

October 2024: PENSION NEWS FROM THE TRUSTEE

Halcrow Pension Scheme No.2

1. Introduction from the Chair of the Trustee, Leon Power

The Common Trustee Board, which manages Jacobs U.K. Limited's five UK defined benefit pension schemes, has been in operation for just over a year.

The Board has set up two sub committees.

- The Operations and Governance committee with responsibilities for audit, governance, administration, compliance, risk, and related matters of the schemes. This committee is chaired by Leon Power.
- The Integrated Risk Management committee with responsibilities for inter valuation aspects of the funding, investment, and covenant arrangements of the Schemes. This committee is chaired by Mark Cliff.

This has enabled the Trustee Board to take a more consistent approach across the schemes, reduce operational costs, as well as supporting effective and efficient collaboration with the Company.

From your perspective as a member of the Scheme, you should have noticed no change - the five Schemes remain independent of each other under separate Trusts and your benefits remain the same.

We are pleased to report an improvement in the financial position of each of the Schemes despite challenges in financial conditions, both domestic and global, with high interest rates and inflation. Further information on your Scheme's finances is contained below and in the enclosed annual Summary Funding Statement. Electronic copies of this and past Summary Funding Statements are available via the website, see section 8 for link to access.

The Board are keen to improve how we communicate with members, and it would be helpful if members would provide their email addresses so that we can be more efficient and also reduce our environmental footprint.

This newsletter provides relevant information on some current Scheme and pension matters. Should you have any questions for the Trustee, contact details are given after section 12.

Leon Power
Chair of Trustee

2. Summary Funding Statement

The Summary Funding Statement provided to members gives an overview of the key valuation results and how these have changed since the last Summary Funding Statement was issued in September 2023. The funding position has improved over the year to end of 2023 and remains in a surplus.

This improvement has been in part caused by a change in the financial markets which have led to a smaller value being placed on the Scheme's liabilities (i.e. the expected costs of providing pension benefits). This improvement was somewhat offset by a fall in the Scheme asset values, although that is expected given that the Scheme's assets are invested in such a way that they mirror movements in the Scheme's liabilities.

As a reminder, as you have a 'defined benefit' pension the fall in asset values does not affect the amount of pension that you will receive from the Scheme.

One final point to note is that there are different ways to measure a pension scheme. The Summary Funding Statement confirms that there is a surplus on the Scheme's agreed funding measure, i.e. the measure used to decide whether additional contributions are required from the Company. However, the Scheme still has a shortfall on a wind-up basis. This means that the Scheme does not currently have enough assets to secure all members' benefits in full of an insurance company.

3. Discretionary increases

Once your pension is in payment, the proportion built up from 6 April 1997 is automatically increased each year up to 5%, or up to 2.5% for service after 5 April 2005. In addition, any guaranteed minimum pension built up between 6 April 1988 and 5 April 1997 will increase by up to 3%.

The Rules place an obligation on the Company to review the increases applied and determine whether it will exercise its discretion to provide increases at a higher rate than those summarised above.

If a discretionary increase is granted, then this means a higher cost of providing benefits for every year in the future, as the increased pension would be the starting point for future automatic increases. This would result in an increased cost of providing pensions and a reduction in the Scheme's funding level unless the Company were to make a one-off contribution to cover the additional cost.

To assist Jacobs with this annual consideration, the Trustee routinely corresponds with the Company to ascertain whether it will be exercising its discretion. The Company is required to consent before any discretionary increases can be granted.

The Company has determined to not fund a discretionary payment at this time.

4. Change of Trustee directors

The Company had appointed a professional trustee to the Common Trustee Board, namely Vidett Trustee Services Limited (formerly 20-20 Trustee Services Limited), represented by Catherine Williams. Catherine Williams left Vidett Trustee Services Limited with effect 18 September 2023 and was replaced by Mark Cliff.

Mr M Carlin resigned with effect 21 September 2023. Ms S Miles was appointed with effect 21 September 2023.

5. Harmonisation of valuation dates

The Trustee has decided to ensure that all the schemes for which it is responsible have the same valuation date, allowing easier liaison with the Company regards funding decisions. Accordingly, the next valuation date for Halcrow Pension Scheme No.2 will change from 31 December 2024 to 31 March 2025. The scheme and accounting year will also align to 31 March, so the next accounting and reporting period will be for 15 months i.e. 1 January 2024 to 31 March 2025.

6. Monitoring sponsoring employer strength

The Trustee keeps the sponsor strength supporting the Scheme under constant review, in conjunction with its covenant advisers Cardano.

The Trustee is aware of a transaction involving the proposed sale of Jacobs' CMS business. The Trustee is in regular dialogue with the Jacobs group regarding this transaction and continues to monitor any potential impact that it may have on the Scheme and Jacobs UK (as sponsoring employer).

7. Lump sum death benefits

For any lump sum death benefits i.e. in relation to a pensioner member who dies within 5 years of retirement or a deferred member who dies where a return of contributions is payable, the Trustee has absolute discretion as to whom the lump sum is paid but will be guided by any Nomination Form completed by the member prior to their death.

8. Keeping the Trustee updated

A Nomination Form is used to let the Trustee Directors know to whom you would like benefits to be paid on your death, although it is important to note that it is not binding upon the Trustee Directors.

A blank Nomination Form, for your completion and return, can be downloaded from the Trustee's Website, or is available on request from the Jacobs' UK & Ireland Pension Team.

The Trustee Directors rely on you to keep them updated on any other changes in personal circumstances that might affect your benefits. For example, if you get married or register a civil partnership; if you get divorced or have children.

If your familial circumstances change, please review the nominees last notified to the Trustee to ensure any change to your wishes, if any, are notified by completion of a new Nomination Form.

If you change address/email address/phone number, please notify the Scheme administrator:

By telephone: 0118 9469742

By email: pensionsteam@jacobs.com

By post: 1180 Eskdale Road, Winnersh, Berkshire. RG41 5TU

When contacting XPS please confirm the following:

- Your full name
- Your day of date of birth (e.g. 27th)
- The first four characters of your National Insurance number (e.g. PN45)
- The first line and post code of the address XPS hold for you
- Your membership number or pensioner payroll ID, if known.

Please do NOT send all of your NI number or date of birth.

9. Pensions Website

As a reminder, the Common Trustee Board has a website for members of all five of the pension schemes for which it is responsible see: <https://pensions.jacobs.com>

The member site offers:

- Communications and Documents library
- Trustee details
- Access to download commonly used forms
- Information on the scheme's AVC providers

10. Pension Scams

Pension scam companies approach pension scheme members claiming they can help them to get access to cash from their pension early. Only in very rare circumstances, such as terminal illness, can you access pension funds before the age of 55. In most cases, promises of early cash will be bogus and are likely to result in serious tax consequences. In some cases, these arrangements technically operate within the law, but can still attract large tax charges, whereas others are outright illegal. If approached, be sure to get financial advice before making any decisions.

The Trustee Directors take this matter very seriously. If you think you're being scammed – act immediately. For more information, please see www.thepensionsregulator.gov.uk/individuals. If you have any concerns or are approached by anyone offering to unlock your pension early, you are urged to contact Action Fraud on 0300 123 2040.

11. Advice regarding your pension

If you need advice, the following websites <http://www.unbiased.co.uk> or <http://www.fca.org.uk/customers> can give you details of independent financial advisers in your area.

12. Further Information

A list of documents which provide further information is set out below. Many of which are available on the Trustee website or, if you want us to send you a copy of any of these documents, please let us know.

Additional documents available on request:

The Statement of Funding Principles

This explains how we (the Trustee Directors) plan to manage the Scheme with the aim of being able to continue to provide the benefits that members have built up.

The Statement of Investment Principles

This explains how we (the Trustee Directors) invest the money paid into the Scheme, if any.

The Schedule of Contributions

This shows how much money is being paid into the Scheme by the Company, if any, and includes a certificate from the Actuary showing that it is sufficient to meet the requirements set out by law.

The Trustee's Annual Report and Accounts

This shows the Scheme's income and expenditure for the last scheme year.

The Actuarial Report

This contains the details of the Actuary's annual update of the Scheme's situation.

The Formal Actuarial Valuation Report

This contains the details of the Actuary's tri-ennial check of the Scheme's funding situation.

The Scheme Information Booklet

This is the members' handbook for the Scheme.

Trustee Contact details:

Email pensionsteam@jacobs.com

Phone 01189 467942

Address c/o Jacobs UK Limited, UK & Ireland Pensions Team, 1180 Eskdale Road, Winnersh,
Berkshire. RG41 5TU

Sent for and on behalf of the

Trustee Directors of Halcrow Pension Scheme No.2