth phase, when members are further from retirement. Starting from 10 years prior to each member's selected retirement date (or the member's default normal retirement date where none is selected), investments are gradually switched into a balanced mix of assets by the year of the member's normal or selected retirement date, including cash, corporate and government bonds, global equities and alternative assets such as property and infrastructure (accessed using diversified growth funds).

Strategic Review of Default Investment Strategy

2.4 No changes were made to the default strategy during the year. The last triennial review of the default investment strategy was concluded in 2023 (having commenced in 2022).

2.5 The Trustee commenced its current triennial review during the year covered by this statement and the review is ongoing. We outline below the steps involved in the review and the Trustee's conclusions so far.

2.6 As a precursor to the formal review, the Trustee carried out a member survey in August 2024 which included investment-related questions. For example, feedback was sought on the range of fund options, views on performance and fees, and member beliefs on ESG matters. The results of the survey were discussed at the DCSC meeting held on 26 November 2024 and the exercise informed the later steps of the review.

2.7 At the DCSC meeting of 3 March 2025 the following matters were considered:

- **Membership analysis.** In considering the membership profile, the DCSC reviewed the size of members' savings pots, the range of pot sizes, the age profile and the projected size of members' benefits at retirement.
- **Outcomes analysis.** Using the Pensions UK Retirement Living Standards, analysis prepared by the DC adviser considered whether the default investment arrangement was on track to provide good member outcomes in retirement. This was considered for different types of member circumstances / roles within the business.
- **Analysis of retirement experience.** A detailed review of the experience of the Scheme was completed, in terms of the age at which members take benefits, and the way in which they withdraw funds (e.g. cash, annuity, or transfer out to access drawdown). This was particularly useful when deciding on the target benefit type for the default strategy.
- **Consideration of broader UK-wide experience.** Using the Financial Conduct Authority (FCA) Retirement Income Market Data, the review considered industry trends in the withdrawal of funds at retirement from DC pension schemes.

2.8 Subsequent to the Scheme year end, at the 2 June 2025 DCSC meeting, the review moved on to consider the investment arrangements across the following aspects:

Alternative approaches

The DCSC considered "off the shelf" default options made available by pension providers, but concluded that a Scheme-specific approach remained more suitable for members.

Glidepath design

Different designs for the "lifestyle" strategy were reviewed, including different levels of risk and / or changes to the length of the de-risking period. It was agreed that no changes were required.

Review of the growth phase

The DCSC reviewed the allocation of the Medium Growth Fund (used in the default strategy until members are 10 years from retirement). New opportunities have been identified which we comment on below.

2.10 Following the review steps described above, the DCSC has identified that private market investments and "protected equities" may have a role to play in the strategy and intends to carry out further work in this regard. We look forward to sharing the final conclusions of the review, including details of any changes to be made, with members in due course.

Investment Governance

2.11 In addition to the strategic reviews described above, the Trustee has an investment governance framework in place in order to monitor the investments regularly. This includes considering performance and risk metrics on a quarterly basis, using reporting provided by the DC adviser. The quarterly reports incorporate consideration of:

- Fund performance after fees relative to fund benchmarks, peer group levels (where relevant) and also relative to inflation measures (for the default investment strategy).
- Investment manager research ratings published by the Trustee's investment adviser. These ratings incorporate an assessment of each manager's ESG capabilities and the extent to which ESG issues are integrated into investment processes and portfolios.
- Analysis of member experience throughout the de-risking path.
- Risk analysis, including the volatility and experience of capital loss within the default strategy.
- Members' retirement experience, to assess whether the default investment strategy aligns with the actual retirement benefits typically accessed by members when they draw their DC benefits from the Scheme.

2.12 The DCSC also met one of the investment managers used within the range of funds available to members. At this meeting, the DCSC received updates on investment performance, discussed how the manager is integrating ESG factors within their investment process and portfolio, and how they use stewardship (voting and engagement) to manage ESG related risks and opportunities.

Net Investment Returns

2.13 Investment returns after charges and costs for the funds available to members during the year are provided in the tables on the following pages, using data sourced from Aegon. Note that 15-year and 20-year returns (and in some cases, returns over shorter periods) are not available because a number of the Scheme's funds were only launched by the investment manager or added to the Scheme more recently.

2.14 Note that in respect of the very small legacy additional voluntary contribution policy held with Clerical Medical, these assets are invested in a with-profits arrangement where annualised returns do not represent the likely experience of individual members, as there are guarantees and specific fund terms linked to terms of investment and expected termination dates. Therefore, they are not shown in the table to avoid providing potentially misleading information.

2.15 To provide some context, on the fund returns, the year to 31 March 2025 was a mixed period for investment markets. Some traditionally defensive assets produced negative returns . For example, long term UK inflation linked government bonds returned -9.3%, driven by concerns about higher interest rates and stubborn inflation. Global equity markets showed significant regional variation – for example, Japanese and Asian markets fell over the year whereas UK equities performed well. This sort of volatility does happen periodically, but it is worth bearing in mind that retirement saving is a long-term investment, and in the long run the impact of volatility is expected to smooth out.

Default strategy – Retirement Flexible Income Fund Lifestyle Returns (net of fees unless stated otherwise) % p.a.			
Age of member	**1 year**	**5 years**	**10 years**
Up to age 55 (UUPS Medium Growth)	5.8	8.7	4.0
60 (part way through de-risking)	5.0	6.9	N/a - the Scheme made changes to the default strategy over the period
65 (based on the at-retirement asset allocation)	5.0	5.4	

Other funds - net of fees returns % p.a. (unless stated otherwise)			
Fund	**1 year**	**5 years**	**10 years**
UUPS Medium Growth	5.8	8.7	4.0
BlackRock Corporate Bond All Stocks Index	2.5	-0.5	13.5
BlackRock Up to 5 yrs Index Linked Gilt Index	3.2	3.6	-0.1
DC Cash	5.0	2.4	2.5
UUPS Blended Bond	2.8	1.6	N/a
UUPS Defensive	3.4	1.8	N/a
UUPS Higher Growth	6.7	10.3	5.2
UUPS Lower Growth	4.6	5.8	1.9
UUPS Diversified Growth	3.8	4.5	5.2
UUPS Property Fund	5.7	2.7	6.3
UUPS Corporate Bond	2.4	1.5	6.5
UUPS Ethical UK Equity	12.3	11.6	3.5
UUPS Shariah Global Equity	3.2	16.0	6.3
UUPS Global Emerging Market Equity	3.7	6.5	2.0
UUPS Sustainable Global Equities	5.1	Launched 30/06/2021	
BlackRock UK Equity Index	9.2	11.1	13.7
BlackRock (30/70) Currency Hedged Global Equity Index	7.9	14.0	7.8
BlackRock (50/50) Global Equity Index	5.1	12.2	1.5
BlackRock US Equity Index	3.7	16.4	7.9
BlackRock European Equity Index	2.3	12.2	5.2
BlackRock Japanese Equity Index	-3.0	8.3	N/a
BlackRock Pacific Rim Equity Index	-5.3	8.0	5.7
BlackRock Over 15 Year Gilt Index	-7.3	-12.7	-0.3
BlackRock Over 5 Yr Index-Linked Gilt Index	-9.3	-9.8	-2.7
BlackRock Over 15 Yrs Corporate Bond Index	-4.8	-5.6	2.6
BlackRock Emerging Markets Equity Index	7.6	7.4	8.4
L&G Pre-Retirement (available within lifestyle only)	-3.4	-5.3	5.3

Analysis for the default strategy assumes a retirement age of 65, and returns are based on a fixed weight average of underlying funds, using weightings at the ages shown.
Aegon were only able to provide gross returns over the 10-year period owing to fee changes during the period.

Asset Allocation Disclosure as at 31 March 2025

2.16 The Trustee makes available asset allocation information on the Scheme's funds through quarterly factsheets which are available to members online.

2.17 Additionally, as part of changes introduced through the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023, the Trustee is required to set out in this Statement the asset allocation of the default strategy, at prescribed member ages. This is set out below. Note that as the strategic asset allocation of the Scheme's default investment arrangement does not change until a member is 10 years away from their target retirement date, the asset allocation at ages 25, 45, and 55 is identical.

	Allocation – Age 25 to 55 (%)	Allocation – age 65 (%)
Cash	4.2	32.1
Bonds (corporate and government)	19.2	29.6
Listed Equities	69.4	34.7
Private Equity	0.4	0.2
Infrastructure	0.0	0.0
Property/Real Estate	1.9	0.9
Private Debt/Credit	0.0	0.0
Other	4.9	2.5

Source: Aegon.

2.18 The following describes the types of investments covered by the above asset classes:

- **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Scheme.
- **Bonds** – Loans to a bond issuer such as a government or a company, to be repaid at a later date.
- **Listed Equity** – Shares in companies that are listed on global stock exchanges. Owning shares makes the Scheme a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
- **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges.
- **Property** – Real estate, such as offices, retail, and industrial buildings rented out to businesses.
- **Infrastructure -** physical structures, facilities, systems, or networks that provide or support services including water, gas and electricity networks, roads, telecommunications, schools, hospitals, and prisons
- **Private Debt** – Other forms of loan that do not fall within the definition of a 'Bond' and are not traded on a listed market.
- **Other** – Any assets that do not fall within the above categories. This may include commodities and derivatives.

3. Internal Controls and Core Financial Transactions

Introduction

3.10 The Trustee has appointed a professional third-party administrator, Aegon. The Trustee has received assurance from the administrator, and has taken steps to seek to ensure, that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the year. This includes investing contributions, processing transfers in and out of the Scheme, transferring assets between investments, and paying benefits. Our processes in this regard are documented below.

Administration

3.11 The Scheme has established service level agreements (SLAs) with the administrator which include target timescales for processing core financial functions relating to contribution handling, quoting, switching and paying benefits. The target timescales are all well within applicable statutory timescales.

3.12 Administration performance against the SLA targets are monitored each quarter by the Trustee, via the DCSC and the in-house team. As at the end of March 2025, the total percentage level achieved against the Scheme-specific SLAs was 97% against a target level of 95%.

3.13 As reported in last year's Statement, the administration service levels in 2021 and 2022 were disappointing, and the Trustee considered these to be unacceptable. Accordingly, the DCSC took a proactive approach to questioning the administrator and requested that an improvement plan be put in place. Aegon then reported on this plan at quarterly intervals, using key performance indicators and milestones on certain actions, to allow the DCSC to carry out enhanced monitoring and hold Aegon accountable for improvements. A sub-group of the Trustee Board and the in-house pensions team also carried out an on-site visit to Aegon's administration centre in March 2024. The Trustee is pleased to report that service levels have since improved materially. The administrator remains under close scrutiny to seek to ensure that improvements are maintained.

3.14 Where items fall outside of the agreed service levels by more than 5 days, the administrator documents in quarterly reports (which are considered at each DCSC meeting) whether these instances relate to financially critical requests. For example, for the quarter ending 31 March 2025, within the overall SLA achieved (97%), the financially critical items also attained 97%.

3.15 The administrator includes information in quarterly reports that focus specifically on core financial transactions. This highlights, for example, the administrator's processes and controls in relation to checking and reconciling contributions and investment records.

3.16 Through the administrator, the quality of the common and conditional records in respect of member data is reviewed at least annually. The administrator provides an annual report to the Trustee summarising the quality of member records, allowing any actions to be identified and carried out.

3.17 The DCSC also reviews member feedback on their interactions with the administrator. During the year, this included using a member survey to better understand members' views. The DCSC also reviews the administrator's "net promoter score", which is reported quarterly. We have been pleased to note positive scores during the year. Again, this will be carefully monitored by the DCSC.

Broader Controls

3.18 The Scheme has put arrangements in place to seek to ensure that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the employer.

3.19 The Trustee requires all third-party providers to share their data security and cyber risk policies with the Trustee. The policies are reviewed and the parties are questioned on any areas requiring clarity. Trustee training on cyber security was carried out for the Board at the 3 October 2024 training day to ensure that the Trustee is aware of new threats and keeps the Scheme's risk controls up-to-date.

3.20 The administrator provides an independently produced Audit and Assurance Faculty (AAF) internal controls audit report each year. For the Scheme year, the report received was for the period 1 October 2023 – 30 September 2024 and noted the Independent Service Auditor's opinion that, in all material aspects, the administrator's controls were suitably designed and those tested operated effectively.

3.21 The Trustee maintains a Risk Register which outlines the risks to members and the Scheme, including those in relation to financial transactions, and considers the impact, likelihood, controls and mitigation steps for each risk. The Risk Register at the total Scheme level is maintained by the Scheme's Governance, Risk and Audit Sub-Committee. The risks relating to the DC Section are then considered at each DCSC meeting, with additional oversight from the Trustee board. The DCSC seeks to integrate the output of the Risk Register with its strategic agenda; that is, we focus our time on significant risks and / or those where practical action can be taken to mitigate the risks.

3.22 The Trustee has appointed a Registered Auditor to undertake an annual audit.

Issue Identified During the Year

3.23 As part of the investment strategy review, it was identified that new joiners to the Scheme since July 2019 had been placed into an incorrect default option (the Retirement Cash Fund Lifestyle) by the administrator, rather than the correct Retirement Flexible Income Fund Lifestyle. The majority of members in this population were not in practice impacted in any way as they were over 10 years from their target retirement age, as both lifestyles have the same growth phase. An exercise has been carried out to correct the error such that no member suffers any detriment.

3.24 Aside from this issue, the Trustee is pleased to confirm that in the last Scheme year there were no material administration service issues which need to be reported here by the Trustee. We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

Legacy Additional Voluntary Contributions (AVCs)

3.25 In addition to governing the DC Section, the Trustee has oversight of the benefits, investments, and core financial transactions relating to legacy AVC policies with Clerical Medical. These transactions are limited given the small number of members who retain such benefits. The Trustee is satisfied that there have been no material service issues in respect of these policies.

4. Value, Charges and Transaction Costs

Introduction

4.10 The range of the levels of charges and transaction costs applicable to the investment arrangements during the period are detailed in this section.

4.11 The total expense ratio (TER) shown in the table reflects the annual total costs associated with managing a fund, including investment management fees, fund legal fees, administration fees, and any other expenses. In relation to transaction costs, these costs can be incurred when buying and selling investments. They are not explicitly deducted from a fund but are captured in its performance (in other words, the higher the transaction costs, the lower the return produced). The Financial Conduct Authority has provided guidance regarding calculation and disclosure of these costs. Due to the way in which the costs must be calculated, they can be negative or positive; a negative figure is effectively a gain from trading activity, whilst a positive figure is a cost from trading activity. The Trustee would not expect any gains from trading activity to be repeated in future years.

Charges and Transaction Costs for the Scheme

4.12 In the following table, we set out the charges and transaction costs applicable as at 31 March 2025. Funds used as part of the default investment option are shaded in blue. We can confirm that none of the fund options offered by the Scheme include any performance-based charges.

Fund	Total Expense Ratio % p.a.	Transaction Costs %
UUPS Medium Growth	0.39	0.07
BlackRock Corporate Bond All Stocks Index	0.19	0.00
BlackRock Up To 5 Year Index-Linked Gilt Index	0.20	0.04
DC Cash	0.18	0.01
UUPS Blended Bond	0.21	0.02
UUPS Defensive	0.20	0.02
UUPS Higher Growth	0.35	0.05
UUPS Lower Growth	0.30	0.05
UUPS Diversified Growth	0.47	0.14
UUPS Property Fund	0.98	0.00
UUPS Corporate Bond	0.59	0.07
UUPS Ethical UK Equity	0.38	0.02
UUPS Shariah Global Equity	0.50	0.00
UUPS Global Emerging Market Equity	1.15	0.31
UUPS Sustainable Global Equities	0.30	0.01

Fund	Total Expense Ratio % p.a.	Transaction Costs %
BlackRock UK Equity Index	0.19	0.08
BlackRock (30/70) Currency Hedged Global Equity Index	0.24	0.07
BlackRock (50/50) Global Equity Index	0.19	0.07
BlackRock US Equity Index	0.19	0.00
BlackRock European Equity Index	0.19	0.04
BlackRock Japanese Equity Index	0.19	0.03
BlackRock Pacific Rim Equity Index	0.21	-0.03
BlackRock Over 15 Year Gilt Index	0.19	0.04
BlackRock Over 5 Year Index-Linked Gilt Index	0.19	-0.03
BlackRock Over 15 Years Corporate Bond Index	0.20	0.05
BlackRock Emerging Markets Equity Index	0.37	0.00

Source: Aegon. Charges as at 31 March 2025, transaction costs cover 12 months to 31 March 2025.

Impact of Costs and Charges

4.13 Using the charges and transaction cost data provided by Aegon and in accordance with Regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared illustrations demonstrating the possible impact of costs and charges typically paid by a member on their retirement savings. Statutory guidance has been considered when providing these examples.

4.14 To represent the range of funds available to members we are required to show the effect on an example member's savings of investing in the following:

- The fund or strategy with the most members invested (i.e., the most popular option).
- The fund(s) available as self-select options with the highest charges.
- The fund(s) available as self-select options with the lowest charges.

4.15 The illustrations take into account contributions and real terms assumed investment returns gross of costs and charges, adjusted for the effect of costs and charges (using assumptions made in the Scheme's Statutory Money Purchase Illustrations).

4.16 The illustrations are estimates and are not guaranteed. Projected values are shown in today's terms and do not need to be reduced for the effect of assumed future inflation. The starting pension pot size is assumed to be £0.

	Default strategy and most popular option: Retirement Flexible Income Fund Lifestyle		Highest cost fund: UUPS Global Emerging Market Equity		Lowest cost fund: BlackRock Over 15 Year Gilt Index	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£6,981	£6,946	£7,079	£6,982	£7,072	£7,058
5	£36,057	£35,505	£38,907	£37,291	£38,689	£38,461
10	£75,133	£73,013	£87,932	£81,151	£86,903	£85,937
15	£117,480	£112,638	£149,705	£132,737	£146,991	£144,541
20	£163,373	£154,500	£227,543	£193,410	£221,873	£216,881
25	£213,109	£198,725	£325,623	£264,771	£315,194	£306,176
30	£267,008	£245,446	£449,208	£348,703	£431,494	£416,402
35	£325,420	£294,803	£604,932	£447,420	£576,430	£552,462
40	£388,512	£346,808	£801,151	£563,526	£757,055	£720,414
45	£452,261	£398,770	£1,048,398	£700,085	£982,156	£927,732
49	£498,658	£436,447	£1,291,743	£826,459	£1,201,532	£1,128,061

Source for underlying data: Aegon.

Notes:

i. Projections have been prepared with a time period based on the term of the expected age of the youngest member (age 16), up until the Scheme's Normal Retirement Age (65).

ii. Contribution rates are assumed in line with the Scheme median, which is 7% employee / 14% employer.

iii. An example salary is used to calculate contributions, based on the median salary baselined in the 2020 statement increased annually using an inflation measure, rounded. The salary used above is £33,000 p.a.

iv. Projected growth rates assumptions are based on those used for Statutory Money Purchase illustrations (SMPI) as at 31 March 2024, the most recently agreed version at the time of preparation of this illustration.

v. Price inflation is assumed at 2.5% p.a. (in line with SMPI requirements).

vi. Salaries are assumed to grow in line with inflation.

vii. If the expected return assumed is lower than the inflation rate, this produces a negative growth rate after allowing for inflation.

viii. Regulations require that where possible the transaction costs assumed are based on an average of the previous five years' transaction costs, where available. Accordingly, the transaction costs used are an average across the 5-year period to 31 March 2025.

Value for Members

4.17 The Trustee assesses annually the extent to which the charges and transaction costs set out above represent good value for members and has concluded, following receipt of reports from its DC adviser, that the Scheme offers good value for money relative to peers including other pension schemes of a similar size and nature (using data from Mercer and other publicly available surveys), and relative to options available to the Trustee with alternative investment managers and providers.

4.18 The Trustee conducts an annual Value for Money assessment in order to arrive at this conclusion, which incorporates consideration of:

- Total expense ratio charges borne by members.
- Transaction costs borne by members.
- Net of cost performance.
- Governance arrangements.
- Fund range available to members.
- Investment manager and platform provider ratings, provided by the DC adviser.
- Administration service levels.
- Additional member services, including communications, services and member tools.

4.19 Alongside the annual review noted above, the Trustee has established an ongoing fee review process with the administrator, whereby a formal review of member-borne charges is undertaken either every three years or at the end of the calendar year that the Scheme's total assets under administration reaches certain agreed levels. The last full review was completed during 2024/2025, which will result in charges being reduced for a number of funds in the autumn of 2025. This negotiation and the reductions which will be communicated to members during 2025 supports the Trustee's continued commitment to ensuring that members receive good value from the Scheme.

5. Trustee Knowledge and Understanding

Introduction and Policies

5.1 The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee as a body in dealing with the whole Scheme, not just the DC Section.

5.2 The Trustee Board has in place a Trustee Director Training Policy, which sets out the Trustee's procedures and approach to meeting the Pensions Regulator's expectations of Trustee Knowledge and Understanding. The Trustee has also reviewed its compliance with the Pension Regulators General Code of Practice introduced in March 2024, including making updates to its policies and processes to ensure compliance with the new requirements.

5.3 The Trustee has also established arrangements for ensuring its Trustee Directors take personal responsibility for keeping up to date with relevant developments and each quarter consider training requirements. Training logs are maintained for each Director and training for the full board and its Sub-Committees is provided regularly during quarterly meetings. Training plans are tailored to issues that arise on the Trustee's business plan. Training plans are also discussed at the annual one-to-one meetings with the Chair of the Trustee Board.

5.4 Alongside dedicated Scheme-specific training events and meetings, the Trustee Directors also attend external webinars and events.

5.5 The Trustee has adopted a robust training programme in place for newly appointed Trustee Directors. Upon appointment, a Trustee Director is required to undertake an induction process. This includes a training session with the in house pension department and completion of the Pensions Regulator's Trustee Toolkit.

5.6 The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Trust Deed and Rules, legal advice is sought from the Scheme's legal advisers. The Trustee is also conversant with, and has a working knowledge of, the SIP. The Trustee carries out an annual review of the SIP, which allows the Trustee to ensure that it maintains a good working knowledge of this document and the policies it contains.

5.7 In addition, the Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.

Activity During the Scheme Year

5.8 During the course of the year, the training topics considered by the DCSC were delivered through the adviser's "DC current topics" training material, which is tabled at each DCSC meeting. During the year, this reporting included the following topics:

22 May 2024 DCSC meeting

- The Pensions Regulator review of pension scheme climate change reports.
- Changes to the connection timeline for Pensions Dashboards.
- A report by the Financial Markets Law Committee regarding fiduciary duty in the context of sustainability.

18 September 2024 DCSC meeting

- The increase in the Normal Minimum Pension Age (NMPA) and the impact of this on pension schemes.
- New investment opportunities in private markets for DC schemes.
- "Decumulation" (post-retirement) products and the potential for new regulations in this area.

26 November 2024 DCSC meeting

- The focus of the "current topics training at this meeting was the Chancellor's Mansion House speech of 14 November, when a number of pensions reforms were announced. Topics the DCSC discussed included the Government's plans to create Canadian and Australian style "Megafunds".

3 March 2025 DCSC meeting

- Lessons from the Australian DC market, regarded as a model for a mature DC pensions system.
- An update on the UK Government's Climate Goals, under which it aims to "deliver the foundations of a world-leading sustainable finance framework to drive investment in the green transition and deliver economic growth".
- The importance for data quality for good scheme management.

5.9 The Trustee holds an annual dedicated training day. The topics considered at the training day during the Scheme year held on 3 October 2024 that are relevant to the DC Section were:

- ESG and fiduciary duty.
- Cyber awareness.
- A general DC training refresher session including consideration of new legislative developments.

5.10 The Trustee periodically conducts assessments of its effectiveness. These assessments include candid feedback on the Trustee's operating framework and performance generally. They also provide insight to areas where we can improve our effectiveness by identifying training needs.

5.11 All of the Trustee Directors in office over the full Scheme year period have completed the Pension Regulator's Trustee Toolkit.

5.12 Taking account of actions taken individually and as a trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.

6. Trustee Statement of DC Governance

6.1 The Trustee considers that its systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice.

Signed for and on behalf of United Utilities Pensions Trustee Limited

Date 30 September 2025

Gary Dixon

Chair of United Utilities Pensions Trustee Limited