LAFARGE UK PENSION PLAN

ANNUAL REPORT

YEAR ENDED 30 JUNE 2024

SCHEME REGISTRATION NUMBER: 10170996

LAFARGE UK PENSION PLAN

CONTENTS

TRUSTEE AND ITS ADVISERS
FOR THE YEAR ENDED 30 JUNE 2024

Corporate Trustee
The Trustee of the Plan is Lafarge UK Pension Trustees Limited.

Law Debenture Pension Trust Corporation plc* - represented by Alan Baker – Independent Chairman (appointed 1 July 2023)
Robert Andrews* (resigned 31 December 2023)
Kimberley Wood*
Dyfrig James*
Simon Crossley* (appointed 1 July 2023)
Nick Peall*
Alan Connolly**
Stephen Taylor**
Arthur Cunningham** (resigned 31 December 2023)
Paul Hunter**
Alison Shepley**

*Appointed by the Employer
**Nominated by the members

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Plan Administrator
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Isio Group Limited (appointed 1 October 2023)
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Banks
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Fiduciary Manager Monitor
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Solicitors
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Covenant Advisors
Penfida Limited
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London
EC2V 8AE

Principal Employer ("the Employer")
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INTRODUCTION

The Trustee Board presents its Report and Financial Statements of the Lafarge UK Pension Plan (the "Plan") for the year ended 30 June 2024. The Financial Statements and the Trustee Report have been prepared in accordance with Section 41(1) and (6) of the Pensions Act 1995 ("the Act").

The Plan is a self-administered occupational pension scheme. The Plan is a Defined Benefit arrangement, comprising two sections, which are both closed to future benefit accrual. Up to 31 December 2022 the assets of the two sections were held together but with effect from 1 January 2023 they have been separated and there are now separate bank accounts and investment portfolios for each section.

The Plan is governed under a consolidated Trust Deed and Rules, signed 29 October 2012, Amending Deeds signed 25 March 2015, 3 April 2017, 15 November 2017, 28 April 2020 and 24 June 2021 and the Deed of Agreement dated 30 September 2016, as amended 29 March 2019. Copies of the Trust Deed and Rules are available upon request from the Plan Secretary at the address on page 1.

The Plan is a registered scheme under Chapter 2 of the Finance Act 2004 and the registered number is 00488162RM.

Trust Deed and Rules

A consolidated Trust Deed and Rules for the Plan was signed on 29 October 2012. At their meeting of 25 March 2015, the Directors approved an Amending Deed to enable members to benefit from one aspect of the newly introduced DC Flexibilities and on 3 April 2017 a Deed of Amendment was signed to enable the Plan to be used to meet the statutory auto-enrolment obligations of the participating employer, Lafarge Building Materials Ltd. On 15 November 2017 a Deed of Amendment was signed to enable the Plan to offer a Pension Increase Exchange option to members. On 28 April 2020, a Deed of Amendment was signed to allow the closure of the Money Purchase section and transfer of the section's assets to a master trust and on 24 June 2021 a Deed of Amendment was signed to close the Money Purchase section.

Trustee

Throughout the year Lafarge UK Pension Trustees Limited acted as the Trustee of the Plan. It is also the Trustee to another pension scheme within the Holcim Group, the Aggregate Industries Pension Plan (this was effective from 25 September 2020). The names of the Directors who were serving at the date of signing are given on page 1. At the beginning and end of the period every Director in office held a £1 share in the capital of the company. There were no other interests in the capital of the company.

The constitution of the Trustee Board as at 30 June 2024 is as follows:

- The Chairman, who must be independent of the Employers and serves for a term reviewed every three years. Serving Directors nominate candidates for appointment by the Principal Employer,
- Four Directors appointed by the Employer (Employer Directors), of which two are members of the Plan,
- Four Directors nominated by the membership, Member Nominated Directors (MNDs), and selected by the MND Selection Panel.

MEMBER NOMINATED DIRECTORS (MNDs)

The MND nomination and selection process

The Trustee has established a process to select MNDs, which meets the Pension Regulator's criteria of fairness, proportionality and transparency.

All Plan members (pensioner or deferred) are eligible to be nominated for appointment, provided they are UK resident and have at least two years' pensionable service in the Plan. Nominations must be supported by two other Plan members (who also satisfy the same eligibility requirements).

Members who seek to be nominated will first be assessed by a Selection Panel to ensure candidates are suitable for subsequent appointment. The Selection Panel will be chosen by the Trustee Board and will include an independent adviser, the Independent Chairman and existing MNDs.

It should be noted that all Trustee Directors, whether they be members of the Plan or the Aggregate Industries Pension Plan and deferred members or pensioners, represent equally the interests of all members/beneficiaries of both Plans as opposed to particular groups of members.

PLAN GOVERNANCE

Trustee Board and Committees

The Trustee Board has procedures in place to govern the Plan effectively and efficiently. The Board retains overall responsibility for all aspects of the Plan and has delegated certain tasks and functions to committees, as it believes this will lead to better governance. Each committee has written Terms of Reference which are reviewed annually. The Chairman and Secretary maintain an annual Business Schedule setting out the meetings of the Trustee Board and its committees, planning the main content of each meeting to conduct the Board's business in an orderly manner. In general, the full Board and Investment Strategy Committee meet quarterly.

The Trustee has in place the following committees:

The Investment Strategy Committee

During the year the Committee held 5 meetings and comprised four Directors which included the Independent Chairman, plus a representative of Holcim. The Committee meets quarterly and from July 2024 has introduced monthly sub group calls to monitor the performance of the Fiduciary Manager, taking advice from the Plan's fiduciary manager monitor, and consider new investment opportunities and strategies.

The Administration and Discretions Committee

This Committee comprises a minimum of five Directors and may also include one member nominated by the participating employer who may or may not be a Trustee Director. The Committee meets at least half-yearly to monitor the administration service provided by the administrator (Lafarge Building Materials Limited up to 30 September 2023, Isio Group Limited from 1 October 2023, review member communications and consider the payment of discretionary benefits (where discretion has not been delegated to the Secretary) such as ill health and dependant's pensions. During the year there were 4 committee meetings.

Valuation Working Group

After the year-end, the Trustee formed a Valuation Working Group (VWG), comprising five Directors, including the Independent Chairman. Its primary function is to facilitate a smooth 2024 Valuation. It is anticipated that the VWG will be disbanded by the Trustee once the 2024 Valuation has been submitted to the Pensions Regulator.

PLAN GOVERNANCE (CONTINUED)

The Audit and Risk Management Committee

This Committee comprises at least three Directors including the Independent Chairman and representatives of each of the four other committees. It meets at least twice a year, and its principal role is oversight of the Trustee's Report and Financial Statements and the Trustee's risk and controls framework (see below). The Committee met 3 times during the year ended 30 June 2024.

The Trustee Board delegates reviews of the risk governance framework to the Audit and Risk Management Committee; the last full review was in 2021 when BDO, who had been appointed by the Trustee to provide an outsourced internal audit function, conducted a review of the Plan's control framework and presented their findings to the Audit and Risk Management Committee on 8 June 2021. BDO noted that generally there was a good control framework in place with only a few minor weaknesses identified.

Procedures include consideration of the controls to prevent or detect fraud within each area of the Plan's operation, in particular the investment and administration routines. Appropriate segregation of duties and responsibility, together with supervision and authorisation procedures, are in place and are designed to deter fraud and to lead to timely detection and reporting of any such matters to the Board.

Although the last full review was in 2021, the committees have regularly monitored the risks in their own area of responsibility. The biggest risk was identified by the Administration and Discretions Committee and related to maintaining the in-house administration of the Plan. As a result this committee recommended to the Trustee that the administration be transferred to a third-party administrator. The Trustee agreed with this recommendation and after conducting a thorough tender process, Isio were appointed and the administration was transferred to them with effect from 1 October 2023.

The Trustee was aware that the administration transfer represents a significant change and that the Pension Regulator's General Code, due to be published shortly after, would have implications for the risk governance framework. As such, the Trustee felt it was appropriate to defer the next full review of the risk governance framework until the administration transfer was completed and the General Code has been published.

The Employer Events and Monitoring Committee

The Committee comprises between three and five Directors including the Independent Chairman. This Committee met once during the year ended 30 June 2024. Its primary function is to assess and monitor the financial positions of the sponsoring and Principal Employer, and it takes advice from the Trustee's covenant adviser.

Trustee Director Competencies

A schedule of Trustee Knowledge and Understanding (TKU) has been prepared, tailored to the Plan's circumstances, and based on the Pensions Regulator's guidance on relevant expertise for trustees. On appointment, Directors and committee members receive training on relevant pension matters and thereafter are provided with periodic updates. Directors and committee members are encouraged to complete the Pensions Regulator's Trustee Toolkit or equivalent qualification and are regularly asked to assess their levels of knowledge and understanding. The individual assessments are recorded and compiled to identify the strengths collectively, of the Board and its committees, and also of individual Directors. Where a low level of knowledge is indicated, either suitable training is arranged, or appropriate information is provided.

When preparing the Business Schedule, training needs are identified so that training may be arranged before the matters are considered. Periodically the Directors complete a self-assessment questionnaire, and the results are used to identify topics for future training. Overall, the Directors considered that the Board were performing well.

PLAN GOVERNANCE (CONTINUED)

Managing Conflicts of Interest

The Board has in place procedures to identify and manage conflicts of interest for members of the Board or the committees. Individual directors may seek external counsel and may initiate the Plan's procedure to manage their conflict. At the beginning of each meeting, members are asked to disclose any possible conflicts of interest and the Chairman and Secretary are required to consider the likelihood of conflicts arising, based on the agenda, and to deal with any potential conflicts.

Identification and Control of Risk

The Trustee Board has established procedures to identify, measure and manage the significant risks inherent in the operation of the Plan by proportionate internal controls. The assessment covers a wide range of external and internal matters including compliance with laws and the Plan Rules, administration and systems, funding, investment, safe custody of assets and cyber risk. The Board has overall responsibility for the programme but has delegated oversight of appropriate risks and controls to the relevant boards/committees described above. Each committee is responsible for managing and controlling risk in its own area of responsibility, which includes the maintenance of a risk register, or other means of managing risk, and which in turn is monitored by the Trustee Board.

Going Concern

The Trustee regularly monitors the strength of the Principal Employer, Lafarge SA, with advice from its covenant adviser, Penfida. In the context of the 2021 actuarial valuation, the covenant available to the Plan was rated as Strong and has remained Strong since.

The Employer has been under investigation for historic terrorist funding allegations in Syria prior to its acquisition by Holcim Limited. In October 2022, the United States Department of Justice (DoJ) announced that Lafarge had pleaded guilty to a single charge of conspiracy to provide material support to terrorist organisations in Syria. Investigations in France are ongoing. The Trustee cannot comment in any detail on the investigation, or the likely outcome, but having made enquiries of Holcim and taken advice from Penfida, on the basis of the information it has received does not consider that the range of possible outcomes threaten the Plan as a "going concern".

There are no contributions due from the Employer under the current valuation which was completed as at 2021. This position will be reviewed as part of the 2024 valuation.

The Trustee carried out a "Going Concern" assessment for the next 12 months and taking all relevant factors into account the Trustee does not consider that they threaten the Plan's 'going concern' status.

PLAN GOVERNANCE (CONTINUED)

Compliance

The Plan had procedures in place at 30 June 2024 which satisfactorily demonstrated compliance with the requirements of the Pensions Act 2004 and the Codes of Practice formally issued by the Pensions Regulator. The Plan is compliant with the Codes of Practice.

The compliance procedures are administered on a daily basis by the Administrator. Formal reports are made to the Administration and Discretions Committee, at least twice yearly, on the service standards, administration costs and compliance with relevant rules and regulations.

GMP EQUALISATION

The Trustee has considered the impact of the High Court judgment in October 2018 involving the Lloyds Banking Group's defined benefit pension schemes. The issues determined by the judgment arise in relation to many defined benefit pension schemes, including the Plan, and under the ruling schemes are required to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits and to backdate such adjustments, including providing interest on the backdated amounts.

A supplementary Court hearing took place in May 2020 and judgment was handed down in November 2020, indicating that trustees will be required to revisit past transfers out of schemes and that historical individual transfers from the scheme would also be due a top-up payment where the original transfer payment fell short of what it would have been had the inequalities in scheme benefits from GMP been removed.

The Trustee has set up a Joint Working Group (JWG) with the Employer and relevant advisers in order to take forward discussions on the appropriate method and approach to implement GMP equalisation for the Plan. For the Actuarial Valuation as at 30 June 2021, the Trustee agreed to include a GMP equalisation reserve of 1.3% of the Plan's liabilities.

Based on the progress to date on this matter the Trustees remain of the opinion from their initial assessment of the likely backdated amounts and related interest will not be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements.

MEMBERSHIP

Details of the membership of the Plan for the year are given below:

	LRPS Section 2024	N-LRPS Section 2024	Total 2024	*Total 2023*
PENSIONERS				
Pensioners at the start of the year	6,096	8,630	14,726	*15,008*
Adjustments	7	(6)	1	*-*
New pensioners*	185	194	379	*383*
New dependent pensions	72	137	209	*232*
Deaths	(207)	(350)	(557)	*(583)*
Spouses and dependents deaths	(86)	(173)	(259)	*(298)*
Child allowance ceased	(2)	(3)	(5)	*(8)*
Trivial commutations	(10)	(5)	(15)	*(8)*
Pensioners at the end of the year	6,055	8,424	14,479	*14,726*
MEMBERS WITH DEFERRED BENEFITS				
Members with deferred benefits at the start of the year	3,693	2,386	6,079	*6,577*
Adjustments	(1)	(7)	(8)	*-*
Set to unclaimed*	(2)	(1)	(3)	*(23)*
Leavers with no liability	-	-	-	*(75)*
Not in scheme	(4)	-	(4)	*-*
Unclaimed to deferred	-	-	-	*5*
Transfers out	(10)	(6)	(16)	*-*
Retirements	(185)	(194)	(379)	*(373)*
Trivial commutations	(8)	(5)	(13)	*-*
Deaths	(4)	(8)	(12)	*(32)*
Members with deferred benefits at the end of the year	3,479	2,165	5,644	*6,079*
TOTAL MEMBERSHIP AT THE END OF THE YEAR	9,534	10,589	20,123	*20,805*

The deferred membership as at 30 June 2024 does not include 742 records (2023: 739) relating to small benefit entitlements or refunds of contributions which have been unclaimed for many years. The Plan administrator has been unable to trace these individuals despite numerous attempts to do so.

*Deferred members movements during the year include 3 members (2023: 23) who were set as unclaimed as they had not been traced despite numerous attempts, offset by nil (2023: 10) who were previously set as unclaimed but who were traced.

Unclaimed to deferred were members who were previously set as unclaimed but who have subsequently been traced.

Leavers with no liability in the prior year comprised of Transfers out (50), Trivial commutations (24) Members who's GMP reconciliation established that the Plan held no liability (1).

Not in scheme comprises members who following data cleansing it was identified that they held no benefits with the Plan.

FINANCIAL REVIEW

During the year under review, the value of the Plan has changed as follows:

	£m
Value at 30 June 2023	2,250.9
Net decrease in fund over the year	(199.7)
Value at 30 June 2024	2,051.2

A summary of the Plan's income and expenditure in the year is given below.

	Income £m
Transfers in	1.0
Other income	0.2
Investment income	81.4
	82.6

	Outgoings £m
Pensions	(124.0)
Pension commutation lump sums	(12.2)
Death Benefits	(0.3)
Individual transfers out to other schemes	(1.5)
Administration and Investment management expenses	(17.8)
Change in market value of investments	(126.5)
	(282.3)
Net decrease in the fund	(199.7)

It is emphasised that the market value of the net assets of the Plan is a snapshot as at 30 June 2024 and that there can be sharp short-term fluctuations in market value. Given the long-term nature of pension schemes, too much emphasis should not be given to short-term rises or falls in the market value of the Plan's investments. Therefore, it is advised that the Plan's financial statements should be read in conjunction with the Report on Actuarial Liabilities on page 12.

The day-to-day administration of the Plan was delegated to Lafarge Building Materials Limited now Isio. The direct costs of investment management and of administrative activities, including actuarial and other legal and professional fees, were agreed by the Trustee to be borne by the Plan and amounted to £12.7m and £4.3m respectively for the year to 30 June 2024 (see notes 10 and 8 to the financial statements respectively).

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The Plan's latest triennial actuarial valuation had an effective date of 30 June 2021 and details can be found in the Schedule of Contributions and Statement of Funding Principles which are available from the Secretary on request.

	£m
Value of Technical Provisions was:	3,442
Valuation of assets:	3,565
Surplus	123

The Non-LRPS section had a surplus of £93.0m and the LRPS section had a surplus of £30.0m.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Significant Actuarial Assumptions

The key assumptions used for calculating the technical provisions and future contribution requirement for the Scheme were:

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Financial Assumptions		
	LRPS	Non - LRPS
Discount Rate:	Gilts plus 0.50% p.a.	Gilts plus 2.00% p.a.
Price inflation:		
Retail Prices Index (RPI) Inflation	3.40% p.a.	3.40% p.a.
Consumer Price Index (CPI) Inflation	3.00% p.a.	3.00% p.a.
Pension increases in payment:		
RPI (5% maximum)	3.30% p.a.	3.40% p.a.
Post 88 GMP increase	2.40% p.a.	2.40% p.a.
Revaluation in deferment	3.30% p.a.	2.60% p.a.

Demographic Assumptions	
Mortality – base table	Males – S3PMA normal health pensioners, all amounts with base table multipliers of 105% (insured)/97% (uninsured)% for the LRPS section and 101% (insured)/97% (uninsured) for the Non-LRPS section. Females – S3PFA normal health pensioners, all amounts with a base table multiplier of 100% (insured)/93% (uninsured) for the LRPS section and 97% (insured)/100% (uninsured) for the Non-LRPS section.
Mortality – future improvements	The base tables above are projected from 2013 to 2022 using the CMI's 2020 core projections with a smoothing parameter of 7, an initial improvement parameter of 0.50% pa and a 2020 parameter of 10%, with long term improvement rates of 1.5% per annum for both males and females.

The next triennial valuation as at 30 June 2024 is currently underway.

INVESTMENT REPORT

The Plan's investments are held by the Trustee separately from the finances of Lafarge SA and the participating employing companies and in accordance with the Trust Deed. The Trustee has given instructions to the investment managers to prohibit the use or letting of the Plan's direct property assets by any company in the Holcim group and to prohibit investment in shares or bonds or loans of Holcim or its subsidiaries or associated companies except in respect of indirect investment in pooled or tracker funds and to restrict any employer related investments to levels permitted by the Pensions Act 1995.

The Plan's investments comply with any restrictions prescribed by regulations made under Section 40 of the Pensions Act 1995 and have been invested in accordance with the requirements of The Occupational Pension Schemes (Investment) Regulations 1996.

As required by the Pensions Act, the Trustee has prepared and maintained a Statement of Investment Principles (SIP). This is modified from time to time to reflect the changes required by legislation and changes in investment policy. Since the year-end, separate SIPs for the LRPS and Non-LRPS sections have been drafted to reflect the sectionalisation of the investment portfolios. These SIPs have been approved by the Investment Strategy Committee and the Employer and will be formally approved soon.

Employer Related Investments

The SIP ensures there are strict limitations to the extent that the Plan may be invested in LafargeHolcim, the principal employer. At the year-end, within the meaning of Section 40 of the Pensions Act 1995, exposure to employer related investments was 0% of total assets based on investments where there is the ability to 'look through' to the underlying exposure. We are confident that employer related investments is significantly below 5% of Plan assets.

Market Commentary

The Bank of England (BoE) implemented a single base rate adjustment throughout the 12 months to June 2024.

- In August 2023, an increase of 0.25% took the UK base rate to its highest level since March 2008
- There were no further rate increases throughout the rest of 2023 and the first quarter of 2024
- Maintaining this trend of stability, the Bank of England (BoE) made no change to the base rate through the second quarter of 2024. BoE Governor Andrew Bailey stressed that policymakers need "to be sure that inflation will stay low" which is why it decided to hold interest rates at 5.25%

The UK inflation rate, as measured by the CPI, rose by 2.0% in the 12 months to June 2024, down from 3.2% in March and the lowest since September 2021. The largest downwards contributions to the monthly change came from clothing and footwear whilst the largest upward contribution came from restaurants and hotels, transport and housing and household services.

In the US, after the increase of 0.25% in July 2023 that brought the target range to an all-time high of 5.25 – 5.50%, there were no further increases throughout the rest of 2023 until the second quarter of 2024. Federal Reserve expects that core inflation will move to 2.8% for year-end from 2.6%. This increase is likely due to strong first quarter inflation.

Over the 12 months to 30 June 2024 sterling has appreciated against the US dollar, the euro and the yen by -0.6%, 1.2% and 10.7% respectively.

Plan performance was positive over the year in absolute terms, with the LRPS Section returning 1.2% and Non-LRPS Section returning 1.8%."

Equity Markets

Over the 12 months to 30 June 2024, equity markets returned positive performance across all regions other than China which returned negative performance. The FTSE All World Index returned 20.4% whilst the MSCI China Index returned -1.1% (both in sterling terms).

The equity layer of the LRPS section returned 20.4% while the equity layer of the Non-LRPS Section returned 18.7%."

FTSE All-Share Index returned 13.0% whilst North America was the best performing region with 24.7% (both in sterling terms).

Bond Markets

UK government bond yields (which move inversely to bond price) broadly decreased over 12 months to 30 June 2024. Long maturity UK gilts have returned 1.1% over the period (as measured by FTSE-A Gilts Over 15 Years Index) and UK gilts all stocks returned 4.8%.

Inflation-linked gilt yields, in contrast, increased over the 12-month period. Long maturity UK index-linked gilts returned -5.8% (as measured by FTSE-A Index-Linked Gilts Over 15 Years Index) and UK index-linked gilts all stocks returned -0.4%.

Over the past year, local currency emerging market debt underperformed hard currency emerging market debt returning 1.2% and 8.5% respectively.

The alternative credit layer of the LRPS section returned 12.0% while the alternative credit layer of the Non-LRPS Section returned 8.6%."

Alternative Investment Markets

During the third quarter of 2023, crude oil peaked at US$93.7 in late September having dropped to US$69.8 in early July. The price of Brent crude surged more the 25% after June 2023 following co-ordinated cuts in production by Saudi Arabia and Russia. This pushed up petrol prices and complicated efforts by the US Federal Reserve to rein in inflation.

Oil prices steadily decreased throughout the fourth quarter, dropping to a low of $68.6 in
mid-December. Oil prices fell to a five-month low as production cuts from the Organisation of Petroleum Exporting Countries (OPEC+) cartel failed to outweigh a growth in output from the US. This sparked fears of a decline in global demand. Prices fell again in late December following Angola's decision to quit OPEC+.
The first quarter of 2024 saw a steady increase in oil prices, reaching a high of US$83.5 in mid-March. Concerns surrounding the Iran-Israel conflict, with a fifth of the world's oil passing through the Strait of Hormuz, contributed to this increase.

Strengthening of US dollar and concerns over Chinese demand were a significant factor for the price decrease this Q2 2024.

Commercial UK property (as measured by the IPD Monthly Index) has returned 0.6% over the 12 months to 30 June 2024.

Global Commodity Futures, as measured by S&P Goldman Sachs Commodity Index, returned 15.7% over the 12 months to 30 June 2024 in sterling terms.

The liquid diversifiers layer of the LRPS section returned 8.4% while the liquid diversifiers layer of the Non-LRPS Section returned 5.8%.

Performance Commentary

In absolute terms the portfolio delivered positive performance over the 12 month period, primarily driven by falling bond yields and positive equity performance. On the relative basis however the Plan was down against its liability proxy benchmark, this was due to other parts of the return-seeking portfolio underperforming. In particular diversifying strategies suffered in the higher interest rate environment and less liquid assets suffered from reduced market activity and valuations following the Gilts Crisis of 2022.

Non - LRPS	12 months	3 years	5 years
Plan	1.8	-10.8	-4.4
Liability proxy	2.3	-9.9	-5.0
Relative performance	-0.5	-0.9	0.6

LRPS	12 months	3 years	5 years
Plan	1.2	-10.5	-4.2
Liability proxy	1.2	-10.5	-5.5
Relative performance	-	-	1.3

Investment Manager Fees

As Fiduciary manager, WTW has invested the Plan's assets in a number of pooled investment funds and segregated portfolios. Some of the management fees for these investment vehicles are calculated on sliding scales based on the market value of assets invested. For vehicles which include derivatives (Liability Driven Investments and currency hedging instruments), the management fee is calculated based on the notional value of exposure traded. These managers operate a 'clean fee' basis (i.e. direct fee only) and they do not derive additional income from commissions on dealing and indirect charges.

Commentary on Investment Strategy Over The Period

The target return for the N-LRPS section of the scheme was reduced from Gilts + 2.1% p.a. to Gilts + 1.5% p.a. over the year to reduce investment risk in the portfolio and allow for a shift to a more cashflow generative approach. The target return for the LRPS section of the scheme remained constant at Gilts + 2.1% p.a. over the period.

Trustee Policies on Environmental, Social and Governance (ESG) Factors

Whilst the Trustee's policy is to delegate several stewardship activities to the Fiduciary Manager and its investment managers, the Trustee recognises that it retains the responsibility for these activities. The Trustee incorporates an assessment of how well the Fiduciary Manager and investment managers exercise these responsibilities as part of its overall assessment of their performance.

The Fiduciary Manager has a dedicated sustainable investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on a periodic basis. The Trustee expects the Fiduciary Manager to assess the alignment of each investment manager's approach to sustainable investment (including engagement) with its own before making an investment on the Plan's behalf.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to its investment managers. The Fiduciary Manager assesses the voting policies of the investment managers that it appoints on the Trustee's behalf, for consistency with the Trustee's policies and objectives, as appropriate. The Fiduciary Manager has also appointed EOS at Federated Hermes to undertake public policy engagement and company-level engagement on its behalf. EOS at Federated Hermes also assists the Trustee's equity managers with voting recommendations.

Safe Keeping of Assets

BNY Mellon is employed as the Plan's global custodian. WTW is responsible for monitoring BNY Mellon against a range of Key Performance Indicators and reporting to the Trustee on a quarterly basis. Custody is separated from investment management, with portfolio valuations reconciled on a monthly basis.

The Plan's auditor, where applicable, verifies the valuation of the Plan's investments and bank balances reported by the investment managers with the custodians

Taskforce on Climate-related Financial Disclosures (TCFD) report

The Taskforce on Climate-related Financial Disclosure (TCFD) is an initiative that developed some best practice guidance for climate-risk reporting. New UK regulations require the Trustees to meet climate governance requirements and publish an annual TCFD-aligned report on the Plan's climate- related risks. The report is due to be approved at the December ISC and will be uploaded shortly after
https://www.isio.com/scheme-documents/the-lafarge-uk-pension-plan/

Investment Arrangements

The long-term objective of the Plan is to be fully funded on a low risk measure such that the Plan's assets match or closely match its liabilities. To help facilitate this, the Trustee (with effect from 1 July 2013) appointed Towers Watson Limited under a Discretionary Fiduciary Management and Investment Advisory Services Agreement to be responsible for investing the assets of the Plan. Since the appointment, Towers Watson Limited has merged with Willis Group Holdings plc to become WTW.

WTW's appointment is twofold; to advise the Trustee on an appropriate investment strategy and once agreed by the Trustee to implement the strategy under its fiduciary mandate.

Investment Arrangements (continued)

From 1 April 2014, the Trustee has tasked WTW with managing the assets relative to the Plan's liabilities, focusing on improving the Plan's funding position rather than simply outperforming a composite benchmark. This objective is consistent with a maturing pension scheme seeking to de-risk its portfolio as it moves towards being fully funded on a low risk measure i.e. such that the Plan's assets match or closely match its liabilities without need for recourse to the sponsoring employers for funding.

The Plan's assets have therefore been structured with two key aims in mind:

1. To adopt a long-term approach to ensure all future benefit payments to members can be met
2. To construct a diversified portfolio that provides a reasonable balance between risk and return.

From 31 December 2022 the two underlying Sections that make up the Plan (LRPS and Non-LRPS) have been managed independently from a portfolio management perspective to better manage risk. The structure of the Plan's assets for both Sections comprises five main sections as set out below. Within each category WTW selected a range of investment managers chosen for their skill and experience in their particular sector to maximise the investment efficiency (return enhancing or risk mitigating) of the Plan's investments.

Beta: This section represents exposure to equity and property markets around the world. Active investment managers are picked for their ability to outperform underlying markets, and more passive managers track the benchmark in a lower cost way.

Diversification (Alternative Investments): To reduce reliance on equity and credit risk to achieve the target return, this section invests in non-traditional asset classes, which are expected to behave differently to equity in different market environments.

Private markets (Private Equity, Infrastructure and Secure Income Assets): and the Plan invests in long-term assets such as private equity and infrastructure in order to benefit from the illiquidity premium. Alongside these, secure income assets provide reliable and inflation linked cashflows to help meet increased benefit payments.

Credit: Providing capital to governments and all types of companies allows the Plan to gain a premium for lending and assuming the risk of potential default. Such a risk is managed by constructing a diversified portfolio and employing skilful managers with significant analytical expertise to avoid defaults.

Bonds/Liability Driven Investment and Cash: This section is predominantly made up of a portfolio of high-quality government bonds and financial derivatives which move in line with the Plan's liabilities as they change in value due to changes in inflation and interest rates. The section also includes securities designed to protect the Plan from an economic downturn and longevity swaps to manage the risk of benefit payments being made further into the future than anticipated. In addition, cash requirements such as the payment of member pensions are sourced from the cash fund.

WTW is overseen by both the Investment Strategy Committee and the Trustee. Its fiduciary mandate is governed by a series of Investment Guidelines set out in the Agreement. Isio assists the Investment Strategy Committee by monitoring WTW against a number of Key Performance Indicators and reports on a quarterly basis.

As required by the Pensions Act, the Trustee has prepared and maintained a Statement of Investment Principles. This is modified from time to time to reflect the changes required by legislation and changes in investment policy.

COMPLIANCE

Pension Increases

There are two main categories of pensions in payment for which different pension increase rules apply. For the Lafarge Redland Pension Scheme (LRPS) members an increase of 5.0% was applied to pensions in excess of the GMP from 1 July 2023 (5.0% from 1 July 2022) and for Non-Lafarge Redland Pension Scheme (Non-LRPS) members, an increase of 5.0% was applied to all pensions, inclusive of the GMP, from 5 April 2024 (5.0% from 5 April 2023).

Additional Voluntary Contributions (AVCs)

A number of members have AVCs in the In-House AVC Plan. The majority of these members are in the Non-LRPS Section, and these funds are pooled with the Non-LRPS Section assets of the Plan. Interest is added half yearly on 5 October and 5 April. Following the closure of the Defined Benefit arrangement no new contributions have been made to In-House AVCs since 1 November 2011.

AVCs were also made by members to third party providers. These were invested on a money-purchase basis in with-profits funds and other unitised vehicles and were included in the transfer of the DC section to the Aon Master Trust on 2 October 2021.

Transfer Values

All transfer values paid to other pension schemes during the year were calculated and verified by the Plan's Actuary or calculated in accordance with instructions prepared by the Plan's Actuary, in accordance with statutory regulations. The Trustee has instructed the Actuary not to take account of discretionary increases in calculating cash equivalents for transfer purposes. No transfers were reduced to less than their cash equivalent value.

The Trustee has taken the Regulator's pledge to protect members from pension scams and the risks are highlighted in communications to members.

Schedule of Contributions

As required by the Pensions Act 1995, the Trustee has prepared a payment schedule (Schedule of Contributions). The Schedule specifies the rates and due dates of employer and employee contributions to the Plan. It is subject to review from time to time as required by legislation and by the Plan's Trust Deed and Rules following actuarial valuations and interim reviews. Copies of the Actuary's certifications of the Schedules of Contributions are reproduced on pages 43 and 44.

Communications

The Trustee considers communication with all members of the Plan to be important. The framework for communication between the Trustee and members is noted below.

All members

PensionsTalk magazine is sent to all members annually, keeping members informed about the Plan. All members with a defined benefit entitlement in the Plan receive a copy of ValuationTalk shortly after the conclusion of a full actuarial valuation. PensionsTalk, ValuationTalk and other items of Plan literature, including a more detailed version of ValuationTalk, news updates and other useful information are also posted on the Plan's website: https://www.isio.com/scheme-documents/the-lafarge-uk-pension-plan/

Additional communications are sent to active members and deferred pensioners, as follows:

Active Members

Since the transfer of the DC section to the Aon MasterTrust, there are no longer any active members.

Deferred Pensioners

Deferred pensioners are able to obtain a benefit update on request. Those members who have paid additional voluntary contributions (AVCs) also receive statements of their AVC accounts at least annually.

Pensions Helpline

All members are also able to telephone the Pensions Helpline on 0800 488 0540 (or +44 203 372 2076 if calling from overseas), should they have queries regarding their pension benefits.

COMPLIANCE (CONTINUED)

Members' Information and Advice

Members can obtain information about their own pension benefits or further information about the Plan from the Secretary, or from the administration team at Isio, PO Box 108 Blyth, NE24 9DY. Any concern connected with the Plan should be referred to the Secretary, who will try to resolve the problem as quickly as possible.

Internal Dispute Procedure

Complaints or disputes about any aspect of the Plan are normally resolved quickly and informally. However, if this is not the case, the Trustee has put in place a formal internal procedure for the resolution of disputes between Plan beneficiaries and the Trustee. For full details of the formal procedure, please contact the Secretary.

MoneyHelper

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

The Money and Pensions Service
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK42 9AP
Telephone: 0115 965 9570
Email: contact@maps.org.uk
Website: www.moneyhelper.org.uk

Pensions Ombudsman

Any complaints or disputes can, at any time, be referred to the Pensions Ombudsman. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator has a wide range of powers to help protect members' pension benefits. In certain circumstances, The Pensions Regulator can intervene in the running of pension schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted at:

TPR can be contacted at:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF
Website: www.thepensionsregulator.gov.uk

COMPLIANCE (CONTINUED)

Pension Schemes Registry

The Plan is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. For members of the LRPS section quote the reference number 19012001 and for members of the Non LRPS section quote 19012002. The Pension Tracing Service can be contacted at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
Telephone: 0800 731 0193
Website: www.gov.uk/find-lost-pension

Further information

If any member has any questions about this report, the Plan or their entitlements under the Plan, please address them to Stephen Hammer, Trustee Secretary, at the address on page 1, or via e-mail at lafarge@isio.com.

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

Approval

The Trustee's Report was approved by the Trustee and signed on its behalf by:

____________________ Date:

____________________ Date:

Opinion

We have audited the financial statements of the Lafarge UK Pension Plan (the "Plan") for the year ended 30 June 2024 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 30 June 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The Trustee are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the statement of Trustee's responsibilities set out on page 16, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intend to wind up the Plan or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these:

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Plan. This is addressed by obtaining direct confirmation from the investment custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Plan's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor
London

Date:

LAFARGE UK PENSION PLAN

FUND ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 £m	*2023 £m*
Contributions and Benefits			
Contributions	5	0.3	-
Transfers in	6	1.1	-
Other income	7	0.1	-
		1.5	-
Benefits paid and payable	8	(136.5)	*(133.9)*
Payments to and on account of leavers	9	(1.5)	*(9.5)*
Administrative expenses	10	(4.0)	*(5.2)*
		(142.0)	*(148.6)*
Net withdrawals from dealings with members		(140.5)	*(148.6)*
Returns on investments			
Investment management expenses	11	(13.8)	*(12.2)*
Investment income	12	81.2	*103.7*
Change in market value of investments	13	(126.5)	*(604.8)*
Net returns on investments		(59.1)	*(513.3)*
Net decrease in the fund during the year		(199.6)	*(661.9)*
Net assets at 1 July		2,250.9	*2,912.8*
Net assets at 30 June		2,051.3	*2,250.9*

The notes on pages 23 to 42 form part of these financial statements.

LAFARGE UK PENSION PLAN

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2024

	Note	2024 £m	*2023 £m*
Investment assets			
Equities	13	0.5	*0.5*
Bonds	13	1,827.9	*1,611.1*
Pooled investment vehicles	13	869.3	*848.3*
Derivatives	13	48.9	*58.3*
Insurance policies – annuities	13	2.5	*2.5*
Cash deposits and other investment assets	13	33.4	*362.7*
		2,782.5	*2,883.4*
Investment Liabilities			
Derivatives	13	(39.0)	(85.7)
Longevity swaps	13	(107.4)	(35.6)
Other investment liabilities	13	(596.3)	(518.7)
		(742.7)	*(640.0)*
Total net investments		2,039.8	*2,243.4*
Current assets	25	16.7	*12.7*
Current liabilities	26	(5.2)	*(5.2)*
Net assets at 30 June		2,051.3	*2,250.9*

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of the obligation to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan which does take account of such obligations, is dealt with in the Report on Scheme Liabilities on page 12 and these financial statements should be read in conjunction with them.

The notes on pages 23 to 42 form part of these financial statements.

Approved by the Board of Directors of Lafarge UK Pension Trustees Limited

Date:

Director

Date:

Director

1. GENERAL INFORMATION

The Plan is governed under a consolidated Trust Deed and Rules, signed 29 October 2012, Amending Deeds, signed 25 March 2015, 3 April 2017, 15 November 2017, 28 April 2020 and 24 June 2021 and the Deed of Agreement dated 30 September 2016, as amended on 29 March 2019. The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee's Report.

The Plan is a registered scheme under Chapter 2 of the Finance Act 2004 and the registered number is 00488162RM.

2. BASIS OF PREPARATION

The Financial Statements have been prepared on a going concern basis in accordance with Financial Reporting Standard 102 (FRS 102) – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (SORP) (revised June 2018).

The Trustee Board has assessed the employer covenant, its ability to continue to make contributions as they fall due, the investment portfolio and the funding levels of the Plan. The Trustee is confident that the Plan will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements and, therefore, has prepared the financial statements on a going concern basis. In reaching this conclusion, the Trustee has considered the sponsoring employer's financial position as well as the regulatory capital position of the Plan's longevity swap provider.

3. CONSOLIDATION

Subsidiaries are entities over which the Plan has the power to govern the financial and operational policies. The Plan has not prepared consolidated accounts on the grounds of immateriality and has accounted for subsidiaries using the equity method of accounting based on values derived from audited financial statements or other reliable financial information as at 30 June 2024 which represent the Trustee's estimate of fair value.

4. ACCOUNTING POLICIES

The principal accounting policies of the Scheme are as follows:

4.1 Benefits

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

4.2 Transfers to/from other schemes

Transfer values have been included in the financial statements when paid. Provision is made for group transfers in accordance with the terms of the transfer agreement.

Transfers into the scheme are not accepted only switchbacks from the master trust these are recognised when the values have paid.

4.3 Administration expenses and management expenses

All expenses associated with investment management, actuarial advice, accounting and administration borne by the Plan are accounted for in the period to which they relate.

4.4 Investment Income

a) Income from fixed interest and inflation-linked securities investments and bank interest is accounted for on an accruals basis.
b) Realised and unrealised capital gains and losses on investments are dealt with in the Fund Account in the period in which they arise.
c) Investment income is stated inclusive of recoverable taxes.

4. ACCOUNTING POLICIES (CONTINUED)

4.5 Investments

a) Investments are included at fair value at the year-end.
b) The fair value of quoted securities is based on closing prices. These prices may be the bid price on the relevant Stock Exchange or, where this is not available, the latest trade price when securities are traded.
c) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
d) Derivatives are stated at fair value:
   a. Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
   b. Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
   c. Futures and options are valued at their mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.
   d. Longevity swaps are valued at a fair value using the collateral valuation basis as an estimation technique based on the expected future cash flows arising under the swap discounted using gilt yields as a market interest rate.
e) Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these Financial Statements at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions and methodology. Annuity valuations are provided by the Plan Actuary.
f) Repurchase agreements – under repurchase (repo) arrangements, the Plan continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

4.6 Foreign currencies

The functional and presentational currency of the Plan is Sterling. Balances denominated in foreign currencies are translated into sterling at the rate ruling at the year-end date. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

4.7 Judgements and key sources of estimation uncertainty

In the application of the Plan's accounting policies, the Trustee is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

5. CONTRIBUTIONS

	2024	*2023*
	£m	*£m*
Augmentation contributions	0.3	*-*

6. TRANSFERS IN

	2024	*2023*
	£m	*£m*
switchbacks for members with defined contribution benefits	1.1	*-*

7. OTHER INCOME

	2024	*2023*
	£m	*£m*
Bank interest	0.1	*-*

8. BENEFITS PAID AND PAYABLE

	2024	*2023*
	£m	*£m*
Pensions	124.0	*123.4*
Commutations and lump sum retirement benefits	12.2	*10.2*
Lump sum on death in retirement	0.3	*0.3*
	136.5	*133.9*

The Commutation of pensions and lump sum retirement benefits for the prior period is stated after crediting £1.63m in respect of switchbacks for members with defined contribution benefits that had been transferred to The Aon MasterTrust.

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2024	*2023*
	£m	*£m*
Individual transfers to other schemes	1.5	*9.5*

10. ADMINISTRATIVE EXPENSES

	2024	*2023*
	£m	*£m*
Pensions administration and expenses	2.8	*1.9*
Trustee Chairman & other directors fees & expenses	0.3	*0.1*
Actuary's fees	0.8	*1.3*
Auditor's fees and expenses	0.1	*0.1*
Legal and other professional fees	(0.2)	*1.6*
Pension Protection Fund and similar levies	0.2	*0.2*
	4.0	*5.2*

Pension administration fees for the previous period represent the direct costs charged to the Plan in respect of administration services provided by Lafarge Building Materials Limited.

The negative Legal and other professional fees relates to an over accrual in the previous period.

11. INVESTMENT MANAGEMENT EXPENSES

	2024	*2023*
	£m	*£m*
Investment management fees	12.8	*11.5*
Investment professional fees – Fiduciary management monitoring and investment advice	0.8	*0.4*
Longevity insurance fees and administrative costs	0.2	*0.3*
	13.8	*12.2*

Included in the prior year investment manager fees stated are management fees for certain managed funds and for the Private Equity portfolio estimated at £7.5m which were deducted from the market values.

12. INVESTMENT INCOME

	2024	*2023*
	£m	*£m*
Income from fixed interest securities	21.3	50.5
Income from inflation-linked securities	15.7	8.7
Income from managed and unitised funds	20.2	24.4
Interest receivable and interest (payable) on cash and cash instruments	(6.3)	4.7
Annuity income	0.1	0.1
Income from derivatives	(0.3)	5.4
Other investment receivables	30.5	9.9
	81.2	103.7

13. INVESTMENT RECONCILIATION

	Value at 1 July 2023 £m	Cost of investments purchased £m	Proceeds of sales of investments £m	Change in market value £m	Value at 30 June 2024 £m
Equities	0.5	-	-	-	**0.5**
Bonds	1,611.1	270.1	(42.0)	(11.3)	**1,827.9**
Pooled investment vehicles	848.3	1,027.6	(972.6)	(34.0)	**869.3**
Derivatives	(27.4)	53.2	(9.8)	(6.1)	**9.9**
Longevity swaps	(35.6)	-	-	(71.8)	**(107.4)**
Insurance policies	2.5	-	-	-	**2.5**
	2,399.4	1,350.9	(1,024.4)	(123.2)	**2602.7**
Cash &other investment assets	362.7			(3.3)	**33.4**
Other investment liabilities	(518.7)				**(596.3)**
	2,243.4			(126.5)	**2039.8**

The Trustee has previously decided to Sectionalise the Plan into two sections to better manage the sections according to their specific liability profiles and funding positions. To achieve this, underlying funds in the combined LUPP portfolio were split by the underlying managers in line with the proportions set out in the specially commissioned 31 December 2022 Report and Accounts. The majority of these trades were completed prior to June 2023, however some assets were apportioned from the combined to the sectionalised accounts over the year and a small number of residual holdings remain in the combined LUPP account as they run-off.

Regarding the table above, Bonds and Derivatives purchased over the year are primarily accounted for by two events, firstly the rebalancing of the liability hedging portfolio to allow for an update to the underlying liability cashflows and secondly the switching of derivative exposure to nominal gilt exposure to capture gains. The purchase and sales of Pooled investment vehicles relate primarily to movements between the Plan's main liquidity account and LDI hedging account where the cash acts as collateral in support of derivative positions. Other trades relate to rebalancing the portfolio in line with the Trustee's investment strategy or changes in the Fiduciary Manager's views of the relative attractiveness of different assets, the reinvestment of committed capital and redemption of downgraded funds.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Plan such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £nil (2023: £3.4m). In addition to the transaction costs disclosed, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately disclosed.

14. POOLED INVESTMENT VEHICLES

The holdings of the Plan's invested assets by asset class are analysed below:

	2024	*2023*
	£m	*£m*
Core infrastructure funds	29.9	*9.0*
Core property funds	73.5	*63.4*
Diversified Strategies	20.9	*73.6*
Emerging equity funds	20.9	*18.7*
Global equity funds	113.2	*54.5*
Hedge and systematic trading funds	75.9	*86.4*
Multi-strategy alternative credit funds	76.7	*118.3*
Private Equity Funds	184	*196.6*
Private markets alpha	22.2	-
Reinsurance funds	4.9	*14.5*
Secure income asset funds	144.7	*172.7*
Global government bonds	39.7	*40.6*
Cash equivalent	62.8	-
	869.3	*848.3*

15. DERIVATIVE CONTRACTS

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Plan as explained in the Investment Report, page 10. Summarised details of the derivatives held are set out below:

	2024		2023	
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Swaps	**47.1**	**(37.9)**	50.7	(85.2)
Forward currency contracts	**1.8**	**(1.1)**	7.6	(0.5)
Total derivative contracts	**48.9**	**(39.0)**	58.3	(85.7)

15. DERIVATIVE CONTRACTS (CONTINUED)

Inflation and interest rate swaps

The Plan has derivative contracts outstanding at the year-end relating to the LDI section. These contracts are traded over the counter (OTC) and intended as hedges against the Plan's fixed and inflation linked liabilities. A summary of the Plan's outstanding contracts, aggregated by key characteristic, is set out below:

Type of contract	Expiration	Notional principal £m	Asset £m	Liability £m
Inflation swaps	1-17 years	157.8	20.5	(0.2)
Interest rate swaps	1-17 years	675.6	13.9	(37.6)
Interest rate swaps	1-40 years	235.0	12.7	(0.1)
Total 2024 swaps		**1,068.4**	**47.1**	**(37.9)**
Total 2023 swaps		1,274.7	50.7	(85.2)

At the year-end the Plan held collateral as disclosed in note 18.

Forward currency contracts

The Plan has OTC forward currency contracts at the year-end relating to its currency hedging strategy as follows:

Settlement dates	Currency bought	Currency sold	Asset £m	Liability £m
USD Contracts				
19/07/24	$101.0m	$2.1m	0.6	(0.1)
16/08/24	$99.2m	-	1.2	-
13/09/24	-	$97.5m	-	(1.0)
Total 2024 forward currency contracts			**1.8**	**(1.1)**
Total 2023 forward currency contracts			7.6	(0.5)

16. LONGEVITY SWAPS

The Plan entered into two longevity swap insurance agreements in August 2018 to protect the Plan against costs associated with potential increases in life expectancy. These arrangements were transacted through the Guernsey Insurance companies, Project Canary Cell 1 IC Limited and Project Canary Cell 2 IC Limited. Project Canary Cell 1 IC Limited and Project Canary Cell 2 IC Limited are 100% owned by the Plan. These swaps are accounted for at a valuation prepared by WTW in their capacity as the collateral calculation agent for the longevity swaps. At the year-end the fair value of the swaps was considered to be a liability of £107.4m (2023: £35.6m).

16. LONGEVITY SWAPS (CONTINUED)

Assumptions	30 June 2024	30 June 2023
Mortality base table	Final Pay 101% of S3PMA_M for males 97% of S3PFA_M for females LRPS 105% of S3PMA_M for males 100% of S3PFA_M for females	Final Pay 101% of S3PMA_M for males 97% of S3PFA_M for females LRPS 105% of S3PMA_M for males 100% of S3PFA_M for females
Mortality improvements from 2013	CMI 2022 with 25% weighting to 2022, LTT = 1.50%, Sk = 7 and A = 0.25%	CMI 2021, LTT = 1.50%, Sk = 7.5 and A = 0.25%
Proportion Married	Use actual data where known, otherwise 90% / 70% aNRA for males / females	Use actual data where known, otherwise 90% / 70% aNRA for males / females
Age difference	Use actual data where known, otherwise males are assumed to be 3 years older than their spouse and females 3 years younger	Use actual data where known, otherwise males are assumed to be 3 years older than their spouse and females 3 years younger
Discount rate	In line with collateral calculations, which uses the yield curve at the relevant date accessed from the UK instantaneous nominal forward curve (gilts) from the Bank of England Website	In line with collateral calculations, which uses the yield curve at the relevant date accessed from the UK instantaneous nominal forward curve (gilts) from the Bank of England Website
Pension increases	In line with collateral calculations, which use the yield curve at the relevant date accessed from the UK instantaneous implied inflation forward curve (gilts) from the Bank of England Website	In line with collateral calculations, which use the yield curve at the relevant date accessed from the UK instantaneous implied inflation forward curve (gilts) from the Bank of England Website

At the year-end the Plan had pledged collateral as disclosed in note 18.

17. SUBSIDIARIES

The Plan has investments in two 100% directly owned subsidiaries, Project Canary Cell 1 IC Limited and Project Canary Cell 2 IC Limited, both incorporated in Guernsey. These subsidiaries form part of the Plan's longevity risk management strategy.

The total investment in these companies is £0.1m (2023: £0.1m), which has been disclosed within the equities value in note 11. At the year-end the aggregate amount of net assets, which consisted of cash, within the subsidiaries was £0.1m (2023: £0.1m).

18. AMOUNTS OWED UNDER REPURCHASE CONTRACTS

At the year-end, within other investment assets and liabilities, amounts repayable under repurchase agreements were £596.3m (2023: £518.7m). At the year-end £603.2m (2023: £495.9m) of investments included in bonds reported in Plan assets are held by counterparties under repurchase agreements.

In order for the fund to achieve both its target return and target hedge ratios, it is necessary to use leverage in the LDI portfolio. To illustrate this point, to achieve a target interest rate hedge of 100% without using leverage, all the Fund's assets would need to be held in gilts or index linked gilts. Clearly with this allocation it would be not be possible to achieve the Fund's target return. As such, the Fund must use a tolerable amount of leverage in the LDI portfolio to allow more assets to be allocated to the return seeking portfolio.

Leveraged exposure to interest rates and inflation can be achieved in several ways – a commonly used method is to use gilt repurchase agreements (repo). During a repo contract the Fund sells a gilt to a counterparty bank and agrees to buy back the gilt at a later date at a pre-determined price. This can be thought of as secured borrowing and difference in pricing is related to the "repo rate" which is the interest rate the bank charges the Fund for lending this money. The cash raised from selling the gilt can then be used to purchase further gilts or index linked gilts to increase the interest rate exposure of the Fund (importantly, the Fund still has exposure to the gilt sold to the counterparty bank).

19. INSURANCE POLICIES

	2024	2023
	£m	£m
Annuity policies	**2.5**	2.5
Total insurance policies	**2.5**	2.5

At the year-end the Trustee holds annuity policies for inclusion within the financial statements. The annuity policies are held with Abbey Life, Clerical Medical, Friends Life, Friends Provident, Legal & General, Phoenix, Prudential, ReAssure Limited, Reliance Mutual (Criterion), Scottish Widows and Sun Life. The Trustee has previously obtained a valuation in respect of these annuities from the Plan Actuary.

During the year £0.1m (2023: £0.1m) was received in annuity income from these annuities and is included in investment income.

For the year ended 30 June 2023 insurance policies in respect of liabilities that accrued prior to 1 July 1991 for the benefit of certain pensioners and deferred pensioners have been assigned to the Trustee. The aggregate value of those policies has not been ascertained but it is unlikely to be significant in relation to the amount of the Plan's net assets.

20. COLLATERAL FOR SWAP CONTRACTS AND LONGEVITY SWAPS

Collateral arrangements are in place for derivative contracts in order to manage the potential risk of counterparty default. Such arrangements require collateral in the form of fixed interest securities or cash equivalents to be passed between the parties dependent upon whether there exists a net asset or a net liability on the contract as at the end of the period. As at 30 June, the collateral received/pledged for the swap and forward currency contract portfolio managed by Insight was as follows:

	2024 £m	2023 £m
Collateral received:		
Fixed interest securities	9.7	1.1
Inflation linked securities	1.8	9.8
Cash and cash equivalents	6.5	5.2
Total collateral received	18.0	16.1
Collateral pledged:		
Fixed interest securities	5.2	10.1
Inflation linked securities	2.1	37.5
Cash	0.3	-
Total collateral pledged	7.6	47.6

As at 30 June the collateral received/pledged for repurchase agreements was as follows:

	2024 £m	2023 £m
Collateral received:		
Inflation linked securities	0.7	0.3
Total collateral received	0.7	0.3

	2024 £m	2023 £m
Collateral pledged:		
Fixed interest securities	1.8	-
Inflation linked securities	2.1	23.9
Total collateral pledged	3.9	23.9

As at 30 June the collateral pledged for the longevity swaps were as follows:

	2024 £m	2023 £m
Fixed interest securities	60.0	60.5
Inflation linked securities	20.0	13.8
Total collateral pledged	80.0	74.3

Collateral balances are held separately from other asset holdings of the portfolio and are not re-invested.

21. CASH DEPOSITS AND OTHER INVESTMENT BALANCES

	2024 £m	2023 £m
Cash balances (*)	**28.8**	364.3
Outstanding trades	**-**	(5.2)
Accrued investment income	**4.7**	3.6
Total cash deposits and other investment assets	33.5	362.7
Other investment liabilities		
Amounts payable on repurchase agreements (**)	**(596.3)**	(518.7)
Amounts payable on longevity swaps	**-**	-
Total other investment liabilities	(596.3)	(518.7)

*Cash balances have drop due to the re-allocation of cash liquidity funds to pooled investment vehicles.

**Amounts payable on repurchase agreements relate to assets purchased under these agreements (see note 16).

22. INVESTMENT FAIR VALUE HIERARCHY

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

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

The Plan's investment assets have been fair valued using the above hierarchy categories as follows:

				30 JUNE 2024
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities	-	-	0.5	**0.5**
Bonds	-	1,646.5	181.4	**1,827.9**
Pooled Investment Vehicles	-	296.4	572.9	**869.3**
Derivatives	-	9.9	-	**9.9**
Longevity swaps	-	-	(107.4)	**(107.4)**
Insurance Policies – annuities	-	-	2.5	**2.5**
Cash and other investment assets	33.4	-	-	**33.4**
Other investment liabilities	-	(596.3)	-	**(596.3)**
	33.4	1,356.5	649.9	2039.8

22. INVESTMENT FAIR VALUE HIERACHY (CONTINUED)

				30 JUNE 2023
	Level 1	*Level 2*	*Level 3*	*Total*
	£m	*£m*	*£m*	*£m*
Equities	-	-	*0.5*	*0.5*
Bonds	-	*1,611.1*	-	*1,611.1*
Pooled Investment Vehicles	*75.0*	*114.1*	*659.2*	*848.3*
Derivatives	-	*(27.4)*	-	*(27.4)*
Longevity swaps	-	-	*(35.6)*	*(35.6)*
Insurance Policies – annuities	-	-	*2.5*	*2.5*
Cash and other investment assets	*362.7*	-	-	*362.7*
Other investment liabilities	-	*(518.7)*	-	*(518.7)*
	437.7	*1,179.10*	*626.6*	*2,243.4*

*The Bonds for 2023 have been re-classified as Level 2 for consistency with the current year analysis.

23. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks as follows:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- **Currency risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustee's investment objective and long-term policy are set out below:

a. The acquisition of suitable assets of appropriate marketability and liquidity which will generate income and capital growth to meet, together with any contributions, the cost of current and future benefits which the Plan provides, and to ensure the security, quality and profitability of the portfolio as a whole.
b. To limit the risk of the assets failing to meet the liabilities of the Plan over the short and long term.
c. To minimise the long-term cost of the Plan to the Employer by maximising the return on the assets whilst having regard to the above.

The Trustee has formulated a long-term strategy to be fully funded on a low-risk measure. This means being fully funded on a measure currently defined by a gilts + 0% pa basis (although it is recognised that a lower level of funding may be required) so that the Trustee has a full range of strategic options available to it, including the ability to invest in insurance company annuities if desired, taking account of conditions when full funding is achieved and the Trustee's ultimate objective of ensuring the security of members' benefits.

A copy of the SIP is available at https://www.isio.com/scheme-documents/the-lafarge-uk-pension-plan/. Separate SIPs for each section have been drafted and we expect these to be formally approved soon.

23. INVESTMENT RISKS (CONTINUED)

The Trustee has appointed a fiduciary manager, Towers Watson Limited, to manage the Plan's assets in line with the strategy. Since the appointment, Towers Watson Limited has merged with Willis Group Holdings plc to become WTW. In seeking to achieve this target, the Trustee will determine the appropriate level of risk, including credit risk and market risk, which are set considering the Plan's strategic investment objectives. The Trustee's risk management policy is documented in the Statement of Investment Principles.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Fund	Credit Risk		Market risk			2024 Value £m	2023 Value £m
	Direct	Indirect	Currency	Interest rate	Other price		
Quoted Equities and Convertibles	○	○	◐	○	●	0.5	0.5
Derivative Contracts	●	○	◐	●	◐	9.9	(27.4)
Fixed Interest (All GBP denominated)	●	○	○	●	○	787.3	545.5
Index Linked (All GBP denominated)	●	○	○	●	○	1,040.6	1,065.6
Managed Funds and Pooled investments	●	●	◐	◐	●	681.0	673.5
Private Equity	●	○	◐	○	●	188.3	174.8
Cash Deposits and Other Investment Assets	●	○	◐	○	○	33.4	362.7
Longevity swaps	●	○	○	●	○	(107.4)	(35.6)
Annuity policies	●	●	○	○	○	2.5	2.5
Other Investment Liabilities (repurchase agreements)	●	●	○	○	●	(596.3)	(518.7)
Total Investments						**2039.8**	**2,243.4**

Note: 'Cash Deposits and Other Investment Assets' includes pooled liquidity funds.

In the above table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/ not at all.

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

23. INVESTMENT RISKS (CONTINUED)

Credit Risk

The Plan is subject to credit risk as the Plan invests in bonds, OTC derivatives, repurchase agreements, has cash balances and has the potential to undertake stock lending activities. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is expected to be low, or corporate bonds which are rated at least investment grade. The Plan also has the ability to invest in high yield and emerging market bonds which are non-investment grade. These are currently accessed through unrated pooled funds. The Trustee manages the associated credit risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer. Credit risk arising on other investments is mitigated by investment mandates requiring counterparties to have at least investment grade credit quality.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements and through diversification of counterparties, this includes forward foreign currency contracts which are fully collateralised and only use counterparties that are at least investment grade credit rated. Credit risk also arises on the longevity swap contract which was transacted with one counterparty; collateral arrangements reduce the credit risk for this contract.

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

The Plan does not lend any of its segregated assets, however pooled funds held by the Plan may have the ability to lend certain fixed interest and equity securities at their discretion.

Credit risk on repurchase agreements is mitigated through collateral arrangements and diversification of counterparties.

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Plan's fiduciary manager (Towers Watson Ltd) carries out operational and due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled managers.

The Plan is exposed to direct credit risk through its annuity policies with the insurance providers referred to in note 17. The risk is that these insurers default on the contracts. This risk is mitigated by the regulatory environment within which the insurers operate and the fact that all the insurers are specialist providers and well-established with a diversified range of interests. The risk is also mitigated by the spread across several providers.

23. INVESTMENT RISKS (CONTINUED)

Credit Risk (continued)

A summary of the investments subject to direct credit risk as at 30 June 2024 is shown in the table below:

	Investment grade £m	Unrated £m	30 June 2024 Total £m	30 June 2023 Total £m
Derivative Contracts	-	9.9	**9.9**	(27.4)
Fixed Interest (All GBP denominated)	787.3	-	**787.3**	545.5
Index Linked (All GBP denominated)	1,040.6	-	**1,040.6**	1,065.6
Managed Funds and Pooled investments	-	681.0	**681.0**	673.5
Equities	-	0.5	**0.5**	0.5
Private Equity	-	188.3	**188.3**	174.8
Cash Deposits and Other Investment Assets	-	33.4	**33.4**	362.7
Annuity policy	-	2.5	**2.5**	2.5
Longevity swap collateral	(107.4)	-	**(107.4)**	(35.6)
Other Investment Liabilities (repurchase agreements)	-	(596.3)	**(596.3)**	(518.7)
	1,720.5	**319.3**	**2039.8**	2,243.4

Note: 'Cash Deposits and Other Investment Assets' includes pooled liquidity funds

A summary of the investments subject to indirect credit risk as at 30 June 2023 is shown in the table below:

Plan investments subject to indirect credit risk	2024 £m	2023 £m
Pooled investment vehicles	144.8	105.7
Other investment liabilities (repurchase agreements)	(596.3)	(518.7)

Currency risk

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limits overseas currency exposure through determining a maximum exposure to non-Sterling currencies. Currency risk is managed at a total portfolio level through the use of a currency overlay manager to hedge a proportion of the assets. The estimated currency exposures of the portfolio in GBP terms after hedging as at 30 June 2024 for the LRPS & Non-LRPS Sections are shown in the tables below:

Currency	Sterling	US Dollar	Euro	Chinese Yuan	Emerging Markets	Other
2024 Total assets (£m)	1870.1	101.8	19.5	31.0	25.1	95.2
2023 Total assets (£m)	2,012.6	120.8	12.8	30.5	64.8	37.4

23. INVESTMENT RISKS (CONTINUED)

Interest rate risk

The Plan is subject to interest rate risk primarily on the Liability Driven Investments (LDI) comprising bonds, interest rate swaps and inflation swaps held as segregated investments. A smaller contribution comes from pooled funds. The purpose of the Plan's LDI investments is to match the interest rate and inflation sensitivity of the Plan's liabilities. Therefore, when considering the Plan's liabilities, these investments are risk reducing.

As at 30 June 2024, the Plan's asset hedge ratios were 98% with respect to interest rates and 98% with respect to inflation for Non-LRPS and 97% with respect to interest rates and 97% with respect to inflation for LRPS.

Other price risk

Other price risk arises principally in relation to the Plan's return seeking portfolio which includes equities held in pooled vehicles, hedge funds, private equity, investment in properties, other alternative investments and other investment liabilities. The Plan manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

As at 30 June 2024, the Plan's exposure to investments subject to "other" price risk was:

	2024 £m	*2023* *£m*
Indirect		
Longevity Swap Collateral	(107.4)	*(35.6)*
Derivatives	9.9	*(27.4)*
Fixed Interest	787.3	*545.5*
Index Linked	1040.6	*1,065.6*
Managed Funds and Pooled investments	681.0	*673.5*
Private equity funds	188.3	*174.8*
Other Investment Liabilities (repurchase agreements)	(596.3)	*(518.7)*

24. CONCENTRATION OF INVESTMENTS

No individual investment made up more than 5% of the Plan's assets at the year-end.

25. CURRENT ASSETS

	2024 £m	*2023* *£m*
Pensions prepayment	3.1	*3.8*
Cash balances	13.6	*8.9*
	16.7	*12.7*

26. CURRENT LIABILITIES

	2024 £m	*2023* *£m*
Benefits outstanding in respect of leavers	0.8	*0.5*
Taxes payable	1.3	*1.2*
Investment management creditors	2.7	*2.3*
Sundry administration creditors and accruals	0.4	*1.2*
	5.2	*5.2*

27. RELATED PARTY TRANSACTIONS

Lafarge Building Materials Limited is a subsidiary of Financière Lafarge SAS (incorporated in France) which is a subsidiary of Lafarge SA (incorporated in France). The ultimate parent company is Holcim Ltd.

Fees paid to certain Trustee Directors are detailed in note 10 to the financial statements. Certain Pensioner Trustee Directors receive a pension from the Plan.

As disclosed further in the Investment report, there are no material employer-related investments in the Fund.

Project Canary Cell 1 IC Limited and Project Canary Cell 2 IC Limited, companies incorporated in Guernsey, are used to facilitate longevity insurance for the Plan. They are subsidiaries of the Plan and their operational costs are borne by the Plan.

On 25 September 2020 the Trustee also became the trustee of the Aggregate Industries Pension Plan. There have been no transactions between the Plan and the Aggregate Industries Pension Plan during the year ended 30 June 2024.

28. COMMITMENTS

At the end of the year the Plan had the following commitments to pooled fund managers:

Manager	Total Commitment £m	Outstanding 2024 £m	Outstanding 2023 £m
Pantheon	199.4	15.2	15.1
Equis	12.5	-	-
ECP	12.6	1.2	1.5
Cabot Square	15.0	0.8	1.8
Waud Capital Partners	33.8	-	-
Georgian Alignment	19.7	1.5	1.6
Georgian V	25.2	0.8	1.3
Folium	55.1	-	-
TW Secure	184.1	-	-
Hayfin	26.1	-	-
Blackrock	22.0	-	-
Libremax	47.2	-	29.3
CDH VGC Fund	31.3	6.6	9.5
Total commitments	**684.0**	**26.1**	60.1

29. GMP EQUALISATION

The Trustee has considered the impact of the High Court judgment in October 2018 involving the Lloyds Banking Group's defined benefit pension schemes. The issues determined by the judgment arise in relation to many defined benefit pension schemes, including the Plan, and under the ruling, schemes are required to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits and to backdate such adjustments, including providing interest on the backdated amounts.

A supplementary Court hearing took place in May 2020 and judgment was handed down in November 2020, indicating that trustees will be required to revisit past transfers out of schemes and that historical individual transfers from the scheme would also be due a top-up payment where the original transfer payment fell short of what it would have been had the inequalities in scheme benefits from GMP been removed.

The Trustee has set up a Joint Working Group (JWG) with the Employer and relevant advisers in order to take forward discussions on the appropriate method and approach to implement GMP equalisation for the Plan. For the Actuarial Valuation as at 30 June 2021, the Trustee agreed to include a GMP equalisation reserve of 1.3% of the Plan's liabilities.

Based on the progress to date on this matter the Trustees remain of the opinion from their initial assessment of the likely backdated amounts and related interest will not be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements.

30. CONTINGENT LIABILITIES

Following the High Court ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others in June 2023, it was held that section 37 of the Pension Schemes Act 1993 operates to make void any amendment to the rules of a contracted out pension scheme without written actuarial confirmation under Regulation 42(2) of the Occupational Pension Schemes (Contracting Out) Regulations 1996, in so far that the amendment relates to members' section 9(2B) rights. On 25 July 2024, the Court of Appeal upheld the High Court's decision.

The Plan was contracted out of the additional state pension between 1997 and 2016 and It is possible that amendments were made to the Plan that may have impacted on the members' section 9(2B) rights.

The Trustee and the Directors work closely together and takes appropriate legal and professional advice when making amendments to the Plan. It is not currently possible to determine whether any amendments to section 9(2B) rights were made to the Plan that were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the possible impact to the defined benefit obligations of the Plan if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements.

31. SECTIONALISED FUND ACCOUNT AND NET ASSET STATEMENTS

LRPS SECTION FUND ACCOUNT	Note	LRPS Section 2024 £m	Non-LRPS Section 2024 £m	Total 2024 £m	*LRPS Section 2023 £m*	*Non-LRPS section 2023 £m*	*2023 £m*
Contributions and Benefits							
Contributions	5	-	0.3	0.3	-	-	-
Transfers in	6	0.5	0.6	1,1	-	-	-
Other income	7	(0.1)	0.2	0.1	-	-	-
		0.4	1.1	1.5	-	-	-
Benefits paid and payable	8	(50.8)	(85.7)	(136.5)	*(46.0)*	*(87.9)*	*(133.9)*
Payments to and on account of leavers	9	(0.5)	(1.0)	(1.5)	*(5.6)*	*(3.9)*	*(9.5)*
Administrative expenses	10	(2.0)	(2.0)	(4.0)	*(1.9)*	*(3.3)*	*(5.2)*
		(53.3)	(88.7)	(142.0)	*(53.5)*	*(95.1)*	*(148.6)*
Net withdrawals from dealings with members		(52.9)	(87.6)	(140.5)	*(53.5)*	*(95.1)*	*(148.6)*
Returns on investments							
Investment management expenses	11	(4.1)	(9.7)	(13.8)	*(5.3)*	*(6.9)*	*(12.2)*
Investment income	12	31.7	49.5	81.2	*46.6*	*57.1*	*103.7*
Change in market value of investments	13	(47.1)	(79.4)	(126.5)	*(271.1)*	*(333.7)*	*(604.8)*
Net returns on investments		(19.5)	(39.6)	(59.1)	*(229.8)*	*(283.5)*	*(513.3)*
Net decrease in the fund during the year		(72.4)	(127.2)	(199.6)	*(283.3)*	*(378.6)*	*(661.9)*
Net assets at 1 July		932.1	1,318.8	2,250.9	*1,205.1*	*1,707.7*	*2,912.8*
Transfer between sections		(18.9)	18.9	-	*10.3*	*(10.3)*	-
Net assets at 30 June		840.8	1,210.5	2,051.3	*932.1*	*1,318.8*	*2,250.9*

31. SECTIONALISED FUND ACCOUNT AND NET ASSET STATEMENTS (CONTINUED)

LRPS SECTION NET ASSETS STATEMENT	Note	2024 £m	*2023 £m*
Total net investments		833.8	*917.7*
Current assets		8.4	*17.2*
Current liabilities		(1.3)	*(2.8)*
Net assets at 30 June		840.9	*932.1*

NON-LRPS SECTION NET ASSETS STATEMENT	Note	2024 £m	*2023 £m*
Total net investments		1,206.0	*1,325.7*
Current assets		8.3	*6.0*
Current liabilities		(3.9)	*(12.9)*
Net assets at 30 June		1,210.4	*1,318.8*

The prior year Non-LRPS section current assets and the LRPS section current liabilities include an amount of £1.5m representing a true-up payment between the two sections following the separation of the sections and the apportionment of investments between them.

The prior year Non-LRPS section current liabilities and the LRPS section current assets include an amount of £9.0m representing profit upon the closure of currency hedging contracts due to be distributed to the LRPS section from the Non-LRPS section.

LAFARGE UK PENSION PLAN – NON-LRPS SECTION

Certificate of Schedule of Contributions

Adequacy of Rates of Contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on30 June 2021 to continue to be met for the period for which the Schedule is to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 22 September 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature	*Aaron Punwani*
Name	Aaron Punwani
Date of signing	28 September 2022
Address	Lane Clark & Peacock LLP
Qualification	Fellow of the Institute and Faculty of Actuaries

LAFARGE UK PENSION PLAN – LRPS SECTION

Certificate of Schedule of Contributions

Adequacy of Rates of Contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on30 June 2021 to continue to be met for the period for which the Schedule is to be in force.

Adherence to Statement of Funding Principles

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Signature	*Aaron Punwani*
Name	Aaron Punwani
Date of signing	28 September 2022
Address	Lane Clark & Peacock LLP
Qualification	Fellow of the Institute and Faculty of Actuaries

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Lafarge UK Pension Plan

Statement about Contributions payable under the Schedules of Contributions

We have examined the Summary of Contributions Payable to the Lafarge UK Pension Plan on page 46 in respect of the Scheme year ended 30 June 2024.

In our opinion the contributions for the Scheme year ended 30 June 2024 as reported in the attached Summary of Contributions on page 46 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Actuary on 28 September 2022.

Scope of Work on the Statement about Contributions Payable

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedule of contributions.

Respective Responsibilities of the Trustee and Auditor

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

It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

Use of our Statement

This statement is made solely to the Plan's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Financial statements and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP
Statutory Auditor
London Date:

Statement of Trustee's Responsibilities in respect of Contributions for the year ended 30 June 2024

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Plan and for procuring that contributions are made to the Plan in accordance with the Schedule. The Plan's Trustee prepares a Schedule of Contributions individually for each Defined Benefit section of the Plan.

Trustee's Summary of Contributions Payable under the Schedules in respect of the Scheme year ended 30 June 2024

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer and member contributions payable to the Plan under the Schedule of Contributions certified by the Actuary on 28 September 2022 in respect of the Plan year ended 30 June 2024. The Plan Auditor reports on contributions payable under the Schedule in the Auditors' Statement about Contributions.

Contributions payable under the Schedules in respect of the Plan year were.

	Total
Contributions payable under the Schedules of Contributions	**£m**
Employer	
Augmentation contributions	0.3
Total contributions reported in the Financial Statements	0.3

Signed on behalf of the Trustee:

Date:

Director

Date:

Director

Appendix Divider referenced in contents

LAFARGE

LAFARGE UK PENSION PLAN
APPENDIX 1 - CHAIR'S ANNUAL GOVERNANCE STATEMENT

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015. It describes how the Trustee has met the statutory governance standards applicable to the provision of benefits on a money purchase basis in Lafarge UK Pension Plan ('the Plan') in relation to:

- The default arrangement
- Requirements for processing financial transactions
- Assessment of charges and transaction costs
- The assessment of value for members
- The requirement for trustees' knowledge and understanding.

The statement relates to the period from 1 July 2023 to 30 June 2024 (the Plan Year).

Until 2 October 2020 the Plan provided both defined contribution ('DC') and defined benefits. On that date, all the DC benefits were transferred out of the Plan to The Aon MasterTrust ('the AMT') so that the DC section no longer had any DC assets. The AMT agreed that it would provide the transferring members with the option to transfer their DC benefits back to the Plan to enable them to be used to provide all or part of the member's pension commencement lump sum ('PCLS').

The Plan only permits the transfer-back to take place at the point at which the member is taking their DB pension. The DC funds are returned in cash and paid out almost immediately as a PCLS. This means the timing of DC holdings in the Plan is fleeting and this statement is limited in content and detail accordingly as is proportionate with the actual scenario and TPR's requirement to maintain a limited DC Chair's statement.

As the DC funds are returned in cash and paid out almost immediately, they are not allocated to an investment and are held in the Trustee's bank account until paid out. The Plan, therefore, has no default arrangement and as such the requirements of regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the Investment Regulations) in relation to preparing a statement of investment principles in relation to a default arrangement do not apply.

As the Plan has no default arrangement and is not required to prepare a default Statement of Investment Principles:

- there is no default Statement of Investment Principles to include in this statement; and
- there was no default Statement of Investment Principles to review and so no such review can be described, no changes resulting from such a review can be explained, nor can the date of the last review be provided.

Requirements for processing financial transactions

"Core financial transactions" include (but are not limited to):

- investment of contributions in the Plan
- transfers of assets relating to members into and out of the Plan
- transfers of assets relating to members between different investments within the Scheme
- payments from the Plan to, or in respect of, members.

For the financial transactions between 1 July 2023 and 30 June 2024, the only core financial transaction to monitor was the receipt of DC funds from the AMT into the Plan and payment of those funds to members as a PCLS. Over the period covered by this Statement, 50 members with a value of £1,630k have switched back their benefits to purchase DB benefits from the Plan.

During the Plan Year, the Trustee secured that "core financial transactions" were processed promptly and accurately by:

- Requiring the Plan's administrators to comply with a service level agreement (SLA) which covers the timeliness of receipt of contributions into the Plan and payment of PCLSs to members, as agreed between the Trustee and the administrators. The plan's administrators issue quarterly reports of their performance against the SLAs. These reports are then considered by the Trustee;
- Monitoring and reconciling receipts of DC funds into the Trustee's bank account and the payment of benefits to members; and
- Regularly reviewing the accuracy of basic member information held on the Plan's administration system.

Assessment of member-borne charges and transaction costs

All of the members' DC benefits are held in cash for as short a period as possible until they are paid out as a PCLS. There are no member-borne charges or transaction costs in the account where the cash is held. As all the DC benefits are held in cash and there are no member-borne charges or transaction costs, the requirement for the Trustee to undertake a value assessment for the purposes of regulation 25((1)(b) of the Administration Regulations does not apply. For these purposes, "charges" means "administration charges other than transaction costs, costs relating to certain court orders, charges relating to pension sharing under the Welfare Reform and Pensions Act 1999, winding up costs and costs associated with the provision of death benefits". Transaction costs are those incurred as a result of the buying, selling, lending or borrowing of investments.

As the Plan has no default arrangement, no performance-based fees were incurred in respect of a default arrangement.

Trustee knowledge and understanding

The Trustee has a strong TKU process in place to bolster its knowledge and understanding which, together with the advice which is available to it, enables the Trustee to properly exercise its functions as Trustee of the Plan. In particular, during the Plan Year, the Trustee Directors have met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) as follows:

- Prior to the transfer of DC benefits to the AMT, the Trustee had in place a DC Sub-Board to give appropriate focus to DC issues – members of this Board were also members of the Administration & Discretions Committee (ADC) and were chosen from the Trustee Board on the basis of having the appropriate skill set.
- Since the transfer to the AMT, the DC Sub-Board has been wound up and its sole remaining responsibility, the preparation of Chair's Annual governance Statements, has been assumed by the ADC.
- All Trustee Directors on the ADC, and previously the DC Sub-Board, have completed the Pensions Regulator's Trustee Toolkit.
- All Trustee Directors have access to an electronic library of Trustee documents, enabling them to quickyl become conversant with Plan Documents, and all Trustee Directors have attended an induction course on key elements of the Plan. Formal training is also provided, as are individual sessions with the Plan's key advisers, if required.
- The Trustee is supported by an experienced and qualified Secretariat team.
- Regular assessments of the Trustee's knowledge have historically been made via a questionnaire to the Trustee Directors, with agreed levels of competence set at Board and Committee levels. These included an evaluation of the Directors' knowledge of the Plan's Trust Deed & Rules, Statement of Investment Principles and other relevant documents. The last assessment was made in March 2022. No gaps were identified in the knowledge levels due to the significant level of experience of the Trustee Directors. It was felt that no assessment was required in 2023 or 2024 but following some recent changes to the Board, a further assessment will be made early in 2025.
- An annual assessment is made regarding the effectiveness of the Board. The last assessment was made in March 2023 and whilst no major concerns were indicated, some potential improvements were identified but have not yet been discussed in detail due to ongoing significant projects for the Trustee and changes to the Board. An alternative approach to these assessments is being considered and it is anticipated that the next assessment will be early in 2025.
- At the end of each Board meeting, there is a standing agenda item to reflect on the effectiveness of the meeting, including the preparation of the meeting papers and the input from advisers, and to identify any areas for improvement. This also covers any issues that may have arisen between meetings.
- Ongoing and regular training is incorporated into Trustee meetings via the Secretariat and from advisers. Legal and Regulatory updates are prepared for every meeting of the Board to keep knowledge current. The Trustee Directors receive email alerts from their advisers about matters relevant to the Plan and attend conferences, seminars and webinars. The Trustee Directors are required to keep a log of their training.

Signed on behalf of the Trustee

Director for the Law Debenture Pension Trust
Corporation PLC

Alan Baker
Chair of the Trustee
Date: 18 December 2024

ADD TRUSTEE COMPANY LOGO AND ALIGN COLOURS WITH TRUSTEE BRAND

Lafarge UK Pension Plan
Implementation Statement – 30 June 2024

Why have we produced this Statement?

The Trustee of the Lafarge UK Pension Plan have prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Plan's Statement of Investment Principles (SIP).

A copy of the SIP can be found on the following website: https://www.isio.com/scheme-documents/the-lafarge-uk-pension-plan/

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties, the risks the Plan faces, and the mitigated responses.

The Trustee last reviewed the SIP in September 2022 and is due to review again in December 2024.

What is the purpose of this Statement?

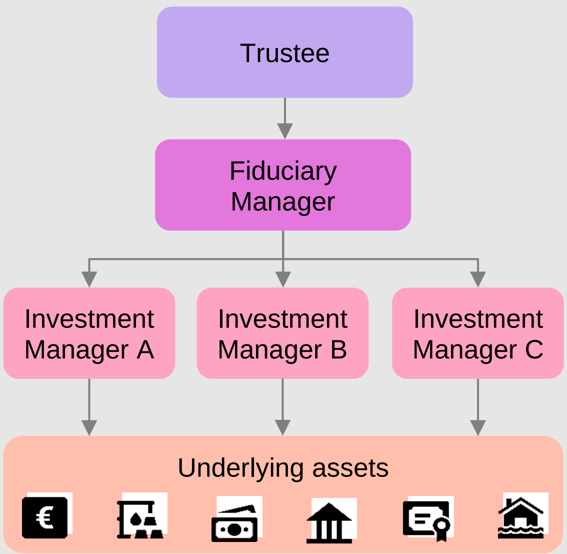
1. To explain how the Trustee's engagement policy has been applied over the year.

2. To describe the voting rights attached the Plan's assets have been exercised over the year.

What changes have we made to the SIP?

There were no changes to the SIP over the year.

How are the Plan's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retains overall responsibility for the Plan's investment strategy but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Plan's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Plan's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and has embedded the consideration of ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but has identified climate and human and labour rights as key areas of focus for the Trustee.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expects the Fiduciary Manager to engage with investment managers to improve their processes.

What training have the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement the Trustee received the following training over the year:

- The Fiduciary Manager's assessment of the Plan's investment managers with respect to sustainable investment, including details of the process used for this assessment by the Fiduciary Manager and the approach of the Fiduciary Manager itself to sustainable investment.

What are the Fiduciary Manager's policies?

Climate change and net zero pledge

The Trustees believe Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal of net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Scheme's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustees).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all our asset managers.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis. These reports form part of the Trustee's portfolio monitoring. We have provided the Fiduciary Manager's ratings of the equity managers' ESG integration and stewardship capabilities in the later pages.

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

Infrastructure manager
Environment - Climate issue

Issue: Awareness of emissions as a result of this Energy from Waste business and keen to reduce and abate this where possible in the coming years.

Outcome: Following ongoing questioning of management's plans in this area, manager has been vocally supportive at annual investor meetings with their management team regarding efforts to introduce a carbon capture and storage (CCS) operation into the manager's facility.

High yield manager
Environment - Climate issue

Issue: This manager is an underlying exposure that sits within the Fiduciary Manager's broader high yield credit portfolio. As the Fiduciary Manager increased its minimum standards and expectations over time in relation to SI, this manager became a clear laggard relative to other exposures in the portfolio, lacking a framework for both ESG integration and engagement. The Fiduciary Manager communicated its concerns with the manager who committed to a plan to significantly improve their capabilities and resources spent here. During this process, the Fiduciary Manager stopped allocating new capital to this manager.

Outcome: The manager has now made significant process on their SI capabilities, as well as the commitments made as part of the engagement process. They have developed a new ESG integration framework, as well as a checklist for both new and existing investments to ensure all holdings are analysed using correct ESG data sources, and any concerns are documented. They have also started producing ESG reporting, such as emissions at a portfolio level.

The manager has now also shown a number of positive ESG engagement examples with underlying holdings. Whilst this remains a work in progress, this has become a much great focus for analysts at the firm, which is viewed positively.

Equity manager
General ESG issue

Issue: EOS at Federated Hermes (EOS) began engaging Netflix in February 2020 and raised their concerns over the company's sustainability reporting. EOS highlighted that Netflix's current reporting was not up to a high standard and needed to include more historic data, goals and better narrative around progress and difficulties.

Outcome: In an engagement meeting with EOS Netflix acknowledged that they should improve their sustainability reporting and by January 2024 the company had made significant improvements in the quality of their reports, adopting the Sustainability Accounting Standards Board sustainability requirements. Netflix continue to improve their sustainability reporting and are hoping to provide even more depth to their narrative around any progress and difficulties.

What are the voting statistics we provide?

The Plan is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Plan's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee stewardship priorities (climate change, and human and labour rights)
- Financial outcome for members, including size of holding
- High profile votes

The Plan is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

The Trustee has also included the Fiduciary Managers assessment of the investment managers ESG integration and stewardship (including voting and engagement) capabilities.

In conclusion…

…The Trustee is satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.

ADD TRUSTEE COMPANY LOGO AND ALIGN COLOURS WITH TRUSTEE BRAND

Blue Circle section and Redland section

Emerging Markets Equity Strategy

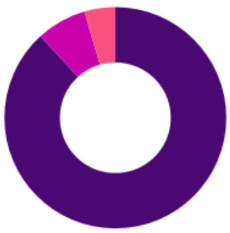
Voting activity over the year

Sustainability High

Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 941
Percentage of eligible to cast: 100%



For: (88.2%) Against: (7.3%) Abstain: (4.5%)

Significant vote

Company: Li Ning Co Ltd

% Fund: 2.4%

Vote topic: To re-elect Mr. Li Ning as an executive director of the company (the director)

Issue: A vote against the director is warranted as it is critical that the chair and CEO roles are held separately and it is best practice for the chairman to be independent.

Voting instruction: Against management

Prior communication of against vote: No

Outcome: Unable to source

Why a significant vote? Stewardship priority

Next steps: If desired results aren't achieved, alternative means are used, and if unsuccessful, appropriate investment actions are taken in portfolios

Significant vote

Company: TotalEnergies SE

% Fund: 0.7%

Vote topic: 2024 Sustainability and climate progress report - on corporate goals for carbon neutrality by 2030

Issue: TotalEnergies aims to reduce sold product emissions—86% of scope 3 emissions—to under 400 Mt CO2e by 2030, with 30% cuts in petroleum emissions by 2025 and 40% by 2030, while increasing gas production as a transition fuel.

Voting instruction: For management

Outcome: Passed the resolution

Why a significant vote? Stewardship Priority

Next steps: If desired results aren't achieved, alternative means are used, and if unsuccessful, appropriate investment actions are taken in portfolios

Voting policy: As an organisation, they have access to Institutional Shareholder Services, Inc. (ISS) Corporate Solutions platform. They are a global leader in proxy advisory and voting service. Please note, however, that they do not automatically follow the ISS proxy voting recommendations, rather the analyst covering the stock will apply his/her mind to the merits or de-merits of each individual resolution, thereby driving our voting (and engagement) actions accordingly. Their voting policy imposes the obligation to examine each resolution offered in the context in which it applies. Any instance where they decide to vote against management or abstain should be followed up by a letter or telephone call to company management explaining the reasons.

Global Property Securities

Voting activity over the year

Sustainability High

Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 604
Percentage of eligible to cast: 100%

For: (97%) Against: (3%)

Significant vote

Company: Prologis

% Fund: 5.1%

Vote topic: Reduce supermajority vote requirement

Issue: This proposal merits support on reducing supermajority vote requirement provisions to amend the company's governing documents

Voting instruction: For shareholder proposal

Outcome: Failed the resolution with 49% votes for, but the accompanying management resolutions proposing the same outcome did pass

Why a significant vote? Size of holding

Next steps: There is no further actions to take on this issue

Significant vote

Company: Ventas

% Fund: 3.7%

Vote topic: Advisory vote to ratify named executive officers' compensation

Issue: Concerns on CFO's performance, poor disclosure of performance metrics and unambitious targets in the long-term incentive

Voting instruction: Against management resolution

Prior communication of against vote: Yes

Outcome: Passed the resolution

Why a significant vote? Size of holding

Next steps: The manager communicated with the company on their views of why they voted against this compensation resolution and are in regular discussions with the company's management., so they are aware of their views

Voting policy: Manager will review each resolution on a case-by-case basis in arriving at a voting recommendation. In arriving at a recommendation, the following main principles are adhered to: Any resolution should treat shareholders equally; Any material conflicts of interest are addressed appropriately; and Resolutions should be clearly and individually stated. Composite resolutions are not regarded as optimal. The manager will not abstain from any resolution unless: It is in the client's best interest to abstain; We have received direct instruction from the client to abstain; We are prevented from lodging an against vote by regulations in the issuing company's country of domicile; or There is insufficient information on which to make an informed view. When voting against a resolution, they will endeavor to inform the company in advance. If this can't be done, we will advise the company as soon as practicable.

ADD TRUSTEE COMPANY LOGO AND ALIGN COLOURS WITH TRUSTEE BRAND

Global Equity Focus Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 3213
Percentage of eligible to cast: 99.3%

For: (88%) Against: (11.7%) Abstain: (0.3%)

Significant vote

Company: Microsoft Corporation

% Fund: 4.9%

Vote topic: Report on risks of operating in countries with significant human rights concerns

Issue: The manager viewed this vote as significant due to the size of their position, the company's status as a long-term holding in their portfolio, and their decision to vote against their proxy voting policy

Voting instruction: Against shareholder proposal, for management

Outcome: Failed the resolution

Why a significant vote? Human rights is one of the stewardship priority and it has a large holdings in the portfolio

Next steps: Limited information provided

Significant vote

Company: Eli Lilly and Company

% Fund: 1.4%

Vote topic: Report on effectiveness of diversity, equity, and inclusion efforts

Issue: Shareholder proposal promotes better management of social, environmental and ethical opportunities and risks

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: Limited information provided

Outcome: Failed the resolution

Why a significant vote? Diversity, equity and inclusion is one of the stewardship priorities

Next steps: The Manager will continue to consider proposals on effectiveness towards diversity, equity and inclusion efforts

Voting policy: As the managers manage funds of funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of their underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all their clients. In addition, EOS is expanding the remit of engagement activity they perform on the manager's behalf beyond public equity markets, which will enhance stewardship practices over time.

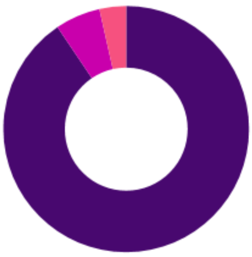
Redland section

Hedge Advantage Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 1,337
Percentage of eligible to cast: 99.0%



For: (90.5%) Against: (6%) Abstain: (3.5%)

Significant vote

Company: TPI Composites

% Fund: 0.8%

Vote topic: Eliminate supermajority vote requirements

Issue: The manager voted in line with Institutional Shareholder Services (ISS) for all items except to eliminate supermajority vote requirements. The manager believes a declassified board would be helpful to prevent the entrenchment of Oaktree directors

Voting instruction: Against ISS and management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Against management

Next steps: Limited information provided

Significant vote

Company: Emerson

% Fund: 0.6%

Vote topic: Adopt simple majority vote

Issue: Proposal to adopt simple majority vote

Voting instruction: For ISS, against management

Prior communication of against vote: No

Outcome: Passed the resolution

Why a significant vote? Against management

Next steps: Limited information provided

Voting policy: As the manager manages a fund of funds, the voting rights for the holdings are delegated to the underlying managers and their ability to vote will depend on the underlying manager's strategy. Therefore, the voting data provided is on the long-short equity managers where equity holdings are a key part of their strategy. We expect all of our underlying managers who hold equities over a reasonable timeframe to vote all shares they hold.