



Jacobs Douwe Egberts UK Pension Plan

Annual report for the year ended 31 March 2024

Plan Registration Number 10260112

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The Trustee's Report

Introduction

The Trustee of the Jacobs Douwe Egberts UK Pension Plan ("the Plan") is pleased to present its report together with the audited financial statements for the year ended 31 March 2024. The Plan is a hybrid scheme, comprising a Defined Benefit ("DB") Section and a Defined Contribution ("DC") Section.

The Plan was established under a Trust Deed dated 1 January 2002 and subsequent amendments.

The DB Section of the Plan was de-sectionalised into a single arrangement in September 2016. The former ring-fenced sections (Courtaulds, Household and Body Care ("H&BC"), Pretty Polly, Douwe Egberts Coffee Systems ("DECS"), and the 2002 Section) became separate member benefit categories within the Plan, the D.E UK Pension Plan.

In October 2018 the D.E UK Pension Plan changed its name to Jacobs Douwe Egberts UK Pension Plan and on 9 October 2018 the Trustee changed its name from D.E Pension Trustee UK Limited to Jacobs Douwe Egberts UK Pension Trustee Limited.

The DB assets and liabilities of the JDE UK Legacy Retirements Plan merged into the Plan on 16 November 2018 as a separate member benefit category ("JDE Legacy").

The DC assets and liabilities of the JDE Legacy Retirements Benefits Plan were merged into the Plan on 30 November 2018.

The Plan is closed to new entrants and closed to future accrual on 30 June 2021.

Full details of the Plan's benefits can be found in the members explanatory booklet (see "Contact for further information" on page 6).

Management of the Plan

The Plan has a corporate Trustee, Jacobs Douwe Egberts UK Pension Trustee Limited. The names of the directors who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/ appointed by	Date of last appointment	Date of resignation
Russell Bailey (Chairman)	Employer	appointed 1 April 2019	
Joachim Bijnsdorp	Employer	appointed 17 June 2024	
Rajat Chawla	Employer	appointed 1 April 2024	
Erwin Hessing	Employer	appointed 20 November 2015	
David Jones	Employer	appointed 1 January 2018	resigned 18 July 2023
Joris Knauf	Employer	appointed 5 September 2023	resigned 31 March 2024
Roger Broadberry	Members	appointed 10 December 2007	
Stephen Silvester	Members	appointed 1 November 2019	

The Trustee's Report

Management of the Plan (continued)

At the financial year end the Trustee Board consisted of four Trustee Directors (*2023: five*), two (*2023: three*) of whom, including the Chairman, were appointed by the Employer, D.E Holding UK Limited ("the Company"), and two (*2023: two*) of whom were nominated by the members of the Plan in accordance with the Occupational Pension Schemes (Member nominated Trustees and Directors) Regulations 2006.

In accordance with the Trust Deed, the Employer has the power to appoint and remove the Trustee of the Plan. The Directors of Jacobs Douwe Egberts UK Pension Trustee Limited are appointed and removed in accordance with the Trustee Company's Articles of Association.

A Member Nominated Director ("MND") may be removed before the end of the agreed period of appointment only with the agreement of all the remaining Trustee Directors and the appointment will also terminate if a MND ceases to be a member of the Plan.

The Trustee Board meets at least quarterly. Each Trustee Director is entitled to receive at least ten days notice of meetings, although in practice dates are normally fixed well in advance. The Plan Rules provide that decisions of the Trustee may be made by a majority of the Trustee Directors present at any meeting and the Chairman has a casting vote.

The Investment and Funding Committee ("IFC"), a sub-committee of the Trustee Board, has an overview of all investment and funding issues and reports to the Board. This includes reviewing the Plan's DC benefits and processes and it takes appropriate advice to ensure good governance is maintained in accordance with the statutory and regulatory requirements that apply. The IFC meets at least monthly.

The Trustee has delegated the day-to-day management and operation of the Plan's affairs to professional advisers.

The Employer

The name and address of the Employer is as follows: D.E Holding UK Limited, Quantum House 60 Norden Road, Maidenhead, Berkshire, SL6 4AY.

The Trustee's Report

Plan advisers

The Trustee retains a number of professional advisers in connection with the operation of the Plan. The advisers currently appointed are as follows:

Advising Actuaries	Adam Walker, FIA Barnett Waddingham LLP
Administrator of the Plan benefits	Barnett Waddingham LLP
Investment Adviser	SECOR Investment Advisors (UK) LLP
Independent Auditor	Grant Thornton UK LLP
Investment Managers	Aon Investments Limited Legal & General Investment Management Limited SECOR Investment Management LLP Stone Harbor Investment Partners (from May 2023)
AVC Managers	Aegon UK Aviva plc Prudential Distribution Limited ReAssure plc (until May 2023)
Legal Advisers	ARC Pensions Law LLP (until April 2023) Bryan Cave Leighton Paisner LLP Gateley plc
Custodians of the Plan assets	The Northern Trust Company
Bankers	Lloyds Bank plc
Plan Manager and Secretary to the Trustee	Maureen Cronin
Trustee Company Secretary	Sisec Limited
Covenant Adviser	Penfida Partners LLP

Changes in and other matters relating to Plan advisers

Except those noted above there have been no other changes to Plan advisers and other matters during the Plan year under review.

Financial development of the Plan

During the year the value of the net assets decreased by £57,898,000 to £1,328,000,000 as at 31 March 2024. The decrease comprised net withdrawals from dealings with members of £57,777,000 together with a net decrease from the return on investments of £121,000.

Plan Audit

The financial statements on pages 24 to 40 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

The Trustee's Report

Tax status of Plan

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Plan's registered status should be prejudiced or withdrawn.

Plan membership

	Number as at start of year	Changes in year	Number as at end of year
Preserved pensioners	3,863		
adjustments		2	
divorcee member		1	
trivial commutations		(14)	
retirements		(271)	
transferred out		(7)	
deaths		(6)	
		(295)	3,568
Pensioners and dependants	7,943		
adjustments		9	
new pensioners		271	
new dependants		93	
deaths		(272)	
trivial commutations		(8)	
cessations		(4)	
		89	8,032
Total members	11,806		11,600

The member numbers shown above reflect the number of member records held by the Plan.

Pensioners include 1,182 (2023: 1,160) spouses and dependants receiving a pension.

The adjustments to preserved pensioners and pensioners are as a result of ongoing cleansing of the member data and late notifications.

Members are not separately identified by section in the table above because some members of the DB Section are also members of the DC Section.

The Trustee's Report

Pension increases

The pension increase date for all members is 1 April each year. The following increases took effect from 1 April 2023.

Pensions in payment are increased at the following rates for the following categories of members:

- Courtaulds members who left active service on or after 1 April 2002, and all H&BC, DECS and 2002 members receive increases of the lower of the Retail Prices Index ("RPI") as at the previous September and 5%. Pensions in payment were increased by 5.0% on 1 April 2023 (2022: 4.9%).
- Courtaulds members who left active service on or before 31 March 2002 receive increases of the lower of the Consumer Prices Index ("CPI") as at the previous September and 5%. Pensions in payment were increased by 5.0% on 1 April 2023 (2022: 3.1%).
- Pretty Polly members receive increases based on the higher of RPI as at the previous September or RPI as at the previous December, capped at 5%. The pension increase for Pretty Polly members effective from 1 April 2023 was based on December 2022 RPI capped at 5% and was 5.0% (2022: 5.0%).
- JDE Legacy members' pensions in payment were increased by 5.0% (2022: 4.9%) during the year for pensioners' benefits which accrued 'Post 1997' and prior to 5 April 2005, being the lower of RPI as at the previous September and 5%. Pensioners' benefits which accrued post 5 April 2005 were increased by 2.5% (2022: 2.5%), being the lower of RPI as at the previous September and 2.5%.
- In line with the Government's order to implement the use of the CPI Index for increases applied to the Post 88 guaranteed minimum pension ("GMP"), an increase of 3.0% was applied to the 'Post 88' GMP pension with effect from 1 April 2023 (2022: 3.0%), being the lower of CPI as at the previous September and 3%.
- DECS members who were in active service pre-April 1997 were awarded a discretionary increase of 5.0% on 1 April 2023 (2022: 4.9%). No other discretionary increases were awarded during the year.
- Deferred pensions were increased in line with statutory requirements.

Transfer values

All Cash Equivalent Transfer Values ("CETVs") paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values.

Employer related investments

Details of employer-related investments are given in note 21 to the financial statements on page 38.

The Trustee's Report

Guaranteed Minimum Pension equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits.

The Trustee of the Plan is aware that the issue will affect the Plan, and has already considered this in detail. Work is ongoing as further guidance becomes available. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Further details are disclosed in note 26 on page 40 of the financial statements.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgments arise in relation to many other defined benefit pension schemes. As noted on page 9, an estimated allowance for GMP on total liabilities has been made in the most recent triennial valuation, but no reliable estimate can be made for the benefits payable to date to include a provision in the financial statements.

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustee will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Plan.

Contact for further information

If, as a Plan member, you wish to obtain further information about the Plan, including copies of the Plan documentation, your own pension position, or whom to contact in the event of a problem or complaint, please write to: Barnett Waddingham LLP, Second Floor, Hartwell House, Victoria Street, Bristol, BS1 6AD

Or email jdeukpp.admin@barnett-waddingham.co.uk

Or telephone the Plan administrators on 0333 11 11 222.

Alternatively, you may contact the Plan administrators online at:
<https://logon.bwebstream.com/shared/contact>.

The Trustee's Report

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustee. As required by Pension Scheme regulations, 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 making a statement as to whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the 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 the Trustee 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 for the maintenance and integrity of the financial information of the Plan included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Trustee's responsibilities in respect of contributions

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 into 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.

The Trustee's Report

Report on Actuarial Liabilities

The Jacobs Douwe Egberts UK Pension Plan ("the Plan") closed to future accrual on 30 June 2021.

Under Section 222 of the Pensions Act 2004, the Plan 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 at 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 most recent full actuarial valuation of the Plan was carried out as at 1 April 2021. This showed that on that date:

The value of the Technical Provisions was: £1,579 million

The value of the assets was: £1,716 million

Therefore, the Plan had a funding surplus of £137 million corresponding to a funding level of 109%.

In years where there is no actuarial valuation, the Scheme Actuary produces an estimate of the funding position known as an actuarial report. The results of the latest actuarial report as at 1 April 2023 are as follows:

The value of the Technical Provisions was: £1,062 million

The value of the assets was: £1,374 million

Therefore, the Plan had a funding surplus of £312 million corresponding to a funding level of 129%.

The next formal triennial actuarial valuation of the Scheme is due as at 1 April 2024 and is currently underway.

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 dated 29 November 2021):

Method

The actuarial method used in the calculation of the Technical Provisions as at 1 April 2021 is the Projected Unit Method.

Inflation

By looking at the cost of investing in UK government bonds with payments linked to inflation compared to the cost of investing in UK government bonds not linked to inflation, it is possible to arrive at a figure for the average market view of future price inflation. This will then be compared to the latest Treasury targets for inflation in the UK, and other relevant information such as inflation swap pricing, when deriving the assumption to use.

Salary increases

At the date of the last triennial valuation, the Plan was open to future accrual and so an assumption for future salary increases was required. In particular, the salary increases assumption was set with reference to the inflation assumption, following consultation with the Employer.

Pension increases

Assumptions for future pension increases which are linked to inflation will be set with reference to the relevant inflation assumption, adjusted to take account of any minimum and maximum increases that apply.

The Trustee's Report

Report on Actuarial Liabilities (continued)

Discount rate

The discount rate will normally be determined by the Trustee based on professional advice, taking into account relevant market indicators at the valuation date, the long-term strategic asset allocation, the liability profile of the Plan, and the perceived strength of the employer covenant.

As a proportion of the Plan's assets are invested in assets which would be expected to outperform UK government bonds over the long term, an allowance may be made for this in the discount rate, depending on the perceived strength of the employer covenant. However, if the Trustee has material concerns over the strength of the employer covenant, the discount rate may need to be determined looking solely at the yield available on gilts and other low risk asset classes.

Retirement

All non-pensioner members are assumed to retire at the earliest age they can take their pension without reduction.

Member options

The valuation assumed that 90% of members take the maximum cash allowed at retirement using Plan factors in place at the valuation date.

Mortality

The rates of mortality assumed will reflect information published by the Continuous Mortality Investigation of the Actuarial Profession deemed most relevant to the membership of the Plan, including an appropriate allowance for expected future improvements in longevity. This assumption will also reflect any available evidence relating to the actual mortality experience of the Plan, as well as any other factors considered relevant.

In particular, the following mortality assumptions were used for the 1 April 2021 valuation:

Mortality tables	113% S3PA_M for males, 108% S3PA_M for females (non-pensioners) 107% S3PA_M for males, 104% S3PA_M for females (pensioners)
Mortality projections	CMI 2020 with a 1.50% p.a. long-term rate of improvement

Dependant details

Assumptions regarding the proportion of members with a dependant at death, and the age difference between the member and the dependant were set as follows:

- Age difference of spouses: Males are three years older than females.
- Percentage married: 90% of male and 80% of female members are assumed to be married at retirement or earlier death.

The financial statements on pages 24 to 40 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Plan and the level of contributions payable.

GMP Equalisation

An allowance on an approximate basis has been made in the valuation of the liabilities for the cost of equalising GMP benefits.

The Trustee's Report

Investments

All investments have been managed during the year under review by the Investment Managers and the AVC Managers as detailed in the Plan advisers section of the Trustee's Report on page 3.

The Plan's investment strategy is set by the Trustee after taking appropriate advice and allocates target proportions of the investments to the principal market sectors. The day-to-day management of the Plan's asset portfolio, including full discretion for stock selection, is the responsibility of the Investment Managers.

A thorough review of investment strategy was conducted in 2016 which is reflected in the current Statement of Investment Principles ("SIP") set out on pages 45 to 66. The Plan's investment strategy is also reviewed periodically to ensure alignment with the Plan's long-term objectives. The SIP has been published on a publicly available website as follows:

<https://www.jacobsdouweegberts.com/about-us/united-kingdom>

The IFC has an overview of all investment and funding issues and reports to the Board.

Investment principles

The Trustee has produced a SIP in accordance with the Pensions Act 1995 and subsequent regulations. The purpose of the SIP is to record the investment arrangements, and the rationale behind them, adopted by the Trustee of the Plan. The SIP was last updated in August 2022, to reflect the changes that resulted from Plan de-risking. The Investment Policy Statement ("IPS"), which contains more detail on the Plan's asset allocation, was also updated in August 2022.

As at 31 March 2024, the Trustee's objective when considering the investment strategy for the Plan is to maintain a full funding position on a Technical Provisions basis. Technical Provisions are calculated using a discount rate set at gilts + 0.5% p.a.

This valuation basis (using a gilts-based investment return assumption plus a target excess return over gilts of 50 to 75 basis points per annum net of fees over a full market cycle) is considered appropriate for the purposes of setting the Plan's investment strategy because this approach effectively "prices" the liability cash flows in a manner consistent with financial markets.

Arrangements with Investment Managers

The Trustee takes the following considerations into account when selecting and monitoring the performance of Investment Managers. Where an Investment Manager is considered to be making decisions that are not consistent with the Trustee's policies or expectations, the Trustee will engage with the Investment Manager and may replace the Investment Manager.

Each Investment Manager is chosen for a targeted asset class or market exposure within the Plan's investment strategy.

Investment and risk guidelines are set for each Investment Manager, including prescribed benchmarks and tracking error limits, and help govern their investment mandates. This approach limits the deviation from the Plan's investment policy objectives in relation to the kinds of investments held, the balance between different kinds of investments, the investment risks, including the ways in which risks are measured and managed, the expected return on investments, the realisation of investments, and other financially material considerations. The Plan invests with multiple Investment Managers for the implementation of the Plan's investment strategy, which provides additional mitigation for of any single manager being misaligned.

The Trustee's Report

Investments (continued)

Arrangements with Investment Managers (continued)

The Investment Adviser conducts formal reviews of each Investment Manager no less frequently than annually to ensure their investment approach is robust, focused on the long-term focussed and sustainable. The Trustee informs each Investment Manager of the Trustee's stewardship and engagement policy when they are first appointed and provides updates to them as required.

An annual environmental, social, and governance ("ESG") questionnaire is sent to each Investment Manager by the Investment Adviser and is used by the Trustee to monitor the Investment Managers' consideration of ESG and stewardship issues. The Trustee does not consider non-financial performance in the selection, retention and realisation of investments and does not incentivise Investment Managers in respect of non-financial performance.

Performance is monitored against the investment mandate, risk guidelines and benchmarks set and reported to the Trustee net of fees and on a regular basis. The Investment Adviser conducts a detailed assessment of each Investment Manager's performance and other relevant factors no less frequently than annually. Each Investment Manager's fees and charges are monitored regularly in the context of the Investment Adviser's ongoing market evaluation of the price of fund management services. The Trustee understands the importance of assessing performance over longer time periods. Investment Managers' fees are reported to the Trustee regularly.

The Investment Adviser monitors portfolio turnover and the costs of portfolio turnover no less frequently than annually. Where relevant for a particular asset class or manager style, as part of their regular Investment Manager review process, the Investment Adviser monitors the levels of portfolio turnover and associated costs, and reports to the Trustee as appropriate. The Trustee does not have specific target ranges for portfolio turnover and their associated costs but requires the Investment Adviser to highlight if these costs if they appear unreasonable.

For the JDE UK Legacy DC Section, the Trustee collects information on costs and charges on an annual basis, where available, and sets these out in the Plan's annual DC Governance statement, which is made available to members in a publicly accessible location.

There is no policy on the length of arrangements with Investment Managers.

A range of factors is considered when assessing an Investment Manager, and includes: people, process, performance, price and fit within the investment strategy. The length of the arrangement with an Investment Manager is not deemed a relevant factor in evaluating whether an Investment Manager can achieve the objectives required by the investment strategy of the Trustee.

Code of Best Practice

The principles set out in the General Code of Practice, published by The Pensions Regulator, are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the SIP and report periodically to members on the discharge of these responsibilities.

The Trustee considers that its investment policies and their implementation are in keeping with these principles.

The Trustee's Report

Investments (continued)

Risk Management

The Trustee's policy on risk management is as follows:

Liability Driven Investment

The primary risk upon which the Trustee focuses is that arising through a mismatch between the Plan's assets and its liabilities. The Plan manages this risk by investing in a Liability Driven Investment ("LDI") programme. The aim is for the assets invested in this programme to move in line, over the long term, with the Plan's liabilities.

The Trustee recognises that where the Plan's Investment Managers use derivatives, such as swaps, this may expose the Plan to counterparty risk (i.e., the risk that the other party to the derivative contract fails to fulfil its obligations). Derivatives, such as swaps, may be used within some of the liability hedging funds in which the Plan invests. Any LDI swap exposure will be exchange traded and centrally cleared, which removes the counterparty risk of trading with individual banks, as is the case with over the counter ("OTC") swaps, as the exchange becomes the buyer to every seller and seller to every buyer of the swaps. The Plan does have the capacity to trade swaps over the counter if necessary. If the Plan were to trade OTC swaps the associated counterparty risk will be largely mitigated by ensuring that the relevant Investment Managers execute over the counter derivatives only with highly rated and appropriately regulated banks and operate a daily collateralisation/margining process to attempt to reduce the potential exposure to the default of a derivative counterparty. However, the Trustee recognises that it may not be possible to eliminate all counterparty risk from a derivative portfolio.

Portfolio Diversification

The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, some investment exposure is obtained via pooled vehicles.

At the total Plan level, and within individual Investment Manager appointments, investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer.

Investment Management

The documents governing the Investment Manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The Investment Managers are prevented from investing in asset classes outside their mandate without the Trustee's prior consent.

Arrangements are in place to monitor the Plan's investments to help the Trustee check that nothing has occurred that would bring into question the continuing suitability of the current investments. To facilitate this, the Trustee meets monthly with the Plan's Investment Adviser and receives regular reports from all the Investment Managers and the Investment Adviser. These reports include qualitative assessments of the level of risk to ensure the risks taken and returns achieved are consistent with those expected.

The safe custody of the Plan's assets is delegated to professional custodians (either directly or via the use of pooled vehicles).

Should there be a material change in the Plan's circumstances, the Trustee will review whether, and to what extent, the investment arrangements should be altered; in particular, whether the current risk profile remains appropriate.

The Trustee's Report

Investments (continued)

Defined Benefit Assets

The investment strategy was agreed in December 2016 and was fully implemented effective 1 March 2017. The overall structure of the investment strategy remains broadly unchanged but return-seeking assets have been restructured and reduced over time due to de-risking.

The investment strategy is formally recognised in the SIP dated August 2022, which was approved by the Trustee in August 2022 to reflect the mostly recently updated change to the Plan's investment strategy (i.e., the removal of UK Credit as a strategic asset class).

Under the current investment strategy, a strategic target allocation of 92.5% of the Plan assets are invested in an LDI programme and cash. The LDI programme is made up of a UK Gilts portfolio managed by Stone Harbor Investment Partners and a swap-based overlay managed by SECOR Investment Management LLP. The objective of the LDI programme is to provide a return that closely matches the impact of changes in interest rate and inflation expectations on the Plan's liabilities. The swap-based overlay and UK Gilts portfolio are held in segregated accounts in the Plan's name. The management of the UK Gilts portfolio transitioned from Legal & General Investment Management Limited ("LGIM") to Stone Harbor Investment Partners in May 2023. LGIM was retained within the Plan under a new mandate to manage the non-operational cash holdings of the Plan. The UK Gilts portfolio and the swap-based overlay are designated as "Matching assets".

The remaining strategic target allocation of 7.5% of the Plan assets are invested in Hedged Equities. The Hedged Equities allocation is comprised of one fund, the SECOR Hedged Equity Fund ("SHEF"). The Hedged Equities allocation is designated as "Growth assets".

The actual asset allocation as at 31 March 2024 is shown below against the strategic targets that have been agreed for the Plan.

	Hedged Equities	UK Gilts Portfolio, Swap Based Overlay and Cash
Actual Allocation	8.8%	91.2%
Strategic Targets	7.5%	92.5%
Strategic Target Ranges	2.5-12.5%	87.5-97.5%

The Investment Adviser, in conjunction with the IFC, monitors the Plan's asset allocation relative to strategic targets and makes adjustments where necessary. Deviations of the Actual Allocations versus the Strategic Targets were within the Trustee agreed Strategic Target Ranges. Whilst there is no explicit cash target, the Plan holds cash for day-to-day cash requirements.

Defined Contribution Assets

For the DC members, the Trustee has made available a range of investment funds. Each member has the freedom to specify one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default option, which is managed as a "lifestyle" strategy (i.e., it automatically combines investments in proportions that vary according to the time to target retirement age).

The default option was designed to be in the best interests of the majority of the members. Details of the lifestyle strategies are set out in the Plan's SIP on pages 45 to 66 of this Annual Report.

The Trustee's Report

Investments (continued)

Review of Investment Performance to 31 March 2024

Defined Benefit Section

The table below shows the Defined Benefit Section investment returns achieved compared to the respective benchmark returns over the one-year, three-year, and five-year periods to 31 March 2024.

	1 Year Return (%)	1 Year Benchmark (%)	3 Year Return (% p.a.)	3 Year Benchmark (% p.a.)	5 Year Return (% p.a.)	5 Year Benchmark (% p.a.)
Defined Benefit Section	0.0	0.2	-5.3	-5.3	-1.5	-1.4

Plan performance was flat over the one-year period as the negative impact from rising gilt yields was offset by the strong positive performance of the Plan's Hedged Equity allocation and the return on its cash holdings. The Plan's Matching Assets, which are designed to track the changes in the Plan's liabilities and thus reduce funded status volatility, fell over the year, however, the Plan's liabilities also decreased over the period as gilt yields rose. The Plan was behind its benchmark for the one-year period, in line with its benchmark over the three-year period while slightly behind its blended market-based benchmark over the five-year period.

Analysis of returns by Investment Manager for the year ended 31 March 2024

	1 Year Return (net of fees) (%)	1 Year Benchmark (%)	Since 27 April 2021 (net of fees) (%)	Benchmark since 27 April 2021 (%)
Stone Harbor Investment Partners ¹	6.1	6.1	-	-
LGIM Bonds (Segregated Account) ²	-2.6	-2.6	-	-
LGIM Liquidity Fund ³	4.7	4.7	-	-
SECOR Hedged Equity Fund ⁴	11.3	16.6	3.6	5.4

1. Stone Harbor Investment Partners replaced LGIM as Investment Manager for the UK Gilts portfolio in May 2023. Hence returns are displayed from June 2023 (the first full month of performance).

2. Returns are to April 2023 (the last full month of performance) for the LGIM Bonds portfolio.

3. Returns start from June 2023 (the first full month of performance).

4. SHEF was funded on 27 April 2021, and hence three-year period performance figures cannot yet be displayed.

Hedged Equities detracted from Plan excess returns over the year as the SECOR Hedged Equity Fund underperformed its benchmark. The LGIM Bonds portfolio, the LGIM Liquidity Fund, and the Stone Harbor Investment Partners UK Gilts portfolio all performed in line with their respective benchmarks, as expected, given that these managers have passive mandates.

The Trustee’s Report

Investments (continued)

Review of Investment Performance to 31 March 2024 (continued)

Defined Contribution Section

The default DC investment arrangements comprise the Aon Managed Core Retirement Pathway Funds.

The Aon Managed Core Retirement Pathway 2052-54 and 2031-33 funds are the relevant lifestyle funds for members 30 years and 10 years from retirement. Target date funds 30 years out are fully invested in equities, and over time the fund’s asset allocation will increasingly diversify into bonds/lower-risk assets. The performance of these funds provides an insight into member experience across a broad range of target retirement dates.

Analysis of returns by Investment Manager for the year ended 31 March 2024

	1 Year Return ¹	1 Year Benchmark
Aon Managed Core Retirement Pathway 2052-54	21.0	22.5
Aon Managed Core Retirement Pathway 2031-33	15.8	16.7

1. Returns displayed are gross of fees. 3 and 5 year data has not been included as the Plan has not been invested for 3 years yet

The Aon Managed Core Retirement Pathway funds underperformed their market-based benchmarks over the one-year period. The allocation to factor-based equities within both funds was the main driver of underperformance as an underweight to growth stocks and large-cap tech stocks has an adverse impact on performance.

Custodial Arrangements

DB Section assets

The Trustee has appointed Northern Trust as custodian of the Plan's segregated assets managed by the relevant Investment Managers. The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments.

Assets invested with SECOR in the SECOR Hedged Equity Fund, (“SHEF”) and LGIM are held in a pooled fund and the Plan does not directly own the underlying investments. For these assets, the Trustee gains a contractual right to the value of the units credited under the policy, or owns shares in a fund, although the managers own the underlying assets. The custodian is Northern Trust for SHEF’s assets. The appointment and monitoring of the custodian for these funds is the responsibility of these Investment Managers.

Assets invested with Stone Harbor Investment Partners and SECOR Investment Management LLP (i.e., the LDI and FX overlays) are held in segregated accounts under custody with Northern Trust.

The cash held in connection with the administration of the Plan was held in a pooled client account of the Plan administrator, Barnett Waddingham LLP.

The Trustee is responsible for ensuring the Plan's assets continue to be securely held. It reviews the custodial arrangements, formally, at least annually.

The Trustee's Report

Investments (continued)

Custodial Arrangements (continued)

DC Section assets

Assets invested with Aon Investments Limited are held in pooled funds and the Plan does not directly own the underlying investments. For these assets, the Trustee gains a contractual right to the value of the units credited under the policy, or owns shares in a fund, although the managers own the underlying assets. The appointment and monitoring of the custodian for these funds is the responsibility of the Investment Manager.

Bases of Investment Managers' fees

The Trustee has negotiated the following fee bases with its Defined Benefit Section Investment Managers, as follows:

For SECOR Investment Management (Hedged Equities), SECOR Investment Management (LDI Completion Overlay), LGIM (Investment Cash), and Stone Harbor Investment Partners (UK Government Bonds) an ad valorem fee applies.

Defined Contribution Section Investment Manager's fees are covered in detail on pages 71 to 73.

Responsible investment and corporate governance

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns. The Trustee has considered how social, environmental and ethical factors should be taken into account in the investment process. The Trustee considers that it is necessary in all circumstances to act in the best financial interests of the beneficiaries and, where this primary consideration is not prejudiced and as appropriate, requires the Investment Managers to take account of what the managers believe to be relevant social, environmental and ethical issues.

For those assets of the Plan invested in pooled arrangements, the Trustee accepts that the assets are subject to the Investment Managers' own policies on social, environmental and ethical investment. The Trustee has reviewed the policies of each pooled fund in which the Plan invests and is comfortable with the arrangements in place.

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered the UK Stewardship Code (the "Code") issued by the Financial Reporting Council ("FRC").

The Trustee wishes to encourage best practice in terms of activism. The Trustee therefore requires its Investment Managers to discharge their responsibilities in respect of companies in which they invest in accordance with the UK Stewardship Code drawn up by the Financial Reporting Council. The Trustee has examined each of its Investment Manager's policies in this respect and is satisfied each Investment Manager's policy meets their aim in this area. The Trustee requires its Investment Managers to report to them when they have voted. The Trustee cannot usually directly influence the Investment Manager's policies on the exercise of investment rights where the Trustee holds assets in pooled funds. The Trustee accepts that by using pooled investment vehicles for its equity investments the day-to-day application of voting rights will be carried out by the Investment Managers of the pooled funds. The Trustee has however reviewed the voting policies of each pooled fund and is comfortable with the arrangements in place.

The Trustee’s Report

Investments (continued)

DC Section assets (continued)

Responsible investment and corporate governance (continued)

The Trustee has produced the 2023 Task Force on Climate-related Financial Disclosures (“TCFD”) Report for the Plan in accordance with requirements which stem from the following regulations; Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021, the Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions) Regulations 2021 and the Occupational Pension Schemes (Climate Change Governance and Reporting) (Amendment, Modification and Transitional Provision) Regulations 2022.

These requirements were examined through the lens of the Trustee’s responsible investing beliefs, and time and resources have continued to be invested to improve oversight of climate-related risks and opportunities (“CRRO”) and integrate these throughout the Plan’s manager research and portfolio implementation activities.

The Trustee believes their fiduciary objectives and responsible investing ambitions are aligned and have agreed on the Plan’s objective to minimise carbon exposure where possible. As of 31 March 2024, the Plan had a strong funding ratio and a stable surplus. The Plan had de-risked twice in 2021 and a further de-risking step was carried out in June 2022. Due to the strong funding level, hedging programmes in places and de-risking that has taken place the Plan’s exposure to CRRO is low.

The IFC has an overview of all investment and funding issues and reports to the Board.

The Plan’s 2023 TCFD report can be accessed online here

<https://www.jacobsdouweegberts.com/about-us/united-kingdom>

Approval of Trustee's Report

This report was approved by the Trustee on

Date: 17/9/2024

Signed on behalf of the Trustee:



Trustee Director



Trustee Director

Independent Auditor's Report to the Trustee of the Jacobs Douwe Egberts UK Pension Plan

Opinion

We have audited the financial statements of the Jacobs Douwe Egberts UK Pension Plan ("the Plan") for the year ended 31 March 2024 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 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 Regulations 3 and 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

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

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

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

Independent Auditor's Report to the Trustee of the Jacobs Douwe Egberts UK Pension Plan

Conclusions relating to going concern (continued)

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 approved by the Trustee.

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 7, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the 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 intends to wind up the Plan or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report to the Trustee of the Jacobs Douwe Egberts UK Pension Plan

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Plan and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP")).
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Plan operates.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with management and the Trustee and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee.
- We assessed the susceptibility of the Plan's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets.
- Our audit procedures involved:
 - journal entry testing, with a focus on large manual journals to unusual account codes, including:
 - manual journals with unusual account combinations such as those between the Fund Account and the Statement of Net Assets; and
 - journals posted to suspense accounts.
 - obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and financial statements with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Independent Auditor's Report to the Trustee of the Jacobs Douwe Egberts UK Pension Plan

Auditor's responsibilities for the audit of the financial statements (continued)

The engagement partner's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team members are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge of the sector and the underlying applicable legislation and related guidance.

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 the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor
London

Date: 17/9/2024

Summary of Contributions payable in the year

During the year, the contributions payable to the Plan by the Employer under the Schedule of Contributions were as follows:

	£'000
Employer other contributions	1,724
Contributions payable under the Schedule of Contributions (as reported on by the Plan Auditor)	<u>1,724</u>

Date: 17/9/2024

Signed on behalf of the Trustee:



Trustee Director



Trustee Director

Independent Auditor's Statement about Contributions to the Trustee of the Jacobs Douwe Egberts UK Pension Plan

We have examined the summary of contributions to the Jacobs Douwe Egberts UK Pension Plan ("the Plan") for the Plan year ended 31 March 2024 which is set out on page 22.

In our opinion, contributions for the Plan year ended 31 March 2024 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Plan actuary on 16 December 2021.

Scope of work on Statement about Contributions

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

As explained more fully in the Statement of Trustee's Responsibilities set out on page 7, the 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 Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor
London

Date: 17/9/2024

The Financial Statements

Fund Account

for the year ended 31 March 2024

	Note	31 March 2024		31 March 2023
		Defined Benefit Section £'000	Defined Contribution Section £'000	Total £'000
Contributions and benefits				
Employer contributions		1,724	-	1,724
Total contributions	5	1,724	-	1,724
Benefits paid or payable	6	(55,488)	(487)	(55,975)
Payments to and on account of leavers	7	(806)	(989)	(1,795)
Administrative expenses	8	(1,731)	-	(1,731)
		(58,025)	(1,476)	(59,501)
Net withdrawals from dealings with members				
		(56,301)	(1,476)	(57,777)
Returns on investments				
Investment income	9	28,686	-	28,686
Change in market value of investments	10	(28,982)	1,952	(27,030)
Investment management expenses	11	(1,777)	-	(1,777)
Net returns on investments				
		(2,073)	1,952	(121)
Net (decrease)/ increase in the fund during the year				
		(58,374)	476	(57,898)
Transfers between sections	24	1,471	(1,471)	-
Net assets of the Plan				
At 1 April		1,373,561	12,337	1,385,898
At 31 March		1,316,658	11,342	1,328,000

The notes on pages 26 to 40 form part of these financial statements.

The Financial Statements

Statement of Net Assets

available for benefits as at 31 March 2024

	Note	31 March 2024			31 March 2023
		Defined Benefit Section £'000	Defined Contribution Section £'000	Total £'000	Total £'000
Investment assets:					
Bonds	10	953,833	-	953,833	823,146
Pooled investment vehicles	13	276,696	11,342	288,038	491,248
Derivatives	14	123	-	123	53,270
AVC investments	15	1,853	-	1,853	1,753
Cash	16	80,540	-	80,540	45,846
Other investment balances	17	3,557	-	3,557	14,659
		1,316,602	11,342	1,327,944	1,429,922
Investment liabilities:					
Derivatives	14	(658)	-	(658)	(37,086)
Other investment balances	17	-	-	-	(8,546)
		(658)	-	(658)	(45,632)
Total net investments		1,315,944	11,342	1,327,286	1,384,290
Current assets	22	2,998	-	2,998	3,235
Current liabilities	23	(2,284)	-	(2,284)	(1,627)
Net assets of the Plan at 31 March available for benefits		1,316,658	11,342	1,328,000	1,385,898

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 obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the Defined Benefit Section, is dealt with in the Report on Actuarial Liabilities on pages 8 and 9 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 26 to 40 form part of these financial statements.

These financial statements were approved by the Trustee on

Date: 17/9/2024

Signed on behalf of the Trustee:



Trustee Director



Trustee Director

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements have been prepared, on a going concern basis, in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The Trustee continues to monitor the operation of the Plan and at this time has no significant concerns regarding the Plan's ongoing ability to fulfil its operational, cashflow, benefit payment requirements or responses to critical communications from its members.

The Trustee monitors the strength of the Employer covenant on an ongoing basis and has assessed the ability of the Company to support the Plan for the 12 months after the date that the report and accounts are signed.

Having had due consideration of the above and having discussed with relevant parties, the Trustee considers that the Plan remains a going concern for the foreseeable future.

2. Identification of the financial statements

The Jacobs Douwe Egberts UK Pension Plan (the Plan) is an occupational pension scheme established in the United Kingdom under English law.

The Plan was established to provide retirement benefits to certain groups of employees and former employees within the group. The address of the Plan's principal office is Quantum House, 60 Norden Road, Maidenhead Berkshire, SL6 4AY.

The Plan is a hybrid scheme, comprising a Defined Benefits Section ("DB Section") and a Defined Contribution Section ("DC Section").

3. Accounting policies

The principal accounting policies of the Plan which are applied consistently are as follows:

Currency

- The Plan functional and presentational currency is pounds sterling.
- All amounts in the financial statements have been rounded to the nearest £1,000.

Contributions

- Employer other contributions are accounted for in accordance with the Schedule of Contributions.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- 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 retiring or leaving.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retiring or leaving.
- Individual transfers out of the Plan are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Expenses and other payments

- Expenses are accounted for on an accruals basis.
- Investment management expenses and rebates are accounted for on an accruals basis and shown net within "Returns on investments". Transaction costs are included in the cost of purchases and sale proceeds.

Notes to the Financial Statements

3. Accounting policies (continued)

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Income from pooled investment vehicles is accounted for when declared by the Investment Manager.
- Income arising from accumulation pooled investment vehicles is reflected within CIMV as it is retained within the value of the units in the funds.
- Income from cash and short-term deposits is accounted for on an accruals basis.
- Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income.

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- 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.
- Bonds are stated at their clean prices. Accrued income is accounted for within "Investment income" and within "Investment income receivable" included as "Other investment balances".
- Over the counter ("OTC") derivatives are valued using the following valuation techniques:
 - i. Swaps – current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date. The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts. Net receipts or payments on swap contracts are reported within change in market value.
 - ii. Forward foreign exchange ("Forward FX") – 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.
- The Trustee holds insurance policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustee, but, as the value of these policies is not material, under current regulations and accounting practice, the Trustee has decided that these policies have been valued at £nil in the Statement of Net Assets in the current and previous years.
- The Additional Voluntary Contribution ("AVC") investments include policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC Managers.

Notes to the Financial Statements

4. Comparative disclosures for the Fund Account and Statement of Net Assets

The following table shows a split of the totals for the prior year included within the financial statements between the Defined Benefit and Defined Contribution Sections.

Fund Account for the year ended 31 March 2023

		Year ended 31 March 2023		
	Note	Defined Benefit Section £'000	Defined Contribution Section £'000	Total £'000
Contributions and benefits				
Employer contributions		2,160	-	2,160
Total contributions	5	2,160	-	2,160
Benefits paid or payable	6	(51,782)	(188)	(51,970)
Payments to and on account of leavers	7	(5,237)	(734)	(5,971)
Administrative expenses	8	(1,966)	-	(1,966)
		(58,985)	(922)	(59,907)
Net withdrawals from dealings with members				
		(56,825)	(922)	(57,747)
Returns on investments				
Investment income	9	2,477	-	2,477
Change in Market value of investments		(320,619)	(337)	(320,956)
Investment management expenses	11	(2,124)	-	(2,124)
Net returns on investments		(320,266)	(337)	(320,603)
Net decrease in the fund during the year				
		(377,091)	(1259)	(378,350)
Transfer between sections	24	1,324	(1,324)	-
Net assets of the Plan				
At the beginning of the year		1,749,328	14,920	1,764,248
At the end of the year		1,373,561	12,337	1,385,898

Notes to the Financial Statements

4. Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

Statement of Net Assets

available for benefits as at 31 March 2023

	Note	Defined Benefit Section £'000	Defined Contribution Section £'000	Total £'000
Investment assets:				
Bonds	10	823,146	-	823,146
Pooled investment vehicles	13	478,922	12,326	491,248
Derivatives	14	53,270	-	53,270
AVC investments	15	1,753	-	1,753
Cash	16	45,846	-	45,846
Other investment balances	17	14,659	-	14,659
		1,417,596	12,326	1,429,922
Investment liabilities:				
Derivatives	14	(37,086)	-	(37,086)
Other investment balances	17	(8,546)	-	(8,546)
		(45,632)	-	(45,632)
Total net investments		1,371,964	12,326	1,384,290
Current assets	22	3,220	15	3,235
Current liabilities	23	(1,623)	(4)	(1,627)
Total net assets available for benefits		1,373,561	12,337	1,385,898

JACOBS DOUWE EGBERTS UK PENSION PLAN ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements

5. Contributions

	DB Section	2024 DC Section	Total
	£'000	£'000	£'000
Employer contributions			
Other	1,724	-	1,724
2023			
Employer contributions			
Other	2,160	-	2,160

Other contributions of £1,724,000 (2023: £2,160,000) relate to contributions towards expenses by the Employer and include Plan levies amounting to £69,000 (2023: £90,000).

6. Benefits paid or payable

	DB Section	2024 DC Section	Total
	£'000	£'000	£'000
Pensions	47,907	-	47,907
Commutation of pensions and lump sum retirement benefits	7,462	487	7,949
Lump sum death benefits	119	-	119
Taxation where lifetime or annual allowance exceeded	-	-	-
	55,488	487	55,975
2023			
Pensions	45,477	-	45,477
Commutation of pensions and lump sum retirement benefits	6,048	134	6,182
Lump sum death benefits	93	48	141
Taxation where lifetime or annual allowance exceeded	164	6	170
	51,782	188	51,970

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Plan in exchange for the Plan's settling their tax liability.

7. Payments to and on account of leavers

	DB Section	2024 DC Section	Total
	£'000	£'000	£'000
Individual transfers to other schemes	806	989	1,795
2023			
Individual transfers to other schemes	5,237	734	5,971

JACOBS DOUWE EGBERTS UK PENSION PLAN ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements

8. Administrative expenses

	2024	
	DB Section	DC Section
	£'000	£'000
		Total
		£'000
Administration, actuarial and consultancy	1,413	-
Audit fee	46	-
Legal and other professional fees	133	-
Trustee support	70	-
Levies	69	-
	1,731	-

	2023	
	DB Section	DC Section
	£'000	£'000
		Total
		£'000
Administration, actuarial and consultancy	1,706	-
Audit fee	45	-
Legal and other professional fees	76	-
Trustee support	49	-
Levies	90	-
	1,966	-

As shown in note 5, the Employer makes a contribution towards the cost of administrative expenses and levies payable by the Plan.

From 1 January 2024 the Plan bears all investment and administration expenses. The Employer continues to make contributions towards the administration project expenses.

9. Investment income

	2024	
	DB Section	DC Section
	£'000	£'000
		Total
		£'000
Income from bonds	16,427	-
Income from pooled investment vehicles	9,827	-
Annuity income	20	-
Interest on cash deposits	2,412	-
	28,686	-

	2023	
	DB Section	DC Section
	£'000	£'000
		Total
		£'000
Income from bonds	1,569	-
Income from pooled investment vehicles	232	-
Annuity income	19	-
Interest on cash deposits	657	-
	2,477	-

JACOBS DOUWE EGBERTS UK PENSION PLAN ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements

10. Reconciliation of investments

	Value at 31 March 2023 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2024 £'000
Not allocated to members					
Defined Benefit Section					
Bonds	823,146	1,299,947	(1,129,195)	(40,065)	953,833
Pooled investment vehicles	478,922	36,334	(249,724)	11,164	276,696
Derivatives	16,184	51,854	(68,275)	(298)	(535)
AVC investments	1,753	632	(751)	219	1,853
	1,320,005	1,388,767	(1,447,945)	(28,980)	1,231,847
Cash deposits	45,846				80,540
Other investment balances	6,113			(2)	3,557
	1,371,964			(28,982)	1,315,944
Allocated to members					
Defined Contribution Section					
Pooled investment vehicles	12,326	-	(2,936)	1,952	11,342

No transaction costs are included in the cost of purchases and sale proceeds. Indirect costs are incurred through the bid- offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

The Defined Contribution Section investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The Investment Manager holds the investment units on a pooled basis for the Trustee. The Plan administrator allocates investment units to members. Accordingly, the assets identified as designated to members in the net assets statement do not form a common pool of assets available for members generally. Members each receive an annual statement confirming the contributions paid on their behalf and the value for their money purchase rights.

The Trustee may hold investment units representing the value of Employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

Defined Contribution Section assets are allocated to members and the Trustee as follows:

	2024 £'000	2023 £'000
Members	11,342	12,326
Trustee	-	-
	11,342	12,326

Notes to the Financial Statements

11. Investment management expenses

	DB Section	2024 DC Section	Total
	£'000	£'000	£'000
Administration, management, and custody	793	-	793
Advisory	984	-	984
	1,777	-	1,777
		2023	
Administration, management, and custody	1,027	-	1,027
Advisory	1,097	-	1,097
	2,124	-	2,124

12. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. Pooled investment vehicles

The Plan's investments in pooled investment vehicles at the year-end comprised:

	2024 £'000	2023 £'000
Defined Benefit Section		
Liquidity	161,308	375,276
Global equities	115,388	103,646
	276,696	478,922
Defined Contribution Section		
Multi-asset	10,799	11,859
Global equities	543	467
	11,342	12,326

The multi-asset funds hold a variety of investments including equities and bonds.

14. Derivatives

OBJECTIVES AND POLICIES

The Trustee has authorised the use of derivatives by their Investment Managers as part of their investment strategy for the Plan as follows:

Swaps – The Plan had entered into swap contracts to match as far as possible the Plan's long-term liabilities, in particular in relation to their sensitivities to interest rate movements. As at 31 March 2024, the Plan had no open swap contracts.

Forward FX – The Plan uses forward foreign exchange contracts to hedge against the risk of investment in foreign currency denomination assets whilst having the obligation to settle benefits in Sterling.

At the year end the Plan had the following derivatives:

	2024 Asset £'000	2024 Liability £'000	2023 Asset £'000	2023 Liability £'000
OTC Swaps	-	-	51,126	(37,051)
Forward FX contracts	123	(658)	2,144	(35)
	123	(658)	53,270	(37,086)

Notes to the Financial Statements

14. Derivatives (continued)

A summary of the Plan's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

i. OTC Swaps

At the year end the Plan held cash collateral of £nil (2023: £11,075,000) in respect of gains on swaps. In addition, the Plan had pledged cash collateral to counterparties of £nil (2023: £8,546,000) at the year-end in respect of losses on swaps. The Plan had no open swap contracts at year end.

ii. Forward FX

Contract	Settlement date	Currency bought (000)	Currency sold (000)	Asset value £'000	Liability value £'000
Forward FX	< 3 months	£807	SEK 10,550	25	-
Forward FX	< 3 months	£2,507	CHF 2,790	35	-
Forward FX	< 3 months	£3,156	CAD 5,430	-	(23)
Forward FX	< 3 months	£9,180	EUR 10,690	15	-
Forward FX	< 3 months	£1,834	AUD 3,550	-	(3)
Forward FX	< 3 months	£72,450	USD 92,359	-	(631)
Forward FX	< 3 months	£6,445	JPY 1,209,210	48	(1)
Total 2024				123	(658)
Total 2023				2,144	(35)

15. DB Section AVC investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement prepared as at the Plan year end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are fully allocated to members, and are as follows:

	2024 £'000	2023 £'000
Aviva (With Profits)	72	118
ReAssure (Unit Linked)	87	698
Prudential (With Profits)	55	52
Aegon (Unit Linked)	1,639	885
	1,853	1,753

16. Cash

Defined Benefit Section

	2024 Asset £'000	2024 Liability £'000	2023 Asset £'000	2023 Liability £'000
Sterling	80,428	-	45,846	-
Foreign currency	112	-	-	-
	80,540	-	45,846	-

Notes to the Financial Statements

17. Other investment balances

Defined Benefit Section

	2024		2023	
	Asset £'000	Liability £'000	Asset £'000	Liability £'000
Investment income receivable	3,557	-	3,584	-
Amounts due from/(to) brokers	-	-	11,075	(8,546)
	3,557	-	14,659	(8,546)

18. Fair value hierarchy

The fair value of financial instruments has been disclosed 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.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Plan's investment assets and liabilities fall within the above hierarchy levels as follows:

	As at 31 March 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Bonds	-	953,833	-	953,833
Pooled investment vehicles	-	276,696	-	276,696
Derivatives	-	(535)	-	(535)
AVC investments	-	-	1,853	1,853
Cash	80,540	-	-	80,540
Other investment balances	3,557	-	-	3,557
	84,097	1,229,994	1,853	1,315,944
Defined Contribution Section				
Pooled investment vehicles	-	11,342	-	11,342
	84,097	1,241,336	1,853	1,327,286

	As at 31 March 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Bonds	-	823,146	-	823,146
Pooled investment vehicles	-	478,922	-	478,922
Derivatives	-	16,184	-	16,184
AVC investments	-	-	1,753	1,753
Cash	45,846	-	-	45,846
Other investment balances	6,113	-	-	6,113
	51,959	1,318,252	1,753	1,371,964
Defined Contribution Section				
Pooled investment vehicles	-	12,326	-	12,326
	51,959	1,330,578	1,753	1,384,290

Notes to the Financial Statements

19. Investment risk disclosures

Investment risks

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

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
 1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
 2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
 3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustee is responsible for determining the Plan's investment strategy which is disclosed within Defined Benefit Assets on page 13 of the Trustee's Report. The Trustee has set the investment strategy for the Plan after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of each Section which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Plan, including the full discretion for stock selection, is the responsibility of the Investment Manager.

The Plan has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee manages its investment risks within agreed risk limits which are set taking into account the Plan's investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's Investment Managers and monitored by the Trustee by regular reviews of the investment portfolios. The investment objectives and risk limits of the Plan is further detailed in the SIP. Further information on the Trustee's approach to risk management, credit and market risk is set out in the Trustee's report. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Plan.

Defined Benefit Section

There have been no changes to the investment strategy in the period therefore the Plan's risk exposure remains unchanged.

Credit risk

The Defined Benefit Assets are subject to direct credit risk because they hold cash balances (see note 16) and "over the counter" derivatives such as forward foreign exchange contracts (see note 14) and exchange traded swaps. Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal. The swaps held by the Plan are centrally cleared and thus credit risk is minimised through daily margin movements taken from collateral balances held in accounts in the Plan's name on a daily basis (see note 14 ii).

The Trustee carries out due diligence checks on the appointment of new pooled Investment Managers and on an on-going basis monitors any changes to the operating environment of the pooled manager. Direct credit risk in respect of pooled investment vehicles is mitigated by the underlying assets being ring fenced from the pooled fund manager, the regulatory environments in which the fund managers operate and the diversification of investments in a number of pooled arrangements. The pooled investments of the Plan are held within unit trusts.

Market risks

Indirect market risk arises if the underlying investments of the pooled investment vehicles (see note 13) are exposed to interest rate or other price risks.

Notes to the Financial Statements

19. Investment risk disclosures (continued)

Interest Rate Risk

The Plan is subject to indirect interest rate risk where some of the underlying investments are held in bonds, bond funds and interest rate swaps. At the prior year end, the Plan also had direct interest rate risk exposure through its holdings in segregated bonds, swaps and cash as disclosed in notes 10, 14, and 16.

The Trustee has set a benchmark for total investments in bonds and liability hedging funds for each Section. These allocations are monitored regularly against the liabilities as part of the LDI programme. Under this programme, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The split between the LDI investments and non LDI investments is regularly reviewed by the Trustee.

Other Price Risk

Other price risk arises principally in relation to the underlying assets in the “growth assets” held by the Plan which, at the year end, consisted of a hedged equity pooled fund. Under the Trustee’s investment strategy, the target asset allocation to growth funds is 7.5%, with a maximum allocation of 12.5%. At 31 March 2024 the actual allocation to growth funds was 8.8% (2023: 7.7%).

The Plan manages this exposure to overall price movements by utilising active management. A rebalancing strategy is also operated to ensure that the asset allocations do not differ too far from their strategic benchmarks.

Currency Risk

There is currency risk inherent in investing in overseas equity markets and therefore currency risk arises on the underlying assets of the hedged equity fund. To limit this currency risk, the Trustee hedges non sterling developed market currencies in the hedged equity allocation based on weights determined by the MSCI All Countries World Index via an FX hedging overlay. The allocation to UK Government Bonds, the LDI Completion Overlay, and any short-term cash instruments are Sterling denominated.

Other Risks:

Inflation Risk

As part of the LDI programme, the Plan holds inflation swaps, fixed interest securities and gilts to manage inflation risks associated with pension liability increases.

Longevity Risk

The Plan does not hold investments to manage longevity risk. If in future suitable and affordable products become available that mitigate this risk, the Trustee may consider these products.

Defined Contribution Assets

Indirect Credit Risk and Market Risk

The Defined Contribution Assets are subject to indirect credit and market risk arising from the underlying financial instruments held in the underlying funds managed by Aon as follows:

	Indirect credit risk	Currency risk	Interest rate risk	Other price risk
Equity funds		✓		✓
Bonds funds	✓		✓	✓
Cash funds	✓		✓	✓
Managed Lifestyle funds	✓	✓	✓	✓

The risks disclosed here relate to the Defined Contribution Assets as a whole. As members are able to choose their own investments from the range of funds offered, member level risk exposures will be dependent on the funds invested in by members.

JACOBS DOUWE EGBERTS UK PENSION PLAN ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements

20. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year-end:

	2024		2023	
	£'000	%	£'000	%
Legal & General Sterling Liquidity Fund	161,308	12.1	375,276	27.1
SECOR Hedged Equity Fund	115,388	8.7	103,646	7.5
SECOR Investment Cash Account	75,142	5.7	31,590	2.3

21. Employer related investment

As of 31 March 2024 and 31 March 2023, less than 5% of the Plan's assets were invested in securities issued by the Employer or its affiliates. Therefore the 5% limit had not been breached as at 31 March 2024 or 31 March 2023.

22. Current assets

	2024		Total
	DB Section £'000	DC Section £'000	
Contributions due from Employer in respect of:			
Employers	180	-	180
Prepayments	1,026	-	1,026
Cash balances	1,792	-	1,792
	2,998	-	2,998
	2023		Total
	DB Section £'000	DC Section £'000	
Contributions due from Employer in respect of:			
Employers	180	-	180
Prepayments	972	-	972
Cash balances	2,068	15	2,083
	3,220	15	3,235

Contributions due to the Plan at the year-end have been paid subsequent to the year end in accordance with the Schedule of Contributions.

All assets of the defined contribution section are allocated to members.

Notes to the Financial Statements

23. Current liabilities

	DB Section	2024 DC Section	Total
	£'000	£'000	£'000
Accrued benefits	211	-	211
Taxation payable	454	-	454
Accrued expenses	790	-	790
Investment management expenses payable	393	-	393
Contributions received in advance	436	-	436
	2,284	-	2,284

	2023		
Accrued benefits	341	4	345
Taxation payable	375	-	375
Accrued expenses	499	-	499
Investment management expenses payable	408	-	408
Contributions received in advance	-	-	-
	1,623	4	1,627

All liabilities of the defined contribution section are allocated to members.

24. Transfers between sections

	2024	
	DB Section	DC Section
	£'000	£'000
Transfer of assets from DC to DB	1,471	(1,471)

	2023	
	DB Section	DC Section
	£'000	£'000
Transfer of assets from DC to DB	1,324	(1,324)

Transfers between sections relate to the transfer of members' Defined Contribution Section benefits to the Defined Benefit Section, prior to the amalgamated payment to the members.

25. Related party transactions

Key management personnel

Trustee Directors are detailed in page 1 of the Trustee's Report.

One Trustee Director is a deferred member of the Plan. Two Trustee Directors are pensioner members of the Plan.

Fees and expenses paid directly to the Trustee Directors by the Plan for their services are disclosed in note 8.

Employer and other related parties

During the year the Employer directly paid Trustee Directors fees totalling £53,000 (2023: £56,877).

Notes to the Financial Statements

26. Contingent liabilities

GMP equalisation

As explained on page 6 in the Trustee's Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits.

The Trustee is aware that the issue will affect the Plan and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these financial statements it is not possible to estimate the value of any such adjustments.

An allowance has been made for GMP equalisation in the actuarial valuations, see page 9 of the Trustee's Report for more details.

Historic transfers out

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee will consider next steps as the scheme has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these financial statements it is not possible to estimate the value of any such adjustments.

Ruling on amendment of Contracted-Out Salary-Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustee will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Plan.

 Mercer

Jacobs Douwe Egberts UK Pension Plan

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.

C Shepard

Chris Sheppard

16 December 2021

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

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Surrey, GU21 6JG

Implementation Statement

1. Background

From 1 October 2020 trustees of pension plans with 100 or more members are required to include an Implementation Statement in their annual report and accounts. The objective of this requirement is to demonstrate that plan assets have been invested in accordance with the Statement of Investment Principles ("SIP") over the plan year. The Implementation Statement contains details of how, and the extent to which, the SIP has been followed during the year, as well as details of any review of the SIP during the year, subsequent changes made (with an explanation for any changes), and the date of the last SIP review. The Implementation Statement also includes a description of the voting behaviour during the year by, and on behalf of, the Trustee.

2. Adherence to SIP

The objectives for the Defined Benefit ("DB") and Defined Contribution ("DC") sleeves of the Jacobs Douwe Egberts UK Pension Plan are summarised below, with full details in Appendix A.

The key objectives for the DB Section of the Plan can be summarised as follows:

- To achieve and maintain a funding level of at least 100% on an ongoing basis
- To maintain at least full funding on a Technical Provisions basis

The Trustee Board can confirm that both of these objectives were achieved over the reporting period (1 April 2023 to 31 March 2024).

The primary objectives for the DC Section of the Plan are:

- To provide members with access to an appropriate range of investment options
- To provide members with access to a reasonable default option

The Trustee Board can confirm that both of these objectives were achieved over the reporting period (1 April 2023 to 31 March 2024).

3. Details of SIP Review

The SIP was last reviewed and updated in August 2022 to reflect the decision by the Trustee to further de-risk the Plan by liquidating the Credit asset class (which was part of matching assets), which reduced the target excess return over gilts. There were no changes to the objectives for the DC Section of the Plan, or to the Stewardship and Engagement Policy.

Implementation Statement

4. Voting and Engagement Policy

The SIP includes the following section outlining policies regarding the exercise of rights and the undertaking of engagement activities and monitoring/engagement of Investment Managers during the year:

Stewardship and engagement policy

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered the UK Stewardship Code (the "Code") issued by the Financial Reporting Council ("FRC").

The Trustee wishes to encourage best practice in terms of activism. It therefore requires its Investment Managers to discharge their responsibilities in respect of companies in which they invest in accordance with the Code drawn up by the FRC. The Trustee examines each of its Investment Manager's policies in this respect and requires its Investment Managers to report on any voting.

The Trustee requests its Investment Managers to be active owners and to exercise the rights attaching to its investments and to engage with debt and equity issuers and other relevant persons on relevant matters. Such matters include performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee cannot usually directly influence the Investment Manager's policies on the exercise of investment rights where the Trustee holds assets in pooled funds. The Trustee accepts that by using pooled investment vehicles for its equity investments the day-to-day application of voting rights will be carried out by the Investment Managers of the pooled fund. The Trustee reviews the voting policies of each pooled fund.

The Investment Managers are reviewed annually by the Trustee and the Investment Adviser on their stewardship and engagement activities. If an Investment Manager is found to be falling short of the standards that the Trustee expects, the Trustee will engage with the Investment Manager and seek to agree a more acceptable approach.

5. Compliance with Policy

Over the Plan year (1 April 2023 to 31 March 2024), Plan assets were invested in accordance with the SIP policy.

The Trustee has reviewed the Plan's Investment Managers on their engagement activities for the year and confirms that:

- 100% of in-scope managers have proxy voting procedures in place
- 100% of in-scope managers participate in industry collaborations including the UN principles for Responsible Investing and the UK Stewardship Code

Implementation Statement

6. Description of Proxy Voting Policies and Proxy Voting Behaviour

The tables below summarise the proxy voting policies and proxy voting behaviour of the Plan's eligible managers (i.e., those with investments eligible for proxy voting). Details of each fund's "10 most significant votes" over the year can be shared upon request.

Table 1: Proxy voting behaviour of the DC default investment option

Aon Managed Core Retirement Pathways	Section	Proxy Advisory Service	% proposals voted	% votes cast against management	% votes abstained
Aon Managed Core Retirement Pathway Funds					
<i>Member 30 years from retirement</i>	DC	Yes	97%	12%	0%
<i>Member at retirement ¹</i>	DC	Yes	97%	12%	0%

1. Figures shown reflect proportion of the portfolio with equity-voting rights

Table 2: Proxy voting behaviour of the DC self-select fund range

Self-Select Fund Range	Section	Proxy Advisory Service	% proposals voted	% votes cast against management	% votes abstained
BlackRock UK Equity Index Fund	DC	Yes	99%	2%	0%
BlackRock World ex-UK Equity Index Fund	DC	Yes	98%	6%	0%
BlackRock Emerging Market Index Fund	DC	Yes	98%	12%	2%

Statement of Investment Principles

Jacobs Douwe Egberts UK Pension Plan

Statement of Investment Principles – August 2022

1. Introduction

Jacobs Douwe Egberts UK Pension Trustee Limited (“the Trustee”) is the Trustee of the Jacobs Douwe Egberts UK Pension Plan (“the Plan”) and has drawn up this Statement of Investment Principles (“the Statement”) in order to record the investment arrangements, and the rationale behind them, adopted by the Trustee of the Plan. The Statement is designed to comply with the requirements of the Pensions Act 1995 and subsequent legislation, and to fulfil the spirit of the Code of Best Practice published in 2001.

This Statement has been updated following the decision by the Trustee to liquidate the credit asset class (part of matching assets). In the preparation of this Statement, the Trustee consulted the Principal Employer, D.E Holding UK Limited (“the Company”), about investment objectives and strategy and has taken its views into account. The final decisions have, however, been made by the Trustee, who has taken written advice from SECOR Investment Advisors (UK), LLP (“the Strategic Investment Advisor”). The Strategic Investment Advisor is believed by the Trustee to be qualified by its ability in, and practical experience of, financial matters and to have the appropriate knowledge and experience of the management of the investments of pension schemes. The content of the Statement has been shared with Adam Walker of Barnett Waddingham (“the Plan Actuary”).

Background

The Plan arose from the merger in 2002 of five pension schemes - Courtaulds Textiles Pension Scheme, Douwe Egberts Coffee Systems Ltd Retirement Benefit Scheme, Playtex Limited Retirement Benefits Scheme, Pretty Polly Pension Scheme and Sara Lee H&BC Pension Scheme - and from the merger in November 2018 of the Plan with the JDE UK Legacy Retirement Benefits Plan. To coincide with the latter merger the Trustee changed its corporate name from D.E Pension Trustee UK Limited to Jacobs Douwe Egberts UK Pension Trustee Limited and changed the name of the Plan from D.E UK Pension Plan to Jacobs Douwe Egberts UK Pension Plan.

The Plan provides the distinct benefits previously provided by each of the constituent schemes through the operation of separate benefits sections. All sections of the Plan provide defined benefit (“DB”) pension benefits. The JDE UK Legacy Retirement Benefits Plan provided both DB and defined contribution (“DC”) pension benefits which are now provided by the Plan through its “JDE UK Legacy Section”. The DC benefits in the JDE UK Legacy Section are referred to in this Statement as the “JDE UK Legacy DC Section”. The Plan is now a hybrid pension plan providing both DB and DC pension benefits for JDE UK Legacy Section members. The Plan also provides an additional voluntary contribution (“AVC”) savings facility. The Plan closed to future service accrual on 30 June 2021.

2. Process for choosing investments

The Trustee has established a duly constituted Investment & Funding Committee comprising three Trustee Directors. The Trustee has delegated decisions relating to the Plan’s investments to this

Committee and monitors its decisions to ensure consistency with the Trustee's investment strategy.

2.1 DB Section Investments

The stewardship of the Plan's DB investment arrangements may be divided into three main areas of responsibility. The first, the strategic management of the assets, is fundamentally the responsibility of the Trustee and is driven by its investment objectives, as set out in section 3 of this Statement. The second area is the day-to-day management of the assets, which the Trustee has delegated to professional investment managers, overseen by the Strategic Investment Advisor, whose roles are described in Appendix A. The third area is the ongoing measurement and monitoring of the performance of the appointed investment managers against predetermined benchmarks, as measured by Northern Trust ("NT"), custodian and performance agent, under the oversight of the Strategic Investment Advisor.

2.2 DC Section Investments

The stewardship of the Plan's DC investment arrangements may be divided into three main areas of responsibility. The first, the investment strategy of the default option and the investment options available to members, is fundamentally the responsibility of the Trustee and is driven by its investment objectives, as set out in section 3 of this Statement. The Trustee has received advice on the setting of the default strategy and the investment options available to members and the default strategy-specific Statement of Investments Principles is set out in Appendix B of this Statement. The second area, the day-to-day management of the Plan's DC assets has been delegated to professional investment managers and to Barnett Waddingham ("the Plan Administrator"), who are overseen by the Strategic Investment Advisor. The third area is the ongoing measurement and monitoring of the performance of the appointed investment managers, as measured by the custodians of the investment managers. The Strategic Investment Advisor supports the Trustee in monitoring the performance of the investment managers.

3. Investment objectives

3.1 DB Section investment objectives

The Trustee's overriding objective is to invest the Plan's DB assets in accordance with its fiduciary responsibilities and in the best financial interest of the beneficiaries. Within this framework the Trustee has agreed to a number of objectives to help guide it in its strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustee's policy on risk management is summarised in section 4 of the Statement.

The Trustee has decided as follows for the DB Section investments:

- a) The Trustee has set an objective to invest in such a manner that benefits and entitlements can be paid when they fall due. To achieve this, the Trustee is aiming to achieve and maintain a funding level of at least 100% on an ongoing basis, as advised periodically by the Plan Actuary. The Trustee pursues investment strategies which offer a reasonable probability that funding will be at or above its desired level over the lifetime of its members.

Statement of Investment Principles

- b) The Trustee has also set an objective to pay benefits and entitlements in full by maintaining at least full funding on a Technical Provisions basis. This valuation basis (using a Gilts-based investment return assumption plus a target excess return over Gilts of 31 basis points per annum net of fees) is considered appropriate for the purposes of setting investment strategy because this approach effectively “prices” the liability cash flows in a manner consistent with financial markets. Moreover, assets equal to the present value of projected liability cash flows on this basis would be expected to be sufficient to cover all future benefit payments as long as the return hurdle over Gilts is achieved, ignoring the uncertainties introduced by demographic factors.
- c) To achieve the target excess return to Gilts in (b), the Trustee is prepared to take on some risk in a controlled manner by investing in equities and potentially other return enhancing asset classes, and by using active investment managers, where considered appropriate, in the management of the Plan’s assets.

On a Technical Provisions basis, the results of the actuarial valuation at 1 April 2021 showed the Plan to be in a strong position with no deficit payments required. Jacobs Douwe Egberts International B.V (“the Sponsor”) continued to make contributions to the Plan with respect to future service accrual of active members until the Plan closed to future service accrual on 30 June 2021.

3.2 DC Section investment objectives

The Trustee’s primary objectives for the JDE UK Legacy DC Section are to provide members with access to:

- a) an appropriate range of investment options, reflecting the membership profile of the JDE UK Legacy DC Section and the variety of ways that members can draw their benefits in retirement; and
- b) a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions.

The objective of the default option is to generate returns above inflation whilst members are some distance from retirement, but then switch automatically and gradually to lower risk investments as members near retirement.

4. Risk management and measurement

There are various risks to which the Plan is exposed. The Trustee’s policy on risk management is set out below, distinguishing between risks that are specific to the DB and DC sections.

4.1 DB Section risk management and measurement

The Trustee’s policy on risk management for the DB sections is as follows:

Statement of Investment Principles

- The primary risk upon which the Trustee focuses is that arising through a mismatch between the Plan's assets and its liabilities.
- The Trustee recognises that whilst increasing risk can increase potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustee has taken advice on the matter and (considering the objectives noted previously) considered carefully the implications of adopting different levels of risk.
- The Trustee recognises that not all of the Plan's investments are in Sterling and therefore the Plan is exposed to foreign currency risk. Foreign currency investments can help diversify the Plan's overall risk. The Trustee has taken advice on the matter and carefully considered the implications of adopting a level of foreign currency risk.
- The Trustee also recognises that there are other, non-investment, risks to the funded status of the Plan. Examples include longevity risk (the risk that members live, on average, longer than expected), Sponsor risk (the risk, for whatever reason, that the Sponsor is unable to support the Plan as anticipated) and regulatory risk (the risk that changes in pension regulation increases the Plan's liability).
- The Trustee recognises that where the Plan invests in derivatives, such as swaps, this exposes the Plan to counterparty risk (i.e. the risk that the other party to the derivative contract fails to fulfil its obligations). Derivatives, such as swaps, may be used within segregated accounts in the name of the Plan or funds in which the Plan may invest. The Plan employs plan level overlays to help ensure the strategic objective of meeting full funding. The associated counterparty risk is largely mitigated by ensuring that the relevant investment managers:
 - Execute over-the-counter derivatives only with highly rated and appropriately regulated banks; and
 - Operate a daily collateralisation/margin call process to attempt to reduce the potential exposure to the default of a derivative counterparty.

However, the Trustee recognises that it is not possible to eliminate all counterparty risk from a derivative portfolio.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Plan assets will primarily be invested in segregated accounts, with some investment exposure obtained via pooled vehicles.

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- The Trustee recognises the risk that the Plan is unable to realise assets to meet benefit cash flows as they fall due. The Trustee is aware of the Plan's anticipated cash flow requirements and believes that this risk is managed appropriately via the Plan's rebalancing approach, as coordinated by the Plan Administrator, the Strategic Investment Advisor, and NT.
- The bulk of Plan's DB assets may be invested in passive strategies. A passively managed strategy here refers to a portfolio or fund that seeks to mirror a market index. Passive management will be used for a number of reasons, namely:
 - To diversify risk;
 - To invest in markets deemed efficient where the scope for active management to add value is limited; and
 - As a temporary measure, pending investment with an active manager.
- The Trustee recognises that the use of active investment managers involves the risk that the day-to-day management of the assets may not achieve the rate of investment return within each asset class expected by the Trustee. However, it believes that this risk may be outweighed by the potential gains from successful active management if the managers' skills have been carefully assessed. Therefore, there is a role for both active and passive management. Active management here refers to a style of investing under which the aim is to outperform the performance of a market index by regularly making buy, hold or sell decisions.
- At the total Plan level, and within individual investment manager appointments, investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer.
- Environmental, social and corporate governance ("ESG") factors are sources of risk to the Plan's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time the Trustee reviews how these risks are being managed in practice.
- The documents governing the investment manager appointments include guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The investment managers are prevented from investing in asset classes outside their mandate without the Trustee's prior consent.
- Arrangements are in place to monitor the Plan's investments to help the Trustee check that nothing occurs that would bring into question the continuing suitability of the current investments. To facilitate this, regular meetings are held with the Plan's investment managers and regular reports are received from all investment managers and the Strategic Investment Advisor. These reports include qualitative assessments of the level of risk to ensure the risks taken and returns achieved are consistent with those expected.

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- The safe custody of the Plan's assets is delegated to professional custodians (either directly or via the use of pooled vehicles).

4.2 DC Section risk management and measurement

The Trustee's policy on risk management for the JDE UK Legacy DC Section is as follows:

- As members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a lifestyle strategy (i.e. it automatically combines investments in proportions that vary according to the time to target retirement age).
- There is a risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Plan's DC assets. The Trustee believes that the Plan's DC default strategy is adequately diversified between different asset classes and within each asset class and the DC options provide a suitably diversified range of choice for members. This was a key consideration when determining the Plan's DC investment arrangements and is monitored by the Trustee on a regular basis.
- There is a risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual and undertakes a selection process. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for their mandates.
- There is a risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategy and diversifying the strategy across different types of investment.
- The Trustee recognises that the Plan is exposed to counterparty risk through the Plan's exposure to investment managers and the Plan's Trustee bank account. The counterparty risk is largely mitigated through restrictions on the types of securities the investment managers can invest in set out in the pooled fund documentation and by holding a minimal amount of cash in the Plan's Trustee bank account. However, the Trustee recognises that it is not possible to eliminate all counterparty risk.

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- ESG factors are sources of risk to the Plan's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time the Trustee reviews how these risks are being managed in practice.
- There is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The JDE UK Legacy DC Section is subject to credit risk because it invests in pooled bond funds. Within the JDE UK Legacy DC Section's bond portfolios, the Trustee manages its exposure to credit risk by the manager having a diversified exposure to bond issuers, conducting thorough research on the probability of default of those issuers and having only a limited exposure to bonds rated below investment grade.
- The JDE UK Legacy DC Section is subject to currency risk because some of the investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall default investment strategy and seeks to ensure that currency exposure diversifies the strategy and is appropriate.
- For a given amount of money the level of pension secured for a DC member will depend upon investment conditions at retirement. A sharp deterioration in these conditions in the period just prior to retirement can have a substantial impact on the benefits provided. To protect against this, the Trustee has made available a number of "lifestyle" strategies including an annuity lifestyle strategy designed to help mitigate this risk for members who expect to buy an annuity.
- The JDE UK Legacy DC Section assets in pooled bond funds are also subject to interest rate risk. The inclusion of bonds within the annuity lifestyle strategy, which targets annuity purchase at retirement, is appropriate since this reduces the volatility of the members' assets relative to annuity prices to give them more certainty. Bond funds are also offered as self-select options to members and may be used by members to diversify against other types of risk.
- Arrangements are in place to monitor the Plan's DC investments to help the Trustee check that nothing occurs that would bring into question the continuing suitability of the current investments. To facilitate this, regular meetings are held between the Trustee and the Strategic Investment Advisor who helps the Trustee oversee the Plan's investment managers. The Trustee also receives regular reporting from the Plan's Administrator to ensure core financial transactions are being processed promptly.
- There are other risks that arise from certain investment activities. The investment managers may place controls on such activities and these are set out in the legal documentation appropriate to each fund.

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Should there be a material change in the Plan’s circumstances, the Trustee will review whether, and to what extent, the investment arrangements should be altered; in particular, whether the current risk profile remains appropriate.

5. Investment strategy

5.1 DB Section investment strategy

The Trustee has considered in general terms the possible impact of different strategies in relation to the risks identified above. The DB investment strategy of the Plan is appropriate for the circumstances of the Plan. The Trustee has adopted the following DB investment strategy for the Plan to achieve an appropriate balance between the objectives set out in section 3.1 and the risks described in section 4.1.

- The strategy will target 92.5% matching assets and 7.5% growth assets and will be implemented using a series of bespoke segregated accounts and pooled funds.
- The Trustee recognises that market movements will naturally result in the Plan’s asset allocation differing over time from that specified.
- The Trustee has in place a rebalancing policy, which will be assessed monthly and executed by the Strategic Investment Advisor on an as-needed basis.

The table below shows the Trustee’s expected long-term strategic return (net of fees and including returns from active management) in excess of that which could be achieved if the Plan invested solely in a portfolio of long dated Gilts. It is recognised that performance may deviate from the long-term expectation, particularly over the short term.

Target Return	Gilts + 31 bps p.a.
Target Funded Status Volatility	80bps p.a.

Risk and Return Assumptions

Asset Class	Excess Return above Liability matched Gilts	Volatility
Gilts	-0.05%	11.2%
Hedged Equity	4.73%	10.5%
Swap overlay	0.0%	11.2%

5.2 DC Section investment strategy

There are two different categorisations of DC members; those without a DB guarantee (referred to as “pure DC members”) and those with the DB guarantee (referred to as “DB guarantee members”).

5.2.1 Pure DC members

The Trustee has made available a range of investment funds for these members. Each member is responsible for specifying one or more funds for the investment of their account, having

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regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default option, which is managed as a “lifestyle” strategy.

The default option was designed to be in the best interests of most of the members based on the demographics of the Plan’s membership. The default option targets drawdown at retirement, since the Trustee believes that most members will wish to take their benefits in this form. Therefore, in the initial growth phase the default option is invested to target a return significantly above inflation, and then in the 15 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking drawdown.

The Trustee has also made two alternative lifestyle strategies available; one targeting cash withdrawal and the other targeting annuity purchase at retirement. All lifestyle strategies are implemented via a range of target date funds.

The Trustee will monitor the relevant members’ behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

5.2.2 DB guarantee members

These DC members are not given an investment choice because they have the option of the DB guarantee. The DC funds of these members are entirely invested in the drawdown lifestyle strategy. The Trustee believes that this is an appropriate investment strategy if the member takes DC benefits. The option of the DB guarantee is accounted for in the Plan’s DB liabilities and poses limited risk to the Plan if exercised.

5.2.3 All DC members

In determining the investment arrangements for the JDE UK Legacy DC Section the Trustee considered:

- the best interests of members and beneficiaries;
- the profile of the membership and likely choices by members upon retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient for the risk being taken;
- the need for appropriate diversification within the default strategy and other lifestyle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members.

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6. Day-to-day management of the assets

The Trustee delegates the day-to-day management of the assets to a number of investment managers. The Trustee takes steps to satisfy itself that the investment managers have the appropriate knowledge and experience for managing the Plan's investments and that they are carrying out their work competently.

The Trustee determines, based on expert advice, a benchmark mix of asset types and ranges within which each of its appointed investment managers may operate.

The Trustee, following advice from its Strategic Investment Advisor, regularly reviews the continuing suitability of the Plan's investments, including the investment managers, and the balance between active and passive management, which may be adjusted from time to time.

For the Plan's DB assets, any such adjustments are made with the aim of ensuring the overall level of risk is consistent with an expected funded status volatility of 80 bps p.a. as set out in section 5.1.

For the Plan's DC assets, any such adjustments are made with the aim of ensuring the default arrangement continues to meet its investment objectives.

7. Additional assets

The Plan closed to future service accrual on 30 June 2021 and stopped receiving contributions from members. Prior to 30 June 2021, the Trustee made available to active members a number of investment options with Legal & General for the investment of AVCs. Members had a choice of up to six funds. Four of these are passively managed (i.e. index-tracking) funds, which are invested in the following asset classes:

- Global Equities
- UK Equities
- Index-Linked Bonds
- Fixed-Interest Bonds

In addition, members could invest in the following two actively managed funds:

- Cash
- With-profit

Members who had invested in certain other AVC arrangements prior to the launch of the Plan were permitted to continue to invest in those arrangements, subject to the approval of the Trustee.

The only other Plan assets relate to un-invested cash, maintained for the day-to-day management of the Plan. Most of this cash is managed by NT. The remainder is held in a Trustee bank account.

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8. Realisation of investments

8.1 DB Section investments

The investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.

The Strategic Investment Advisor and Trustee monitor the allocation between the investment managers and between asset classes and the Strategic Investment Advisor rebalances the portfolio according to the rebalancing policy.

8.2 DC Section investments

For the JDE UK Legacy DC Section, the Trustee's policy is to invest in funds that offer daily dealing to enable members readily to realise and change their investments.

9. ESG

The Trustee has considered how ESG factors should be reflected in the investment process. The Trustee will in all circumstances act in accordance with its fiduciary responsibilities and in the best financial interests of the beneficiaries and, where this primary consideration is not prejudiced and as appropriate, requires investment managers to take account of what they believe to be relevant ESG factors.

For those assets of the Plan invested in pooled arrangements, the Trustee accepts that the assets are subject to the investment managers' own ESG policies. The Trustee reviews the policies of each pooled fund in which the Plan invests. An annual ESG questionnaire is sent to each investment manager by the Strategic Investment Advisor and is used by the Trustee to monitor the investment managers consideration of ESG and stewardship issues.

10. Stewardship and engagement policy

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered the UK Stewardship Code (the "Code") issued by the Financial Reporting Council ("FRC").

The Trustee wishes to encourage best practice in terms of activism. It therefore requires its investment managers to discharge their responsibilities in respect of companies in which they invest in accordance with the Code drawn up by the FRC. The Trustee examines each of its investment manager's policies in this respect and requires its investment managers to report on any voting.

The Trustee requests its investment managers to be active owners and to exercise the rights attaching to its investments and to engage with debt and equity issuers and other relevant persons on relevant matters. Such matters include performance, strategy, capital structure, management

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of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee cannot usually directly influence the investment manager's policies on the exercise of investment rights where the Trustee holds assets in pooled funds. The Trustee accepts that by using pooled investment vehicles for its equity investments the day-to-day application of voting rights will be carried out by the investment managers of the pooled fund. The Trustee reviews the voting policies of each pooled fund.

The investment managers are reviewed annually by the Trustee and the Strategic Investment Advisor on their stewardship and engagement activities. If an investment manager is found to be falling short of the standards that the Trustee expects, the Trustee will engage with the investment manager and seek to agree a more acceptable approach.

11. Non-financial matters

The Trustee does not consider the views of beneficiaries, such as (but not limited to) ethical views, and views in relation to social and environmental impact and present and future quality of life of the beneficiaries.

12. Arrangements with investment managers

The Trustee takes the following considerations into account when selecting and monitoring the performance of investment managers. Where an investment manager is considered to be making decisions that are not consistent with the Trustee's policies or expectations, the Trustee will engage with the investment manager and may replace the investment manager.

12.1 Incentivising investment managers to align their investment strategy and decisions with the Trustee's investment policies

Each investment manager is chosen for a targeted asset class or market exposure within the Plan's investment strategy.

Investment and risk guidelines are set for each investment manager, including prescribed benchmarks and tracking error limits, and help govern their investment mandates. This limits the deviation from the Plan's investment policy objectives in relation to the kinds of investments held, the balance between different kinds of investments, risks, including the ways in which risks are measured and managed, the expected return on investments, the realisation of investments, and financially material considerations.

The Plan invests with multiple investment managers for the implementation of the Plan's investment strategy, which provides additional mitigation of any single manager being misaligned.

12.2 Incentivising investment managers to base their decisions on assessments of the medium to long-term financial performance of an issuer of debt or equity, and to engage with those issuers to improve their medium to long-term performance

The Strategic Investment Advisor conducts formal reviews of each investment manager no less frequently than annually to ensure its investment approach is robust, long-term focussed and

Statement of Investment Principles

sustainable. The Trustee informs each investment manager of the Trustee's stewardship and engagement policy when they are first appointed and provides updates to them as required.

12.3 Method and timescale for evaluating that investment managers' performance and fees align with the Trustee's investment policies

Performance is monitored against the investment mandate, risk guidelines and benchmarks set and reported to the Trustee net of fees and on a regular basis. The Strategic Investment Advisor conducts a detailed assessment of each investment manager's performance and other factors no less frequently than annually. Each investment manager's fees and charges are monitored regularly in the context of the Strategic Investment Advisor's ongoing market evaluation of the price of fund management services. The Trustee understands the importance of assessing performance over longer time periods. Investment managers' fees are reported to the Trustee regularly.

12.4 Monitoring turnover costs incurred by investment managers and how the Trustee defines and monitors targeted portfolio turnover

The Strategic Investment Advisor monitors portfolio turnover and the costs of portfolio turnover no less frequently than annually. Where relevant for a particular asset class or manager style, as part of their regular investment manager review process, the Strategic Investment Advisor monitors the levels of portfolio turnover and associated costs, and reports to the Trustee. The Trustee does not have specific ranges for portfolio turnover and their associated costs but requires the Strategic Investment Advisor to highlight if these costs appear unreasonable.

For the JDE UK Legacy DC Section, the Trustee collects information on costs and charges on an annual basis, where available, and sets these out in the Plan's annual DC Governance statement, which is made available to members in a publicly accessible location.

12.5 The length of arrangements with investment managers.

There is no policy on the length of arrangements with investment managers.

A range of factors are considered when assessing an investment manager, including: people, process, performance, price and fit within the investment strategy. The length of the arrangement with an investment manager is not deemed a relevant factor in evaluating whether an investment manager can achieve the objectives required by the investment strategy of the Trustee.

13. Compliance with this Statement

The Trustee monitors compliance with this Statement annually and obtains written confirmation from the investment managers that they have managed the Plan's assets in accordance with the mandates given to them. The Trustee also produces an annual "Implementation Statement" in the Plan's annual report, detailing the extent to which this Statement has been followed.

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14. Review of this Statement

The Trustee will review this Statement at least once every three years and without delay when there is a significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone whom the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments. In compliance with regulation and legislation, the Company is consulted on any proposed changes to this Statement.

The regular triennial review of this Statement will coincide with the actuarial valuation. Any such review will again be based on expert investment advice and will be carried out in consultation with the Company.

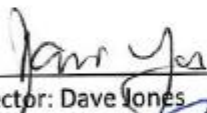

Trustee Director: Russell Bailey

31 August 2022
Date:

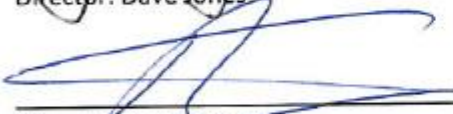

Trustee Director: Roger Broadberry

31 AUGUST 2022
Date:

On behalf of Jacobs Douwe Egberts UK Pension Trustee Limited as the Trustee of the Jacobs Douwe Egberts UK Pension Plan


Director: Dave Jones

31 August 2022
Date:


Director: Daniel Bethell

22nd September 2022
Date:

On behalf of the Principal Employer

Statement of Investment Principles

Appendix A

Responsibilities

The Trustee believes that decisions should be taken and monitored by individuals and organisations with the necessary skills, knowledge and resources.

The Trustee has decided therefore on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, their own level of expertise and resource and their view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service.

The Trustee has put in place a business plan and reviews progress against it on a regular basis.

1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- Reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy (e.g. an asset liability modelling study);
- Monitoring the decisions of the Investment & Funding Committee;
- Appointing (and, when necessary, dismissing) the Plan Actuary and Strategic Investment Advisor;
- Formulating a policy on socially responsible investment issues and voting rights;
- Reviewing the content of the Statement from time to time and modifying it if deemed appropriate; and
- Consulting with the Company when reviewing the Statement.

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2. Strategic Investment Advisor

In broad terms, the Strategic Investment Advisor is responsible for:

- Advising on the types of investments the Plan will hold, the balance between different kinds of investments, risks (including the ways in which risks are to be measured and managed), the expected return on investments, and the realisation of investments;
- Implementing the investment strategy through the selection, and review, of the investment managers;
- Advising on a suitable fund range and default strategy for the JDE UK Legacy DC Section, and on the impact of material changes to legislation or the Plan's benefits or membership;
- Providing the Trustee with regular information concerning the management and performance of the Plan assets; and
- Participating with the Trustee in the review of the Statement.

3. Investment managers

In broad terms, the investment managers are responsible for:

- Managing their respective portfolios, within the agreed guidelines;
- Having regard to the provisions of Section 36 of the Act and the Regulations insofar as it is necessary to do so.

4. Plan Actuary

In broad terms, the Plan Actuary is responsible (as requested by the Trustee) for:

- Advising on any material changes to Plan's benefits or membership and advising on how the funding position may be affected by the manner in which assets are invested and the asset allocation policy.

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Appendix B

Default strategy specific Statement of Investment Principles

1. Introduction

This statement sets out the principles and objectives governing decisions about investments under the default strategy of the defined contribution benefits provided for members in the JDE UK Legacy Section of the Jacobs Douwe Egberts UK Pension Plan ("the Plan"). These defined contribution benefits are referred to as the JDE UK Legacy DC Section in this statement. This statement has been prepared in accordance with section 35 of the Pensions Act 1995 (the "Act"), and subsequent legislation. The Trustee will review this statement and the JDE UK Legacy DC Section's default strategy from time to time and in any event at least every three years and without delay after any significant change in investment policy.

In accordance with the requirements of the Act, the Trustee has, before adopting this statement, consulted the Principal Employer, D.E Holding UK Limited, on the terms of this statement.

The Trustee is responsible for the default strategy of the JDE UK Legacy DC Section. The Trustee has obtained written advice on the default strategy appropriate for the JDE UK Legacy DC Section and on the preparation of this statement. This advice was provided by SECOR Investment Advisors (UK), LLP (the "Strategic Investment Advisor") who are authorised and regulated by the Financial Conduct Authority.

The day-to-day management of the JDE UK Legacy DC Section's assets has been delegated to investment managers who are appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012). A copy of this statement is available to the investment managers appointed and to the members of the JDE UK Legacy DC Section.

The aims and objectives of the Trustee in respect of the default strategy and the various policies including on stewardship, engagement and incentivisation, are intended to ensure that the JDE UK Legacy DC Section's assets are invested in the best financial interests of the beneficiaries. The default strategy is designed to take a suitably controlled amount of risk to generate investment returns in order to provide a reasonable level of retirement benefits for members who have not made an investment choice, taking into account the performance of asset markets and the level of contributions paid over a member's lifetime into the JDE UK Legacy DC Section. Investment manager incentivisation policies are set so that investment managers make investment decisions that are in the best financial interests of members, with due regard to their investment and risk guidelines and any associated portfolio turnover costs.

2. Investment objectives

The Trustee's main investment objectives are:

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- To provide a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions;
- To provide a default investment option the objective of which is to generate returns significantly above inflation whilst members are some years from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement;
- To achieve good member outcomes net of fees and subject to acceptable levels of risk;
- To control volatility and risk in the value of the funds of each member through appropriate asset diversification; and
- To help manage the risk of a sharp deterioration of financial conditions just prior to retirement impacting the level of benefits provided.

3. Default options

There are two different categorisations of DC members; those without a DB guarantee (referred to as “pure DC members”) and those with the DB guarantee (referred to as “DB guarantee members”). The Trustee has decided that the default arrangements summarised below are suitable for members who do not make a choice about how their savings are invested, taking into account:

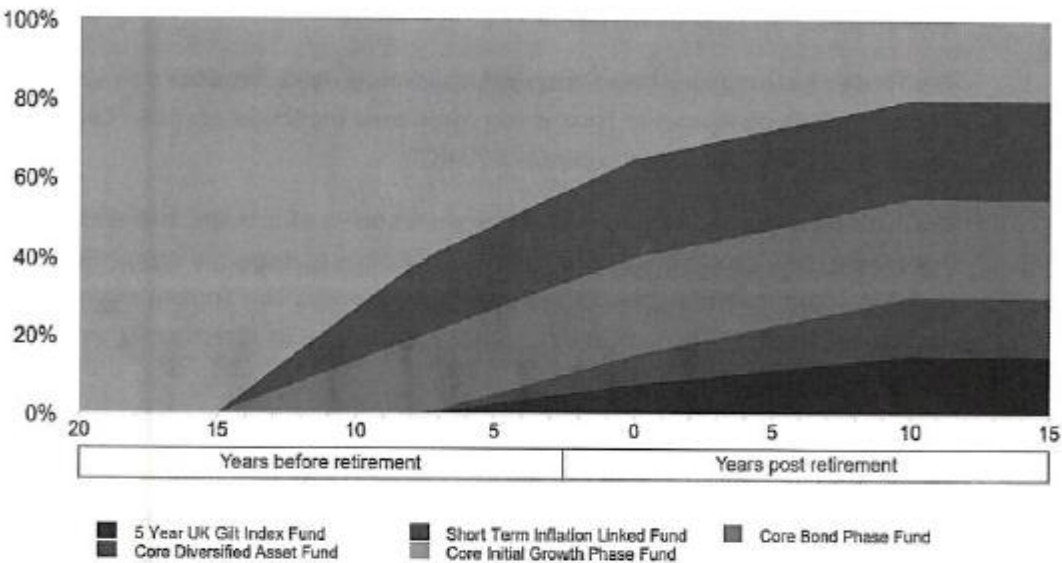
- Kinds of investments to be held;
- Balance between different kinds of investments;
- Investment risks;
- Expected return on investments net of fees;
- Realisation of investments; and
- Socially Responsible Investment, Corporate Governance and Voting Rights.

3.1 Pure DC members

If a member does not choose an investment option, their account will be invested into the default option, which is managed as a “lifestyle” strategy (i.e. it automatically combines investments in proportions that vary according to the time to target retirement age). The default option targets drawdown at retirement, since the Trustee believes that most members will wish to take their benefits in this form. Therefore, in the initial growth phase the default option is invested to target a return significantly above inflation, and then in the 15 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking drawdown.

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Whilst outside the 15-year period to retirement the strategy is 100% invested in global equities. The strategy starts to de-risk in the 15-year period before retirement, investing in a diversified mix of assets that mostly consists of fixed income investments.



The default option was designed to be in the best interests of the majority of the members based on the demographics of the Plan’s membership.

3.2 DB guarantee members

These DC members are not given an investment choice because they have the option of the DB guarantee. The DC funds of these members are entirely invested in the drawdown lifestyle strategy. The Trustee believes that this is an appropriate investment strategy if the member takes DC benefits. The option of the DB guarantee is accounted for in the Plan’s DB liabilities and poses limited risk to the Plan if exercised.

4. ESG

The Trustee believes that environmental, social and corporate governance (“ESG”) issues can affect the performance of investment portfolios and should be taken into account as part of the Plan’s investment process.

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers (with certain guidelines and restrictions). An annual ESG questionnaire is sent to each investment manager by the Strategic Investment Advisor and is used by the Trustee to monitor the investment managers consideration of ESG and stewardship issues.

The Trustee’s guideline is that, the extent to which social, environmental or ethical considerations are taken into account in their decisions, is left to the discretion of the manager.

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The Trustee does not consider the views of beneficiaries, such as (but not limited to) ethical views, and views in relation to social and environmental impact and present and future quality of life of the beneficiaries.

5. Stewardship and engagement policy

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered the UK Stewardship Code (the "Code") issued by the Financial Reporting Council ("FRC").

The Trustee wishes to encourage best practice in terms of activism. It therefore requires its investment managers to discharge their responsibilities in respect of companies in which they invest in accordance with the Code drawn up by the FRC. The Trustee examines each of its investment manager's policies in this respect and requires its investment managers to report on any voting.

The Trustee requests its investment managers to be active owners and to exercise the rights attaching to its investments and to engage with debt and equity issuers and other relevant persons on relevant matters. Such matters include performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee cannot usually directly influence the investment manager's policies on the exercise of investment rights where the Trustee holds assets in pooled funds. The Trustee accepts that by using pooled investment vehicles for its equity investments the day-to-day application of voting rights will be carried out by the investment managers of the pooled fund. The Trustee reviews the voting policies of each pooled fund.

The investment managers are reviewed annually by the Trustee and the Strategic Investment Advisor on their stewardship and engagement activities. If an investment manager is found to be falling short of the standards that the Trustee expects, the Trustee will engage with the investment manager and seek to agree a more acceptable approach.

6. Arrangements with investment managers

The Trustee takes the following considerations into account when selecting and monitoring the performance of investment managers. Where an investment manager is considered to be making decisions that are not consistent with the Trustee's policies or expectations the Trustee will engage with the investment manager and may replace the investment manager.

6.1 Incentivising investment managers to align their investment strategy and decisions with the Trustee's investment policies

Investment and risk guidelines are set for each investment manager, including prescribed benchmarks and tracking error limits, and help govern their investment mandates. This limits the deviation from the Plan's investment policy objectives in relation to the kinds of investments held, the balance between different kinds of investments, risks, including the

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ways in which risks are measured and managed, the expected return on investments, the realisation of investments, and financially material considerations.

The default strategy uses mostly passive managers to invest with multiple investment managers for the implementation of the default strategy, which provides additional mitigation of any single manager being misaligned.

6.2 Incentivising investment managers to base their decisions on assessments of the medium to long-term financial performance of an issuer of debt or equity, and to engage with those issuers to improve their medium to long-term performance

The Strategic Investment Advisor conducts formal reviews of each investment manager no less frequently than annually to ensure that their investment approach is robust, long-term focussed and sustainable. The Trustee informs each investment manager of the Trustee's stewardship and engagement policy when they are first appointed and provides updates to them as required.

6.3 Method and timescale for evaluating that investment managers' performance and fees align with the Trustee's investment policies

Performance is monitored against the investment mandate, risk guidelines and benchmarks set and reported to the Trustee net of fees and on a regular basis. The Strategic Investment Advisor conducts a detailed assessment of each investment manager's performance and other factors no less frequently than annually. Each investment manager's fees and charges are monitored regularly in the context of the Strategic Investment Advisor's ongoing market evaluation of the price of fund management services. The Trustee understands the importance of assessing performance over longer time periods. Investment managers' fees are reported to the Trustee regularly.

6.4 Monitoring turnover costs incurred by investment managers and how the Trustee defines and monitors targeted portfolio turnover

The Strategic Investment Advisor monitors portfolio turnover and the costs of portfolio turnover no less frequently than annually. Where relevant for a particular asset class or manager style, as part of their regular investment manager review process, the Strategic Investment Advisor monitors the levels of portfolio turnover and associated costs, and reports to the Trustee. The Trustee does not have specific ranges for portfolio turnover and associated costs but requires the Strategic Investment Advisor to highlight if these costs appear unreasonable.

The Trustee collects information on costs and charges on an annual basis, where available, and sets these out in the Plan's annual DC Governance statement, which is made available to members in a publicly accessible location.

6.5 The length of arrangements with investment managers.

There is no policy on the length of arrangements with investment managers.

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A range of factors are considered when assessing an investment manager, including: people, process, performance, price and fit within the investment strategy. The length of the arrangement with an investment manager is not deemed a relevant factor in evaluating whether an investment manager can achieve the objectives required by the investment strategy of the Trustee.

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Introduction

On 16 November 2018, the JDE UK Legacy Retirement Benefits Plan merged with the D.E UK Pension Plan to form the Jacobs Douwe Egberts UK Pension Plan ("the Plan"). The benefits of the JDE UK Legacy Retirement Benefits Plan following the merger have been treated as a new section of the Plan known as the "JDE UK Legacy Section". Governance requirements apply to defined contribution (DC) pension arrangements like the DC benefits provided under the JDE UK Legacy Section to help members achieve a good outcome from their pension savings. The Trustee of the Plan is required to produce a yearly statement to describe how the governance requirements have been met in relation to:

- The investment options in which members' funds are invested (this includes the 'default arrangement' and other funds that members can select or have assets in, such as self-select funds);
- The requirements for processing core financial transactions;
- The charges and transaction costs borne by members;
- An illustration of the cumulative effect of these costs and charges;
- A 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 April 2023 to 31 March 2024. This statement along with other information that is relevant to the DC benefits under the JDE UK Legacy Section has been published for members to access at the following website: <https://www.jacobsdouweegberts.com/about-us/united-kingdom>

The default investment arrangement

The default investment arrangement is designed for members who join the Plan and do not choose an investment option. The Trustee is responsible for investment governance, and this includes setting and monitoring the investment strategy for the default arrangement.

The default investment arrangement over the period to 31 March 2024

The default arrangement in place for pure DC members and members with a Defined Benefit (DB) guarantee is the Aon Managed Core Retirement Pathway Funds, which are a range of target retirement date funds that are designed for members who plan to drawdown their retirement savings by taking a flexible income at retirement. The aims and objectives of the default arrangement are as follows: to generate returns significantly above inflation whilst members are some distance from retirement, and then to gradually reduce the risk taken in the investment strategy as members approach their target retirement date by automatically shifting members' asset allocation to lower risk investments, and to have an asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings.

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The default investment arrangement over the period to 31 March 2024 (continued)

The Trustee monitors the strategy and performance of the default arrangements for members with DC benefits in the JDE UK Legacy Section on a quarterly basis and conducts a formal review at least every three years. The Trustee formally reviewed the performance and strategy of the default arrangement for pure DC members and members with a DB guarantee on 12 July 2024. The review assessed the default arrangement against its stated aims and objectives of generating returns significantly above inflation whilst members are some distance from retirement, and then to gradually reduce the risk taken in the investment strategy as members approach their target retirement date. To review performance, the demographics of the membership base were analysed to determine the appropriate 'representative' target date funds to be included in the review. As of 31 March 2024, approximately half of all members had 15 years or more to retirement and approximately one quarter of members were 10 years or less from retirement. Therefore, the Trustee and its investment advisor assessed performance for a member with 25 years to retirement and a member with 10 years to retirement over a period from the inception date of the current default arrangement on 1 December 2021 to 31 March 2024. The investment return for the representative members was compared against inflation, as measured by CPI. The measurement period was relatively short (less than three-years) and was also one where the UK experienced sharp rises in inflation due to the aftermath of the COVID-19 pandemic as well as shocks to commodity prices as a result of Russia's invasion of Ukraine. Despite the significant jump in inflation, the default arrangement for members with 25 years to retirement delivered investment returns above CPI over the period. However, the investment performance of the default arrangement for members with 10 years or less to retirement was below inflation over the period. Performance lagged CPI for this cohort largely because of the high inflation environment, which was unfavourable to performance of bond investments. The Trustee and investment adviser assessed whether performance for the 10 years to retirement cohort was expected to recover over a longer time horizon. Because the rate of inflation was coming down and the expected future returns of the underlying investments held by the default arrangement were above the expected future rate of inflation, the investment adviser and Trustee concluded that the default arrangement for members 10 years or less from retirement was well positioned to achieve its performance objective going forward. The Trustee and their investment advisor also reviewed the strategy of the default arrangement with a focus on its objective of gradually reducing risk as members approach their target retirement date and to have an asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings. The Trustee concluded that the target retirement date fund structure of the default arrangement, where members choose their target retirement date and are invested with a fund that moves its asset allocation along the path to the chosen date, was working as expected and satisfied the objective for the default arrangement. In summary, the outcome of the review by the Trustee was that the default arrangements for both pure DC members and members with a DB guarantee were meeting the aims and objectives as outlined in the SIP.

The Statement of Investment Principles (SIP) for the Plan was last revised on August 2022 to reflect an updated DB investment strategy. Further details of the Trustee's policies regarding the default arrangements are set out in the Plan's SIP, which is in Appendix A and attached to this DC governance statement.

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Investment options available to members

In addition to the current default, the Aon Managed Core Retirement Pathway Funds, which targets flexible drawdown at retirement, pure DC members can also choose two additional strategies depending on a preference to target either a cash withdrawal at retirement or an annuity purchase at retirement. The Aon target date fund options available to pure DC members to invest in are outlined below.

Target benefit strategies	Description
Aon Managed Core Retirement Pathway Funds (Default)	This option will also be used where pure DC members do not make a choice as to where their contributions are invested. The strategy of this option is designed for members who plan to take a flexible income at retirement (i.e. who want to be able to choose how much to take and when subject to the amount of money they have available). The Funds will invest in a portfolio of assets which will aim to predominantly include passively managed funds over the lifetime of the strategy but may also include actively managed funds. For members with more than fifteen years left to their selected retirement age, all their savings and contributions will be invested in Global Equity funds. When members are closer to retirement (less than 15 years away) risk will automatically be reduced by gradually decreasing¹ the amount of money invested in Global Equities (higher risk investment) and increasing the amount invested in lower risk Diversified Growth, Fixed Income and Cash investments.
Aon Managed Core Retirement Pathway to Annuity Funds	This option is designed for members who plan to take 25% of their retirement savings as a cash lump sum and use the balance to buy an income for life (called an annuity) at their selected retirement age. The Funds will invest in a portfolio of assets which will aim to predominantly include passively managed funds over the lifetime of the strategy but may also include actively managed funds. For members with more than fifteen years left to their selected retirement age, all their savings and contributions will be invested in Global Equity funds. When members are closer to retirement (less than 15 years) risk will automatically be reduced by gradually decreasing the amount of money invested in Global Equities (higher risk investment) and increasing the amount invested in lower risk Diversified Growth, Conventional gilts, Index-Linked gilts, Investment Grade Corporate Bonds, and Cash investments.
Aon Managed Core Retirement Pathway to Cash Funds	This option is designed for members who plan to take their entire retirement savings as cash at their selected retirement age. The Funds will invest in a portfolio of assets which will aim to predominantly include passively managed funds over the lifetime of the strategy but may also include actively managed funds. For members with more than fifteen years left to their selected retirement age, all their savings and contributions will be invested in Global Equity funds. When members are closer to retirement (less than 15 years) risk will automatically be reduced by gradually decreasing the amount invested in Global Equities (higher risk investment) and increasing the amount invested in lower risk Diversified Growth, Conventional gilts, Index-Linked gilts, Investment Grade Corporate Bonds, and Cash

¹ See appendix A for chart detailing the changes in allocations over time

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	investments.
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Investment options available to members (continued)

Members can also choose to invest some or all of their current DC pot and future contributions (both employee and employer) with the following investment funds that are available to members on a 'self-select' basis.

A brief description of each of the funds is shown below.

Fund options	Description
Aon Managed Diversified Asset Fund	The fund aims to outperform its cash benchmark by 3.25% per annum, over a rolling market cycle. The Fund aims to achieve this by investing in a diversified portfolio of assets which can include actively and passively managed funds and which will provide exposure to a range of different assets at any one time. Investments in this fund are of moderate risk.
Aon Managed Long Term Inflation Linked Fund	The fund aims to track the performance of the FTSE UK Gilts Index-Linked Over 5 Years index, which provides broad exposure to UK gilts, by investing in a range of funds that provide exposure to longer dated UK index linked gilts. Investments in UK index linked gilts are relatively low risk.
Aon Managed Pre-Retirement Bond Fund	The fund aims to track the performance of a traditional level annuity product by investing in a range of funds that provide exposure to Sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical level annuity product. Investments in this fund are relatively low risk.
Aon Managed Liquidity Fund	The fund aims to preserve capital and to achieve an income consistent with short term money market interest rates (rate earned holding cash or investments very similar to cash) in sterling by investing in one or more short term (sterling denominated money market) funds. Investments in the short term money market are very low risk.
Aegon BlackRock Emerging Markets Equity Index (BLK) Fund	The fund aims to track the performance of the MSCI Global Emerging Markets Index, which provides broad exposure to emerging markets equities. Investments in emerging markets equities are relatively very high risk.
Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund	The fund aims to track the performance of the FTSE All word Developed (ex-UK) Index, which provides broad exposure to developed markets equities. Investments in developed markets equities are relatively high risk.
Aegon BlackRock UK Equity Index (BLK) Fund	The fund aims to track the performance of the FTSE All Share index, which provides broad exposure to UK equities. Investments in UK equities are relatively high risk.

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Members with a DB guarantee have their funds invested in the Aon Managed Core Pathways Funds. These members can choose to have some, or all their benefits invested in one or more of the other funds listed above but would have to give up their DB guarantee to do so.

Requirements for processing financial transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfers between different investments within the Plan and transfer of member assets out of the Plan) are processed promptly and accurately. The processing of core financial transactions is carried out by the administrators of the Plan, Barnett Waddingham LLP.

The Plan has been closed to future accrual since 30 June 2021, so no member or employer contributions have been made. However, Barnett Waddingham have processed transfers out of the Plan, transfers of assets between different investments within the Plan and payments to members.

The Plan has service level agreements (SLA) in place with the administrators in relation to the financial transactions which cover the following:

- For a member switching investments, the agreed service standard with Barnett Waddingham LLP is 5 working days. There were no requests to switch investments during the Plan year;
- For transfer of member assets out of the Plan the agreed service standard is 10 working days from receipt of all documentation. Transfers of DC assets out of the Plan during the Plan year were completed within the agreed service standard; and,
- The monthly payroll was completed on time and right first time for each month of the Plan year.

The Trustee receives quarterly administration reports from the administrators which are used to monitor the overall quality of the administration and compliance with the SLA within in the period. These are reviewed during each Trustee meeting and any issues arising are addressed with the administration team lead. Based on these reviews the Trustee is satisfied that core financial transactions were processed promptly and accurately during the Plan year.

Regarding the administrator's control procedures which govern the accuracy of their processes, the administrator employs a Service Auditor to provide assurance over the internal processes and controls detailed in their annual report on their internal controls (AAF01/20 and ISAE 3402). The report covering the period 1 April 2023 to 31 March 2024 confirmed that the administrator's description of services was fairly presented and that controls were designed, implemented, and operated effectively throughout the review period. The Plan Trustee has no cause to believe that this position has changed.

Member borne charges and transaction costs

The Trustee is required to set out the member borne charges and transaction costs for the investments used in default and self-select funds in its annual DC governance statements. The Government prescribes the content (including illustrations) in this section, over which the Trustee has little discretion. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The charges incurred on the DC investments are expressed as an "ongoing charges figure" ("OCF"), which is the annual management charges ("AMCs") plus additional fund expenses ("AFE") (e.g. for custody but excluding transaction costs). All funds in the default arrangements for pure DC members and members with a DB guarantee have a combined ongoing charges figure below the charge cap of 0.75% p.a. set out in legislation.

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Member borne charges and transaction costs (continued)

In addition to the ongoing charges, the investments are subject to other implicit costs such as those associated with trading a fund's underlying securities, commissions and stamp duty. These expenses are not explicitly deducted from the fund but are captured by a reduction in investment returns. In reporting these transaction costs, the Trustee confirms that the guidance provided by the Financial Conduct Authority regarding calculations and disclosures of transaction costs was followed. The transaction costs are calculated using the "slippage cost" methodology. This method looks at the change in the value of an investment between the time the decision to buy or sell the investment is taken and the time that the transaction is executed. As the value of the investments can increase or decrease, this means that the transaction costs identified by this method can be positive or negative.

Jacobs Douwe Egberts pays the AMCs incurred on the default and self-select funds for both pure DC members and those members with a DB guarantee. As such, the only charges and costs borne by the members of the Plan are the additional fund expenses and the transaction costs. For completeness, the Trustee has reported the historical average of all ongoing charges and transaction costs as of 31 March 2024. The figures in this section have been supplied by Aon, the Plan's investment manager. The figures shown exclude administration costs, member communication costs and advisory costs since these are not paid by the members.

The below table shows the costs and charges relating to the investment funds within the DC Plan expressed as an annual percentage of a member's pension pot. The default arrangement for pure DC members and members with a DB guarantee is shown in bold.

Fund	Transaction Costs (A)	AFE (B)	AMC (C)	OCF (B)+(C)	Total Costs Borne by Member (A)+(B)
Aon Managed Core Retirement Pathway Funds (Default)	0.05%	0.01%	0.16%	0.17%	0.06%
Aon Managed Core Retirement Pathway to Annuity Funds	0.03%	0.01%	0.16%	0.17%	0.04%
Aon Managed Core Retirement Pathway to Cash Funds	0.04%	0.01%	0.16%	0.17%	0.05%
Aon Managed Diversified Asset Fund	0.17%	0.02%	0.31%	0.33%	0.19%
Aon Managed Long Term Inflation Linked Fund	0.05%	0.00%	0.17%	0.17%	0.05%
Aon Managed Pre-Retirement Bond Fund	0.01%	0.00%	0.29%	0.29%	0.01%
Aon Managed Liquidity Fund	0.01%	0.03%	0.27%	0.30%	0.04%
Aegon BlackRock Emerging Markets Equity Index (BLK) Fund	0.00%	0.06%	0.20%	0.26%	0.06%
Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund	0.02%	0.01%	0.05%	0.06%	0.02%
Aegon BlackRock UK Equity Index (BLK) Fund	0.07%	0.01%	0.05%	0.06%	0.08%

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Member borne charges and transaction costs (continued)

The below table shows the annual costs and charges paid by a member per £100,000 invested.

Fund	Transaction Costs (A)	AFE (B)	AMC (C)	OCF (B)+(C)	Total Costs Borne by Member (A)+(B)
Aon Managed Core Retirement Pathway Funds (Default)	£51	£13	£160	£173	£64
Aon Managed Core Retirement Pathway to Annuity Funds	£35	£10	£160	£170	£45
Aon Managed Core Retirement Pathway to Cash Funds	£36	£13	£160	£173	£49
Aon Managed Diversified Asset Fund	£168	£23	£310	£333	£192
Aon Managed Long Term Inflation Linked Fund	£47	£3	£170	£173	£50
Aon Managed Pre-Retirement Bond Fund	£6	£0	£290	£290	£6
Aon Managed Liquidity Fund	£15	£30	£270	£300	£45
Aegon BlackRock Emerging Markets Equity Index (BLK) Fund	£0	£60	£200	£260	£60
Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund	£16	£7	£50	£57	£23
Aegon BlackRock UK Equity Index (BLK) Fund	£71	£7	£50	£57	£78

Examples demonstrating the cumulative impact of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pensions savings can reduce the amount available at retirement. Based on statutory guidance and in accordance with the regulatory requirements, the Trustee has prepared the following illustrations detailing the impact of the costs and charges typically paid by a member of the Plan. Because members of the JDE legacy DC Plan do not pay any annual management charges, the illustration excludes these and only shows the cumulative impact of transaction costs and additional fund expenses, which are borne by the Plan's members. The illustrations take account of the savings pot size; the investment return above inflation excluding costs and charges; adjustments for the effect of costs and charges; and the time to retirement.

To make this representative of the membership, the Trustee based the illustrations on assumptions that the youngest member of the Plan is aged 35 years old with an average pot size of £5,000. A typical member is assumed to be 50 years old and have a pot size of £41,000. These assumptions are consistent with the Plan's membership base. Inflation is assumed to be 2.5% per year. Where transaction costs return a negative value, it is prudent to reflect this as 0% within the illustration as it is unlikely that members will gain every year of their investment term.

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Examples demonstrating the cumulative impact of charges and transaction costs (continued)

The illustrations are shown for the default arrangement (the Aon Managed Core Retirement Pathway Fund) since this is the arrangement with the most members invested in it as well as a range of funds from the Plan's self-select range that members have opted to invest in. The self-select funds shown in the illustration are:

- The fund with the highest annual member borne costs– this is the Aegon BlackRock UK Equity Index (BLK) Fund
- The fund with the lowest annual member borne costs – this is the Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund

Notes on the projections shown below:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Projections are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
3. All projected illustrations assume that no further contributions are made as the Plan is closed to future accrual.
4. The projected annual returns used are as follows is as follows:
 - a. Aon Managed Core Retirement Pathway Fund: 2.5% above inflation
 - b. Aegon BlackRock UK Equity Index (BLK) Fund: 4.5% above inflation
 - c. Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund: 4.5% above inflation
 - d. No allowance for active management has been made

Youngest member (aged 35) – The projection is for 30 years, being the duration that a 35 year old member has until they reach the Plan's normal pension age of 65.

	Most Popular for Pure DC members		Lowest charge		Highest Charge	
	Aon Managed Core Retirement Pathway Funds (Default)		Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund		Aegon BlackRock UK Equity Index (BLK) Fund	
Year End	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£3,077	£3,075	£3,135	£3,135	£3,137	£3,135
3	£3,235	£3,229	£3,425	£3,423	£3,430	£3,423
5	£3,403	£3,392	£3,741	£3,737	£3,751	£3,737
10	£3,859	£3,835	£4,666	£4,656	£4,691	£4,655
15	£4,377	£4,335	£5,819	£5,800	£5,865	£5,798
20	£4,965	£4,902	£7,257	£7,225	£7,334	£7,221
25	£5,631	£5,542	£9,051	£9,000	£9,171	£8,995
30	£6,387	£6,265	£11,287	£11,211	£11,467	£11,204

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Examples demonstrating the cumulative impact of charges and transaction costs (continued)

Typical member (aged 50) - The projection is for 15 years, being the duration that a typical member, aged 50, has until they reach the Plan's normal pension age of 65.

	Most Popular for Pure DC members		Lowest charge		Highest Charge (DB underpin default)	
	Aon Managed Core Retirement Pathway Funds (Default)		Aegon BlackRock World (Ex-UK) Equity Index (BLK) Fund		Aegon BlackRock UK Equity Index (BLK) Fund	
Year End	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£42,046	£42,019	£42,852	£42,842	£42,874	£42,841
3	£44,218	£44,133	£46,809	£46,778	£46,883	£46,775
5	£46,503	£46,354	£51,132	£51,075	£51,267	£51,069
10	£52,744	£52,408	£63,769	£63,625	£64,105	£63,612
15	£59,823	£59,252	£79,528	£79,260	£80,159	£79,234

Net return on investments

The Trustee is required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges, for all the funds members are invested in over the year to 31 March 2024.

The table below shows the net performance, net of all charges and transaction costs borne by the member, of the current default investment strategy.

Default Fund	Member Age	One-year net returns	Net Returns Since Inception (From 1 December 2021)
Aon Managed Core Retirement Pathway	55	15.8%	3.7%
Aon Managed Core Retirement Pathway	25 & 45	21.0%	8.0%

Members 15 years or more from retirement are invested in the growth stage of the Aon Managed Core Retirement Pathway funds. Therefore, the expected return is expected to be the same for members aged 25 & 45. The inception date of the default funds is 1 December 2021 and therefore three-year and five-year performance is not available.

The table below shows the performance, net of all charges and transaction costs borne by the member, for the additional self-select funds that members were invested in as of 31 March 2024.

Self-Select Fund	One-year net returns	Net Returns Since Inception (From 1 December 2021)
Aegon BlackRock Emerging Markets Equity Index	5.3%	-2.5%
Aegon BlackRock UK Equity Index	7.0%	6.0%
Aegon BlackRock World (ex-UK) Equity Index	23.9%	8.3%
Aon Managed Core Retirement Pathway to Annuity 2025-2027	7.1%	-1.0%
Aon Managed Core Retirement Pathway to Cash 2019-2021	5.2%	3.2%

The inception date of the self-select funds is 1 December 2021 and therefore three-year and five-year performance is not available.

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Asset allocation

The Trustee is required to disclose the asset allocation of investments within the default arrangement. The age profiles chosen to represent members at different stages of the investment glidepath are 25, 45, 55 and 65. The retirement age is assumed to be 65. Members 15 years or more from retirement are invested in the growth stage of the Aon Managed Core Retirement Pathway funds. Therefore, the asset allocation is the same for members aged 25 & 45.

The table below shows the percentage of assets allocated in the default arrangement to the specified asset classes as of 31 March 2024.

	Aon Managed Core Retirement Pathway Fund asset allocation (%) as of 31 March 2024		
Asset Class	25 & 45 years old	55 years old	65 years old
Cash	0.0	0.0	0.8
Bonds	0.0	21.6	54.9
<i>Government Bonds</i>	<i>0.0</i>	<i>1.3</i>	<i>19.4</i>
<i>Corporate Bonds</i>	<i>0.0</i>	<i>20.3</i>	<i>35.5</i>
Listed Equities	100.0	78.4	44.3
Private Equity	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0
Property	0.0	0.0	0.0
Private Debt	0.0	0.0	0.0
Other	0.0	0.0	0.0

Value for members assessment

The objective of the value for members analysis is to determine whether the benefits and services provided by the Plan provide good value in relation to the costs and charges deducted from members investment funds and compared to other options available in the market. There is no legal definition of "good value" and therefore determining good value for members is subjective.

To assess whether the investment funds and default arrangements represent good value for members, the Trustee considered the following:

- the costs and charges borne by members relative to members of other pension plans;
- the design of the default arrangements and how this reflects the interests of members;
- the range of investment options and strategies, and the likelihood of them being chosen by members;
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the year;
- the quality of communications delivered to members;
- the defined benefit pension that the members receive in addition to their defined contribution benefits; and
- the quality of support services and Plan governance.

DC Governance Statement

Value for members assessment (continued)

Given the employer pays the majority of the ongoing charges associated with the DC Plan, the Trustee believes that members are receiving very good value for money in comparison to most DC schemes from a charges and costs perspective. To further enhance value for members, the default arrangement moved from a drawdown lifestyle strategy to the Aon Managed Core Retirement Pathway Funds in November 2021. As the employer pays the majority of the costs and charges on behalf of members the increase in value from the move arises from improvements in design of the default arrangement, additional layers of governance, and a broader range of investment options. The Trustee believes that the current default arrangement and range of self-select investment options are well designed and align with the interests of members.

As detailed in the previous section covering processing of financial transactions, the Trustee is satisfied with the quality and efficiency of the administration processes. The Trustee devotes resources to ensure effective communication with members. The Investment and Funding Committee, a sub-committee of the Trustee, regularly reviews the Plan's defined contribution benefits and processes, and takes appropriate advice to ensure good governance is maintained in accordance with the statutory and regulatory requirements that apply from time to time.

Overall, the Trustee considers that members of the Plan are receiving very good value for money.

Trustee knowledge and understanding

The Trustee is required to maintain appropriate levels of knowledge and understanding to comply with legal and regulatory requirements and this, together with the advice available, enables the Trustee to properly exercise its functions and run the Plan effectively.

All Directors of the Trustee have completed all mandatory training modules on the Pensions Regulator's (TPR's) Trustee Toolkit including those relevant for DC Pension Schemes.

A working knowledge of the Plan's Trust Deed and Rules, policies and funding and investment documentation, pensions and trust law is demonstrated frequently, for example when addressing member case referrals and during Trustee meetings.

Each Director maintains a log of training completed. Knowledge gaps are normally formally identified annually by each Director through self-assessment against a list of legal, financial and conversance criteria and training priorities agreed with advisers, referred to as the Trustee Knowledge and Understanding (TKU) questionnaire. In addition, outside the formal process of self-evaluation, the Trustee Board culture encourages each Trustee Director to be open about gaps in knowledge and understanding so that coaching or training can be arranged to address those needs.

During this Plan year, Trustee training focused on several investment and administrative initiatives in relation to the objectives of the Scheme's business plan and Regulator requirements.

Training conducted in the 2023/2024 Plan year by the Plan's actuarial, investment and administration advisers included:

- TPR Code of Practice: Governance requirements
- ESG Stewardship
- Risk transfer portfolio considerations

In addition to formal training, the Trustee has received regular legislative and regulatory updates from its investment, legal and actuarial advisers during meetings. These enable the Trustee Directors to stay up to date with pensions developments and in respect of those that are relevant to the Plan, any necessary or appropriate actions to be taken.

DC Governance Statement

Trustee knowledge and understanding (continued)

Considering the knowledge and experience of the Trustee, the ongoing training and evaluation of the Trustee’s Directors with the specialist advice received from the appointed professional advisers (e.g., investment consultants, legal advisers), the Trustee believes it is well placed to properly exercise its functions as Trustee of the Plan.

17/9/2024
Date: _____

Signed for and on behalf of the Trustee of the Jacobs Douwe Egberts UK Pension Plan by the Chair of the Trustee:



Chair of the Trustee