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THE FIRSTGROUP PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 5 APRIL 2025

Scheme Registration Number: 10248863

Docusign Envelope ID: E627F934-E6A1-4DFC-B8FF-356B86BBACB9

The FirstGroup Pension Scheme

Annual Report for the year ended 5 April 2025

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The FirstGroup Pension Scheme

Annual Report for the year ended 5 April 2025

Trustee, Principal Employer, Participating Employers and Advisers

Trustee

The FirstGroup Pension Scheme Trustee Limited

Employer-nominated Trustee Directors

Capital Cranfield Pension Trustees Limited (represented by Lukshmi Selvarajah)
Christopher Tyson
Sinead Leahy

Member-nominated Trustee Directors

Martin Carroll - Co-Chair
Richard Soper - Co-Chair
Ronald Williamson

Secretary to the Trustee

ZEDRA Inside Pensions Limited

Principal Employer

FirstGroup Holdings Limited

Participating Employers

First Aberdeen Limited */**
First Beeline Buses Limited */**
First Cymru Buses Limited **
First Eastern Counties Buses Limited **
First Essex Buses Limited **
First Glasgow (No.1) Limited */**
First Glasgow (No.2) Limited **
First Hampshire & Dorset Limited **
First Manchester Limited */**
First Midland Red Buses Limited **
First Potteries Limited **
First South West Limited */**
First South Yorkshire Limited */**
First Travel Solutions Limited */**
First West of England Limited */**
First West Yorkshire Limited */**
First York Limited **
Leicester Citybus Limited */**
Tram Operations Limited *
*Group Section
**Bus Section

Scheme Actuary

John Hemsley, FIA
Mercer Limited

Jay Harvey, FIA
Aon Solutions UK Limited

Independent Auditor

Grant Thornton UK LLP

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Trustee, Principal Employer, Participating Employers and Advisers

Administrator

Aptia UK Limited

Investment Managers

Group Section

Mercer Limited
Legal & General Investment Management Limited
Columbia Threadneedle Investments
Ninety One UK Limited

Bus Section

AXA REIM Luxembourg S.A. (appointed 31 May 2024)
BlackRock Inc. (appointed 31 May 2024)
JP Morgan Asset Management (UK) Limited (appointed 31 May 2024)
Lansdowne Partners (appointed 31 May 2024)
Legal & General Investment Management Limited (appointed 3 June 2024)
Nephilia Capital Limited (appointed 31 May 2024)
Pantheon Ventures Limited (appointed 31 January 2025)
Partners Group Europe Limited (appointed 31 December 2024)
Stafford Capital Partners Limited (appointed 31 December 2024)
Willis Towers Watson (appointed 31 May 2024)

Investment Custodian

Bus Section

JP Morgan Chase Bank NA (appointed 31 May 2024)

Investment Advisers

Group Section

Lane Clark & Peacock LLP

Bus Section

Isio Services Limited and Isio Group Limited

Annuity Providers

Bus Section

Aviva Life & Pensions (appointed 31 May 2024)
Sun Life Financial of Canada (appointed 31 May 2024)

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Additional Voluntary Contribution (AVC) Providers

Group Section

Standard Life Assurance Limited

Bus Section

The Standard Life Assurance Company (appointed 31 May 2024)

Prudential Assurance Company Limited (appointed 31 May 2024)

Banks

Group Section

Barclays Bank Plc (from 18 November 2024)

National Westminster Bank Plc (until 19 December 2024)

Bus Section

Barclays Bank Plc (from 31 May 2024)

Legal Advisers

Group Section

Squire Patton Boggs (UK) LLP

Bus Section

Stephenson Harwood LLP

Allen Overy Shearman Sterling LLP (for Corporate activity only)

Contact for further information and complaints about the Scheme

The FirstGroup Pension Scheme Trustee Limited
c/o Aptia UK Limited
145 St Vincent Street
Glasgow
G2 1AR
Telephone: 0870 850 0712
Email: firstpensions@Aptia-uk.com

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Trustee's Report

Introduction

The Trustee of The FirstGroup Pension Scheme ("the Scheme") is pleased to present its report together with the audited financial statements for the year ended 5 April 2025. The Scheme is a defined benefit scheme.

With effect from April 2012, the Scheme was closed to new entrants. The Scheme closed to future accrual from 6 April 2018.

Changes to the Scheme

The Sponsor has over recent months been engaging with the Trustee concerning its wish to merge the FirstGroup Pension Scheme ("FGPS") with the remaining Defined Benefit assets and liabilities of the First UK Bus Pension Scheme ("FUKBPS").

The purpose of the changes was to achieve efficiencies and reduce overall costs and governance burden. The Sponsor and the Trustees of the two schemes to be merged reached a Memorandum of Understanding setting out the way the merger was to be carried out.

During the year, the Trustee Company of the FGPS became the Trustee Company for both schemes, and the membership of that body formed from some of the Trustee Directors of the FGPS and the FUKBPS. The majority of assets and liabilities of the FUKBPS were transferred into the FGPS, forming a single, sectionalised scheme as at 31 May 2024.

Constitution

The Scheme was established in 2000 with a definitive trust deed and rules dated 4 February 2000. The Scheme is currently governed by an updated trust deed dated 30 March 2006 with subsequent amendments.

Management of the Scheme

Trustee

The Trustee who served during the year is listed on page 1.

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustee Directors.

The three Member-nominated Trustee Directors are shown on page 1. One is nominated by the Group Section members under the rules notified to the members of the Scheme. They may be removed before the end of their term only by agreement of all the remaining Trustee Directors, although their appointment ceases if they cease to be a member of the Scheme. Richard Soper's term of office was extended until December 2022, and the membership were notified via the 2020 newsletter, before being further extended to cover the Scheme merger, which was confirmed during the 2024 newsletter. The merger has now been completed, and once the 5 April 2024 Triennial Valuations have been completed, a Member-Nominated Trustee exercise will be carried out.

The other Member-nominated Trustee Directors were the Member-nominated Trustee Directors from the First UK Bus Pension Scheme. A single Trustee Board was formed in preparation of the scheme merger with The First UK Bus Pension Scheme.

In accordance with the trust deed, the Principal Employer, FirstGroup Holdings Limited, has the power to appoint and remove the Trustee of the Scheme, with the consent of the Trustee. The Directors of The FirstGroup Pension Scheme Trustee Limited are appointed and removed in accordance with the Company's Articles of Association and the provision of the trust deed.

The Trustee Board met nine times during the year (2024: nine).

Statement of Trustee's Responsibilities

The Statement of Trustee's Responsibilities is set out on page 20 and forms part of this Trustee's Report.

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Governance and risk management

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

The Trustee has also focused on risk management. A risk register has been put in place which sets out the key risks to which the Scheme is subject to, along with the controls in place to mitigate these. This register is regularly reviewed and updated by the Trustee and will be reviewed in line with the requirements of the new TPR General Code issued in 2024 as noted below. The Trustee has also adopted a Governance Manual which provides a framework for policies and procedures for the running of the Scheme.

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. In March 2024, the Pensions Regulator published their new General Code of Practice to assist trustees on these matters, combining ten existing codes and introducing new obligations not covered by the existing codes, intending to improve scheme governance and administration. The Trustee has agreed a training plan to enable it to meet these requirements.

Principal and participating employers

The Scheme is provided for all eligible employees of the Principal and participating employers. The Principal Employer's registered address is FirstGroup Holdings Limited, 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF.

Financial development

The financial statements on pages 24 to 49 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £109,809,000 at 5 April 2024 to £1,039,503,000 at 5 April 2025.

The increase shown above comprised net withdrawals from dealings with members of £76,309,000 together with net returns on investments of (£13,650,000).

During the Scheme year, 12,501 deferred members and 11,149 pensioners were transferred from the DB Section of the First UK Bus Pension Scheme via a bulk transition of assets and liabilities amounting to £1,019,652,796.

Report on actuarial liabilities

Group Section

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

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2024. These showed:

	Actuarial Valuation 5 April 2024
The value of Technical Provisions was:	£100.8 million
The value of assets was:	£109.2 million
Percentage of Technical Provisions	108%

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).

Method

The actuarial method to be used in the calculation of the technical provisions is the defined accrued benefits method.

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Report on actuarial liabilities - continued

Significant actuarial assumptions for the valuation as at 5 April 2024

Financial assumptions	
Pre retirement discount rate	Mercer Gilt Yield curve plus 0.85% p.a. at each term
Post retirement discount rate	Mercer Gilt Yield curve plus 0.25% p.a. at each term
Retail Prices Index ("RPI") inflation	Mercer Gilt Inflation curve at each term
Consumer Prices Index ("CPI") inflation	RPI inflation less 0.8% p.a. at each term until 2030 and RPI inflation thereafter
Revaluation up to retirement: In line with CPI up to 5% p.a. In line with CPI up to 2.5% p.a.	 CPI inflation at each term subject to maximum of 5% p.a. CPI inflation at each term subject to maximum of 2.5% p.a.
Pension increases in payment In line with CPI up to 5% p.a. In line with CPI up to 3% p.a.	 Derived at each term using Jarrow-Yildirim Methodology Derived at each term using Jarrow-Yildirim Methodology
Demographic Assumptions	
Mortality before retirement	As per post retirement mortality
Mortality after retirement - base mortality table	93% of S4PMA for males and 92% of S4PFA_M for females projected to the valuation date using the method shown below.
Mortality after retirement - mortality improvements	CMI_2023 [1.50%,S=7.0]

The latest certification of the Schedule of Contributions is shown on page 52 of the Annual Report.

The next actuarial valuation is due 5 April 2027.

Bus Section

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

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2021 and subsequent valuation updates were performed as at 5 April 2022 and 5 April 2023. The results of the valuation update as at 5 April 2022 and 5 April 2023, along with the valuation performed as at 5 April 2021, are shown below.

	Actuarial Valuation 5 April 2021	**Actuarial Update 5 April 2022**	**Actuarial Update 5 April 2023**
The value of Technical Provisions was:	1,793 million	1,737 million	1,224 million
The value of the assets was:	1,319 million	1,564 million	1,088 million
Shortfall relative to the Technical Provisions:	474 million	173 million	136 million
Percentage of Technical Provisions:	74%	90%	89%

In the most recent actuarial update with an effective date of 5 April 2023, the Scheme's funding level was estimated to be 89% on an ongoing basis. This was slightly lower than at the previous update as at 5 April 2022 when the funding level was estimated to be 90%. However, the estimated shortfall reduced significantly over the period. The reduction in the shortfall over the year to 5 April 2023 is mainly due to the significant increase in gilt yields over the period, which reduced the value of both the Scheme's assets and the technical provisions. The funding level itself remained broadly stable due to the hedging in place.

The next triennial valuation as at 5 April 2024 is currently in progress.

Method

The Technical Provisions have been calculated using the projected unit cost method.

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Report on actuarial liabilities - continued

The Trustee and the Principal Employer agreed the assumptions that were used to calculate the technical provisions. The table below summarises the key assumptions used:

Assumptions	
Discount rate	The fixed interest gilt yield curve at the relevant date plus 0.50% p.a.
RPI inflation	The RPI yield curve derived from the gilt market at the relevant date.
CPI inflation	The RPI inflation assumption above, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time: • 0.9% p.a. until 2030 and 0.1% p.a. thereafter at the effective date of the actuarial valuation at 5 April 2021. • 1.0% p.a. until 2030 and 0.1% p.a. thereafter at the effective date of the actuarial updates at 5 April 2022 and 5 April 2023.
Post-retirement mortality assumption - base table	Pensioners: 93% of S3PMA_H tables for males and 108% of S3PFA_H for females Non-pensioners: 103% of S3PMA_H tables for males and 118% of S3PFA_H for females
Post-retirement mortality assumption - future improvements	CMI 2020 Core projections with smoothing parameter Sk=7.0, A=0 and long-term improvement rate of 1.5% p.a.

An approximate allowance was made for GMP Equalisation equal to 1% of liabilities, to reflect the additional liabilities expected to result from equalising GMPs.

Following the completion of the Actuarial Valuation as at 5 April 2021, the Trustee and Principal Employer agreed a recovery plan that was designed to restore the technical provisions funding level to 100% by 5 January 2027 through a combination of returns on the Scheme's assets and the payment of:

- Regular contributions of £2.75m per month until July 2021;
- A lump sum of £220m in July 2021; and
- A further lump sum of £95m into a Special Purpose Vehicle, the proceeds of which will be paid into the Scheme if there is a deficit on the Technical Provisions basis at the conclusion of the 5 April 2024 valuation (with any excess above that required to restore the Scheme to full funding on that basis returned to the Company).

The actuarial information in relation to the Scheme is shown on pages 52 to 53 of the Annual Report.

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Membership

The membership movements of the Scheme for the year are given below:

Group Section

	Deferreds	Pensioners	Total
At 6 April 2024	312	204	516
Retirements	(11)	11	-
Deaths	(1)	-	(1)
Pensions ceasing	-	(1)	(1)
At 5 April 2025	300	214	514

Bus Section

	Deferreds	Pensioners	Total
At 6 April 2024	-	-	-
Bulk Transfers in from the First UK Bus Pension Scheme	12,501	11,149	23,650
Adjustments	1	-	1
Retirements	(2,626)	2,626	-
Deaths	(30)	(311)	(341)
Transfers out	(24)	-	(24)
Spouses and dependants	-	125	125
Pensions commuted for cash	-	(2,791)	(2,791)
Pensions ceasing	-	(7)	(7)
At 5 April 2025	9,822	10,791	20,613

The Group Section pensioners include 27 (2024: 28) beneficiaries receiving a pension and the Bus Section pensioners include 1,446 (2024: 1,484) beneficiaries receiving a pension. The prior year figure for the Bus Section reflects the beneficiaries receiving a pension previously included within the FUKPS as at 5 April 2024 for comparative purposes.

The trivial commutations shown in the Bus Section are result of the Wind-Up lump sum (WULS) exercise that took place during the Scheme year.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

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Pension increases

Group Section

The pension increase as at 1 April 2025 in excess of GMP was 2.5% (2024: 4.0%), Post 88 GMP was 1.7% (2024: 3.0%) as promised under the Rules of the Scheme.

There were no discretionary increases applied during the year. Deferred pensions were increased in line with statutory requirements.

Bus Section

During the year all pensions in payment were increased in accordance with the terms of the Scheme, dependant on which section of the Scheme the member is a part of across the eight payrolls.

Pensions in excess of Guaranteed Minimum Pension were increased dependant on Class. For the majority of classes, increases applied were December RPI capped at 5.0% (5.0% for 2024) and December CPI capped at 5.0% (5.0% for 2024). For a few select classes, increases were not capped and were applied at 3.4% (2024: 13.4%) based on December RPI and 2.9% (2024: 10.5%) based on December CPI. For other select classes, increases of 3% fixed were applied.

Pre 88 Guaranteed Minimum Pensions were non-escalating.

Post 88 Guaranteed Minimum Pensions were increased dependant on Class. Most were increased by September's CPI capped at 3.0% (3.0% for 2024). For a few select classes, increases of 3% fixed were applied.

Preserved pensions were increased in accordance with statutory requirements.

There were no discretionary increases in the period.

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GMP 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 ("GMP") benefits. The issues determined by the judgment also apply to many other defined benefit pension schemes. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for trustees. This judgment focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

Group Section

All work has been finalised in regards to the GMP equalisation for current members with arrears paid and uplifts to pensions during Q1 2024. Also, payments have been made in respect of historic transfer values. The Trustee will shortly begin a project to review GMP benefits for members with closed records.

Bus Section

The Trustee of the Scheme has now started the process of determining the extent to which individual members' benefits require adjustment.

It is expected these amounts will not be material to the Scheme's financial statements and, as noted above, an approximate allowance was made for GMP Equalisation in the 2021 valuation Technical Provisions. This allowance was equal to 1% of liabilities, to reflect the additional liabilities expected to result from equalising GMP's but does not consider the 2020 case on historic transfers. The Trustee has completed the first wave of individual member calculations and is due to undertake further waves of calculations to capture the full membership. At this stage, the Trustee is not in a position to provide a reliable estimate of the total backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustee is able to reach a reliable estimate.

Calculation of transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993 and do not include discretionary benefits. None of the transfer values paid was less than the amount provided by the Regulations.

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Investment Report

Group Section

General

The overall management of the investments is the responsibility of the Trustee. However, the day-to-day management of the Section asset portfolio is the responsibility of the investment managers, who operate within the guidelines of their specific mandates.

Over the year under review, the investments of the Section were managed by Columbia Threadneedle Investments ("CT"), Legal & General Investment Management Limited ("LGIM"), Ninety One UK Limited ("Ninety One") and Mercer Limited ("Mercer").

Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk. The SIP was reviewed and updated in May 2024. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer was consulted during the review and the Trustee has made a copy available on a publicly accessible website which can be found at:

https://v3.merceroneview.co.uk/FIRSTGROUP/education-centre/5578

Departures from the SIP

The Trustee reviewed and updated its SIP in May 2024 to reflect changes made to its investment manager arrangements during the prior year. There were no departures from the SIP during the year.

Implementation Statement

There is a requirement for most trust-based pension schemes to produce an annual Implementation Statement which covers the Section year. The Implementation Statement sets out how, and the extent to which, the Trustee Board has followed its SIP during the year, as well as details of any review of the SIP and an explanation of any changes made to the SIP during the year. The Section's Implementation Statement, covering the period 6 April 2024 to 5 April 2025, is attached as appendix 1 in this annual report.

Investment strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Section's investment consultant, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

Asset class	Strategic allocation
Global Equities	15.0%
Multi-Asset credit	11.5%
Short duration credit	35.0%
Liability driven investment (“LDI”) portfolio (including Sterling Liquidity Fund and Trustee bank account)	38.5%
Total	**100.0%**

The strategic allocation in the table above reflects the investment strategy agreed in August 2023.

In November 2024, the Trustee agreed to make a 10% strategic allocation to asset-backed securities (ABS) to diversify the Scheme's liquid credit holdings. In April 2025, the Trustee appointed TwentyFour Asset Management to manage this ABS allocation. The asset transfer of c.£9.2m to support the ABS investment was carried out in May 2025, funded by a partial disinvestment from the short duration credit allocation. Updates to the current SIP are currently under review by the Employer.

The Trustee’s policy is to target the maximum expected return level subject to ensuring the level of investment risk is appropriate to reflect the Section's circumstances. The Trustee believes that the strategy above meets this objective. The Trustee also seeks to mitigate a high proportion of the impact that change to interest rates and inflation may have on the funding position.

There is no formal rebalancing policy. The Trustee monitors the asset allocation from time to time. If material deviations from the strategic allocation occur, the Trustee will consider with its advisers whether it is appropriate to rebalance the assets. As the Section matures over time, the Trustee intends to de-risk the investment strategy to reflect the change in liability profile (i.e. switching from growth to matching assets).

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Investment Report - continued

Investment Performance to 31 March 2025

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of the Section over the one, three and five year periods to 31 March 2025, based on the performance of the investment managers after the deduction of fees.

	One year		Three years		Five years	
	Scheme %	Benchmark %	Scheme % p.a.	Benchmark % p.a.	Scheme % p.a.	Benchmark % p.a.
Scheme	-6.1	-5.6	-15.2	-15.2	-3.6	-3.4

Source: LCP calculations to 31 March 2025.

Trustee's policies in relation to voting rights

The Trustee recognises its responsibility as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of its members.

The Trustee seeks to appoint investment managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council.

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and environmental, social and governance ("ESG") factors. The Trustee expects the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

As its investments are held through managers or pooled funds, the Trustee does not monitor or engage directly with issuers or other holders of debt or equity.

The Trustee has selected priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities. These are:

1. Climate change;
2. Diversity, equity and inclusion; and
3. Corporate transparency.

The Trustee communicated these stewardship priorities to its managers.

Trustee's policies on ESG and ethical factors

The Trustee considers how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Section and its members.

The Trustee influences the Section's approach to ESG and other financially material factors through its investment strategy and manager selection decisions. The Trustee expects all of its investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. The Trustee seeks to appoint managers that have the skills and processes to do this, and review how the managers are taking account of these issues in practice.

The Trustee encourages its managers to improve their ESG practices, although acknowledge that it has limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

The Trustee's ambition is to align its assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets.

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Investment Report - continued

The Trustee has chosen to invest part of the equity allocation in passively managed funds that tracks an index with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

The Trustee considers matters that are purely non-financial in nature (e.g. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments. However, the line between financial and non-financial factors is not always clear and some non-financial factors that may not immediately present as financially material may have the potential to become so in the future. The Trustee keeps this under review as part of its overall consideration of ESG considerations.

Trustee's policy on the implementation of asset manager arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices because all the Section's assets are held in pooled funds, but encourages its managers to improve their practices within the parameters of the fund they are managing.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers to make decisions based on assessments of the longer term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate, to explain why). The Trustee assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance over both shorter and longer term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, the Trustee will consider alternative arrangements.

The Trustee's policy is to evaluate each of its investment managers by considering performance, the role it plays in helping to meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in the Trustee's assessment of the investment managers, it does not explicitly monitor portfolio turnover. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Section's investment mandates.

Custodial arrangements

The underlying assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension Scheme investments.

The Trustee is responsible for ensuring the Section's assets continue to be securely held. It reviews the custodial arrangements from time to time.

Group and Bus Section

PFT Limited, a wholly owned subsidiary of Mercer Limited until 31 December 2023 and of Aptia UK Limited from 1 January 2024, has been appointed by the Trustee as custodian of the cash held in connection with the administration of the Scheme until 19 December 2024 and then cash was held in the name of the Trustee with Barclays Bank Plc.

Basis of investment manager fees

The investment managers are remunerated on a fee basis which is reviewed periodically by the Trustee Directors.

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Investment Report - continued

Bus Section

Introduction and Governance

During the year ending 5 April 2025, the Scheme underwent a merger exercise. The majority of holdings were novated from the First UK Bus Pension Scheme ("FUKBPS") to the Bus Section of the FirstGroup Pension Scheme ("BSFGPS"). A small portion of holdings were retained in FUBKPS to facilitate Scheme wind-up payments. As in previous years' reports, FUKBPS comprises two sections: the DB Section and the DC Section, where the latter is covered further below in this report. Post-merger, the Bus Section's governance framework aligns with FUKBPS's pre-merger structure, retaining the original FUKBPS Trust Deed. Consequently, the majority of the DB section in this report pertains to the BSFGPS.

The overall investment policy of the Section is determined by the Trustee having taken advice from their advisers. The Trustee is responsible for determining the investment strategy and manager appointments within each section after taking appropriate advice. The Trustee has delegated the day-to-day management of investments to professional investment managers. These managers undertake, within the restrictions of the contractual documentation, the day-to-day management of the asset portfolio, including the full discretion for stock selection. Detailed consideration of investment matters is delegated to an Investment Committee ("IC"), which makes recommendations to the Trustee Board for ratification.

The Trustee is responsible for maintaining the SIP but has delegated responsibility for the Investment Implementation Policy Document ("IIPD"), and decisions to be made on items described in the IIPD, to the IC. The IC makes routine administrative decisions on investment matters and considers investment strategy and policy, but the Trustee will ratify major changes to the investment strategy / policy.

Investment Principles

The Trustee has produced a SIP in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. The Trustee has made a copy available on a publicly accessible website and can be found at:

https://firstbuspensionschemetrustee.co.uk/wp-content/uploads/2024/11/FGPS-DB-SIP-August-2024-Clean.pdf

Implementation Statement

There is a requirement for most trust-based pension schemes to produce an annual Implementation Statement which covers the Section year. The Implementation Statement sets out how, and the extent to which, the Trustee Board has followed its SIP during the year, as well as details of any review of the SIP and an explanation of any changes made to the SIP during the year. The Section's Implementation Statement, covering the period 6 April 2024 to 5 April 2025, is attached as appendix 2 in this annual report.

Investment Policies and Objectives

The main priority of the Trustee when considering the investment policy is to ensure that the benefits payable to members are met as they fall due. In seeking to do so, they have established the following objectives:

(a) To achieve the long-term investment return underlying the funding of the Section whilst limiting the chance of a deficit arising that would cause an increase in contributions.

(b) To maintain the support of the Company, the Trustee aims to set an investment policy which is amenable to both parties, recognising that the Company is the underwriter of part of the liabilities.

(c) To monitor the level of investment risk and return to "lock in" any gains in excess of those expected, if and when they arise.

When designing the investment arrangements, the Trustee considers the requirements of legislation, the funding objectives for the Scheme and their views on the covenant of the Sponsor.

Financially and Non-Financially Material Matters in the Selection, Retention and Realisation of Investments, the Exercising of Rights Attached to Investments and Engagement Activities

In establishing the investment arrangements i.e. the selection, retention and realisation of investments, the Trustee considers what they believe to be financially material matters.

In general, the investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. The investment managers have responsibility for generating cash as and when required for benefit payments and other expenses.

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Investment Report - continued

The Trustee believes that good stewardship and ESG issues, including climate change, will have a financially material impact on investment risk and return outcomes and has a separate formal ESG policy setting out how the Trustee takes these issues into consideration.

The Trustee has given the investment managers full discretion when evaluating these issues and in exercising rights and stewardship obligations attached to the Section's investments.

The Section's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value.

The investment managers have full discretion in exceptional cases to vote acting in the best financial interests of the beneficiaries of the Section and from time to time would be expected to report to the Trustee with an explanation of their actions. The IC, on behalf of the Trustee, monitors the voting and engagement activity of the relevant investment managers at least annually. The Trustee accepts that it is not practicable for the investment managers to vote in all circumstances.

The Trustee also considers it part of the investment manager's role to assess and monitor developments in the capital structure for each of the companies in which the manager invests on behalf of the Section or as part of the pooled fund in which the Section holds units.

The Trustee expects the investment manager to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes it has managed the potential for conflicts of interest between the Trustee, investment manager and investee companies.

The Trustee and IC are also increasingly considering how ESG, climate change and stewardship is integrated within the investment processes adopted by its investment managers and considers these issues as part of the criteria when appointing new investment managers and monitoring existing investment managers. If the IC deems any aspect of these policies or processes to be out of line with their own investment objectives, it will consider using another manager for the mandate.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but keeps this position under review and may re-consider this is in the future.

The Trustee is working to improve the overall level of ESG integration across the Section's assets (where relevant) and monitoring is undertaken on an annual basis; evaluating investment managers versus the Trustee's own ESG criteria.

The IC will review the ESG ratings provided by the Section's Investment Consultant as part of their annual reporting and when the investment managers attend IC meetings. In addition, the IC will consider how each investment manager embeds ESG factors into its investment process and how each investment manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. Managers will be expected to report on their own ESG policies as and when requested by the Trustee and IC. These policies and how they have been implemented are discussed as part of the managers' attendance at meetings.

In the event that an investment manager ceases to meet the IC's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated.

Member views on non-financial matters, including their ethical views, are not currently explicitly taken into account in the selection, retention and realisation of investments. However, the Trustee has considered communicating the progress on the integration of ESG within investment processes to members through the Section's website and newsletters. The Trustee may also consider seeking feedback from members in the future regarding the integration of ESG and climate change considerations.

The Trustee and IC adhere to the Taskforce for Climate Related Financial Disclosures ("TCFD") reporting requirements and implements climate change governance measures. The TCFD report covering both sections can be found at:

https://firstbuspensionschemetrustee.co.uk/wp-content/uploads/2025/10/FGPS-2025-TCFD-Report.pdf

Policy on arrangements with asset managers

Aligning Manager Appointments with Investment Strategy

The investment managers are appointed by the IC based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and desired risk characteristics. The IC utilises the Section's Investment Consultant's forward looking manager research ratings in decisions around the selection, retention and realisation of manager appointments. These ratings are based on the consultant's assessment of the manager’s idea generation, portfolio construction, implementation and business management.

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Investment Report - continued

The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the IC and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular manager's fund changes, the IC will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

As the Scheme invests in some pooled investment vehicles, the IC accepts that it has no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

Some appointments are segregated. Where this is the case, the IC has specified criteria in the investment manager agreements to ensure that the mandate is managed in line with the Trustee's specific investment requirements.

Some appointments are actively managed and some of the relevant active managers are incentivised through remuneration (via performance related fees) and performance targets (an appointment will be reviewed following periods of sustained underperformance).

Quantitative Assessment of the Investment Managers

The Section's performance is monitored by the IC.

For the main assets, the Trustee receives investment manager performance reports from the Section's Investment Consultant on a quarterly basis, which present performance information, which is sourced from the managers over 3 months, 1 year, 3 years and since inception. The Trustee reviews absolute performance and in many cases relative performance, either against a suitable index used as a benchmark (where relevant) and/or against the manager's stated performance target (over the relevant time period). The Trustee may also evaluate a manager's performance using risk metrics. The Trustee's focus is primarily on long-term performance but short-term performance is also reviewed. As noted above, the Trustee may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the Investment Consultant's rating of the manager; or
- The Trustee fundamentally loses confidence in the manager.

The IC aims to meet the investment managers approximately once every two years or more regularly if their performance has deviated materially from its expected outcome (positively or negatively), or if there has been a significant development requiring explanation.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the IC may initially ask the manager to review their fees instead of terminating the appointment.

Typically, the investment managers provide quarterly investment reports including:

- performance of the Section's investments over various historic periods, including benchmark returns; and
- a valuation of all investments held for the Section at prevailing market value on the last day of the quarter.

Qualitative Assessment of the Investment Managers

The Trustee's Section Investment Consultant provides further assistance in monitoring the investment managers. The Section's Investment Consultant provides qualitative advice related to the factors likely to affect the investment managers' performance in future.

In addition, the Trustee's Section Investment Consultant provides such supplementary information as requested by the Trustee or IC.

The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.

Portfolio Turnover Costs

The Trustee does not currently actively monitor the portfolio turnover costs of the Section's assets. Investment manager performance is generally reported net of manager fees and transaction costs, and therefore managers are incentivised in this way to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.

Investment Report - continued

The IC will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In the future, the Trustee or IC may ask managers to report on portfolio turnover costs explicitly. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

Investment Strategy and Implementation

All investments have been managed during the year under review by the investment managers and there is a degree of delegation in respect of investment decision making.

The investment strategy is agreed by the Trustee after taking appropriate advice and having consulted the Company. When designing the investment arrangements, the Trustee considers the requirements of legislation and the funding objectives for the Section and their views on the covenant of the Sponsor. Subject to complying with the agreed strategy, which specifies the target proportions of the Section that should be invested in the principal market sectors, the day-to-day management of the Section's asset portfolio, including full discretion for stock selection, is the responsibility of the investment managers.

Following the May 2024 merger, the majority of the assets (c.92%) were novated from the First UK Bus Pension Scheme ("FUKBPS") to the Bus Section of the FirstGroup Pension Scheme ("BSFGP"'). The remaining FUKBPS holdings (c.8%) were retained for the purposes of paying winding-up lump sum payments to members. Post wind-up of the FUKBPS, the remaining assets will be novated over to the BSFGPS. For clarity, the table below includes the BSFGPS holdings only.

The IC has set the following investment strategy with the aim of helping them achieve the investment objectives and control the investment risks identified in the SIP.

Asset Class	**Target Asset Allocation %**	**Year-end Asset Allocation %**
Private Equity		16.7
Real Assets e.g. Property, Timber		1.6
Total Growth Portfolio		**18.3**
Insurance-Linked Securities	**20.0**	0.5
Total Opportunistic Portfolio		**0.5**
Secured Finance		16.0
Private Debt		15.0
Absolute Return Bonds		8.2
Total Cashflow Generating Portfolio	**40.0**	**39.2**
Total Return Seeking Assets	**60.0**	**58.0**
LDI and cash		42.0
Total Defensive Portfolio / Assets	**40.0**	**42.0**
Total	**100.0**	**100.0**

Source: Investment Managers and Mercer.

The Trustee recognises that due to the illiquid nature of the Section's private assets the asset allocation will remain different from the target allocation until the runoff of the private assets.

A currency hedging program is also in place to manage the risk associated with owning underlying assets denominated in foreign currencies (where it is not part of the investment manager's mandate to hedge these exposures back to Sterling) or invested in pooled funds denominated in foreign currencies (e.g. US Dollars) by hedging these exposures back to Sterling.

The Trustee acknowledges that the actual asset allocation will change over time (and could deviate from the target asset allocation), for example as private mandates are funded / redeemed. The IC (on behalf of the Trustee) monitors the actual allocation relative to target and may take corrective action if and when this is deemed to be appropriate, or as part of ongoing strategy discussions. The Trustee has not determined any rebalancing ranges for the growth / matching split.

The IC has reviewed the asset allocation on at least a quarterly basis with its advisors, and considered if any rebalancing action should be taken, in accordance with the policy set out in the SIP. This involved consideration of the Section's current funding position, market conditions, the ongoing investment strategy discussions, expected cashflows and transaction costs.

The Trustee expects to review the target allocation over time, for example alongside each triennial actuarial valuation.

The target currency exposure hedge ratio is 50% for Euro and Yen currency exposures and 75% for US Dollar exposure. The IC may decide to hedge more or less than this for specific currency exposure from some mandates.

Investment Report - continued

The investment managers and providers are regulated by the relevant regulatory body in their home jurisdiction.

Over the year under review, the Section has made the following changes to the investment manager structure.

Manager	Mandate	Allocation (£)		Summary of changes
		Start of Year	End of Year	
LGIM	Segregated LDI Portfolio	-	326.5	Move to a segregated mandate

Source: Investment Manager and Isio

Note: Please note that this refers to transactions completed in order to evolve the investment strategy and does not include asset novations from FUKBPS to BSFGPS.

The Trustee regards all the investments of the Section as readily marketable other than the private equity, private debt, timberland, and secured finance, as detailed below:

- Insurance-linked securities fund is monthly priced and traded;
- Absolute return bond fund is weekly priced and traded; and
- Currency hedging is weekly priced and traded and implemented through an overlay managed by LGIM.

Asset Allocation

The Trustee invests in pooled investment vehicles and in indirect derivative contracts via pooled investment vehicles. The Trustee has authorised the use of derivatives by a number of the investment managers for efficient portfolio management purposes including to reduce certain investment risks such as interest rate risk and inflation risk. The principal investment in derivatives is interest rate and inflation swaps in the LDI portfolio and futures in the return seeking portfolio.

The following table provides more detail on the distribution of assets for the Bus Section (excluding the special purpose vehicle and AVCs) as at 31 March 2024 and 31 March 2025 (the nearest available quarter end to the year end).

		Actual Asset Allocation			
Manager	**Mandate**	**Start of Year (£m)**	**End of Year (£m)**	**Start of Year (%)**	**End of Year (%)**
Pantheon[1]	Private Equity	-	1.2	-	0.1
Partners Group[1]	Private Equity	-	3.7	-	0.4
WTW[1,4]	Private Equity	-	131.7	-	15.6
Lansdowne	Long/Short Equity	-	3.9	-	0.5
Stafford[1]	Timber	-	13.1	-	1.6
Partners Group[1]	Private Real Estate	-	0.2	-	-
Nephila[1]	Insurance-Linked Securitie	-	4.5	-	0.5
BlackRock	Diversified Private Debt	-	126.3	-	15.0
AXA	Secured Finance	-	134.6	-	15.9
LGIM	Segregated LDI Portfolio[2]	-	326.5	-	38.7
LGIM	Absolute Return Bonds	-	68.8	-	8.1
JPM (Custodian)[1]	Cash	-	19.9	-	2.4
Administration	Cash	-	6.4	-	0.8
n/a[1,3,5]	Cash in transit	-	3.6	-	0.4
	Total	**-**	**844.3**	**-**	**100.0**

Source: Investment Managers and Isio.

Valuations are based on Bid prices where available otherwise mid/single price values are used.

[1] All non-GBP holdings converted by Isio using exchange rates as at 31 March 2025.

[2] Over March 2025, the Section transitioned from a Bespoke LDI structure to a segregated LDI portfolio, which included selling the Buy & Maintain corporate bond holdings.

[3] The Scheme disinvested from Macquarie at the end of June 2024. At the start of July 2024, the proceeds of this disinvestment were directed to the Sterling Liquidity Fund held with LGIM. These assets are held within First UK Bus Pension Scheme (FUKBPS).

[4] WTW mandate comprises multiple private equity fund holdings.

[5]Cash in transit represents £3.6m income payment from AXA.

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Investment Report - continued

Investment Performance

Net of fees

The following table provides the investment performance of the Section's investments (excluding the special purpose vehicle and AVCs) for the periods to 31 March 2025, the nearest available quarter end to the year end.

	Performance[1]	
Fund	**Fund (%)**	**B'mark (%)**
Total Section	-5.1%	-3.6%

Note:[1] Performance figures are based on the period 31 May 2024 (the date of transfer of assets from the First UK Bus Pension Scheme to the Bus Section of the FirstGroup Pension Scheme) to 31 March 2025. Figures shown are based on performance provided by the Investment Managers and Isio estimates. Performance from 31 May 2024 to 30 June 2024 is estimated based on Q2 2024 returns for managers. Isio estimates are calculated using lagged valuations, accounting for distributions for the private mandates.

Custodial Arrangements

The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments.

For the pooled fund investments, the Trustee has no direct ownership of the underlying assets of the pooled funds. The safekeeping of the assets within the pooled funds is performed by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager. The current pooled fund custodians are shown in the table below.

Manager	Custodian
LGIM - UK Equities and Other Assets:	Citibank (from 3 June 2024)
- Liquidity Fund:	Northern Trust (from 3 June 2024)
Willis Towers Watson	JP Morgan Chase (from 31 May 2024)
Lansdowne	Morgan Stanley[1] (from 31 May 2024)
Nephila	Bank of New York Mellon (from 31 May 2024)
AXA	Bank of New York Mellon (from 31 May 2024)

Source: Investment Managers.

[1] HSBC Bank plc is the Custodian of the fund. The other banks are the prime brokers of the fund.

Partners Group and Stafford have confirmed that they do not appoint independent custodians for the assets held within their Funds. Pantheon and BlackRock have confirmed that they have appointed State Street (from the date of transfer) as the custodian for any cash held within their Funds.

The cash deposits are held in the name of the Trustee with HSBC Bank plc.

Basis of investment managers' fees

The investment managers levy fees based upon a percentage of assets under management. Some managers apply an additional fee if their investment performance exceeds specified minimum criteria. Fees are either paid by invoice provided to the Trustee on a quarterly basis, or deducted from the assets held on behalf of the Scheme.

Approval

The Trustee's Report on pages 4 to 19, and the Implementation Statement on pages 54 to 59, were approved by the Trustee (The FirstGroup Pension Scheme Trustee Limited) and signed on its behalf by:

..... Trustee Director

..... Trustee Director

Date: .....

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Statement of Trustee's Responsibilities

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme 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 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 Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme 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 it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising Schedules of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employers and the active members of the Scheme 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 Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employers 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 is responsible for the maintenance and integrity of the financial information of the Scheme included on the scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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Independent auditor's report to the Trustee of The FirstGroup Pension Scheme

Opinion

We have audited the financial statements of The FirstGroup Pension Scheme (the 'Scheme') for the year ended 5 April 2025, 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 Scheme during the year ended 5 April 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme 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 Scheme'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 Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme's operating model including effects arising from macro-economic uncertainties such as changing interest and inflation rates and volatile global equity and bond markets, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Scheme'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.

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 Scheme'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.

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Other information - continued

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 the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 20, the Trustee is responsible for the preparation of 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 Scheme'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 Scheme, 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.

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 Scheme and determined that the most significant are the Pensions Act 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 Scheme 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 and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee.
- We assessed the susceptibility of the Scheme'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 results and net assets for the year and inappropriate valuation of investment assets.
- Our audit procedures involved:
    - Journal entry testing, with a focus on large, manual journals, those journals with unusual account combinations or entries posted to suspense accounts;
    - Obtaining independent confirmations of material investment valuations and cash balances at the year end; and
    - Including internal valuation specialists within the audit team to challenge the valuation of the special purpose vehicles ("SPV") and Derivatives.

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Auditor's responsibilities for the audit of the financial statements - continued

- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts 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.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
  - Knowledge of the industry in which the Scheme operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 Scheme'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 Scheme'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 Scheme'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, Chartered Accountants
London
Date: 31/10/2025

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Fund Account

	Note	2025 Group Section £000	2025 Bus Section £000	2025 Total £000	2024 Group Section £000	2024 Bus Section £000	2024 Total £000
Employer contributions	4	**247**	**2,646**	**2,893**	243	-	243
Transfers in	5	**-**	**1,178**	**1,178**	-	-	-
Other income	6	**10**	**195**	**205**	-	-	-
		257	**4,019**	**4,276**	243	-	243
Benefits paid or payable	7	**(3,498)**	**(71,383)**	**(74,881)**	(2,885)	-	(2,885)
Payments to and on account of leavers	8	**-**	**(808)**	**(808)**	(48)	-	(48)
Administrative expenses	9	**(399)**	**(4,497)**	**(4,896)**	(612)	-	(612)
		(3,897)	**(76,688)**	**(80,585)**	(3,545)	-	(3,545)
Net (withdrawals)/ additions from dealings with members		**(3,640)**	**(72,669)**	**(76,309)**	(3,302)	-	(3,302)
Returns on investments							
Investment income	10	**895**	**21,652**	**22,547**	2,390	-	2,390
Change in market value of investments	11	**(4,701)**	**(28,851)**	**(33,552)**	(7,924)	-	(7,924)
Investment management expenses	12	**(235)**	**(2,410)**	**(2,645)**	(194)	-	(194)
Net returns on investments		**(4,041)**	**(9,609)**	**(13,650)**	(5,728)	-	(5,728)
Net (decrease)/ increase in the fund during the year		**(7,681)**	**(82,278)**	**(89,959)**	(9,030)	-	(9,030)
Group transfers in	14	**-**	**1,019,653**	**1,019,653**	-	-	-
Net assets at 6 April		**109,809**	**-**	**109,809**	118,839	-	118,839
Net assets at 5 April		**102,128**	**937,375**	**1,039,503**	109,809	-	109,809

The notes on pages 26 to 49 form part of these financial statements.

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Statement of Net Assets available for benefits

	Note	Group Section £000	Bus Section £000	2025 Total £000	Group Section £000	Bus Section £000	2024 Total £000
Investment assets							
Bonds		**-**	**1,287,703**	**1,287,703**	-	-	-
Pooled investment vehicles	15	**90,149**	**521,376**	**611,525**	96,855	-	96,855
Derivatives	16	**-**	**51,254**	**51,254**	-	-	-
Amounts receivable under reverse repurchase agreements	17	**-**	**386,613**	**386,613**	-	-	-
Special purpose vehicles	19	**8,800**	**80,600**	**89,400**	9,100	-	9,100
AVC investments	20	**582**	**698**	**1,280**	566	-	566
Cash	21	**208**	**132,892**	**133,100**	343	-	343
Other investment balances	22	**688**	**40,610**	**41,298**	1,040	-	1,040
		100,427	**2,501,746**	**2,602,173**	107,904	-	107,904
Investment liabilities							
Derivatives	16	**-**	**(64,481)**	**(64,481)**	-	-	-
Amounts due under repurchase agreements	18	**-**	**(964,455)**	**(964,455)**	-	-	-
Bonds - short sold		**-**	**(408,000)**	**(408,000)**	-	-	-
Cash	21	**-**	**(107,426)**	**(107,426)**	-	-	-
Other investment balances	22	**-**	**(24,428)**	**(24,428)**	-	-	-
		-	**(1,568,790)**	**(1,568,790)**	-	-	-
Total net investments	11	**100,427**	**932,956**	**1,033,383**	107,904	-	107,904
Current assets	27	**1,866**	**6,807**	**8,673**	2,111	-	2,111
Current liabilities	28	**(165)**	**(2,388)**	**(2,553)**	(206)	-	(206)
Net assets at 5 April		**102,128**	**937,375**	**1,039,503**	109,809	-	109,809

The financial statements summarise the transactions of the Scheme 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 Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the Group Section and Bus Section, is dealt with in the report on actuarial liabilities on pages 5 to 7 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 26 to 49 form part of these financial statements.

The financial statements on pages 24 to 49 were approved by the Trustee (The FirstGroup Pension Scheme Trustee Limited) and signed on its behalf by:

..... Trustee Director

..... Trustee Director

Date: .....

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1. Identification of the financial statements

The Scheme was established to provide retirement benefits to certain groups of employees within the FirstGroup Holdings Limited. The address of the Scheme's principal office is 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF.

The Scheme is a sectionalised defined benefit scheme, comprising a Group Section and a Bus Section.

2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (the SORP) (Revised June 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee has considered the funding level of the Scheme, the financial position of the Principal Employer, FirstGroup Holdings Limited, the impact of the merger with The First UK Bus Pension Scheme during the Scheme year, and has taken into account the impact of investments, future income and capital growth, portfolio liquidity and cash-flow requirements. This assessment gives the Trustee confidence to prepare the financial statements on a going concern basis.

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

The Scheme's functional currency and presentational currency is Pounds Sterling (GBP).

Assets and liabilities in foreign currencies are expressed in Sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into Sterling at the rate ruling at the date of the transaction.

Gains and losses arising on translation are accounted for in the change of market value of investments during the year.

3.3 Contributions

Employer other contributions are accounted for in the period to which they relate, in accordance with the Schedules of Contributions, or on receipt if earlier, with the agreement of the employer and Trustee.

3.4 Transfers

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

Group transfers in are accounted for in accordance with the terms of the transfer agreement.

3.5 Other income

Income is accounted for in the period in which it falls due on an accruals basis.

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3.6 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice, they are accounted for on the date of retirement or leaving.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

3.7 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

3.8 Investment income

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Distributable income from pooled investment vehicles is accounted for when declared by the investment manager.

Net receipts or payments on repurchase agreements are accounted for on an accruals basis.

Income from foreign currency holdings is translated into Sterling at the rate applicable on the date of the transaction.

Receipts from annuity policies are accounted for as investment income on an accruals basis.

Income from special purpose vehicles is accounted for in investment income on the due date set out in the partnership or other agreement between the Scheme and the special purpose vehicle as outlined in note 18.

3.9 Change in market value of investments

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

3.10 Valuation of investments

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.

The market value of bonds exclude interest accrued between the last interest payment date and the year end, which is included within other investment balances.

Over the counter (OTC) swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the year end. The amounts included in the 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 the change in market value.

Over the counter (OTC) forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the year end by entering into an equal and opposite contract at that date.

For repurchase agreements, the Scheme continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

For reverse repurchase agreements, the Scheme does not recognise the securities received as collateral in its financial statements but does recognise the cash delivered to the counterparty as a receivable in the financial statements.

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3.10 Valuation of investments - continued

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 need not be valued in the Statement of Net Assets.

The fair value of the special purpose vehicle (Group Section) has been estimated by the Trustee based on valuations determined by Mercer Limited. The starting point for this valuation is the detailed stochastic calculations that were carried out to determine the value as at 31 December 2021, which were subsequently updated based on an approximate roll-forward methodology to 5 April 2023 and 5 April 2024. This value has now been rolled-forward for a further 12 months, to 5 April 2025, to reflect changes in market conditions and Scheme funding position over the period, based on sensitivities of the 31 December 2021 fair valuation of the Partnership.

The fair value of the special purpose vehicle (Bus Section) has been estimated by the Trustee based on the net present value of the cashflows expected from the vehicle, calculated by Aon Solutions UK Limited. The starting point for this valuation is the detailed stochastic calculations that were carried out to determine the value at inception as at 11 January 2022. The updated valuation is based on an approximate roll-forward from this, i.e. it has approximately reflected changes in market conditions and the Scheme's funding position since 11 January 2022, based on sensitivities from the initial valuation. Further details of the key assumptions used are shown in Note 18.

The AVC investments comprise 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 providers.

3.11 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy, consisting of the special purpose vehicle and the majority of the pooled investment vehicles. Explanation of the key assumptions underpinning the valuation of investments are included within note 18.

4. Contributions

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Employer contributions:						
Other	**247**	**2,646**	**2,893**	243	-	243

Group Section

In accordance with the Schedule of Contributions certified by the Actuary on 27 April 2022, due to the Employer paying into the special purpose vehicle, which will make payments to the Scheme under certain defined scenarios, no further deficit contributions will be due. The Employer is required to pay monthly contributions of £20,000 to cover the Scheme expenses and these are shown as other contributions. In addition, expense contributions of £7,135 (2024: £2,930) were receivable, representing the amount payable by the Employer to cover the cost of PPF levies and other projects initiated by the Employer, in accordance with the Schedule of Contributions certified by the Actuary on 27 April 2022. In accordance with the Schedule of Contributions certified by the Actuary on 2 July 2025, the Trustee and the Employer have agreed that the income arising from the special purpose vehicle is expected to more than cover the costs of running the Group Section, without the requirement for additional contributions to be paid to the Scheme.

Bus Section

In accordance with the Schedule of Contributions certified by the Actuary on 24 June 2022 under the FUKBPS, the employer is required to pay monthly contributions from 6 July 2023 at a rate of £233,333 per month, increasing on 1 April 2024 and each 1 April thereafter by the increase in RPI over the year to the previous September to cover Scheme expenses. In addition, expense contributions of £105,210 (2024: £nil) were receivable, representing the amount payable by the Employer to cover the cost of PPF/other levies and other projects initiated by the Employer in accordance with the Schedule..

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5. Transfers in

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Individual transfers in from other schemes	**-**	**1,178**	**1,178**	-	-	-

The individual transfers in represent DC benefits transferred from The First Bus Retirement Savings Plan. These assets were previously held in the DC Section of the First UK Bus Pension Scheme and were transferred so that combined DB and DC benefits can be paid from this Section.

6. Other income

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Interest on cash deposits held by the Trustee	**10**	**195**	**205**	-	-	-

7. Benefits paid or payable

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Pensions	**2,534**	**40,766**	**43,300**	2,299	-	2,299
Commutation of pensions and lump sum retirement benefits	**963**	**30,454**	**31,417**	556	-	556
Lump sum death benefits	**1**	**163**	**164**	30	-	30
	3,498	**71,383**	**74,881**	2,885	-	2,885

Included within pensions (Bus Section) above is £26,577 (2024: £nil) relating to GMP equalisation payments as set out in the Trustee report on page 9.

8. Payments to and on account of leavers

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Individual transfers out to other schemes	**-**	**808**	**808**	48	-	48

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9. Administrative expenses

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Actuarial and Consultancy fees	**124**	**1,800**	**1,924**	177	-	177
Administration fees	**58**	**1,684**	**1,742**	101	-	101
Audit fees	**49**	**70**	**119**	19	-	19
Legal fees	**59**	**445**	**504**	154	-	154
Secretary to the Trustee fees	**49**	**193**	**242**	89	-	89
Trustee fees and expenses	**26**	**103**	**129**	32	-	32
FirstGroup Recharges	**-**	**134**	**134**	-	-	-
Scheme levies	**-**	**1**	**1**	6	-	6
Covenant review costs	**20**	**60**	**80**	17	-	17
Miscellaneous expenses	**14**	**7**	**21**	17	-	17
	399	**4,497**	**4,896**	612	-	612

Group Section

In accordance with the Schedule of Contributions certified by the Actuary on 27 April 2022, the Employer will meet the cost of the PPF levy and other projects initiated by the Employer.

Trustee fees represent the fees associated with the independent Trustee, Capital Cranfield Pension Trustees Limited.

Bus Section

Trustee fees and expenses include secretarial and communication support costs totalling £52,433 (2024: £nil).

FirstGroup recharges include the routine reimbursement of the costs of Group employees working on Pension Scheme matters. In addition, FirstGroup recharges to the Scheme the third party supplier invoices originally paid on the Scheme's behalf by the Group.

Miscellaneous expenses include expenses relating to bank charges, DWP traces and general communications.

The Employer will meet the cost of the PPF/other levies and other projects initiated by the Employer, in accordance with the Schedule of Contributions certified by the Actuary on 3 June 2024.

10. Investment income

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Income from bonds	**-**	**1,515**	**1,515**	-	-	-
Interest on cash deposits	**-**	**11**	**11**	-	-	-
Annuity income	**-**	**66**	**66**	-	-	-
Income from pooled investment vehicles	**268**	**21,084**	**21,352**	1,351	-	1,351
Income from special purpose vehicle	**627**	**-**	**627**	1,039	-	1,039
Net interest payable on repurchase agreements	**-**	**(1,024)**	**(1,024)**	-	-	-
	895	**21,652**	**22,547**	2,390	-	2,390

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11. Reconciliation of investments

Group Section

	Market value at 6 April 2024 £000	Cost of investments purchased £000	Proceeds of sales of investments £000	Change in market value £000	**Market value at 5 April 2025 £000**
Pooled investment vehicles	96,855	2,073	(4,362)	(4,417)	**90,149**
Special purpose vehicles	9,100	-	-	(300)	**8,800**
AVC investments	566	-	-	16	**582**
	106,521	2,073	(4,362)	(4,701)	**99,531**
Cash	343			-	**208**
Other investment balances	1,040			-	**688**
	107,904			(4,701)	**100,427**

Bus Section

	Market value at 6 April 2024 £000	Cost of investments purchased £000	Proceeds of sales of investments £000	Change in market value £000	**Market value at 5 April 2025 £000**
Bonds	-	1,271,093	(400,656)	9,266	**879,703**
Pooled investment vehicles	-	946,056	(372,136)	(52,544)	**521,376**
Derivatives	-	20,004	(33,017)	(214)	**(13,227)**
Special purpose vehicles	-	65,400	-	15,200	**80,600**
AVC investments	-	662	(27)	63	**698**
	-	2,303,215	(805,836)	(28,229)	**1,469,150**
Repurchase agreements	-			-	**(577,842)**
Cash	-			(622)	**25,466**
Other investment balances	-			-	**16,182**
	-			(28,851)	**932,956**

Included in the purchases are investment assets transferred from the DB Section of the FUKBPS totalling £969,400,936.

Bonds, derivatives and repurchase agreements are shown net of assets and liabilities in the table above.

11.1 Transaction costs

Indirect transaction 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 Scheme.

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12. Investment management expenses

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Administration, management and custody fees	**104**	**2,069**	**2,173**	56	-	56
Investment consultancy fees	**144**	**341**	**485**	227	-	227
Investment management fee rebates	**(13)**	**-**	**(13)**	(89)	-	(89)
	235	**2,410**	**2,645**	194	-	194

Group Section

The investment management fee rebates are a result of the actual Ninety One and Mercer fund expenses being less than those originally charged in the unit price. The rebates are reinvested into the funds to purchase additional units.

13. Taxation

The Scheme 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.

14. Group transfers in

Included within the Bus Section are group transfers in, with 12,501 deferred members and 11,149 pensioners moving from the DB Section of the First UK Bus Pension Scheme via a bulk transition of assets and liabilities amounting to £1,019,652,796. The transfer took the form of the novation of investment assets and liabilities, transferring ownership of the investments with a net value of £1,015,881,334, cash with a value of £2,175,928 and other current assets and liabilities with a net value of £1,595,554.

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15. Pooled investment vehicles

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Equities	**13,841**	**3,862**	**17,703**	13,942	-	13,942
Private credit	**796**	**-**	**796**	1,083	-	1,083
LDI	**32,675**	**18,896**	**51,571**	39,595	-	39,595
Property	**635**	**-**	**635**	1,107	-	1,107
Cash/Liquidity	**1,588**	**11,520**	**13,108**	2,522	-	2,522
Multi-Asset credit	**5,053**	**-**	**5,053**	4,997	-	4,997
Short duration credit	**35,561**	**-**	**35,561**	33,609	-	33,609
Private equity	**-**	**140,036**	**140,036**	-	-	-
Insurance Linked Securities	**-**	**4,521**	**4,521**	-	-	-
Timber	**-**	**13,268**	**13,268**	-	-	-
Diversified Growth	**-**	**126,296**	**126,296**	-	-	-
Bonds	**-**	**68,404**	**68,404**	-	-	-
Secured finance	**-**	**134,573**	**134,573**	-	-	-
	90,149	**521,376**	**611,525**	96,855	-	96,855

Bus Section

The Scheme is the sole investor in the LGIM Bespoke Fund and a summary of the underlying assets of the fund, which is included within the LDI category above, is shown below:

	2025 £000	2024 £000
L&G Bespoke Fund		
- Pooled funds	**25,418**	-
- Cash	**43**	-
- Investment cash and variation margin	**(4,017)**	-
- Accrued interest	**(2,548)**	-
	18,896	-

Group Section

The pooled investments are held in the name of the Scheme. Except for income generated by Ninety One Global Alternative Fund as shown in note 10, all other income generated by pooled units is not distributed but retained within the pooled investments and reflected in the market value of the units.

Bus Section

Except for the pooled funds held with AXA (from May 2024), BlackRock (from May 2024), and Legal & General Liquidity Fund (March 2025) where the income is distributed and shown in note 10, income generated by these pooled units is not distributed, but retained within the pooled investments and reflected in the market value of the units.

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16. Derivatives

OTC Swaps - The Trustee aims to match as far as possible the Liability Driven Investment (LDI) portfolio and the Scheme's long-term liabilities, in particular in relation to their sensitivities to interest rate movements. The Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long-term liabilities of the Scheme.

Forward foreign exchange - In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Bus Section

	Assets £000	**Liabilities £000**	**2025 £000**	Assets £000	Liabilities £000	2024 £000
OTC Swaps	**51,254**	**(64,470)**	**(13,216)**	-	-	-
Forward foreign exchange	**-**	**(11)**	**(11)**	-	-	-
	51,254	**(64,481)**	**(13,227)**	-	-	-

16.1 OTC Swaps

Bus Section

Nature	**Notional amounts £000**	**Expiration**	**Aggregate asset value £000**	**Aggregate liability value £000**
Inflation swaps	194,447	2025 - 2072	24,355	(406)
Interest rate swaps	783,403	2025 - 2073	26,899	(64,064)
Total 2025	**977,850**		**51,254**	**(64,470)**
Total 2024	-		-	-

16.2 Forward foreign exchange

Bus Section

Contract	**Settlement date**	**Currency bought**	**Currency sold**	**Aggregate asset value £000**	**Aggregate liability value £000**
OTC (2)	16 April 2025	GBP 88,273,518	USD 114,215,000	-	(2)
OTC (1)	16 April 2025	GBP 2,052,776	JPY 393,800,000	-	(2)
OTC (1)	16 April 2025	GBP 16,954,755	EUR 20,091,000	-	(7)
Total 2025				**-**	**(11)**
Total 2024				-	-

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16.3 Collateral

Collateral received	Group Section £000	Bus Section £000	2025 Total £000	Group Section £000	Bus Section £000	2024 Total £000
Bonds - short sold	**-**	**372,484,282**	**372,484,282**	-	-	-
Cash (Swaps)	**-**	**31,372,186**	**31,372,186**	-	-	-
	-	**403,856,468**	**403,856,468**	-	-	-
Collateral pledged						
Bonds	**-**	**961,947,785**	**961,947,785**	-	-	-
Cash (Swaps)	**-**	**18,343,548**	**18,343,548**	-	-	-
	-	**980,291,333**	**980,291,333**	-	-	-

17. Amounts receivable under reverse repurchase agreements

Reverse repurchase agreements are a form of short-term lending, where the Scheme has purchased assets with the agreement to resell at a fixed date and price.

At 5 April 2025, amounts receivable under reverse repurchase agreements totalled £386,613,000 (2024: £Nil). Short sold bond liabilities linked to reverse repurchase agreements were £372,484,282 (2024 £nil).

18. Amounts due under repurchase agreements

Repurchase agreements are a form of short-term borrowing, where the Scheme has sold assets with the agreement to repurchase at a fixed date and price.

At 5 April 2025, amounts payable under repurchase agreements totalled £964,455,000 (2024: £Nil). The value of bond assets secured under repurchase agreements were £961,947,785 (2024 £nil).

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19. Special purpose vehicles

Group Section

On 4 February 2022, the Trustee entered into a Limited Partnership ("LP") agreement with FirstGroup Pension GP Limited and FirstGroup Holdings Limited. The Trustee appointed Mercer Limited ("Mercer") to calculate the fair value of the Trustee's interest in the LP agreement for the purpose of certification to the Pension Protection Fund ("PPF") to allow recognition in the Scheme's 2022/23 PPF Levy calculation.

Under the arrangement, the Scheme is entitled to receive cashflows under certain circumstances. The LP will pay into the Scheme an amount equal to the shortfall (if any) on the Scheme's self-sufficiency funding basis on completion of the 2030 scheme funding valuation. Any excess above that shortfall will be returned to the employer. Income from the assets held by the LP is to be periodically distributed to the Scheme.

Mercer have calculated an updated assessment of the fair value of the Scheme interest in the LP as at 5 April 2025 and set out the results below. The starting point for this valuation is the detailed stochastic calculations that were carried out to determine the fair value of £10.8m as at 31 December 2021, which was subsequently updated based on an approximate roll-forward methodology to 5 April 2022, 5 April 2023 and 5 April 2024, to a value of £12.0m, £11.3m and £9.1m respectively. This value has now been rolled-forward for a further 12 months, to 5 April 2025, to reflect the passage of time and changes in market conditions and Scheme funding position over the period, based on sensitivities calculated as part of the 31 December 2021 fair valuation of the LP.

The key assumptions underlying the valuation of the Trustee's interest in the Partnership

- Stochastic projection using 4,000 simulations to project the Scheme's assets and liabilities through time.
- The simulations are risk neutral scenarios produced by Mercer's Economic Scenario Generator software as at 31 March 2025 (adjusted for market conditions as at 5 April 2025). This is a standard technique for calculating market consistent values for structures with contingent payoffs.
- The assets held in the Partnership are currently held in cash and other money market instruments and are therefore projected using the cash return assumption.
- The expected payoffs to the Scheme are then discounted using a discount rate of Gilts + 1.0% p.a.
- The value of the Trustee's interest is the mean (average) over all simulations of these discounted values.

As at 5 April 2025, the value of the Scheme's interest in the LP has been calculated to be £8.8m. A reconciliation of this value to the £9.1m value as at 5 April 2024 is shown below.

5 April 2024 fair value	**£9.1m**	
Roll forward to 5 April 2024	-£0.5m	Interest applied for one year, less assumed income on partnership assets that was distributed to the Scheme.
Impact of change in LP discount rate	-£0.1m	The 6 year gilt yield rose by around 0.15% over the period, increasing the discount rate and hence reducing the value of the Partnership.
Impact of change in expected income from LP assets	+£0.1m	The LP assets are currently held in cash. The rise in rates feeds through to an increased assumed income generated on these assets over the term to maturity of the Partnership.
Impact of change in Scheme funding position	-£0.4m	The Scheme's self-sufficiency deficit is estimated to have reduced by c£1.1m over the year. As the terminal payment from the Partnership is linked to the deficit on this basis at the 2030 valuation, the improved Scheme funding reduces the expected size of this terminal payment.
Other	+£0.6m	Combined impact of using updated Scheme cashflow from the 2024 actuarial valuation, updated market volatility and correlation assumptions updated Scheme asset allocations and other second order changes since the previous full valuation of the Partnership c3 year ago.
5 April 2025 fair value	**£8.8m**	

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18. Special purpose vehicles - continued

Bus Section

On 11 January 2022, the Trustee entered into a partnership, the FirstBus Pension Limited Partnership, with FirstGroup Holdings Limited and First Bus Pension GP Limited ("the Partnership").

Under the Partnership, the Scheme is entitled to receive cashflows under certain circumstances. In particular, an amount equal to the shortfall (if any) on the Scheme's Technical Provisions funding basis will be paid into the Scheme on completion of the 2024 scheme funding valuation (subject to a maximum of the assets held in the Partnership at that date). Any excess above that shortfall will be returned to the employer.

The value of the Trustee's interest in the Partnership was determined by the Trustee to be £80.6m at 5 April 2025, having received advice from Aon Solutions UK Limited. This compares to a valuation of £65.4m at 5 April 2024, with the increase over the year due to the estimated worsening in the Bus Section's funding position increasing the expected payout. The valuation was calculated by discounting the expected cashflows from the Partnership using a deterministic approach, due to the relatively short period between 5 April 2025 and the assumed completion of the 2024 scheme funding valuation.

The key assumption underlying the valuation of the Trustee's interest in the Partnership is that the discount rate used is equal to the return on the assets held in the Partnership (currently cash and other money market instruments). Because the projected shortfall on the assumed funding basis exceeds the value of the assets in the Partnership, the value of the Trustee's interest is equal to the value of the assets held at 5 April 2025.

20. AVC investments

The Trustee holds assets which are separately invested from the main fund in the form of individual policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 5 April each year, confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below:

	Group Section £000	**Bus Section £000**	**2025 Total £000**	Group Section £000	Bus Section £000	2024 Total £000
Standard Life Assurance Limited	**582**	**589**	**1,171**	566	-	566
Prudential Assurance Company Limited	**-**	**109**	**109**	-	-	-
	582	**698**	**1,280**	566	-	566

21. Cash

Group Section

	Assets £000	**Liabilities £000**	**2025 £000**	Assets £000	Liabilities £000	2024 £000
Investment cash in transit	**208**	**-**	**208**	343	-	343

Bus Section

	Assets £000	**Liabilities £000**	**2025 £000**	Assets £000	Liabilities £000	2024 £000
Sterling	**111,192**	**-**	**111,192**	-	-	-
Foreign currency	**21,700**	**(107,426)**	**(85,726)**	-	-	-
	132,892	**(107,426)**	**25,466**	-	-	-

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22. Other investment balances

Group Section

	Assets £000	**Liabilities £000**	**2025 £000**	Assets £000	Liabilities £000	2024 £000
Investment income receivable	**688**	**-**	**688**	1,040	-	1,040

Bus Section

	Assets £000	**Liabilities £000**	**2025 £000**	Assets £000	Liabilities £000	2024 £000
Investment income receivable	**9,238**	**(3,317)**	**5,921**	-	-	-
Outstanding settlements	**-**	**(2,767)**	**(2,767)**	-	-	-
Amounts due from/(to) brokers	**31,372**	**(18,344)**	**13,028**	-	-	-
	40,610	**(24,428)**	**16,182**	-	-	-

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23. Fair value hierarchy

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

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 Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	2025 Level 1 £000	2025 Level 2 £000	2025 Level 3 £000	2025 Total £000
Group Section				
Pooled investment vehicles	-	88,719	1,430	90,149
Special purpose vehicles	-	-	8,800	8,800
AVC investments	-	559	23	582
Cash	208	-	-	208
Other investment balances	688	-	-	688
	896	89,278	10,253	100,427
Bus Section				
Bonds	-	879,703	-	879,703
Pooled investment vehicles	-	68,404	452,972	521,376
Derivatives	-	(13,227)	-	(13,227)
Repurchase assets	-	386,613	-	386,613
Repurchase liabilities	-	(964,455)	-	(964,455)
Special purpose vehicles	-	-	80,600	80,600
AVC investments	-	-	698	698
Cash	25,466	-	-	25,466
Other investment balances	16,182	-	-	16,182
	41,648	357,038	534,270	932,956
	42,544	446,316	544,523	1,033,383

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23. Fair value hierarchy - continued

Analysis for the prior year end is as follows:

	2024 Level 1 £000	2024 Level 2 £000	2024 Level 3 £000	2024 Total £000
Group Section				
Pooled investment vehicles	-	94,665	2,190	96,855
Special purpose vehicles	-	-	9,100	9,100
AVC investments	-	544	22	566
Cash	343	-	-	343
Other investment balances	1,040	-	-	1,040
	1,383	95,209	11,312	107,904
Bus Section				
Bonds	-	-	-	-
Pooled investment vehicles	-	-	-	-
Derivatives	-	-	-	-
Repurchase assets	-	-	-	-
Repurchase liabilities	-	-	-	-
Special purpose vehicles	-	-	-	-
AVC investments	-	-	-	-
Cash	-	-	-	-
Other investment balances	-	-	-	-
	-	-	-	-
	1,383	95,209	11,312	107,904

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24. Investment risks

Group Section

When deciding how to invest the Scheme's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

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

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

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

The Trustee determined the Scheme's investment strategy after obtaining written professional advice from its professional investment adviser. The Scheme has exposure to the aforementioned risks because of the investments held to implement the investment strategy, which is described on page 10 of the Trustee's report. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include the AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

Credit risk

Direct credit risk – Pooled funds

The Section is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

The Section's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Section's investments across a number of pooled funds. Therefore, this risk is minimal.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

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24. Investment risks - continued

A summary of the type of pooled investment vehicle arrangements is as follows:

Fund	Fund vehicle
CT Net Zero Transition Low Duration Credit Fund	Luxembourg Fonds Commun de Placement
CT Credit-Linked Real LDI Fund	Luxembourg Fonds Commun de Placement
CT Nominal Dynamic LDI Fund	Luxembourg Fonds Commun de Placement
CT Short Profile Real Dynamic LDI Fund	Luxembourg Fonds Commun de Placement
CT Sterling Liquidity Fund	Luxembourg Fonds Commun de Placement
LGIM Low Carbon Transition Global Equity Index Fund	Unit-linked life insurance policy
LGIM Low Carbon Transition Global Equity Index Fund (GBP Hedged)	Unit-linked life insurance policy
Ninety One Multi-Asset Credit Fund	Société d'Investissement à Capital Variable (SICAV – SIF)
Mercer Property Fund	Common Contractual Fund (CCF)
Mercer PIP III	Limited Liability Partnerships

Indirect credit risk – Bonds

The Section is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Section's investments in the CT Net Zero Transition Low Duration Credit Fund, CT Credit-Linked Real Dynamic LDI Fund, CT Nominal Dynamic LDI Fund, CT Short Profile Real Dynamic LDI Fund, Ninety One Multi-Asset Credit Fund and Mercer PIP III Fund. The amount invested in each of these mandates is shown on the following page.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

The multi-asset credit fund may have a greater exposure to bonds rated below investment grade rated and engage in stock lending or borrowing. This extra credit risk is managed by ensuring minimum credit ratings of counterparties and receipt of adequate collateral of a sufficiently high quality.

Indirect credit risk – Derivatives and repurchase agreements

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments and repurchase agreements to match the Section's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily so as to aim to limit credit risk to one day's market movements.

Indirect credit risk – Property

Indirect credit risk arises in relation to underlying investments held in the property pooled investment vehicles. The property funds are exposed to the credit risk relating to the underlying tenants. This risk is mitigated by holding a diverse portfolio of investments with exposure to a range of properties and tenants.

As at 5 April 2025, around 83% of the Section's assets were invested in funds or securities that are significantly exposed to credit risk.

Currency risk

As the Section's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Section's assets is to Sterling, the Section is subject to currency risk because some of the Section's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure or implement separate currency hedging arrangements.

The majority of the Section's pooled funds are accessed via a Sterling share class. Therefore, only the Section's investment in the LGIM Low Carbon Transition Global Equity Index Fund (unhedged) is subject to direct currency risk. The amount invested in this mandate is shown in the table at the end of this section.

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24. Investment risks - continued

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

As at 5 April 2025, around 8% of the Section's invested assets (i.e. excluding annuities) were invested in funds or securities that are significantly exposed to currency risk.

Interest rate and inflation rate risk

Interest rate risk and inflation risk is a material risk for the Section given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Section's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Section's assets hedges part of the corresponding risks associated with the Section's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the Section invests in with material exposure to changes in interest rates are the CT Net Zero Transition Low Duration Credit Fund, CT Credit-Linked Real Dynamic LDI Fund, CT Nominal Dynamic LDI Fund, CT Short Profile Real Dynamic LDI Fund and Ninety One Multi-Asset Credit Fund. The amount invested in each of these mandates is shown in the table below.

As at 5 April 2025 around 81% of the Section's invested assets were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.

Other price risk

The Section's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Section as a whole as well as each individual portfolio. The Trustee believes that the Section's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The exposure to other price risk within the multi-asset mandates will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

As at 5 April 2025 around 16% of the Section's invested assets were invested in funds or securities that are significantly exposed to other price risk.

The table below summarises the Section's investments that have significant exposure to indirect credit and market risks.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	Valuation 5 Apr 2025 £
CT Net Zero Transition Low Duration Credit Fund	●	❍	●	❍	35,560,707
CT Credit-Linked Real LDI Fund	●	❍	●	❍	11,817,016
CT Nominal Dynamic LDI Fund	●	❍	●	❍	7,296,485
CT Short Profile Real Dynamic LDI Fund	●	❍	●	❍	13,561,860
CT Sterling Liquidity Fund	❍	❍	❍	❍	1,588,171
LGIM Low Carbon Transition Global Equity Index Fund	❍	●	❍	●	6,827,363
LGIM Low Carbon Transition Global Equity Index Fund (GBP Hedged)	❍	❍	❍	●	7,013,840
Ninety One Multi-Asset Credit Fund	●	❍	●	❍	5,052,954
Mercer Property Fund	●	❍	❍	●	635,294
Mercer PIP III	●	●	❍	❍	794,649
Total					**90,148,339**

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (❍).
Ninety One Multi-asset credit figure is Ninety One's estimated valuation, as the fund is monthly dealt.
Mercer Property Fund valuation is as at 31 March 2025, as the fund is valued monthly.
Mercer PIP III fund valuation is as at 31 December 2024 adjusted for the capital calls/distributions until 5 April 2025 and converted the USD values to GBP as at 5 April 2025.

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24. Investment risks - continued

Bus Section

FRS 102 requires the disclosure of information in relation to certain investment risks to which a pension scheme is exposed to at the end of the reporting period. Note that the amounts disclosed are as at 31 March 2025 unless otherwise stated. These risks are set out by FRS 102 as follows:

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

Market risk: this comprises the following elements:

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

The Trustee determines its investment strategy after taking advice from a professional investment advisor. The Section has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed parameters which are set taking into account the Section's strategic investment objectives.

These investment objectives are implemented through the investment management agreements in place with the Section's investment managers and monitored by the Trustee by regular review of the investment portfolio. As they are not considered significant, the Section's AVC holdings and Trustee Bank Account balance are not included in these disclosures.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

(i) Investment Strategy

The main priority of the Trustee when considering the investment policy is to ensure that the benefits payable to members are met as they fall due. In seeking to do so, they have established the following objectives:

- To achieve the long-term investment return underlying the funding of the Section whilst limiting the chance of a deficit arising that would cause an increase in contributions.
- To maintain the support of the Company, the Trustee aims to set an investment policy which is amenable to both parties, recognising that the Company is the underwriter of part of the liabilities.
- To monitor the level of investment risk and return to "lock in" any gains in excess of those expected, if and when they arise.

When designing the investment arrangements, the Trustee considers the requirements of legislation, the funding objectives for the Section and its views on the covenant of the Sponsor.

All investments have been managed during the year under review by the investment managers and there is a degree of delegation in respect of investment decision making.

The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the Section that should be invested in the principal market sectors, the day-to-day management of the Section's asset portfolio, including full discretion for stock selection, is the responsibility of the investment managers.

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24. Investment risks - continued

During the year ending 5 April 2025, the First UK Bus Pension Scheme was involved in a merger exercise. Following the merger, the FirstGroup Pension Scheme was established, comprising two distinct Sections:

- the Bus Section (with Isio as Investment Adviser). SIP details are provided further below.
- the Group Section (with LCP as Investment Adviser). A separate SIP was prepared for this Section.

Effective from May 2024, the majority of the assets (c.92%) were novated from the First UK Bus Pension Scheme ("FUKBPS") to the Bus Section of the FirstGroup Pension Scheme ("BSFGPS"). The remaining FUKBPS holdings (c.8%) were retained for the purposes of paying winding-up lump sum payments to members. Post wind-up of FUKBPS, the remaining assets will be novated over to BSFGPS. This section of the report primarily focuses on the Bus Section.

Following the merger, the Bus Section's SIP was established, aligning with the governance framework set out in the FUKBPS Trust Deed. The strategy, in addition to the special purpose vehicle, the strategy was to hold broadly:

(a) 20% within return-seeking assets, comprising private equity and real assets.

(b) 40% in cashflow generating assets, comprising bonds, asset backed securities, secured finance and private debt

(c) 40% in investments which share characteristics with the long-term liabilities of the Section. These assets are invested in a Liability Driven Investment ("LDI") strategy, which use Government bonds as well as derivative instruments to hedge a proportion of the impact of interest rate and inflation movements on the value placed on the long-term liabilities.

(d) The Section has in place a currency overlay (managed by LGIM) which aims to hedge a proportion of most major developed overseas currency exposures from the Section's global and private equity holdings and 100% of the exposure from the insurance-linked securities mandate (denominated in US Dollars).

Finally, for efficiency purposes, the Section moved from a Bespoke LDI mandate to a Segregated LDI mandate over March 2025. As part of this transition, the Section sold its holdings in the Buy & Maintain mandate primarily due to tight credit spreads and small residual holding remaining.

(ii) Credit Risk

To gain exposure to certain asset classes in a cost-effective way (in both monetary and governance terms), the Section invests in pooled investment vehicles as well as a segregated LDI mandate. Through both of these, the Section is directly exposed to credit risk. The value of assets invested in pooled and segregated funds and therefore directly exposed to credit risk at year end was £0.81bn.

The Section is subject to indirect credit risk due to bonds, OTC derivatives, repurchase agreements and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was £0.33bn. This value includes pooled investment vehicles that have only a partial allocation to these asset classes. Some of the pooled investment vehicles may also undertake stock lending which will also introduce indirect credit risk.

The Section is also subject to credit risk because it holds investments in the special purpose vehicle and is mitigated by entitlements under the agreement.

In respect of the Trustee approach to managing credit risk arising from the various asset classes, we note the following positions at year end, noting these are on a look through basis as the investments are held indirectly:

- The credit risk from Sovereign Government bonds held directly through the segregated LDI mandate is considered to be minimal. These assets are primarily held for risk management purposes.
- The credit risk from other bonds held indirectly is mitigated via diversification to minimise the impact of default by any one issuer. These assets are held for return generating purposes, and the expected return from these assets is considered appropriate for the associated risk.
- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Section is indirectly subject to risk of failure of the counterparty. The credit risk for OTC swaps and/or repurchase agreements is reduced by collateral arrangements and diversification across counterparties. Credit risk also arises on forward currency contracts, though collateral arrangements mitigate this risk.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.

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24. Investment risks - continued

A summary of pooled investment vehicles by type of arrangement as at 31 March 2025 is as follows:

Investment Type	2025
	(£m)
Segregated LDI*	326.5
Unit-Linked Insurance Contracts	68.8
Open/Closed Ended Investment Companies	3.9
Bermuda Exempted Investment Company	4.5
Shares Of Limited Liability Partnerships	276.1
Collective Investment Scheme	134.7
Total	814.5

Source: Investment Managers and Isio.

Valuations are based on Bid prices where available otherwise mid/single price values are used. The table includes BSFGPS assets only. The Section also has cash held with the custodian, JP Morgan, and in the Trustee bank account, which are not included in the table.

*On 31 March 2025 the Section moved from a Bespoke pooled LDI mandate to a Segregated LDI mandate.

- Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environment in which the pooled fund manager operates and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks before appointing new pooled investment managers. Direct credit risk arising from pooled investment vehicles structured as unit-linked insurance contracts is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the Section may be protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for up to 100% of its policy value, although compensation is not guaranteed. The Trustee carries out due diligence checks on the appointment of new pooled Investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled managers.

(iii) Currency risk

Direct currency risk arises on the Section's investment in the Nephila pooled fund which is denominated in US Dollar. This overseas currency exposure is 100% hedged within the Section's currency overlay.

Currency risk also arises in the Section's private asset mandates; Pantheon, Partners Group, and Stafford which all held investments in currencies other than Sterling. Euro and Yen exposures are approximately 50% hedged to Sterling; US Dollar exposure is approximately 75% hedged to Sterling. Due to the nature of private market assets, the currency overlay manager uses annual exposure information obtained from the relevant Investment managers to update the currency hedging arrangements.

Indirect currency risk arises from the Section's investment in Sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies, however the investment managers hedge the majority of this exposure.

As at 31 March 2025, £149.8m of the Section's portfolio is subject to direct and indirect currency risk exposure.

(iv) Interest rate risk

The Section has exposure to LDI and bonds. If interest rates fall, the value of these assets will rise to help match a proportion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value (as will the actuarial liabilities) due to an increase in the discount rate. As at year end, the Trustee expects these assets to capture 95% (2024: 95%) of the change in the actuarial liability value as a result of interest rate/inflation movements on a basis of gilts +0.5%.

As at 31 March 2025, £521.7m of the Section's portfolio was subject to direct interest rate risk exposure.

The Section's interest in the special purpose vehicle entitles the Section to income earned on the assets held by the special purpose vehicle. The assets of the special purpose vehicle are currently invested in cash, and so an increase in interest rates would increase the expected income distribution to the Section, and hence value of the special purpose vehicle. At the same time, the special purpose vehicle is valued as the present value of these projected income distributions. A rise in interest rates will increase the discount rate applied to these projected cashflows, reducing the value of the special purpose vehicle.

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24. Investment risks - continued

(v) Other price risk

Other price risk arises principally in relation to the Section's non-bond assets, which includes below:

Manager	Mandate
Pantheon	Private Equity
Partners Group	Private Equity
Willis Towers Watson	Private Equity
Lansdowne	Long/Short Equity
Stafford	Timber
Partners Group	Private Real Estate
Nephila	Insurance Linked Securities
BlackRock	Diversified Private Debt
AXA	Secured Finance

The Section has set a target allocation of 20% to return-seeking assets. The Section manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Other Price Risk	2025
	(£m)
Total	**419.1**

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

Valuations are based on Bid prices where available otherwise mid/single price values are used.

At the year end, the Trustee's interest in the special purpose vehicle, which is invested in cash, had an estimated value of £80.6m representing 8.6% of the total investment portfolio and was exposed to other price risk. Under the arrangement, the Section is entitled to receive an amount equal to the shortfall (if any) on the Section's Technical Provisions funding basis on completion of the 2024 scheme funding valuation (subject to a maximum of the assets held in the Partnership at that date) with any excess above that shortfall returned to the employer. As such, an increase in the Section's deficit on this basis will increase the value of the special purpose vehicle.

25. Concentration of investments

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

	2025		2024	
	£000	**%**	£000	%
Bus Section - AXA IM Global Secured Assets Fund	**134,573**	**12.9**	N/A	N/A
Bus Section - BlackRock Diversified Private Debt Fund Feeder LP	**126,296**	**12.1**	N/A	N/A
Bus Section - LGIM Global Unconstrained Bond Fund	**68,404**	**6.6**	N/A	N/A
Bus Section - Special Purpose Vehicle	**80,600**	**7.8**	N/A	N/A
Group Section - CT Global Low Duration Credit Fund	**N/A**	**N/A**	33,609	30.6
Group Section - CT Short Profile Real Dynamic LDI Fund	**N/A**	**N/A**	16,496	15.0
Group Section - CT Credit-linked Real Dynamic LDI Fund	**N/A**	**N/A**	14,510	13.2
Group Section - Special Purpose Vehicle	**N/A**	**N/A**	9,100	8.3
Group Section - CT Nominal Dynamic LDI Fund	**N/A**	**N/A**	8,588	7.8
Group Section - LGIM GPFG - Low Carbon Transition Global Equity Index Fund	**N/A**	**N/A**	6,984	6.4
Group Section - LGIM GPFH - Low Carbon Transition Global Equity Index Fund	**N/A**	**N/A**	6,958	6.3

26. Employer-related investments

There was no employer-related investment as at 5 April 2025 (5 April 2024: none).

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27. Current assets

	Group Section £000	Bus Section £000	2025 Total £000	Reclassified Group Section £000	Bus Section £000	Reclassified 2024 Total £000
Contributions due from the employer in respect of:						
- Employer	**10**	**646**	**656**	118	-	118
Interest accrued on cash deposits	**-**	**7**	**7**	-	-	-
Pensions paid in advance	**175**	**3,209**	**3,384**	159	-	159
Amounts due between sections	**253**	**-**	**253**	-	-	-
Due from The First UK Bus Pension Scheme	**-**	**5**	**5**	-	-	-
Due from other pension scheme	**-**	**3**	**3**	-	-	-
Fees paid in advance	**-**	**-**	**-**	1	-	1
Cash deposits held	**1,428**	**2,937**	**4,365**	-	-	-
Cash deposits held with the Scheme Administrator	**-**	**-**	**-**	1,833	-	1,833
	1,866	**6,807**	**8,673**	2,111	-	2,111

The cash deposits held represents the balance applicable to the Scheme held with Barclays Bank Plc.

28. Current liabilities

	Group Section £000	Bus Section £000	2025 Total £000	Group Section £000	Bus Section £000	2024 Total £000
Lump sums on retirement payable	**-**	**739**	**739**	-	-	-
Death benefits payable	**30**	**105**	**135**	-	-	-
Taxation payable	**-**	**29**	**29**	-	-	-
Administrative expenses payable	**111**	**1,077**	**1,188**	158	-	158
Investment management expenses payable	**24**	**185**	**209**	43	-	43
Amounts due between sections	**-**	**253**	**253**	-	-	-
Due to the First UK Bus Pension Scheme	**-**	**-**	**-**	5	-	5
	165	**2,388**	**2,553**	206	-	206

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29. Related party transactions

(a) Entities with control, joint control or significant influence over the Scheme

The Employer provided a special purpose vehicle to the Group Section of the Scheme with a value on inception estimated at £10.8m, and the updated valuation at the year end was estimated to be £8.8m. Under the arrangement, the Scheme is entitled to receive distributions under certain circumstances and, as shown in note 10, interest totalling £627,179 was payable to the Scheme covering the two years ended 5 April 2025.

The Employer provided a special purpose vehicle to the Bus Section of the Scheme with a value on inception estimated at £81.3m, and the updated valuation at the year end was estimated to be £80.6m. Under the arrangement, the Scheme is entitled to receive distributions under certain circumstances, however, as at 5 April 2025 no such income was due. During the year the Bus Section received £nil from the special purpose vehicle as disclosed in note 10.

During the year £134,073 (2024: £nil) was payable to FirstGroup Holdings Limited in respect of recharged expenses, of this amount £40,304 (2024: £52,244) remained outstanding at the year end.

As disclosed in note 26, contributions totalling £2,930 (2024: £118,439) are receivable from the Employer to cover the cost of the PPF levy and other projects initiated by the Employer unpaid from the prior year, in accordance with the Schedule of Contributions.

(b) Key management personnel of the Scheme or its parent (in aggregate)

There were seven Trustee Directors in office during the year and out of these, R Soper was a pensioner member of the Scheme and his benefits were paid in accordance with the Scheme Rules.

The Group Section of the Scheme incurred Trustee related fees totalling £25,381 (2024: £31,903) as shown in note 9. These fees related to the independent Trustee, Capital Cranfield Pension Trustees Limited. Of this, £6,187 (2024: £5,384) remained outstanding at the year end and was subsequently paid in May 2025. In addition, the Group Section of the Scheme incurred fees associated with the Secretary to the Trustee totalling £49,429 (2024: £88,596) and Bus Section of the Scheme incurred fees of £193,288 (2024: £nil), also shown in note 9, for services provided by ZEDRA Inside Pensions Limited.

The Bus Section of the Scheme incurred Trustee related fees totalling £50,291 (2024: £nil) as shown in note 9. Of this, £11,237 (2024: £nil) remained outstanding at the year end and was subsequently paid in April and May 2025.

30. Outstanding commitments

Group Section

As at 5 April 2025, using exchange rates applicable at the year end, the Trustee is committed to funding a total investment of some £4.1m / $5.2m (2024: £4.1m / $5.2m) in private debt. Approximately £1.1m / $1.3m (2024: £1.1m / $1.3m) of this funding commitment remains outstanding as at 5 April 2025.

Bus Section

As at 5 April 2025, using exchange rates applicable at the year end, the Trustee is committed to funding a total investment of approximately £272.7m (2024: £nil) in private equity funds. Approximately £48.0m (2024: £nil) of this funding commitment remains outstanding as at 5 April 2025.

31. Contingent liability

Virgin Media vs NTL case

The Virgin Media Limited v NTL Pension Trustees II Limited decision, handed down by the High Court on 16 June 2023 considered the implications of Section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted out schemes to be altered with respect to specific benefits where an actuarial confirmation was provided. Following an appeal on 25 July 2024, the Court of Appeal upheld the High Court's decision, that the statutory actuarial confirmation was required, and without this, alterations to schemes may be void. The Government has confirmed that pension schemes affected by this decision will be given the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The Trustee is considering this matter with their legal advisers but it is not possible at present to state whether or not, or the extent to which, this issue could affect the Scheme.

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Independent Auditor's Statement about Contributions to the Trustee

We have examined the Summary of Contributions to The FirstGroup Pension Scheme (the 'Scheme') in respect of the Scheme year ended 5 April 2025 which is set out on page 51.

In our opinion, contributions for the Scheme year ended 5 April 2025 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 27 April 2022 (Group Section) and 24 June 2022 (Bus Section).

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 Schedules of Contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 20, the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, Schedules of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules 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 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 the Trustee 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, Chartered Accountants
London
Date: 31/10/2025

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Summary of Contributions

During the year ended 5 April 2025, the contributions payable to the Scheme by the Employer were as follows:

	Group Section £000	Bus Section £000	**2025 Total £000**
Contributions payable under the Schedules of Contributions:			
Employer contributions:			
Other	247	2,646	**2,893**
Contributions payable under the Schedules of Contributions (as reported on by the Scheme Auditor) and reported in the financial statements	247	2,646	**2,893**

Approved by the Trustee (The FirstGroup Pension Scheme Trustee Limited) and signed on its behalf by:

..... Trustee Director

..... Trustee Director

Date: .....

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Actuary's Certification of Schedule of Contributions

The FirstGroup Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 5 April 2024 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the trustee on) 2 July 2025

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 scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:	John Hemsley	Date:	2 July 2025
Name:	John Hemsley	Qualification:	Chartered Actuary (Fellow), Institute & Faculty of Actuaries
Address:	Four Brindleyplace Birmingham, B1 2JQ	Name of employer:	Mercer Limited

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Certification of schedule of contributions

The First UK Bus Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 5 April 2021 to be met by the end of the period specified in the recovery plan dated 24 June 2022.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 24 June 2022.

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

Signature

Date 24 June 2022

Name	Qualification
J M Harvey	Fellow of the Institute and Faculty of Actuaries
Address	Name of employer
1 Redcliff Street Bristol BS1 6NP	Aon Solutions UK Limited

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Appendix 1:
Implementation Statement - Group Section

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Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025 (the "Scheme Year")

The Trustee of The FirstGroup Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in May 2024, to reflect:

- the Trustee's Stewardship priorities and Net Zero ambition and expectation that the Scheme's investment managers and advisers help the Trustee achieve this ambition; and
- the DWP's new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- **L&G AM:** L&G AM's Engagement Policy

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus engagement with its investment managers on specific ESG factors. At the Q1 2024 meeting, the Trustee discussed and agreed stewardship priorities for the Scheme which were:

- Climate change;
- Diversity, equity & inclusion; and
- Corporate transparency.

The Trustee selected these stewardship priorities as market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for members. The Trustee communicated these priorities to its managers in April 2024. In this communication, the Trustee set the following expectations for its managers:

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- Take account of financially material factors (including climate change and other ESG factors) when investing the Scheme's assets, and to improve your ESG practices over time, within the parameters of the Trustee's mandates;

- Undertake voting and engagement on the Trustee's behalf in line with your stewardship policies, considering the long-term financial interests of the Trustee; and

- Provide information on the Trustee's stewardship policies, activities and outcomes, as requested to LCP from time to time, to enable the Trustee to monitor them.

The Trustee retained these stewardship priorities for the current Scheme Year.

As part of the May 2024 SIP update, the Trustee set a Net Zero Ambition to help mitigate climate risk. It aims to align the Scheme's assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets.

In November 2024, the Trustee undertook a detailed review of its managers' responsible investment practices with help from its investment adviser, LCP. The review was based on LCP's 2024 Responsible Investment survey and included the investment adviser's qualitative assessment of each manager across five areas: ESG foundations, climate and net zero, engagement, voting, and systemic stewardship. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The Trustee also receives quarterly updates on ESG and Stewardship related issues from LCP as part of its quarterly investment update report. While the Trustee was satisfied with the managers' scores, it wrote to each investment manager to highlight identified areas for improvement.

Shortly after Scheme Year end, the Trustee appointed TwentyFour to manage an asset-backed securities ("ABS") mandate. In selecting and appointing the manager, the Trustee considered LCP's advice on the shortlisted managers which included information on their responsible investment capabilities.

3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment manager, L&G AM, the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- L&G AM Low Carbon Transition Global Equity Index Fund; and
- L&G AM Low Carbon Transition Global Equity Index Fund (GBP Hedged).

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

However, Columbia Threadneedle Investments ("CTI") and Ninety One provided some detail on its engagement activities in relation to the Scheme assets they manage, which we have commented on below.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

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Legal & General ("L&G AM")

L&G AM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. L&G AM's voting policies are reviewed annually and take into account feedback from its clients. Every year, L&G AM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as L&G AM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. L&G AM also considers client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All decisions are made by L&G AM's Investment Stewardship team and are in accordance with the relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

The Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G AM, and it does not outsource any part of its strategic decisions. L&G AM uses ISS recommendations but purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services ("IVIS") to supplement the research reports that L&G AM receives from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G AM's position on ESG, L&G AM has put in place a custom voting policy with specific voting instructions that apply to all markets globally. L&G AM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy.

Columbia Threadneedle Investments ("CTI")

Although CTI reported no voting activities over the period, CTI is committed to the good stewardship of its clients' investments though its engagement, voting and public policy activities. Its primary purposes in engagement is to support long-term returns and to mitigate risk. CTI also believes that by encouraging better management of ESG issues by its investee companies, CTI contributes to a more resilient global economy, which will ultimately enhance its clients' long-term prosperity and security.

Ninety One

Although Ninety One reported no voting activities over the period, Ninety One aims for communication with purpose and an identifiable outcome in its engagement. This purpose can be either actively looking to influence outcomes around specific issues or obtaining information or clarification which allows a better understanding of how companies are managing relevant risks and opportunities.

Over the last 12 months, the majority of Ninety One's engagement was with corporates, with the rest being engagement with governments and industry bodies. Approximately half of Ninety One's engagements had some element relating to climate change, with the rest relating to company specific issues relating to individual issuers. For the next 12 months the focus will be on climate change in line with Ninety One's corporate strategy.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	L&G AM Low Carbon Transition Global Equity Index Funds
Total size of fund at end of the Scheme Year	Unhedged: £5,562m Hedged: £1,644m
Value of Scheme assets at end of the Scheme Year (£)	Unhedged: £6.8m Hedged: £7.0m
Number of equity holdings at end of the Scheme Year	2,737
Number of meetings eligible to vote	4,703
Number of resolutions eligible to vote	47,050
% of resolutions voted	99.8%

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Of the resolutions on which voted, % voted with management	79.6%
Of the resolutions on which voted, % voted against management	19.2%
Of the resolutions on which voted, % abstained from voting	1.2%
Of the meetings in which the manager voted, % with at least one vote against management	61.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.9%

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset manager (L&G AM) who held listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting L&G AM provides a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested L&G AM could use the PLSA's criteria[1] for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's stewardship priorities, and/or represent a material fund holding. The Trustee has reported on some of these significant votes per fund.

L&G AM

In determining significant votes that it provides to the Trustee, L&G AM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at L&G AM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an L&G AM engagement campaign, in line with L&G AM Investment Stewardship's 5-year ESG priority engagement themes.

However, as outlined above, the Trustee interprets significant votes in a different manner to L&G AM and has selected those it considers to be "most significant".

[1] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

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Most significant votes	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Broadcom Inc.	UnitedHealth Group Incorporated
Date of vote	10 December 2024	22 April 2024	3 June 2024
Approximate size of holdings at 5 April 2025	4.1%	0.8%	0.7%
Summary of the resolution	Report on AI Data Sourcing Accountability	Elect Director Henry Samueli	Elect Director John Noseworthy
Relevant Stewardship priority (why the Trustee considers the vote to be "most significant")	Corporate Transparency	Climate Change	Diversity, equity & inclusion
Company management recommendation	For	For	For
Fund manager vote	For	Against	Against
Rationale for the voting decision	A vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	A vote against is applied as L&G AM expects a company to have at least one-third women on the board.
Was the vote communicated to the company ahead of the vote	L&G AM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G AM's policy not to engage with its investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Why L&G AM consider the vote to be "most significant"	The shareholder resolution is considered significant due to the relatively high level of support received.	L&G AM considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors.	L&G AM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
Outcome of the vote and next steps	The resolution failed. L&G AM will continue to engage with its investee companies, publicly advocating its position on this issue and monitor company and market-level progress.	The resolution passed. L&G AM will continue to engage with its investee companies, publicly advocating its position on this issue and monitor company and market-level progress.	The resolution passed. L&G AM will continue to engage with their investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

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Appendix 2:
Implementation Statement - Bus Section

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The Bus Section of the FirstGroup Pension Scheme ('BSFGPS')/ The First UK Bus Pension Scheme ('FUKBPS') – Annual Implementation Statement

Background

The Department for Work and Pensions ('DWP') requires the trustee of a pension scheme to disclose financially material risks and to consider how these risks are managed. Pension schemes outline their policies in their statement of investment principles ("SIP") and demonstrate adherence to these policies in an implementation report.

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The DWP has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a trustee fiduciary duty.

Implementation Report

This implementation report includes:

- actions the Section has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.
- consideration on voting behaviour.

Statement of Investment Principles ('SIP')

As a result of the Scheme merger that took place on 31 May 2024, there are two SIPs governing the Trustee, which members can source online:

- Bus Section of the FirstGroup Pension Scheme ('BSFGPS'):
- First UK Bus Pension Scheme ('FUKBPS') :

Details of changes to the SIPs, made over the reporting year, are set out within this report.

Implementation Statement

This report sets out how, and the extent to which, the Statement of Investment Principles ('SIP'), produced by The FirstGroup Pension Scheme Trustee Limited ("the Trustee"), has been followed during the year to 5 April 2025.

Signed

Position

Date

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Key Actions Undertaken over the Section/ Scheme's Reporting Year

The First UK Bus Pension Scheme (FUKBPS) SIP

As a result of the 31 May 2024 Scheme merger, the FUKBPS SIP was updated during the year ending 5 April 2025. This revision reflects the transition to a smaller, simpler asset portfolio, following the transfer of the majority of the Scheme's assets to the Bus Section of the FirstGroup Pension Scheme (BSFGPS).

Remaining assets in the FUKBPS are expected to be fully novated to the Bus Section after the wind-up of the Scheme.

Note: All subsequent references to the SIP in this document pertain to the version prepared for the BSFGPS (Bus Section of the FirstGroup Pension Scheme).

The FirstGroup Pension Scheme

Following the merger, the FirstGroup Pension Scheme was established, comprising two distinct Sections:

- the Bus Section (with Isio as Investment Adviser). SIP details are provided further below.
- the Group Section (with LCP as Investment Adviser). A separate SIP was prepared for this Section.

The Bus Section SIP

The SIP for the Bus Section retains the governance framework of the FUKBPS Trust Deed, ensuring continuity post-merger. It aligns with the FUKBPS's pre-merger structure, reflecting the Trustee's commitment to maintaining stability during the transition.

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Strategic Asset Allocation

Policy	Location in SIP	How the policy has been met over the reporting year
Kinds of investments to be held	Section 5.4	A high-level asset allocation, being the split between growth assets (approximately 20% within private equity and real assets), cashflow generating assets (approximately 40% in bonds, asset backed securities, secured finance, private debt and buy and maintain investment grade credit) and cash and liability matching instruments (approximately 40%) has been set by the Trustee for the Section, having consulted the Company. The Trustee reviews the growth / matching split periodically and following the completion of each actuarial valuation in setting an appropriate level of risk and return within the portfolio. The assets held mean that the Trustee has acted in line with the policy in this area. The actual allocation will vary from these proportions over time from market movements and cashflows (for example those into / out of illiquid assets like private equity). The Trustee keeps this under review, consulting the Company on strategic changes and taking advice from their Investment Adviser.
The balance between different kinds of investments	Sections 5.3 & 5.4	The Trustee receives quarterly investment performance reports, which monitor the risk and return of investments within the Section. This, along with any review work on the Section's investment strategy, enables the Trustee to evaluate the balance between different kinds of investments.
Risks, including the ways in which risks are to be measured and managed	Section 5.3	As detailed in the SIP for the Section, the Trustee regards 'risk' as the likelihood of failing to achieve the objectives set out in section 5.1 of the SIP for the Section. The Trustee has, on the advice of the Investment Adviser, taken several measures which are set out in the SIP to measure and manage investment risks, and have also provided further detail on their method of monitoring and managing investment risks. The Trustee also maintains a risk register. This includes details on how investment and operational risks, amongst other risks, are measured and managed. The Trustee's willingness to take on investment risk is dependent on the continuing financial strength of the Company. The strength of the Company and its perceived commitment to the Section is monitored by the Trustee periodically and the Trustee will seek to reduce investment risk if either of these deteriorates.

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		The degree of investment risk taken will also depend on the Section's funding status and liability profile. To enable the Trustee to monitor and review both of these features, the Trustee has access to a daily funding level estimation tool and receives formal funding updates on a quarterly basis (both via the Scheme Actuary). The primary way in which the Trustee monitors the level of investment risk present at the total Section level is through 3-year 95% Value at Risk ('VaR') on a Technical Provisions basis as calculated by the Investment Adviser at each quarter end. This VaR metric measures the amount by which the deficit could be greater than anticipated in a given number of scenarios (i.e. 95% VaR measures the worst 5th percentile of scenarios) over a given timeframe (i.e. the Trustee monitors VaR over a 3-year period). Over the period, the Trustee has made the following investment strategy changes with the objective of decreasing the risks relating to growth assets: • In Q2 2024, the Macquarie Infrastructure Private Debt Fund was fully redeemed. These proceeds were directed to the Sterling Liquidity Fund held with LGIM (this mandate forms part of the remaining assets held in FUKBPS).
Expected return on investments	Section 5.1	In setting the investment strategy, the Trustee makes assumptions about how the risk and return characteristics of the chosen asset classes interact, both independently and relative to one another. The Trustee regards the appropriate investment strategy as one which seeks to deliver the level of expected return above gilts to meet the funding objective in the most efficient (i.e. least risk) manner. The risk of managers underperforming versus their stated investment objectives (and hence the Trustee's expectations) is managed at the total Section level by diversifying the portfolio across a number of different investment managers. Underperforming managers are questioned by the Trustee on the reasons for their underperformance when they are invited to Investment Committee meetings. Over the period, the Investment Committee met with the following managers: Stafford, WTW and BlackRock. Whilst the Trustee is a long-term investor, they also monitor short term performance and may act if they lose conviction in a manager to deliver on their stated objectives on a forward-looking basis.

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Investment Mandates

Policy	Location in SIP	How the policy has been met over the reporting year
Securing compliance with the legal requirements about choosing investments	Sections 1.1 & 1.2 Section 3.2	The Trustee's Investment Adviser is qualified to give advice in line with Section 36 (6) of the Pensions Act 1995. All such advice shall be in writing or confirmed in writing.
Realisation of investments	Section 6.8	The Trustee instructed all investment managers with the capability to distribute income regularly to pay this income to the Trustee's cash holdings. This will, in part, meet member benefit payments and other expenses as they fall due. The source of any additional cash required will be determined at the time in consultation with the Investment Consultant. The Trustee also measures the level of liquidity in the Section's portfolio when appropriate, acknowledging that some of the Section's portfolio is invested in illiquid asset classes (such as private equity, real estate and infrastructure debt, property, secured finance, diversified private debt, and timberland). The Trustee also measures the level of liquidity within the LDI portfolio on a quarterly basis, and more frequently during periods of market stress, to ensure sufficient collateral is available to support the leveraged positions held. The Trustee takes advice from the Investment Adviser as and when necessary, in relation to the level of liquidity within the Section asset portfolio and the LDI portfolio in particular.

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Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	Section 4.5	The Trustee considers financially material considerations in the selection, retention, and realisation of investments. Consideration of such factors, including environmental, social and governance factors and climate change, is delegated to the investment managers and the Trustee acknowledges responsibility for the voting and engagement policies that are implemented on their behalf. The Trustee also maintains an ESG policy document, separate to the SIP. At scheme year end, the Trustee had not set any investment restrictions on the appointed investment managers in relation to particular products or activities. The Trustee is also increasingly aware of how ESG issues (including climate change) are integrated within the investment processes adopted by its investment managers and any potential new investment managers. The Trustee also monitors the Investment Adviser's ESG ratings for the Section's managers on an annual basis and has its own criteria for evaluating the integration of ESG issues by its managers. Investment manager ESG integration is considered by the Trustee on a forward-looking basis when appointing new managers and the Trustee is looking to improve the overall level of ESG integration across the Section's assets. The Trustee has, in previous years, undertaken ESG training from its Investment Adviser, considered investing in sustainable equity funds and considered becoming a signatory to the UN Principles for Responsible Investment.
The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	Section 4.5	Non-financial matters, including members' ethical views, are not currently considered by the Trustee in the selection, retention and realisation of investments. However, the Trustee has considered communicating progress on the integration of ESG within investment processes to members through the Scheme's website and newsletters. The Trustee may also consider obtaining feedback from members in the future regarding the integration of ESG and climate change considerations. As such, over the year, member views on non-financial matters, including their ethical views, were not explicitly considered in the selection, retention and realisation of investments.

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Monitoring the Investment Managers

Policy	Location in SIP	How the policy has been met over the reporting year
Incentivising investment managers to align their investment strategies and decisions with the Trustee's policies, to make decisions based on assessments about medium to long-term financial and non- financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	Section 6.2	The Trustee discussed its continued appointment of the investment managers and are happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance. As the Trustee continues to review its investment strategy, it will review the existing manager appointments and mandate objectives to ensure each manager's target performance is consistent with the long-term target of the Section.
Evaluation of the investment manager's performance and the remuneration for asset management services	Section 6.3	The Trustee's policy on performance evaluation and investment manager remuneration was added during a previous scheme year to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018. To evaluate performance in respect of the investment managers, the Trustee receives and discusses investment performance reports on a quarterly basis. The reports present performance information and commentary in respect of the Section's funding level and investments. Such reports have information covering fund performance for the previous 3 months, 1 year and 3 years for the investment managers and total Section. The Trustee reviews the absolute performance, the relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis.
Monitoring portfolio turnover costs	Section 6.5	The Trustee's policy on monitoring portfolio turnover costs reflects the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018. The Trustee does not currently actively monitor the portfolio turnover costs of the Section assets. In the quarterly

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		performance report, Investment manager performance is generally reported net of manager fees and transaction costs, and therefore managers are incentivised in this way to keep portfolio turnover costs to the minimum required to meet or exceed their objectives. The IC have continued to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustee or IC may ask managers to report on portfolio turnover costs explicitly.
The duration of the arrangement with the asset manager	Section 6.6	Details of the appointments are contained in the Investment Management Agreements between the investment managers and the Trustee. In the event that an investment manager ceases to meet the IC's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated.

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ESG, Stewardship, Climate Change and Voting Disclosures

Policy	Location in SIP	How the policy has been met over the reporting year
Undertaking engagement activities in respect of the investments.	Section 4.6	The Trustee required its investment managers to engage with the investee companies on its behalf. Investment managers are expected to provide reporting on a regular basis, at least annually, including stewardship data. Each year the Trustee receives an "impact assessment report" from the investment adviser detailing information on the managers' approach to integrating ESG factors assessed against the Trustee's ESG policy. Further, the report provides an ESG score and Climate score for each manager and, where managers fall short, identifies actions for the investment adviser to engage with the investment managers on. Below is the output for each Fund assessed in the impact assessment and where relevant either an engagement example or high-level data reflecting how the Section's investment managers have engaged with companies/issuers they were invested in. **LGIM LDI** **Summary** LGIM has a well-defined firm-wide ESG policy and net zero commitment. They collaborate with a range of industry participants to monitor and influence a broad range of ESG topics. LGIM integrates ESG factors into their counterparty review process for LDI funds through their Active ESG tool & by engaging with counterparties. **Actions for Manager** Investment Approach – LGIM should introduce a formal ESG training programme. Investment Approach –Expand their approach to evaluate green gilts to generate positive external impacts within the Fund. Collaboration - Develop connections with leading academic institutions to develop robust risk management frameworks. **LGIM Buy & Maintain Credit** **Summary** The Buy and Maintain Fund has specific forward-looking ESG and climate objectives including a fund level decarbonisation target. When compared to peers in the Buy & Maintain space, LGIM score well as there is strong evidence of integration of sustainability in the investment process. **Actions for Manager** No action required as the Trustee disinvested in Q1 2025 as part of the decision to move from a QIAIF to a segregated LDI

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mandate.

Engagement

Due to the QIAIF structure that existed until 31 March 2025, the LDI and B&M Credit holdings sit within one bespoke fund structure. Combined, there were 10 engagements over the year, with 5 distinct companies. The top 5 engagement topics were climate impact pledge, capital management, human rights, supply chain and corporate strategy.

LGIM Sterling Liquidity Fund

Summary

The LGIM Sterling Liquidity Fund captures climate and social risks as part of their investment process through their Climate Impact Pledge and Future world Protection List. Despite this, the Fund lags behind it's peers which have stricter temperature alignment goals.

Actions for Manager

Investment Approach – Introduce a formal ESG training programme.

Reporting – Increase GHG reporting coverage to above 70%.

Climate - Reduce temperature alignment to below 2 degrees.

Engagement

Over the year ending 31 March 2025, there were the 18 engagements, with 12 distinct companies. The top 2 engagement topics were climate impact pledge and capital management.

LGIM Absolute Return Bond Fund

Summary

The Fund has a clear, forward-looking, and quantifiable ESG objective including a decarbonisation target. Additionally, the Fund is aligned with the Net Zero Investment Framework's guidance on decarbonisation.

Actions for Manager

Stewardship – Engage with a great proportion of issuers in the Fund on an annual basis.

Reporting – LGIM should utilise third parties to independently verify ESG data.

Engagement

LGIM had a total of 355 engagements, with 179 distinct companies. The top 5 engagement topics were climate impact pledge, human rights, corporate strategy, climate change and remuneration.

AXA Global Secured Assets II Fund

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Summary

AXA has established formal stewardship priorities focusing on climate, nature and social themes. The manager has implemented a mandatory ESG training programme for analysts and portfolio management teams. The Fund has no specific ESG objectives, however, AXA aims to incorporate firm-level priorities in the management of the Fund.

Actions for Manager

Stewardship – AXA should offer examples and case studies that illustrate how engagement strategies have effectively addressed and mitigated ESG risks.

Stewardship - Centralise ESG engagement efforts to maximise impact.

Reporting - Improve Net Zero commitment coverage of assets.

Reporting – Incorporate ESG factors, emissions data, and engagement metrics into quarterly fund-level reporting.

Collaboration - Partner with academic institutions to develop robust risk management frameworks

Engagement

During the year, AXA engaged with various groups on climate change mitigation and natural resource management topics.

As an example, AXA met with Sound Point to push for an enhanced investment policy that is in line with AXA's sector exclusion policy. This engagement resulted in the company aligning its investment policy with AXA's sector exclusion policy.

BlackRock Diversified Private Debt Fund

Summary

BlackRock has a firm-wide ESG policy and can report on firm-level ESG metrics and engagement. They have established explicit stewardship priorities to guide engagement with investee companies, overseen by a central team, and also collaborate with initiatives and institutions on ESG risks. Whilst the Fund does not have a specific impact focus, due to the nature of the private debt asset classes the Fund invests in, where there is a lack of fund-specific policies and priorities in place, it does aim to mitigate ESG risks. Despite this, BlackRock has made improvements over the year, particularly relating to reporting, where the ESG scorecard has been updated to capture additional climate risks and to track ESG ratchets.

Actions for Manager

Investment Approach - Introduce formal firm-level stewardship objectives within the ESG policy.

Investment Approach - Commit to a Net Zero target, with meaningful interim targets.

Stewardship – Provide examples and evidence of engagement initiatives undertaken to mitigate ESG-related risks.

Reporting – Enhance fund-level coverage of GHG emissions for inclusion in quarterly ESG reporting.

Reporting - Produce fund-level sustainability disclosures.

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Collaboration - Reconsider the firm's position regarding CA100+ and NZAMI membership.

Engagement

BlackRock engaged with Evondos to support the Company's sustainability agenda and progress, including understanding it's decarbonisation opportunities and net zero target setting approaches. This included BlackRock initiating a 6-week net zero target setting engagement programme which uncovered that the largest emission reduction opportunity was in switching from new aluminium, plastic and rubber to recycled versions of the materials. From this, the Company formed a target setting working group and is investigating material sourcing. Additionally, following BlackRock's engagement, Evondos now successfully provides annual carbon emissions reporting.

WTW Private Equity

Summary

WTW has identified ESG objectives as well as key sustainability goals at a firm level. Additionally, WTW is committed to achieving net zero emissions across 'in-scope solutions' by 2050. At a Fund level WTW has not implemented explicit climate, social or nature objectives. The Fund's ability to pursue these ESG goals is somewhat limited throughout the investment process as the Fund is fully committed. Furthermore, the availability of data is somewhat restricted, resulting in poor ESG scoring. Despite this, WTW uses an ESG scorecard which they aim to incorporate across all stages of the investment process.

Actions for Manager

Risk Management - Consider explicitly separating social scoring from the ESG integration score.

Stewardship – Provide examples of engagement activities aligned with stewardship priorities at a fund-level.

Reporting – Report on ESG metrics at least annually.

Engagement

Given the fund-of-fund nature of the mandate, WTW do not directly engage with regulators, companies or debt issuers. These engagements are conducted by the private equity managers at an underlying fund level. In addition, WTW only engage with the underlying managers on these engagements if they are invested in the manager's latest fund, which is not the case for this mandate as it's in the process of being run off (i.e. WTW are no longer making active commitments)

At a firm level, in 2024, WTW engaged with two new managers on the topic of emissions reporting and as a result, both managers agreed to report on carbon emissions for all portfolio companies in their latest funds.

Stafford SIT VI Timber Fund

Summary

Stafford has a firm-level ESG policy in place, however the Fund does not have any specific quantifiable ESG objectives or stewardship priorities. Although the Fund reports on ESG metrics quarterly, reporting is limited.

This is largely because this is 1) a fund-of-funds, so there is limited scope to engage on any underlying assets and 2) an older

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		vintage, at which time ESG was not a major priority for Stafford i.e. there were no ESG scorecards within due diligence at the time of investment, although it is worth noting that they have since developed this. Despite this, Stafford makes every effort to engage with the broader community on ESG issues. **Actions for Manager** No action required as the Trustee plans to disinvest from the Fund in 2025 as part of a fund range restructuring. **Engagement** Stafford engaged with its underlying managers on a variety of topics over the year. Topics of engagement included impact to nature and biodiversity, pollution and impact to water quality, sustainable forest management, indigenous land use rights and workplace health and safety. Stafford provided all managers with guidance on reporting against sustainability disclosure standards which facilitated Stafford's sharing of best practice reporting. **Pantheon, Partners, Lansdowne, Nephila** Due to the size and/or type and/or maturity of these mandates they have been excluded from the impact assessment and no engagement information has been requested.

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<table>
<tr>
<td>The exercise of the rights (including voting rights) attaching to the investments</td>
<td>Section 4.6</td>
<td>
The Trustee has given the investment managers full discretion in exercising rights and stewardship obligations attached to the Section's investments. The Trustee expects managers to exercise these rights in accordance with their own corporate governance policies, considering best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The investment managers have full discretion to vote in the best financial interests of the beneficiaries of the Section. Details of the voting activity undertaken in relation to the Section's equity investments is detailed below:

<table>
<tr><th>Investment Manager</th><th>Total votable proposals</th><th>Number of proposals voted on behalf of investors</th><th>Participation rate</th><th>% votes against management</th></tr>
<tr><td>Lansdowne – Z Shares</td><td>63</td><td>63</td><td>100.0%</td><td>0.0%</td></tr>
</table>
Commentary on an example of Lansdowne's most significant voting activity (as defined by the manager) is provided below:

Lansdowne Z Shares Fund – In Q2 2024, portfolio company, Time Out Group Plc, proposed a vote to approve the Company's financial statements and statutory reports which included a remuneration report. Lansdowne voted in favour of the approval as the remuneration policy was found to be in line with the value brought to the company by the individuals in question.

The Trustee did not use the direct services of a proxy voting manager over the period but acknowledge that some investment managers may choose to appoint a proxy voting manager for the funds in which the Section invests. Some managers also make use of proxy voting research in informing their stewardship activities.

The Trustee has not challenged its investment managers with regards to their voting activity during the period.

The Trustee also accepts that it is not practicable for the investment managers to vote in all circumstances.

The remainder of the Section's assets fall under private equity, credit, or UK government bond and therefore have no voting rights attached.
</td>
</tr>
</table>

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Appendix 3:
Chair Statement regarding the governance of Defined Contribution arrangements (Bus Section)

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The FirstGroup Pension Scheme (Bus Section)

Chair's statement regarding the governance of defined contribution arrangements

Scheme year – 6 April 2024 to 5 April 2025

1. Introduction

1.1. This statement has been prepared by The FirstGroup Pension Scheme Trustee Limited, the Trustee of The FirstGroup Pension Scheme ("the Scheme"), to report on compliance with governance standards.

1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.

1.3. This statement covers the Scheme year 6 April 2024 to 5 April 2025.

2. The Scheme's DC arrangements

2.1. Following a merger exercise undertaken in May 2024, as part of which DC benefits were transferred into the Scheme, the Scheme's DC arrangements comprised the following:

2.1.1. Additional Voluntary Contribution ("AVC") arrangements provided by Prudential Assurance Company Limited and Standard Life Assurance Limited.

2.1.2. DC benefits which serve as an underpin to the defined benefits of some members. These comprise both 'protected rights' underpins and Personal Pension Account (PPA) underpins. Notional DC accounts are maintained for these members and underpins for a material number of PPA underpin members are expected to bite. These are therefore considered as DC benefits for the purpose of this statement.

3. Default investment arrangements

3.1. No new contributions are received or invested in respect of the DC benefits that exist under the Scheme and the Scheme has not been used as a qualifying scheme for automatic enrolment purposes. As such, there is no arrangement in place which satisfies the applicable definition of 'default arrangement' under Regulation 3 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

3.2. The Trustee monitors the investment strategies used in the Scheme with assistance from its investment advisers, considering both fund performance and developments at the investment managers.

4. Core financial transactions

4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.

4.2. Core financial transactions for the Scheme comprise, but are not limited to, transfers into and out of the scheme, other payments out of the Scheme.

Controls and monitoring arrangements

4.3. Over the Scheme year, the processing of the core financial transactions was undertaken by Aptia UK Limited (formerly Mercer), the administrators to the Scheme.

4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

4.4.1. Aptia has agreed the following service level agreement with the Trustee in relation to the administration of the DC underpin benefits:

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Core financial transaction	SLA criteria
Death Settlement	2 days
Retirement Settlement	10 days
Transfer Out Settlement	10 days

4.4.2. Administration in general is also a substantive item at Trustee meetings.

4.4.3. Administration is captured as part of the Scheme's risk register and this includes details of the controls established by the Trustee and records details of any required actions. This is reviewed regularly and updated annually.

4.4.4. Aptia have robust internal controls procedures in place, e.g. to check validity of benefit payments.

4.4.5. The Scheme's annual report and accounts is externally audited.

4.4.6. The Scheme's membership data is subject to an annual audit and data improvement processes, where required. Membership data is also reviewed after special data projects and prior to submitting the Scheme Return.

Performance during the scheme year

4.5. Aptia reports back to the Trustee at quarterly Trustee meetings with details of SLA achievement and any specific issues relating to the administration of the protected rights only benefits. Aptia have reported the following SLA achievement statistics over the Scheme year:

1 April 2024 – 30 June 2024:	98%	1 July 2024 – 30 September 2024:	99%
1 October 2024 – 31 December 2024:	98%	1 January 2025 – 31 March 2025:	97%

4.6. No material issues were reported during the Scheme year.

Trustee assessment of core financial transactions

4.7. In view of the controls and monitoring arrangements, the SLA performance figures and the lack of issues reported throughout the year the Trustee believes that overall core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

AVC arrangements– Prudential

5.2. Scheme members that held AVC benefits with Prudential were invested in one, or a combination, of the funds below. Details of the most recent charges and transaction costs made available by Prudential are provided in the table below:

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Fund name	TER	Transaction costs	Effective date
Prudential With-Profits Cash Accumulation Fund	No explicit TER as charges are deducted before bonuses are applied to members' benefits, however they are estimated to be in the region of 1%	0.10%	31/12/2024
Prudential Deposit Fund *	Nil – taken into account in the interest payable to members	0.00%	31/12/2024

* There were no longer any Scheme funds invested in this fund at the end of the reporting period

AVC arrangements– Standard Life

5.3. Scheme members that held AVC benefits with Standard Life were invested in one or more of the below funds. Details of the charges and transaction costs quoted by Standard Life to the last available quarter end are provided in the table below:

Fund name	TER	Transaction costs	Effective date
Standard Life Pension Millennium With Profits Fund	Standard Life does not quote an explicit TER for their range of with-profits funds as charges are taken into account prior to the addition of bonuses.	0.04%	31/03/2025
Standard Life Pension Millenium With Profits 2006 Fund		0.04%	31/03/2025
Standard Life Pension With Profits Fund		0.03%	31/03/2025
Standard Life Pension With Profits One Fund		0.04%	31/03/2025

DC underpin benefits

5.4. As these benefits are notionally invested within the DB Section investment portfolio and are valued monthly in respect of the performance of the overall portfolio, the charges are not directly deducted from members' funds. As a guide however, the DB Section's estimated investment management fees over the 2024 calendar year were 0.8% of total assets under management. Further details of the funds used within the DB Section are included within the Trustee Report & Accounts document.

Impact of costs and charges

5.5. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations and these are set out in the Appendix.

6. Net investment returns

6.1. This section states the annual return, after the deduction of member borne charges and transaction costs, for all investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme Year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

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AVC arrangements – Prudential

6.2. The following table outlines information provided by Prudential regarding the net investment returns for the funds in which members were invested at the end of the Scheme year. The information below is effective as at 5 April 2025

Fund Name	1 Year net return	3 Year net return (% p.a)	5 Year net return (% p.a)
Prudential With Profits Fund [1]	2.5%	2.2%	1.7%

[1] The value of a With Profits fund (and therefore each member's holding within the fund) is not directly exposed to fluctuations in the value of the underlying assets. Instead, returns are 'smoothed' through the addition of bonuses (known as regular bonuses and final or terminal bonuses) which aim to provide members with a steady rate of return. Prudential has confirmed that the figures in the table above comprise the regular annual bonuses (after charges) applied to member's accounts. Any terminal bonus is not included in the net investment return calculation as it is not applied until the policy is out of force.

AVC arrangements – Standard Life

6.3. The following table outlines information provided by Standard Life regarding the net investment returns for members invested in these AVC arrangements. The information is effective as at 5 April 2025.

Fund Name [1]	1 Year net return	3 Year net return (% p.a)	5 Year net return (% p.a)
Standard Life Pension Millennium With Profits Fund	2.75%	2.25%	1.75%
Standard Life Pension Millenium With Profits 2006 Fund	2.75%	2.25%	1.75%
Standard Life Pension With Profits Fund	4.00%	4.00%	4.00%
Standard Life Pension With Profits One Fund	2.75%	2.25%	1.75%

[1] The value of a With Profits fund (and therefore each member's holding within the fund) is not directly exposed to fluctuations in the value of the underlying assets. Instead, returns are 'smoothed' through the addition of bonuses (known as regular bonuses and final or terminal bonuses) which aim to provide members with a steady rate of return. Standard Life has confirmed that the figures in the table above comprise the regular annual bonuses (after charges) applied to member's accounts. Any terminal bonus is not included in the net investment return calculation as it is not applied until the policy is out of force

DC protected rights underpin benefits

6.4. The DC only protected rights benefits are notionally invested within the overall investment portfolio. The following table provides the performance (net of fees) of the DB Section investments for periods to 31 March 2025, the nearest available quarter end to the year end:

	1 Year (%)	3 Years (% p.a)	5 Years (% p.a)
DB Section investments	-6.7	-12.8	-4.9

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Figures shown are based on performance provided by the investment managers and Isio estimates

7. Value for members

7.1. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

7.2. In relation to the AVC arrangements with Prudential and Standard Life, the member-borne charges and transaction costs relate to investment services, administration services and communication services. The Trustee considers that the AVC arrangements offer reasonable value in relation to the charges and transaction costs borne by members. In reaching this conclusion, the Trustee recognised the range of investment options is limited, the AVC providers offer basic administration services and limited performance reporting, the communications services are basic, the costs are broadly in line with AVC arrangements of a similar size and age, and members benefit from the administration services provided to the Trustee by Aptia, whose costs are not borne by members.

7.3. In relation to the DC protected rights underpin assets, members with these benefits receive a benefit at retirement that is the better of either a defined benefit entitlement or a notional DC account. As such, members do not pay directly for the administration of investment services that are used to deliver the benefits. The value for money of this benefit cannot therefore be effectively compared to a modern DC arrangement and has therefore been assessed proportionately in light of the benefit structure.

7.4. The Trustee acknowledges therefore although no charges are explicitly deducted from the overall investment portfolio used to value members' notional benefits, it can be considered that value for members is provided as where the underpin bites, members will benefit from enhancements to their retirement benefit, but any downside is limited to the value of the defined benefit pension that the DC benefit underpins. The Trustee recognises however that it would be best practice to keep under consideration whether there any aspects of this benefit that could be improved to increase value for members in the future.

8. Trustee knowledge and understanding

The Trustee Board

8.1. The FirstGroup Pension Scheme Trustee Limited is a trustee company which has been appointed corporate trustee of the Scheme. Martin Carroll and Richard Soper acted as co-chairs of the Trustee over the Scheme year.

Trustee knowledge and understanding requirements

8.2. Trustee Directors are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets. The approach taken by the Trustee to satisfying these requirements is outlined below.

Approach

8.3. The Trustee Directors aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the Statement of Investment Principles, the Risk Register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the scheme year and access to professional advice.

8.4. Over the Scheme year, a key focus of the Trustee has been managing the merger of the First UK Bus Pension Scheme's defined benefit assets into what is now the Bus Section of the Scheme. The Trustee can

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demonstrate, as documented in the meeting minutes, that a working knowledge of these documents was required to effectively oversee these changes.

8.5. The Trustee maintains a training log and consults with its professional advisers to identify any Trustee or individual Trustee Director training needs with a view to upcoming agenda items. The training needs are reviewed regularly by the Trustee to ensure they are relevant and DC focussed. Training logs are reviewed periodically.

8.6. On an ad-hoc basis, the Trustee Directors take part in a Trustee Effectiveness Review which is run by one of the Co-Chairs.

8.7. Each Trustee Director in place during the Scheme year has completed all modules of the Pensions Regulator's Trustee Toolkit programme. Any newly appointed Trustee Directors are expected to complete the Trustee Toolkit within six months of appointment.

8.8. Additionally, the Scheme has in place a structured induction process for new Trustee Directors. Training is carried out by the Company Pension Team and there is a Trustee Induction Policy which sets out what is required of the Trustee Director.

8.9. Trustee Directors supplement the Scheme-specific training provided at Trustee meetings with activities such as attending seminars and conferences and reading pensions-related articles.

8.10. The Trustee considers that its training is consistent with TPR's Trustee Knowledge and Understanding requirements and has included a mixture of generic and bespoke training sessions. This ensures that the Trustee has sufficient knowledge and understanding in of the relevant principles relating to the funding and investment of occupational schemes as well as the law relating to pensions and trusts.

Assessment

8.11. The Trustee considers that the combined knowledge of the Trustee Directors, together with access to professional advice, enables it to properly exercise its Trustee functions in the following ways:

8.11.1. The Trustee Directors can challenge and question advisers, service providers and other parties effectively

8.11.2. Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties

8.11.3. The Trustee Directors' decisions are not compromised by such things as conflicts or hospitality arrangements

.....	.....
Martin Carroll	Richard Soper
Co-Chair	Co-Chair

For and on behalf of The FirstGroup Pension Scheme Trustee Limited

Date 3/11/2025

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Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

A1.2. The membership of the remaining DC benefits in the Scheme at the end of the Scheme year were analysed in determining the parameters to be used.

A1.3. Pot size: a pot size of £5,000 has been used as this is broadly representative of the actual pot values of members.

A1.4. Contributions: The Scheme is closed to new contributions, so the illustrations assume no further contributions are made.

A1.5. Timeframe: the illustrations are shown over a 40-year time frame as this covers the duration that the youngest member would take to reach retirement age.

A1.6. Investment options: the investment options selected for the illustrations are the highest charged fund and the lowest charged fund identified from the remaining DC benefits in the Scheme. The Scheme does not have a default investment strategy.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost **
Prudential With Profits Cash Accumulation Fund	Highest Charged Investment Option	1.62%	1.00%	0.11%
Scheme DB Investment Portfolio	Lowest Charged Investment Option	0.80%	No explicit costs	Not known

* Projected growth rates, gross of costs and charges are in line with those previously calculated for Statutory Money Purchase Illustrations (SMPIs).

** Average transaction costs over the last 5 years have been used, where available.

Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

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Highest Charged Fund – Prudential With-Profits Cash Accumulation Fund

Years of investment	Starting pot size: £5,000 Future contributions: No	
	Before charges	After charges
0	£5,000	£5,000
1	£5,079	£5,025
5	£5,408	£5,126
10	£5,849	£5,254
15	£6,326	£5,386
20	£6,842	£5,522
30	£8,003	£5,803
40	£9,362	£6,098

Note on how to read this table: If a member had £5,000 invested in this investment strategy, when they came to retire in 10 years the savings pot could be worth £5,849 if no charges are applied but to £5,254 with charges applied.

Lowest Charged Fund – Scheme DB investment portfolio

Years of investment	Starting pot size: 5,000 Future contributions: No	
	Before charges	After charges
0	£5,000	£5,000
1	£5,039	£5,039
5	£5,198	£5,198
10	£5,404	£5,404
15	£5,618	£5,618
20	£5,841	£5,841
30	£6,313	£6,313
40	£6,824	£6,824

Note on how to read this table: If a member had £5,000 invested in this fund, when they came to retire in 10 years the savings pot could be worth £5,404 if no charges are applied or with charges applied.