

THE SCHINDLER GROUP (UK) 1998 PENSION SCHEME

YEAR ENDED 5 APRIL 2025

THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE: 6 APRIL 2024 – 5 APRIL 2025

THE CHAIR'S STATEMENT REGARDING DEFINED CONTRIBUTION GOVERNANCE

6 APRIL 2024 – 5 APRIL 2025

This Statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Trustees of the Schindler Group (UK) Ltd 1998 Pension Scheme ("the Scheme") have met the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes, "DC") for the Scheme year ending 5 April 2025.

These governance standards cover the following main areas:

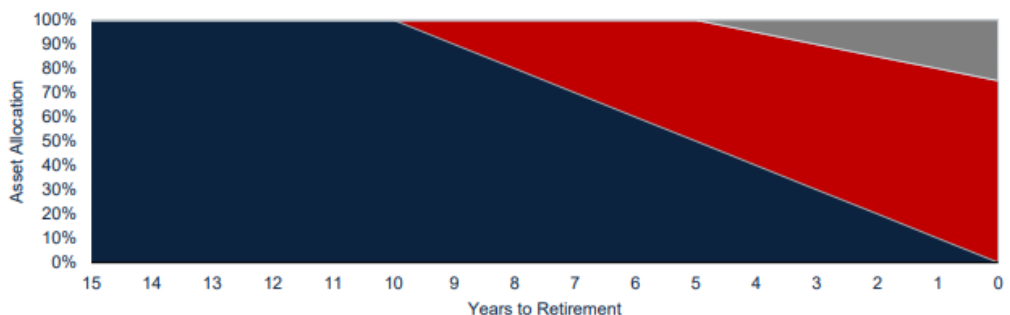
1. The investment strategy relating to the Scheme's default investment option as well as underlying asset allocation.
2. The processing of core financial transactions.
3. Charges and transaction costs within the Scheme.
4. Value for members.
5. The Trustees' compliance with the statutory knowledge and understanding requirements.

This Statement describes how the Trustees have embedded these governance standards into the running of the Scheme, including actions taken over the Scheme year, and covers the period 6 April 2024 to 5 April 2025. The Trustees will publish this Statement on a website that can be accessed publicly via the use of a search engine: <https://www.schindler.co.uk/en/system/search.html>

This Statement should be read in the context of the move of the Scheme's members and assets to the Scottish Widows Master Trust in July 2025 and that the Scheme is not being used to provide future pension provision for Schindler's ("the Company") employees. Any questions about the move to the Scottish Widows Master Trust should be addressed to hr.gb@schindler.com.

1. The Scheme's default investment option

The default investment option was a lifestyle strategy which invested 100% of contributions in the Legal & General Investment Management ("LGIM") Global Equity Fixed Weights (60:40) Index Fund up to 10 years from retirement (assumed to be at age 65). Savings and ongoing contributions were then gradually switched into the LGIM Over 5 Years Index-Linked Gilts Index Fund and then later the LGIM Cash Fund. This meant that at a member's chosen retirement date (or their normal retirement date if none chosen), their pension assets would be invested 25% in the LGIM Cash Fund and 75% in the LGIM Over 5 Years Index-Linked Gilts Index Fund. The default investment option aimed to provide the opportunity for growth by investing in equities until 10 years to retirement, when the aim was to reduce the level of risk through the lifestyling programme. It was tailored towards members who withdrew a



■ LGIM Global Equity Fixed Weights (60:40) Index Fund ■ LGIM Over 5 Years Index-Linked Gilts Index Fund ■ LGIM Cash Fund

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25% tax-free lump sum and used the remainder of their savings to purchase an annuity. The lifestyle strategy can be illustrated as follows:

The default investment option is described in further detail in the Scheme's Statement of Investment Principles (SIP) dated April 2024 (signed on 17 May 2024), a copy of which is included in the Appendix of this Statement. The SIP is reviewed as a minimum every three years or if any significant developments in investment policy or member demographics take place. This SIP applies to the investment strategy in place as at 5 April 2025.

Investment Strategy Review

The Scheme's most recent formal triennial investment strategy review was undertaken in 2023, and as a result, the Trustees agreed in principle to a number of changes to the default investment option, the addition of alternative lifestyle strategies and changes to the self-select fund range.

However, the Trustees decided to postpone the implementation of these changes pending the conclusion of a review undertaken by the Company and the Trustees regarding the long-term future of the Scheme.

The next formal review of the default investment option and self-select fund range is due in April 2026, but it is expected that the move to Master Trust will mean that this review is no longer required.

Asset Allocation

The Trustees are required to disclose the Scheme's full asset allocations of investments in the default investment option. The table below shows the percentage of assets allocated in the default investment strategy to specified asset classes as at 31 March 2025.

Default investment arrangement	Asset Allocation			
	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – 65 years (NRD)
Cash	0.0%	0.0%	0.0%	10.1%
Bonds	0.0%	0.0%	0.0%	89.9%
Listed Equities	100.0%	100.0%	100.0%	0.0%

Source: LGIM as at 31 March 2025.

Notes: Normal Retirement Date (NRD) is assumed to be age 65.

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 and repurchase agreements. It only includes invested cash and not the cash balance held by the Scheme or accounting values such as net current assets.
- **Bonds:** Loans made to the bond issuer, usually a government or a company, to be repaid at a later date. This includes Corporate and Government Bonds, and other Bonds.
- **Listed Equity:** Shares in companies that are listed on a stock exchange and can be bought and sold on that stock exchange.

There were no performance-based fees in place during the Scheme year.

2. The processing of core financial transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the Scheme are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, switches between different investments within the Scheme and

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payments to and in respect of members. The Scheme administrator, Aptia and the Scheme's investment platform provider, Mobius Life, undertake these transactions on the Trustees' behalf.

Aptia, as Scheme administrator, produced quarterly administration reports during the Scheme year. The administration reports were reviewed by the Trustees and discussed in the formal Trustee meetings. During the period covered by this Statement, 98.5% of work in relation to core financial transactions was completed within the agreed SLA as detailed in the table below:

Core work item	Case completed	Standard working days	Number responded to within standard	% within standard
Death Actual	27	5 working days	24	88.9%
Deferred Leavers Actual	186	10 working days	186	100.0%
Settlement of Retirement Benefits	219	5 working days	218	99.5%
Transfer Out Actual	181	5 working days	177	97.8%
Transfer In Actual	53	5 working days	51	96.2%
Total	666		656	98.5%

The Trustees received the annual Assurance Report on Internal Controls (AAF 01/20) from the Scheme's administrator, Aptia.

The Trustees acknowledge the lower SLA specifically concerning death cases, which resulted from delays in receiving the necessary information to complete payments. The Trustees are comfortable that the administrators are taking the necessary steps to manage these delays but are aware of the time it can take to complete the paperwork to progress with the transactions. In light of the above, the Trustees are satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the period to which this Statement relates.

3. Charges and transaction costs within the Scheme

The Regulations require the Trustees to disclose the charges and transactions costs borne by members of the Scheme and to assess the extent to which those charges and costs represent good value for members. The costs are not limited to the ongoing charges on member funds but should also include trading costs incurred within such funds. The Trustees have taken account of statutory guidance when preparing this section of the Statement.

In this context, "charges" means (subject to some specific exemptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Transaction costs have been provided by Mobius Life and are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs), which is the total annual charge payable for each fund, as well as the transaction costs for the funds, which make up the default investment option are as follows:

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Fund	TER (%)	Transaction Cost (%)
LGIM Global Equity Fixed Weights (60:40) Index Fund	0.168	0.088
LGIM Over 5 Years Index-Linked Gilts Index Fund	0.098	0.068
LGIM Cash Fund	0.120	0.127

Source: Mobius. Transaction costs shown are for the one-year period 5 April 2025. TERs as at 5 April 2025.

The Trustees also made available a range of funds to members as an alternative to the default investment option. These funds allowed members to take a more individual approach to managing their own pension investments and attracted annual charges (TERs) and transaction costs as follows:

Fund	TER (%)	Transaction Cost (%)
LGIM Global Equity Fixed Weights (60:40) Index Fund	0.168	0.088
LGIM Over 5 Years Index-Linked Gilts Index Fund	0.098	0.068
LGIM Cash Fund	0.120	0.127
LGIM AAA-AA Fixed Interest Over 15 Years Targeted Duration Fund	0.140	0.449
LGIM UK Equity Index Fund	0.099	0.021

Source: Mobius. Transaction costs shown are for the one-year period 5 April 2025. TERs as at 5 April 2025.

The Trustees are comfortable that the costs for the default investment option and self-select funds are reasonable both in terms of the outcomes the funds are targeting and compared to fees in the wider market applicable to similar investment strategies. The Trustees' assessment of value for members is discussed further in a later section of this Statement.

Cumulative effect of charges

Using the charges (TERs) and transaction cost data provided by Mobius Life and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustees have prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members the Trustees are required to show the effect on a member's retirement savings pot of investment in a selection of significant funds within the Scheme for the term based on the youngest member. The funds the Trustees are required to illustrate to represent the fund range are:

- The default investment option
- The most expensive fund (*LGIM AAA-AA Fixed Interest Over 15 Years Fund*)
- The cheapest fund (*LGIM UK Equity Index Fund*)

The Trustees have chosen to illustrate the impact of charges on both the youngest member and a typical active member's retirement savings pot. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

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Illustrations for an "average" active member						
	Default investment option - Lifestyle Strategy <i>(most popular)</i>		LGIM AAA-AA Fixed Interest Over 15 Years Fund <i>(most expensive fund)</i>		LGIM UK Equity Index Fund <i>(cheapest fund)</i>	
Age	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
47	£34,973	£34,899	£35,014	£34,906	£34,970	£34,923
50	£53,065	£52,678	£53,284	£52,716	£53,050	£52,805
55	£87,754	£86,478	£88,494	£86,614	£87,704	£86,896
60	£130,847	£128,124	£130,665	£126,593	£128,933	£127,184
65	£180,838	£176,099	£181,176	£173,745	£177,983	£174,798

Illustrations for a "young" active member						
	Default investment option - Lifestyle Strategy <i>(most popular)</i>		LGIM AAA-AA Fixed Interest Over 15 Years Fund <i>(most expensive fund)</i>		LGIM UK Equity Index Fund <i>(cheapest fund)</i>	
Age	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
23	£11,986	£11,961	£11,999	£11,962	£11,985	£11,970
25	£20,830	£20,724	£20,886	£20,730	£20,827	£20,759
30	£45,834	£45,313	£46,124	£45,358	£45,814	£45,484
35	£75,593	£74,272	£76,352	£74,403	£75,542	£74,704
40	£111,014	£108,378	£112,557	£108,660	£110,910	£109,237
45	£153,172	£148,546	£155,922	£149,062	£152,987	£150,049
50	£203,351	£195,854	£207,861	£196,712	£203,048	£198,281
55	£263,075	£251,571	£270,070	£252,910	£262,606	£255,283
60	£339,062	£322,038	£344,581	£319,189	£333,463	£322,648
65	£425,961	£402,109	£433,825	£397,359	£417,762	£402,262

Assumptions

The above illustrations have been produced for an "average" member and a "young" member of the Scheme based on the Scheme's membership data. The "Default investment option - Lifestyle Strategy" illustration assumes the member's asset allocation remains fully invested in the current default investment option. The individual fund illustrations assume 100% of the member's assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today's

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money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown. The values shown are estimated projections and are not guaranteed.	
Age	
<ul style="list-style-type: none"> • "Typical" member • "Young" member 	<p>46 (<i>the median age of the Scheme members</i>)</p> <p>22 (<i>the youngest age of the Scheme members</i>)</p>
Scheme Retirement Age	65
Starting Pot Size	
<ul style="list-style-type: none"> • "Typical" member • "Young" member 	<p>£29,350 (<i>the median pot size of the Scheme's members</i>)</p> <p>£7,790 (<i>the median pot size for the youngest 10% of members</i>)</p>
Starting Salary	
<ul style="list-style-type: none"> • "Typical" member • "Young" member 	<p>£47,470 (<i>the median salary of the Scheme's members</i>)</p> <p>£40,610 (<i>the median salary for the youngest 10% of members</i>)</p>
Inflation	2.5% p.a.
Rate of Salary Growth	0.0% p.a. (in line with inflation)
Employer annual contributions	
<ul style="list-style-type: none"> • "Typical" member • "Young" member 	<p>6.0% p.a. (<i>the median rate of the Scheme's members</i>)</p> <p>6.0% p.a. (<i>the median rate for the youngest 10% of members</i>)</p>
Employee annual contributions	
<ul style="list-style-type: none"> • "Typical" member • "Young" member 	<p>3.5% p.a. (<i>the median rate of the Scheme's members</i>)</p> <p>3.5% p.a. (<i>the median rate for the youngest 10% of members</i>)</p>
Gross expected returns on investment:	
<ul style="list-style-type: none"> • LGIM Global Equity Fixed Weights (60:40) Index Fund • LGIM Over 5 Years Index-Linked Gilts Index Fund • LGIM Cash Fund • LGIM AAA-AA Fixed Interest Over 15 Years Targeted Duration Fund • LGIM UK Equity Index Fund 	<p>3.50% above inflation</p> <p>4.50% above inflation</p> <p>0.50% below inflation</p> <p>3.50% above inflation</p> <p>3.50% above inflation</p>

Net Return on Investments

The Occupational Pension Schemes (administration, Investment, Charges and Governance (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for trustees of 'relevant' occupational pension schemes.

From 1 October 2021 trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in this Statement and published on a publicly available website.

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The tables below set out annualised net performance for the 1 and 5 year periods for the default investment option (for age 25, 45 and 55) and for the self-select fund range.

Default investment option	Annualised returns to 31 March 2025 (%)	
	1 year	5 years
Age of member		
25	6.8	12.4
45	6.8	12.4
55	6.1	7.1

Source: Mobius Life as at 31 March 2025.

Self-Select Funds	Annualised returns to 31 March 2025 (%)	
	1 year	5 years
LGIM Global Equity Fixed Weights (60:40) Index Fund	6.8	12.4
LGIM Over 5 Years Index-Linked Gilts Index Fund	-10.5	-9.1
LGIM Cash Fund	5.0	2.4
LGIM AAA-AA Fixed Interest Over 15 Years Targeted Duration Fund	-6.5	-9.7
LGIM UK Equity Index Fund	10.3	11.8

Source: Mobius Life as at 31 March 2025.

4. Value for members

The law requires trustees to calculate at least annually all member-borne charges and, where possible, transaction costs, and to assess the extent to which they represent good value for members. A scheme offers value where the costs and charges deducted from members' pots or contributions provide good value in relation to the benefits and services provided, when compared to other options in the market. It does not necessarily mean the lowest cost. The statutory requirements focus only on charges and costs borne by members. For the Scheme, this covers investment management costs which were the most prominent part of the analysis. Some of the governance and administration costs of the Scheme are met by the Sponsoring Employer.

The Trustees have received an assessment of the value for members offered by the Scheme. The Trustees understand that value for money does not necessarily mean selecting the cheapest offering and in their ongoing reviews of value for money the Trustees consider many factors including quality of customer service, member communications and support, efficiency of administration services, robustness of scheme governance, fund management and performance of the funds

As part of the assessment, the Trustees have also reviewed net investment performance for the default investment option and the self-select funds, and the governance and administration of the Scheme.

The Trustees are required to assess the extent to which the Scheme delivers value for members across three key areas:

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Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
Governance and administration	Standalone assessment of the Scheme's governance and administration arrangements, covering core financial transactions, record keeping, default investment strategy, investment governance, trustee knowledge and understanding, member communications and the management of any conflicts of interest.

The Trustees carried out a value for members' assessment as at 5 April 2025. The conclusions of this assessment are set out in the table below:

Assessment area	Conclusion
Costs and charges	<p>The Trustees have concluded that the Scheme offered good value in terms of costs and charges. The expenses for the Scheme's default investment option were lower than those of comparable funds across all age groups. Although the Scheme's fees seem considerably lower than those of the comparator funds, this is typical for an investment-only scheme. The comparator funds include additional charges for administration, communication, and interface services, which the Trustees pay separately and are not included in the total costs paid by Scheme members.</p> <p>Most members were invested in the default lifestyle strategy, but some selected from five self-directed investment options. The most popular choices during the Scheme Year were the LGIM Global Equity Fixed Weights (60:40) Index and LGIM UK Equity Index Fund. The costs and charges for these funds were lower than those of similar funds within the comparator schemes. However, as previously mentioned, the fees for the self-select funds are also investment-only and do not cover other service-related costs. Furthermore, because the available funds in the comparator schemes differ in their objectives and underlying assets, they are not directly comparable on a like-for-like basis. Consequently, the Scheme's charges are not expected to be identical to those of the comparator arrangements.</p>
Net investment performance	<p>The Scheme's net investment returns for members of all ages were higher than the majority of the comparators. Long term performance was behind two of the three comparator arrangements for members approaching retirement (i.e. age 55) reflective of the relatively higher exposure of those arrangements to global equities, which have outperformed UK-biased and fixed income allocations over the review period. Additionally, the de-risking phase has a higher allocation to government bonds (50% from 5 years to retirement) which is designed for a member intending to purchase an annuity at retirement. This is less diverse than the comparator arrangements, which are designed for members to access their pot flexibly (via income drawdown).</p> <p>The Scheme's net investment returns across the two self-select funds assessed have mostly been higher when compared with those of similar funds within the comparator arrangements. Due to the nature of the funds available in the comparator schemes,</p>

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Assessment area	Conclusion
	<p>the comparator funds are not 'like-for-like' in respect of objectives and underlying assets and we therefore do not expect the Scheme's self-select funds to perform in the same way.</p> <p>Overall, we view the Scheme's performance as representing good value for members.</p>
<p>Governance and administration</p>	<p>The Trustees have assessed the Scheme as offering reasonable value from a governance and administration perspective. As the members of the Scheme and associated assets have moved to the Scottish Widows Master Trust, no action will be taken to address the gaps highlighted below.</p> <p>Quality of record keeping</p> <p>There has been no formal review since 2019 when the Common Data score was 87%. However, the Trustees have taken steps to improve the Scheme's data by undertaking an address tracing exercise during the Scheme Year to identify missing addresses.</p> <p>Quality of communications with scheme members</p> <p>Information was available to members via a member booklet, Benefit Statements and the OneView Platform.</p> <p>Effectiveness of management of conflicts of interest</p> <p>New Trustees are requested to declare any conflicts of interest on appointment. The requirements for other service providers is not clearly defined.</p> <p>As part of the requirements of the General Code, the Trustees may wish to consider updating the Conflicts of Interest Policy to ensure it covers other service providers.</p> <p>Appropriateness of the default strategy</p> <p>In 2023, a review of the Scheme's default investment option was completed, implementation was postponed pending the broader pensions review by the Trustees and the Company. It was decided that the Scheme will transition to the Scottish Widows Master Trust arrangement for future pension provision. As members and associated assets were transferred in July 2025, the agreed investment changes will not be implemented.</p> <p>Trustees' level of knowledge and understanding</p> <p>The Trustee Board is comprised of individuals with different skillsets. The Trustees have received ongoing training throughout the year on their obligations under the DC governance framework and specific training on the requirements of the new General Code. However, the Trustees should take steps to ensure they have completed the Trustee Toolkit.</p>
<p>Overall</p>	<p>Overall, considering all three areas set out above, the Trustees have assessed the Scheme as offering good to reasonable value for members.</p>

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Additional Voluntary Contributions (AVCs)

The Trustees also make available a facility to members to pay in additional contributions to boost their DC benefits. These additional contributions are invested in the same manner as the rest of the DC assets as detailed earlier in this statement and are therefore reviewed at the same time as the main Scheme benefits.

5. Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's General Code. During the period to which this Statement relates, the Trustees have undertaken the following activity:

- The Trustees have taken advice from the DC Governance Consultant and DC Investment Consultant as appropriate. The 2024 Chair's Statement and Value for Members assessment were discussed during the 27 November 2024 Trustees meeting and the actions considered.
- The Trustees have monitored fund performance and options throughout the year, via quarterly investment monitoring reporting, discussion of the 2024 Value for Members assessment (on 27 November 2024). The Trustees also reviewed and updated the SIP in April 2024 to incorporate their policy on illiquid assets.
- The Trustees are required to familiarise themselves with the Scheme's trust deed, rules and governing documents. Trustees should complete the Pensions Regulator's Trustee Toolkit within six months of appointment.

The Trustees have undertaken some specific training, to keep them abreast of pensions' legislation and regulations, and cover other relevant developments through briefing notes and other online training provided. Subjects covered include:

- 30 April 2024 and 4 June 2024 – Introduction to the General Code and new requirements.
- 23 October 2024 – Outcome of Pensions Investment Review and implications for DC schemes.
- 24 October 2024 – The New Value for Money Framework.
- 31 October 2024 – Implications of Autumn 2024 Budget for pensions and other employee benefits, actions to consider.
- 28 November 2024 – Pensions Scams section of TPR's Trustee Toolkit.

At each Trustees meeting, the Trustees also consider legislative and pensions updates, e.g. abolition of Lifetime Allowance, DC decumulation, SMPs, PLSA standards, protected tax-free cash, effects on salary sacrifice and changes to be aware of following Budget announcements.

At the beginning of the Scheme Year, there were five Trustees, including the Chair. However, with effect 13 September 2024 one Trustee was removed from the Trustee Board having left the Company earlier in the year. No action has been taken to find a replacement because the current Board remains compliant with the Member Nominated Trustees (MNTs) requirements (with 2 MNTs) and the Trustee Board remains quorate.

The Trustees are comfortable that they have sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the investment of pension schemes. I am also satisfied that the Trustees have demonstrated a working knowledge of the Scheme's trust deed and rules, Statement of Investment Principles and all other documents setting out the Trustees' current policies.

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This Chair's Statement regarding DC governance was approved by the Trustees and signed on their behalf by:

Dionne David

Date: 04-11-2025 | 9:17:34 AM GMT