BOOTS PENSION SCHEME

Pension Schemes Registry: Reference Number 10125195

Report and Statement

of Financial Statements

for the year ended 31 March 2025

BOOTS PENSION SCHEME

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BOOTS PENSION SCHEME Trustee and Advisers

Trustee:
BOOTS PENSIONS LIMITED

Directors:
A BAKER, representing The Law Debenture Pension Trust Corporation PLC **(Chair)
**full list of Directors available at Companies House (resigned 25th June 2025)

B PATEL (appointed 7th July 2025)
M DONOVAN (Chair since 25th June 2025)
R COUNSELL*
J WARD*
F WALTON-BATESON
A BROWN*

Scheme Secretary:

AON Solutions UK Ltd (appointed 7th July 2025)
LDC Trust Mgt Ltd (appointed 23rd December 2024/Resigned 25th June 2025)
S JONES (resigned 20th December 2024)

*Member Nominated

Actuary	Aon Solutions UK Ltd Verulam Point, Station Way Hatfield Road, St Albans Hertfordshire AL1 5HE	"**Scheme Actuary**" Mr J Coulthard (Appointed 3 May 2024) Mr R Mellor (Resigned 3 May 2024) (as defined in the Pensions Act 1995)
Auditor	RSM UK Audit LLP 103 Colmore Row Birmingham B3 3AG	
Bankers	National Westminster Bank PLC 148-149 Victoria Centre Nottingham NG1 3QT	HSBC Bank PLC (operational from 14 April 2025) 62-67 Park Street London SE1 9DZ
Administrator	Boots Management Services Ltd, 1 Thane Road West, Nottingham, NG2 3AA * Legal & General Assurance Soc Ltd, One Coleman Street, London, EC2R 5AA** *until 1 May 2025 **from 1 May 2025	
Investment Committee	Mr A Baker (resigned 25th June 25) Mr A Brown	
Valuation Committee	Mr A Baker (resigned 25th June 25) Mrs R Counsell Ms F Walton-Bateson	
Discretions Committee	Mrs R Counsell (Chair) Mrs J Rawson (UK Pensions Manager, Boots UK Ltd) Mr M Donovan	
Audit Committee	Mrs R Counsell (Chair) Mr J Ward Ms F Walton-Bateson	
Corporate Events Committee	Mr A Baker (resigned 25th June 25) Mrs R Counsell Mr M Donovan (Chair)	

Bulk Annuity Provider	Legal & General Assurance Society Ltd, One Coleman Street, London, EC2R 5AA
Annuity Providers	Reassure, Aviva and Legal & General Assurance Society Ltd
Investment Managers	Legal & General Investment Management, One Coleman Street, London, EC2R 5AA Schroder Investment Management Ltd, 1 London Wall Place, London, EC2Y 5AU (closed 10 December 2024) Leadenhall Capital Partners LLP, Level 15, 70 Mark Lane, London, EC3R 7NQ
AVC Providers	Phoenix Life, Lynch Wood Park, Lynch wood, Peterborough, PE2 6FY Legal & General Assurance Society Ltd, One Coleman Street, London, EC2R 5AA
Investment Custodian	The Northern Trust Company, 50 Bank Street, Canary Wharf, London, E14 5NT
Legal Advisers	Sacker & Partners LLP, 20 Gresham Street, London, EC2V 7JE
Covenant Advisers	EY Parthenon LLP, 1 More London Place, London, SE1 2AF
Investment Adviser	AON Investments Ltd, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN
Investment Advisers (Agricultural Property)	Savills (UK) Ltd, Olympic House, Doddington Road, Lincoln, LN6 3SE
Additional advisers appointed for the Pension Funding Partnership	Cushman & Wakefield 125 Old Broad Street London, EC2N 1AR Burness Paull 50 Lothian Road Festival Square Edinburgh EH3 9WJ Goodwin Proctor (UK) LLP 100 Cheapside London EC2V 6DY
Principal Sponsoring Employer	The Boots Company PLC 1 Thane Road West Nottingham NG2 3AA
Participating Employer	Boots UK Ltd 1 Thane Road West Nottingham NG2 3AA

BOOTS PENSION SCHEME

Report of the Trustee for the year ended 31 March 2025

The Trustee presents its Annual Report on the affairs of the Boots Pension Scheme ("the Scheme"), in conjunction with the Financial Statements for the year ended 31 March 2025 which have been prepared in accordance with Regulations under 41 (1) and (6) of the Pensions Act 1995. This seeks to give Scheme members comprehensive details of the Scheme from which their benefits derive, whether those benefits are prospective or are already in payment. Members are invited to address any queries concerning the Report and Financial Statements, or the benefits payable under the Rules of the Scheme, to the Scheme Secretary.

1. **Tax Status**. The Scheme is a "registered pension scheme" under the Chapter 2, Part 4 of the Finance Act 2004 for tax purposes. The Trustee knows of no reason why this approval should be prejudiced or withdrawn.

2. **Trustee.** The affairs of the Scheme are overseen by a corporate trustee, Boots Pensions Limited (BPL), and all investments are held in the name, or on behalf, of BPL.

   The Pensions Act 2004 requires that at least one-third of the Directors of BPL are member nominated. The Directors have agreed with The Boots Company PLC (the Employer) that:

   - There will be six Directors of BPL, three of which will be nominated by the members. This exceeds the minimum one-third required by legislation.
   - When required, nominations will be sought from all categories of membership, although the legislation does not require this.
   - Member Nominated Directors will be selected by a Selection Panel established by the Directors and are expected to serve for a term of 5 years. Trustee Directors can be removed if they resign, or by a resolution passed unanimously by the remaining Directors.

   The three Company Nominated Directors are selected, appointed, and can be removed by The Boots Company PLC. Boots Company secretarial team advise Companies House of the appointments/removals, which are ratified and minuted at Board meetings of Boots Pensions Limited.

   The Directors of BPL generally meet four times per year, with additional meetings being convened as and when necessary.

3. **Investment Committee.** With effect from May 2000, an Investment Committee was established by the Trustee and operates in accordance with formal Terms of Reference. Under the Terms of Reference, the Committee is required to advise the Trustee on the Scheme's investment strategy and monitor the suitability of the investments held by the Scheme. The Committee is also charged with monitoring the performance of the external investment managers and custodian. A report from the Investment Committee on the performance of the Scheme's investments appears on pages 9 to 10 of this Report.

4. **Valuation Committee.** With effect from 1 June 2010, a Valuation Committee was established by the Trustee to progress valuation discussions with the Employer between Trustee meetings. The Trustee agreed formal Terms of Reference for this Committee under which the Committee is required to advise the Trustee on valuation matters. For the purposes of the 1 April 2024 actuarial valuation, it was agreed that the valuation would be considered by the whole Trustee Board given the completion of the bulk annuity purchase.

5. **Discretions Committee.** With effect from 28 January 2002, an Ill Health Committee was established by the Trustee under agreed Terms of Reference. The purpose of this Committee is to consider applications for immediate early retirement pensions from members with serious health problems and its remit was expanded to cover discretionary death benefits in May 2023, at which point it was renamed the Discretions Committee.

6. **Audit Committee.** With effect from 17 March 2009, an Audit Committee was established to ensure, on behalf of the Trustee, that appropriate disciplines and controls are in place. The Trustee agreed formal Terms of Reference for this Committee under which the Committee is required to advise the Trustee on the Scheme accounts, and other governance matters.

7. **Corporate Events Committee**. With effect from November 2019 a Corporate events Committee was established to consider any corporate events taking place within the Scheme's Principal Sponsoring Employer or Participating Employer.

8. **Governance.**
The Scheme complies with the Pensions Regulator's Codes of Practice and keeps its procedures and controls under review to help maintain the good governance of the Scheme. The Codes set out the standards of conduct and practice that it expects Trustee Boards to meet in complying with their duties. The Codes have now been consolidated into a General Code of practice and all policies and processes are being reviewed taking into account the Scheme's timescale to Buy-out work has begun on this exercise already. The key for the Pension Scheme is to ensure that the correct benefits are paid at the correct time in accordance with the rules. A Governance management system has been installed to help with this process.

9. **Subsequent events**
Following the purchase of a bulk annuity policy from Legal & General Assurance Society ("LGAS") (the transaction) on 24 November 2023 the final premium has been calculated and agreed, and a "true-up payment" was paid to LGAS on 15th August 2025. The remaining deferred premiums plus accrued interest were paid by the Scheme to LGAS on 21st August 2025. These payments were funded partly by the Scheme's existing cash, a loan from Weybright FSL Limited with the remainder being pension contributions from Boots UK Limited. It is expected that the loan will be repaid using the proceeds from the sale of the remaining illiquid assets. On 22nd August 2025 a partial redemption of the Leadenhall side pockets was used to reduce the loan. Part of the Company contribution related to an amount equal to the valuation of Property Funding Partnership (PFP1) upon which the Trustees exited the partnership on 20th August 2025.

Following the payment of the deferred premiums, true-up payment and interest, the £300m guarantee that was in place from Weybright FSL Limited was replaced on 20th August 2025 with a surety bond for £20m. In addition, a loan agreement has been put in place between Weybright FSL Limited and the Scheme to partly fund the deferred premium payments and ongoing Scheme expenses.

10. **Scheme Membership.** The movement in membership during the year was as follows:

	Deferred	Deferred Pensioners	Pensioners	Dependants	Total
Membership at 31/03/2024	**20,479**	**1,233**	**27,608**	**3,168**	**52,488**
Adjustment	-46	-16	46	25	9
Revised Membership at 01/04/2024	20,433	1217	27,654	3,193	52,497
Withdrawals					
Preserved Passing NRA	-379	379	-	-	0
Transferred	-29	-2	-	-	-31
Retired	-690	-208	898	-	0
New Dependants	-	-	-	256	256
Deceased	-41	-12	-636	-163	-852
Ceased	-	-	-	-2	-2
Full Commutation	-34	-11	-5	-33	-83
No Liability	-	-189	-	-	-189
Membership at 31/03/2025	**19,260**	**1,174**	**27,911**	**3,251**	**51,596**
Movements	-1,219	-59	303	83	-892

The prior year adjustments above relate to members and pensioners who left the Scheme or took benefits during the previous year but whose details were updated after 31 March 2024. Since 1 July 2010, there have been no active members of the Scheme and the Scheme is closed to future accrual.

Within the above figures there were 8 pension members (2024: 8) whose benefits were provided solely by single annuities in the name of the Trustee. Within the above figures there were 31,154 members with pension in payment (2024: 30,768) whose benefits are covered in the buy-in policy provided by LGAS.

11. **Transfers out of the Scheme.** Transfer values paid since 1 October 2008 have been in accordance with Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 .There were no bulk transfer payments made during the year.

12. **Pensions in payment – annual review.** Pensions in payment are reviewed each year on 1 April and, if applicable, increased by the lower of 5% and the increase in the Retail Prices Index over the 12 months to the previous 30 September. As the movement in the Index over the year in question was 2.7%, pensions in payment were increased by 2.7% on 1 April 2025 (5% in 2024). Preserved pensions due increases related to RPI were similarly increased by 5% or, where such increases related to the CPI, the increase 1.7% (subject to any overriding statutory requirements).

13. **Actuarial Valuation.** The latest valuation as at 1 April 2024 was completed on 1 July 2025. Under the Pensions Act 2004 (“PA04”) the Trustee and the Company decide the Technical Provisions, these being the target level of assets appropriate to meet the promised benefits. The Statutory Funding Objective under the PA04 is to hold sufficient and appropriate assets to meet the Technical Provisions.

The Trustee prepared a Statement of Funding Principles on 16 December 2022 and 1 July 2025, as required by PA04, which sets out the Trustee's policy for meeting the Statutory Funding Objective.

The 2021 valuation showed a surplus of £205m which corresponded to a funding level of 103%. The 2024 valuation showed a deficit of £246m which corresponded to a funding level of 95%. The change over the period was due to a strengthening of the funding basis to broadly reflect insurer pricing following the LGAS transaction. The Trustee and Company agreed a Recovery Plan to remove the shortfall shown at the 2024 valuation. The Recovery Plan provided for the additional funding committed as part of the original LGAS transaction and was originally expected to be paid by December 2025, but was made ahead of schedule. The Buy-out deficit is aligned with the technical provisions basis from the 1 April 2024 valuation following the purchase of the bulk annuity contract in November 2023.

The Actuarial Certifications of the Schedules of Contributions, which are reproduced on pages 12 & 13, certifies that the contributions outlined above are such that the Statutory Funding Objective is expected to continue to be met for the period the Schedule is in force and the contributions set out in the Schedules of Contributions are consistent with the Statement of Funding Principles dated 16 December 2022 and 1 July 2025. As part of the transaction, additional contributions were paid by the Principal Employer as set out in Note 5 of the Financial Statements.

14. **Pension Funding Partnerships.** The Pension Funding Partnership (PFP) is the Scheme's interest in one (2024:one) Scottish Limited Partnership which own an interest in groups of freehold property currently occupied by the Sponsoring Employer, PFP1. Its fair value represents the present value of amounts due to the Scheme over a multi-year period. Collateral, in the form of the freehold property currently in use by the Sponsoring Employer is available to the Trustee in the event the amounts due to the Scheme are not received. Following the year end the Trustee has exited PFP1 for £56m which was the value as at 31 March 2025 adjusted for the coupon received in April 2025.

15. **Summary Funding Statement.** The Trustee issues a Summary Funding Statement to all members, this usually being included in the annual Trustee's Review. The latest report was completed on 1st July 2025.

16. **Investment Report.** During the previous year there was a buy-in for £4,792,377,324. This took place on 24th November 2023. The Bulk Purchase Annuity Agreement (the "Annuity") is with LGAS. The Annuity aims to wholly cover the benefits payable to all members of the Scheme.

17. **Guaranteed obligations**. All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) of the Companies to make payments to the Scheme up to a maximum amount equal to the lower of (a) the entire aggregate liability, on the date on which any liability under this Deed arises, of every employer (within the meaning set out in section 318 of the Pensions Act 2004 and regulations made thereunder) in relation to the Scheme, were a debt under Section 75(2) of the Pensions Act 1995 to have become due on that date; and (b) £600m (six hundred million pounds Sterling)(the "Cap") which following a contribution by the Company of £300m in November 2023 reduced to £300m. Following the payment of the deferred premiums, true-up payment and interest, the £300m guarantee that was in place from Weybright FSL Limited was replaced on 20th August 2025 with a surety bond for £20m. Additionally a loan agreement has been put in place between Weybright FSL Limited and the Scheme to partly fund the deferred premium payments and ongoing Scheme expenses.

As at 31 March 2025, the Scheme's assets were split as follows:

%	
97.4	Annuity
0.3	Insurance Linked Securities
1.3	PFP
1.0	Property, Liquidity fund, Cash, AVCs
100.0	

The scheme also had deferred obligations relating to the purchase of the Bulk Annuity which are fully disclosed in the financial statements.

Report of the Trustee for the year ended 31 March 2025 (continued)

The Investment Committee is responsible for reviewing the Scheme's long-term strategy, in consultation with the Employer.

Following the buy-in transaction in November 2023, the investment Committee have been monitoring the residual assets, including selling them down to pay the deferred premiums.

The position on self-investment is set out in Note 15 on page 32.

At 31 March 2025, the market value of the Scheme was £4,086.2m
At 31 March 2025, the 4 largest individual investments held by the Scheme were:

Description	Bid/Mid value £m
LGAS Insurance Policy	4,348.0
PENSION FUND PARTNERSHIP 1	62.0
LGIM LQDTY FDS PLC LGIM STERLING LIQUIDITY 1	25.5
LEADENHALL VALUE INSURANCE LINKED INVESTFD PLC CL H5 USD SP 5	12.8

The performance of the assets over 1,3 & 5 years (where available), compared to the expected target return, is shown below.

	Returns 1 year (%)		Returns 3 years (% p.a.)		Returns 5 years	
	Fund	Bench mark	Fund	Bench mark	Fund	Benchmark
Growth Assets						
Leadenhall *	(0.9)	n/a	5.5	n/a	n/a	n/a
*The Scheme's main holding was terminated in June 24 remainer held in illiquid side pocket which 1 year performance relates to.						
Matching Assets						
LGIM – SLF (from 6.5.22)	5.26	5.02	4.15	4.11	2.53	2.49
PFP	n/a	n/a	n/a	n/a	n/a	n/a
LGAS Insurance Policy	n/a	n/a	n/a	n/a	n/a	n/a

The Scheme's return was (£664.0m) on an opening investment value of £5,264.9m.

A copy of the Statement of Investment Principles ("SIP"), dated May 2024, as required by Section 35 of the Pensions Act 1995 is available along with the Trustee report and accounts at the-boots-group-pensions.co.uk/boots-pension-scheme/documents/. There was a departure from the SIP during the prior year, due to the Buy-in, which resulted in the new SIP being prepared in May 2024 which the investments are now in line with. The implementation statement is outlined on pages 36 to 48 and forms part of the Trustee's report.

The Financial Stability Board ("FSB") created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change. In September 2025 the Trustee approved its annual TCFD report which covers the period from 1 April 2024 to 31 March 2025. A copy of the report can be viewed and downloaded at the-boots-group-pensions.co.uk/boots-pension-scheme/documents/ . The majority of the Scheme's assets are invested in an Annuity Policy with LGAS. The day-to-day management of these assets is delegated to LGAS. Any remaining residual assets are invested with Leadenhall and LGIM. The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to LGAS, Leadenhall, and LGIM through a written contract.

Following the purchase of the Annuity Policy, the Trustee has delegated the responsibility for stewardship activities, including voting and engagement to LGAS. The Trustee accepts responsibility for how LGAS stewards assets on its behalf, including the casting of votes in line with their voting policies. The Trustee does not attempt to influence the ESG integration or stewardship policies and practices of LGAS in managing these assets but did consider the policies of the insurer at the point of purchasing the buy-in, to the extent it was practical, to ensure the policies were in line with the Trustee's beliefs.

The Scheme's residual assets are invested in Insurance Linked Securities with Leadenhall and cash instruments with LGIM. Given the relatively small proportion of Scheme assets invested with Leadenhall and LGIM which are expected to be fully realised within the next 12-18 months, the Trustee does not have a formal stewardship policy in place for these assets.

No performance monitoring is carried out in relation to the Annuity Policy however checks are carried out to ensure the payments received from the policy are in line with expectations. There is no set duration for arrangements with the Annuity Provider, however, as the residual assets held with Leadenhall and LGIM are in the process of being sold down, these arrangements are expected to cease with these Fund Managers before 30 June 2026.

The Trustee paid a premium to LGAS when the Annuity Policy was initiated, and as a result there are no ongoing fees in respect of the Policy.

On the grounds of materiality and given the current sell down process, the Trustee does not have a formal Cost Monitoring policy in place for the residual assets. Targeted portfolio turnover is defined as the expected frequency with which an investment manager's fund holdings change over a year. Given the majority of the Scheme's assets are invested in the Annuity Policy, the Trustee does not monitor portfolio turnover.

Before entering into the Annuity Policy with LGAS, the Trustee reviewed the governing documentation associated with the Policy and considered the extent to which it aligned with the Scheme's requirements. Following the purchase of the Annuity Policy, and with the exception of the residual assets, the responsibility for managing arrangements with the underlying investments lies with LGAS

Additional Voluntary Contributions. The Scheme holds AVCs with Phoenix Life Assurance Ltd and LGAS outside the bulk annuity purchase. The Trustee Board continually reviews the suitability of the current investment options.

18. **Regulatory Matters.** Details relating to the Scheme have been registered with the Pensions Regulator. The Pensions Regulator is based at:

Telecom House,
125-135 Preston Road,
Brighton,
BN1 6AF

Telephone: 0345 600 0707

The Pension Tracing Service can be contacted at:

The Pension Service 9
Post Handling Site A
Wolverhampton
WV98 1LU
Telephone: 0800 731 0193

The address of MaPS, The Money and Pensions Service and that of the Pensions Ombudsman, is.

Money and Pension Service (MaPS) Borough Hall Cauldwell Street Bedford MK42 9AB	Pensions Ombudsman 10 South Colonnade Canary Wharf London E14 4PU
Telephone 01159 659570	Telephone 0800 917 4487

MaPS is available at any time to assist members and beneficiaries of pension schemes in connection with any pensions query they may have; or difficulty which they have failed to resolve with the trustee or administrators of the scheme. The Pensions Ombudsman, in turn, may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

To the extent that members of the Scheme already have access to a formal disputes procedure, it is hoped that an approach to MaPS or the Ombudsman would need to be made only as a last resort. Members are invited to address any enquiries or concerns to the Scheme Secretary at 1 Thane Road West, Nottingham, NG2 3AA or by emailing Group.pensions@boots.co.uk

19. Scheme Actuary

Mr Mellor retired over the year and resigned as Scheme Actuary. Mr Coulthard was appointed in his place to ensure consistency throughout the Actuarial valuation process. In accordance with Regulation 5(4) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, Mr Mellor declared that he knows of no circumstances connected with his resignation which, in his opinion, significantly affect the interests of the members or prospective members of, or beneficiaries under, the Scheme.

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of Scheme: Boots Pension Scheme

Adequacy of rates of contributions
I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 1 April 2021 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles
I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 16 December 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 wound up.

Signature:

Date: 16 December 2022

Name: Robert Mellor Qualification: Fellow of the Institute and Faculty of Actuaries

Address: 3 The Embankment
Sovereign Street
Leeds
West Yorkshire
LS1 4BJ

Name of employer: Aon Solutions UK Ltd

Certification of Schedule of Contributions

Name of scheme: Boots Pension Scheme

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 1 July 2025.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 1 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: DocuSigned by: John Coulthard [illegible]	Date: 01-Jul-2025
Name: John Coulthard	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Aon Verulam Point Station Way St Albans AL1 5HE	Name of employer: Aon Solutions UK Limited

Boots Pension Scheme - Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every pension 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 in the Scheme. This is assessed using the assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles dated 1 July 2025, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 1 April 2024. This showed that on that date:

The value of the technical provisions was: £4,999 million.

The value of the assets was: £4,753 million.

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 used in the calculation of the technical provisions is the Current Unit Method.

Significant financial assumptions

Discount interest rate: Aon Bulk Annuity Market Monitor (BAMM) yield curve.

Future Retail Prices Index inflation: Term dependent rates derived from RPI swap markets.

Future Consumer Prices Index inflation: Term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 0.75% p.a. before 1 February 2030 and 0.1% p.a. thereafter.

Deferred pension increases: Derived from underlying RPI inflation assumption allowing for the maximum of 5% per annum and the minimum of 0% per annum. Pensions are subject to a minimum of the statutory requirements with future rates of increases for benefits in excess of GMPs in line with the CPI inflation assumption.

Pensions in payment increases: For pensions in excess of GMPs, derived from the underlying RPI inflation assumption allowing for the maximum of 5% per annum and the minimum of 0% per annum. For post 88 GMPs, derived from the underlying CPI inflation assumption allowing for the maximum of 3% per annum and the minimum of 0% per annum.

Expenses: Allowance made to cover ongoing expenses and insurance company charges associated with winding-up.

GMP equalisation: A loading of 0.4% of liabilities accrued to the valuation date is included in the technical provisions for potential GMP equalisation costs.

Significant demographic assumptions

Post-retirement mortality: Standard tables SAPS S3 "All" for males and SAPS S3 "Heavy" for females, with scaling factors as set out in the table below:

Category	Sex	Base table	Equivalent single scaling factor
Deferreds	Males	SAPS S3 "All"	109%
	Females	SAPS S3 "Heavy"	99%
Non-dependant pensioners	Males	SAPS S3 "All"	103%
	Females	SAPS S3 "Heavy"	97%
Dependant pensioners	Males	SAPS S3 "All"	118%
	Females	SAPS S3 "Heavy"	95%

An allowance for improvements in mortality in line with the CMI 2022 Core Projections with a smoothing parameter S_k = 7.0, an "A" parameter A = 0.25, w=25% for 2022 (with w=0 for 2021 and 2020) and a long term annual rate of improvement in mortality rates of 1.5% per annum.

Cash commutation: Each member is assumed to take 74% of the permitted maximum lump sum on retirement based on commutation factors in force at 1 April 2024.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 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 them 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 a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer 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 employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the Boots Pension Scheme website.

The Trustee's report (including the Engagement Policy Implementation Statement in the Appendix) was approved and signed on behalf of the Trustee on 30/10 2025

M Donovan

Marc Donovan

Trustee Director, on behalf of Boots Pensions Limited

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE BOOTS PENSION SCHEME

Opinion

We have audited the financial statements of the Boots Pension Scheme for the year ended 31 March 2025 which comprise the Fund Account, Net Assets Statement (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than the 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

In auditing the financial statements, we have concluded that the Scheme's Trustee 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 authorised for issue.

Our responsibilities and the responsibilities of the Scheme's 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 Scheme's 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Trustee responsibilities statement set out on page 15, 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 liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework.
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect noncompliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://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 Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG
Date 30/10/2025

BOOTS PENSION SCHEME

FINANCIAL STATEMENTS

FUND ACCOUNT FOR THE YEAR ENDED 31 March 2025

	Note	2025 £m	2024 £m
CONTRIBUTIONS AND BENEFITS			
Employer Contributions	5	-	336.9
Benefits payable	6	(223.7)	(227.8)
Payments to and on account of leavers	7	(4.8)	(1.2)
Administrative expenses	4	(4.7)	(12.6)
Net additions/(withdrawals) from dealings with members		(233.2)	95.3
RETURNS ON INVESTMENTS			
Investment income	11	222.4	112.1
Change in market value of investments	8	(664.0)	(330.1)
Investment management expenses	12	(0.4)	(4.0)
Interest payable on deferred premiums	14	(23.3)	(17.5)
Net returns on investments		(465.3)	(239.5)
Net (decrease) in the Scheme during the year		(698.5)	(144.2)
Net assets of the Scheme at the beginning of the year		4,784.7	4,928.9
Net assets of the Scheme at the end of the year		**4,086.2**	**4,784.7**

The notes on pages 21 to 33 form part of these financial statements.

BOOTS PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

AT 31 March 2025

	Note	2025 £m	2024 £m
Investment Assets	8		
Insurance Policy		4,348.0	4,992.0
Pooled Investment Vehicles		38.3	161.9
Pension Funding Partnerships		62.0	68.0
Property		1.0	0.5
AVC investments		11.7	12.6
Cash and Deposits		-	12.3
Other Investment Assets		-	29.1
		4,461.0	**5,276.4**
Investment Liabilities	8		
Other Investment Liabilities		-	(11.5)
Total Investments		**4,461.0**	**5,264.9**
Current Assets	13	10.2	11.2
Current Liabilities	14	(385.0)	(491.4)
Net assets of the Scheme at the end of the year		**4,086.2**	**4,784.7**

The notes on pages 21 to 33 form part of these financial statements.

The financial statements summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on page 14 and these Financial Statements should be read in conjunction therewith.

These financial statements were approved and authorised for issue by the Trustee on 30/10 2025

Signed on behalf of the Trustee.

M Donovan

Marc Donovan

Trustee Director, on behalf of Boots Pensions Limited

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) FOR THE YEAR ENDED 31 March 2025

1 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 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (Revised June 2018) “the SORP”.

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 meet obligations as they fall due for at least the next twelve months from the approval of these financial statements.

The majority of the exercises resulting from the Bulk Annuity transaction in the prior year have now been completed however, the resolution of Member complaints in respect of discretionary benefits is still underway, as the Trustee is awaiting a review by the Ombudsman.

The Trustee is working towards converting the bulk annuity to annuities in the member’s names (i.e., converting to a buy-out) and subsequently triggering wind up of the Scheme, but this is not expected to be possible within the next 12 months. On this basis, the Trustee therefore believes that it is appropriate to prepare the financial statements on a going concern basis.

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee’s Report.

3. Accounting Policies

a) The financial statements have been prepared on an accruals basis.

b) Investments are included at fair value, determined as follows: -

i) Pooled investment vehicles: Included at bid prices or at single price where no bid price is available, as notified by the investment manager. Shares in certain 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 managers. As part of the deferred premium due to LGAS, resulting from the purchase of the Bulk Annuity the Schroder assets were agreed to be transferred to LGAS at a value of £257.6m to settle a deferred premium of an equal amount.
Under the derecognition of a financial asset provision as per FRS102, in the prior year the Schroders assets were excluded from the Statement of Net Assets as were the deferred liability that it is matched with. The deferred premium was subsequently settled in December 2024.

ii) Properties: Freehold and leasehold property is included at their open market value at the year-end as determined by independent valuers, in accordance with the Royal Institute of Chartered Surveyors (RICS) valuation standard and, where applicable, with reference to binding sale agreements. Sales and purchases are recognised on completion of contract. No depreciation is provided on freehold or leasehold properties or ground leases.

3. Accounting Policies (continued)

iii) Pension Funding Partnership: The Scheme's interest in the Pension Funding Partnership (PFP) is stated at the Trustee's estimate, having taken advice, of the present value of expected future cash flows arising from the PFP and where applicable, including the probability of a bullet payment being made which depends on funding at a point in the future.

The discount rate used to determine present value is based on market gilt rates at the reporting date adjusted for credit and liquidity risks. The valuations are determined, as far as possible on an 'arm's length' basis – i.e., the values that would be put on the Interests by an unconnected party. There is no market in such vehicles, and so the values need to be determined by calculation. Further, the assets are not tradable, so the net asset value calculated is an estimate based on available data. The valuations are sensitive to the key assumptions noted above.

iv) Additional Voluntary Contributions: The value of unit-linked funds is based on bid price at 31 March 2025 as provided by the investment manager.
The value of with-profits funds includes bonuses, part of which represents a final bonus which cannot be guaranteed and can be varied up or down in the future.

v) Annuity Policies: Legacy annuity policies are held in the name of the Trustee. The Trustee has discussed these annuity policies with their advisers and have concluded that they are immaterial to the Scheme assets and therefore included at a nil value in the Financial Statements. Annuities are issued by Canada Life, Friends Provident, L&G, Phoenix Life and ReAssure.

vi) Annuity (insurance) policies: Valued by the Scheme Actuary at the amount of the related obligation, determined using assumptions in line with a buy-out basis and using membership data at the reporting date. Annuities are issued by LGAS. Part of the premium payable to LGAS was deferred, with the Scheme having an obligation to repay the amounts due plus accrued interest by 31 December 2025, although this was settled ahead of schedule. Deferred premiums outstanding and interest accrued at year end are shown within Current liabilities. Interest is recognised in the Fund account on an accruals basis.

c) Investment Income

i) Interest is accrued on a daily basis.

ii) Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income.

iii) Investment income arising from the underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in Market Value'.

iv) Amounts received from the Pension Funding Partnerships are treated as proceeds arising from capital redemptions in the partnership.

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

vi) Net Income from derivatives is accounted for when declared by the investment manager.

vii) Receipts from annuity policies held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis.

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) FOR THE YEAR ENDED 31 March 2025

3. Accounting Policies (continued)

c) The functional and presentational currency of the Scheme is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year-end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

d) Other contributions, deficit contributions and special contributions, if any, are accounted for in the period they are due under the Schedule of Contributions.

e) Members can choose whether to take their retirement benefits as a full pension or lump sum and reduced pension. Pension and lump sums are accounted for on an accruals basis from the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on the date of retirement or death. Pensions in payment, including pensions funded by insurance policies are accounted for in the period to which they relate.

f) Individual transfers out are accounted for when paid when the member liability is discharged.

g) Investment Management Expenses are accounted for on an accruals basis. Fees are paid quarterly, calculated on the value of the funds under management. Prior to the Bulk annuity transaction, investment performance fees were paid annually based on the funds under management at both LGIM and Wellington.

h) Administrative expenses are accounted for on an accruals basis.

i) The Trustee makes estimates and assumptions concerning the future. The 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's investments and, in particular, those classified in Level 3 of the fair value hierarchy.

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) FOR THE YEAR ENDED 31 March 2025

4 Administrative Expenses

Administrative expenses are met from the assets of the Scheme.

	2025	2024
	£m	£m
In house administration costs	(0.6)	(0.6)
Professional fees	(4.1)	(12.0)
	(4.7)	**(12.6)**

The Pension Protection Fund and the Pension Regulator levies are paid by the Scheme and recovered from the Employer. These amounted to £286,874 (2024:£302,200) for the year. This amount has not been included in Administrative Expenses or Employer contributions due to the amounts being immaterial to the accounts.

5 Employer Contributions

The Scheme closed to future accrual on 30 June 2010, no Employer's normal contributions have been made in the year.

	2025	2024
	£m	£m
Employer – other contributions	**-**	**336.9**

The previous year contributions relate to amounts received from the Employer to enable the purchase of the LGAS policy. £300m of the above contributions relate to amount received from the employer in relation to the initial purchase of the LGAS policy. £36.9m relates to contributions received linked to the unwinding of PFP2. Levies paid by the Employer have not been included in Employer contributions due to the amounts being immaterial to the accounts.

The 2024 valuation showed a deficit of £246m which corresponded to a funding level of 95%. The Trustee and Company agreed a Recovery Plan to remove the shortfall shown at the 2024 valuation. The Recovery Plan provided for the additional funding committed as part of the original LGAS transaction and was originally expected to be paid by December 2025, but has now been made post year end, ahead of schedule.

6 Benefits Payable

	2025	2024
	£m	£m
Pensions to retired members and spouses/dependants	(202.8)	(188.0)
Lump sums on retirement	(19.9)	(38.6)
Death benefits	(1.0)	(1.2)
	(223.7)	**(227.8)**

7 Payment to and on account of leavers

	2025	2024
	£m	£m
Individual transfers out	(3.8)	(1.0)
Pensions (Transfer Sharing)	(1.0)	(0.2)
	(4.8)	**(1.2)**

8 Investments

	Market Value at 31.03.24	Purchases & Derivatives Payments	Sales & Derivatives Receipts	Change in Market Value	Market Value at 31.03.25
	£m	**£m**	**£m**	**£m**	**£m**
Insurance Policy	4,992.0	40.0	-	(684.0)	4,348.0
Pooled Investment Vehicles	161.9	32.4	(172.0)	16.0	38.3
Pension Funding Partnerships	68.0	-	(10.3)	4.3	62.0
Property	0.5	-	-	0.5	1.0
AVC investments	12.6	-	(0.1)	(0.8)	11.7
	5,235.0	**72.4**	**(182.4)**	**(664.0)**	**4,461.0**
Cash	12.3	-	-	-	-
Other Investment balances	17.6	-	-	-	-
Net investment assets	**5,264.9**	**-**	**-**	**-**	**4,461.0**

Post year end, the Property is in the process of being settled and the value may be more, or less, than shown in the accounts. This is being monitored but is not considered material.

A “True up” payment of £40m was made to LGAS relating to the Annuity in August 2025 and is reflected in the Insurance Policy purchases in the table above.

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The holdings of pooled investment vehicles are analysed below:

	2025	2024
	£m	**£m**
Liquidity Fund	25.5	57.0
Insurance Linked Investment Fund	12.8	104.9
	38.3	**161.9**

Costs are borne by the Scheme in relation to transactions in the investment portfolios. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable. There were no transaction costs borne in relation to the Pension Funding Partnership (2024: £nil).

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

As part of the deferred premium due to LGAS, resulting from the purchase of the Bulk Annuity the Schroder assets were agreed to be transferred to LGAS at a value of £257.6m to settle a deferred premium of an equal amount. Under the derecognition of a financial asset provision as per FRS102, in the prior year the Schroders assets were excluded from the Statement of Net Assets as were the deferred liability that it is matched with. The deferred premium was subsequently settled in December 2024.

8. Investments (continued)

Insurance Policy

	2025 £m	2024 £m
LGAS Insurance Policy	4,348.0	4,992.0

On 24 November 2023, the Trustee purchased a bulk annuity policy from LGAS and part of the premium payable to LGAS was deferred, with the Scheme having an obligation to repay the amounts due plus accrued interest by 31 December 2025. The final deferred premiums plus interest were repaid in August 2025. The Policy was valued by the Scheme's Actuary AON Solutions UK Limited based on expected benefit payments from the policy using final assumptions in line with a buy-out basis and using membership data at the reporting date.

Pension Funding Partnership – PFP

The Pension Funding Partnership (PFP) is the Scheme's interest in one (2024:one) Scottish Limited Partnership which own an interest in groups of freehold property currently occupied by the Sponsoring Employer, PFP1. Its fair value represents the present value of amounts due to the Scheme over a multi-year period. Collateral, in the form of the freehold property currently in use by the Sponsoring Employer is available to the Trustee in the event the amounts due to the Scheme are not received.

Following the year end the Trustee exited PFP1 for £56m which was the value as at 31 March 2025 adjusted for the coupon received in April 2025.

8. Investments (continued)

Concentration of Investments

The Scheme's investments include the following which represent more than 5% of the total value of the Scheme's net assets.

	2025 £m	2025 %	2024 £m	2024 %
LGAS Insurance Policy	4,348.0	106.4	4,992.0	104.3

9 Investment Fair Value Hierarchy

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

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

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

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

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

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
At 31 March 2025				
Insurance policy	-	-	4,348.0	4,348.0
Pooled investment vehicles	25.5	12.8	-	38.3
Pension Funding Partnership	-	-	62.0	62.0
Property	-	-	1.0	1.0
AVC investments	-	-	11.7	11.7
Other investment balances	-	-	-	-
	25.5	**12.8**	**4,422.7**	**4,461.0**

	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
At 31 March 2024				
Insurance policy	–	–	4,992.0	4,992.0
Pooled investment vehicles	57.0	104.9	-	161.9
Pension Funding Partnership	-	-	68.0	68.0
Property	-	-	0.5	0.5
AVC investments	-	-	12.6	12.6
Cash	12.3	-	-	12.3
Other investment balances	0.1	17.5	-	17.6
	69.4	**122.4**	5073.1	5264.9

10 Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. 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 currency risk, interest rate risk and other price risk.

- 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 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.
- 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 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 Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

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

(i) Credit risk
The Scheme is subject to credit risk through the insurance policies it has entered into. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
Indirect credit risk also arises in relation to the discount rate used to value the Pensions Funding Partnership. The discount rate is based upon UK gilt yields with a premium added to allow for credit and illiquidity risks. The credit risk premium is derived from changes in UK credit conditions and the credit risk of the parent company.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities and holding a diverse portfolio of investments across various markets.

10 Investment Risks (continued)

31 March 2025

	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Insurance policy	-	-	4,348.0	4,348.0
Pooled Investment Vehicles	-	-	38.3	38.3
Pension Funding Partnership	-	-	62.0	62.0
	-	**-**	**4,448.3**	**4,448.3**

31 March 2024

	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Insurance policy	-	-	4,992.0	4,992.0
Pooled Investment Vehicles	44.0	-	117.9	161.9
Pension Funding Partnership	-	-	68.0	68.0
Cash	12.3	-	-	12.3
	56.3	**-**	**5,177.9**	**5,234.2**

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

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025 £m	2024 £m
Open Ended Investment Company	25.5	57.0
Authorised Designated Investment Company	12.8	104.9
	38.3	**161.9**

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS) FOR THE YEAR ENDED 31 March 2025

10 Investment Risks (continued)

The Scheme holds an annuity policy with the insurer, LGAS, that is used to insure the Scheme's liabilities. By purchasing an annuity policy, the Trustee has an agreement with LGAS that it will honour the benefit payments of the Scheme members as and when they fall due. Whilst these provide protection against investment and longevity risk, there is a small chance that the insurer may default. If LGAS were unable to make the benefit payments (that they are obliged to make) then the responsibility of making those payment falls on the Trustee. However, insurers are required to meet stringent solvency requirements and unlimited compensation may be provided by the Financial Services Compensation Scheme should an insurer become insolvent.

(ii) Currency risk

The Scheme has capital held in a side-pocket by Leadenhall, which is a USD denominated vehicle. Consequently, the valuation of this side-pocket is exposed to fluctuations in the US dollar, but the risk is minimal at a total Scheme level

(iii) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme’s investments are held in bonds through pooled vehicles and cash. This risk is mitigated by holding a diverse portfolio of investments across various markets.

	2025 £m	2024 £m
Indirect		
Pooled investment vehicles	38.3	161.9

Whilst it is noted that the value of the bulk annuity policy will change with market conditions, this matches the value of the liabilities, so there is no significant net interest rate risk. Indirect interest rate risk also arises in relation to the discount rate used to value the Pensions Funding Partnership. The discount rate is based upon UK gilt yields with a premium added to allow credit and illiquidity risks.

(iv) Other price risk

Other price risk arises in relation to the discount rate used to value the Pensions Funding Partnership, namely the illiquidity premium. Following the purchase of the bulk annuity policy, there is no further significant other price risk.

At the year end, the Scheme’s exposure to investments subject to other price risk was:

	2025 £m	2024 £m
Indirect		
Pension Funding Partnership	62.0	68.0

Additional Voluntary Contributions

The Trustee holds assets invested separately from the main fund with Phoenix Life Limited (formerly London Life Limited) and LGAS which secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement confirming the amounts held in their account and the movements in the year. The accounts are a mixture of 'with profit' and 'unit-linked' structures, across the different providers. The aggregate amounts of AVC investments are as follows:

	2025 £m	2024 £m
Phoenix Life Limited	1.1	1.3
LGAS	10.6	11.3
	11.7	**12.6**

11 Investment Income

	2025 £m	2024 £m
Annuity income	221.9	57.7
Bonds	-	39.4
Pooled Investment Vehicles	0.4	29.0
Interest on Cash and Deposits	0.1	0.9
Derivatives	-	(14.9)
	222.4	**112.1**

Annuity income relates to income received from LGAS to pay the pensioners secured under the buy in policy from January 2024.

12 Investment Management related Expenses

	2025 £m	2024 £m
Investment management and administration	(0.4)	(3.2)
Performance Fees	-	(0.8)
	(0.4)	**(4.0)**

13 Current Assets

	2025 £m	2024 £m
Cash in Current Account	4.3	3.4
LGAS rebate of PCLS/data cleanse*	5.3	6.4
Other Current Assets	0.6	1.4
	10.2	**11.2**

*A reclaim process is in place with LGAS to recover any PCLS paid, including those due to be paid at the year-end as shown in the Note below together with a contribution to the data cleanse costs.

14 Current Liabilities

	2025 £m	2024 £m
PAYE due	(3.0)	(2.5)
Accrued investment management fees	(0.1)	(1.1)
Accrued administration expenses due to The Boots Company PLC	(1.3)	(3.6)
Accrued professional fees	(0.4)	(0.8)
PCLS/GMPe due*	(4.6)	(7.8)
LGAS Annuity deferred premiums **	(311.9)	(462.6)
Interest payable on deferred premiums **	(23.7)	(13.0)
LGAS Annuity "True up" **	(40.0)	-
	(385.0)	**(491.4)**

*The Pension Commencement Lump Sum (PCLS) due relates to lump sums requested prior to the year end but paid after. GMPe relates to historical transfers under Lloyds 2020.
**The deferred premiums, interest payable and Annuity True-up relate to amounts due, as at the year-end, to LGAS as part of the purchase of the Bulk Annuity, the Scheme having an obligation to repay the amounts due plus accrued interest by 31 December 2025. Excluded from this figure in the prior year is a deferred premium of £257.6m which was settled by a transfer of the Schroder portfolio in December 2024 and was excluded from the Assets under the derecognition of financial assets provision as per FRS102. The full amount remaining plus interest was settled on 20 August 2025

15 Self-Investment
There was no self-investment during the year (2024: Nil).

16 Related Party Transactions
(a) Entities with control, joint control or significant influence over the entity
The Boots Company PLC
The Boots Supplementary Pension Plan
Boots Management Services Ltd
Boots Management Services Ltd provided administrative services, and the recharge of these costs is dealt with in note 4. Amounts due to the Principal Employer, The Boots Company PLC at the year-end are dealt with in Note 14 which relate to invoices paid on behalf of the Scheme which are reimbursed, on a quarterly basis, in arrears. Employer contributions are dealt with in Note 5.
Current assets include £201,438 (2024 - £190,433) due from the Boots Supplementary Pension Plan (the Plan) in relation to pensioner payroll and £97,319 in respect of arrears paid by the Scheme on behalf of the Plan.
The Scheme has an interest in and has received income from a Pensions Funding partnership, a Scottish limited partnership where the other partners are companies in the Employer's group. See note 8.

(b) Key management personnel of the Scheme
Of the 6 Trustee Directors in office during the year, 2 were deferred members of the Scheme and 2 were pensioner members of the Scheme. Fees and expenses were paid to the Independent Trustee Director and 3 member nominated pensioner Trustee Director who served during the year (2024: 3). Trustee Director fees and expenses for the Independent Chair, to the value of £258,244 (2024: £382,723) were incurred in the year, these were paid directly by the employer and not recharged to the scheme. As at year end £110,040 was outstanding for settlement. Director fees and expenses for the member nominated trustees, to the value of £49,000 (2024:£62,400) were incurred in the year, these were paid directly by the Scheme.

(c) Other related parties
Weybright FSL Limited is a sister company to The Boots Company PLC under the same parent group (The Boots Group Limited).

During the year, under a deed dated 24 November 2023, Weybright FSL Limited had provided a guarantee to the Scheme for all its guaranteed obligations, subject to a cap of £600m, which reduced to £300m following a Company contribution of £300m in December 2023. Post year end, following the payment of the deferred premiums, true-up payment and interest, the £300m guarantee that was in place from Weybright FSL Limited was replaced on 20th August 2025 with a surety bond for £20m.
In addition, post year end, a loan agreement has been put in place between Weybright FSL Limited and the Scheme to partly fund the deferred premium payments and ongoing Scheme expenses.

17. 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 benefits. The Trustee of the Scheme has been working to rectify members' benefits over 2025 as part of securing all benefits via the bulk annuity contract and relevant equalised benefits have now been paid. Following on from the original judgement, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for Trustees. This judgement focussed on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Work is currently underway to consider and address benefits for such members, which are expected to be £3m and have been accrued in note 14.

18. Company Guarantee

Following the payment of the deferred premiums, true-up payment and interest, the £300m guarantee that was in place from Weybright FSL Limited was replaced on 20th August 2025 with a surety bond for £20m. A loan agreement has been put in place between Weybright FSL Limited and the Scheme to partly fund the deferred premium payments and ongoing Scheme expenses.

19. Ruling on amendments of Contracted-Out Salary-Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993 which has the potential to cause significant issues in the pensions industry. However, in September 2025, the Government proposed measures to assist in addressing issues potentially arising from the Virgin Media decision as part of the Pensions Scheme Bill. The Trustee will consider the outcome with its Advisers in due course.

20. Subsequent Events

Following the year end, the remaining deferred premiums plus accrued interest were paid by the Scheme to LGAS on 21st August 2025 amounting to £345m (capital £312m & interest £33m). A premium true-up payment was paid to LGAS on 15th August 2025 amounting to £40m. Following the payment of the deferred premiums, true-up payment and interest, the £300m guarantee that was in place from Weybright FSL Limited was replaced on 20th August 2025 with a surety bond for £20m. Additionally, a loan agreement has been put in place between Weybright FSL Limited and the Scheme to partly fund the deferred premium payments and ongoing Scheme expenses. The payments above, have been funded partly by the Scheme's existing cash, a loan of £14m from Weybright FSL Limited and the remainder being pension contributions from Boots UK. the Trustee exited PFP1 for £56m which was the value as at 31 March 2025 adjusted for the coupon received in April 2025. It is expected that the £14m loan will be repaid using the proceeds from the sale of the remaining illiquid assets. On 22nd August a redemption of a Leadenhall side pocket reduced the loan by £3.5m.

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

Statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to the Boots Pension Scheme on page 35 in respect of the scheme year ended 31 March 2025.

In our opinion the contributions for the scheme year ended 31 March 2025 as reported in the attached summary of contributions on page 35 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 16 December 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 35 have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

Respective responsibilities of trustee and auditor

As explained more fully on page 15 in the Statement of Trustee's Responsibilities, the scheme's trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The trustee is also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

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

Use of our statement

This statement is made solely to the scheme's trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the scheme's trustee those matters we are required to state to them in an auditor's statement 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 and the scheme's trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG
Date: 30/10/2025

Trustee's Summary of Contributions payable under the schedule in respect of the Scheme year ended 31 March 2025

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the schedule of contributions certified by the actuary on 16 December 2022 in respect of the Scheme year ended 31 March 2025. The Scheme auditor reports on contributions payable under the schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Scheme year	**£m**
Employer Other Contributions	-
Total contributions payable to the Scheme as reported in the Financial Statements and as reported on by the Scheme Auditor	-

The participating employers shall meet the Pension Protection Fund levies and other levies collected by the Pensions Regulator. These are paid by the Scheme and subsequently reimbursed by the Employer and amounted to £286,874 for the year. This amount has not been included in Administrative Expenses or Employer contributions due to the amount being immaterial to the accounts.

Signed on behalf of the Trustee on 30/10 2025

Marc Donovan M Donovan

Trustee Director, on behalf of Boots Pensions Ltd

Engagement Policy Implementation Statement (“EPIS”)

Boots Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the EPIS is for us, the Trustee of the Boots Pension Scheme, to explain what we have done during the year ending 31 March 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and

2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In November 2023, the Scheme purchased a Bulk Purchase Annuity Agreement (the “Annuity”) with Legal & General Assurance Society (“LGAS” and the “Insurer”). The Annuity aims to wholly cover the benefits payable to all members of the Scheme. In endeavouring to invest in the best financial interests of the beneficiaries and by purchasing the Annuity, we recognise that we cannot, therefore, directly influence the Environmental, Social, and Governance (“ESG”) integration or stewardship policies and practices of LGAS. However, **as part of the due diligence when selecting LGAS as the Scheme’s Insurer, ESG credentials, including voting and engagement were taken into consideration**. We believe that LGAS should use its influence and purchasing power where possible to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

Following the purchase of the Annuity, the Scheme’s remaining assets are invested in assets that either have limited materiality of stewardship (such as cash), or funds for which redemptions have already been placed, and as such, efficacy of engagement with the relevant fund managers is limited.

During the Scheme year, the SIP was updated for the purchase of the Annuity and the limited ability of the Trustee to influence voting and engagement activity, as well as its limited ability to enforce stewardship expectations.

How voting and engagement policies have been followed

The majority of the Scheme's assets were transferred to LGAS, the Insurer, in November 2023 to purchase the Annuity. Following the purchase of the Annuity, the Scheme held residual assets which are in the process of being sold down or redeemed, with the cash proceeds being transferred to LGAS. LGAS' voting and engagement policies are available online (https://am.landg.com/en-uk/institutional/responsible-investing/investment-stewardship/).

The remaining residual assets are invested in a combination of pooled funds and segregated mandates. The responsibility for voting and engagement is delegated to the Scheme's investment managers (subject to our stewardship policy as set out in the SIP). We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Throughout the year, we have been in discussions with Aon, and other relevant parties, to meet the requirements set out as part of the Task Force on Climate-related Financial Disclosures ("TCFD") and produced the relevant TCFD report for the Scheme. The TCFD report establishes a set of eleven clear, comparable and consistent recommended disclosures about the potential risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks and opportunities.

During the reporting year, with the support of our investment adviser, we published the Scheme's third TCFD disclosures report as at the 31 March 2024 year end. In August 2024, Aon furnished the Investment Committee with further detail on changes made to the Scheme's TCFD report to incorporate new guidance from the Pensions Regulator's April 2024 review of climate disclosures. Aon also flagged the ongoing work to liquidate the remaining residual assets may result in the Scheme falling below the eligibility threshold for climate disclosures, meaning that the Scheme may cease production of TCFD reports. Aon continues to keep us appraised of new developments in this space on an ongoing basis.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP: https://www.wba-boots-pensions.co.uk/Uploads/Documents/00/00/00/53/DocumentFile_FILE/BPS-SIP-May-2024.pdf

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Engagement Action Plan

As noted in the conclusion, most of the Scheme's material investment managers were able to disclose good evidence of voting and / or engagement activity. Our

Engagement Action Plan focuses on future planned engagements and areas where there were gaps identified.

As part of the due diligence when selecting LGAS as the Scheme's insurer, ESG credentials including voting and engagement were taken into consideration. However, the responsibility for managing arrangements with underlying investment managers lies with the Insurer, LGAS. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of the Insurer; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, we expect that the Insurer uses its influence and purchasing power (where possible) to ensure that Environmental Social, and Governance ("ESG") factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

We have limited ability to incentivise LGAS to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of the buy-in policies, such as the Annuity purchased by the Scheme, we believe that LGAS is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

As the majority of the Scheme's assets were transferred to LGAS, and any residual assets are in the process of being sold down or redeemed, the Trustee is aware of its limited ability to influence the relevant fund managers to improve their engagement activities. As such, we have decided to take no action in regard to the engagement information produced by the managers.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2025. These funds are all held within the Additional Voluntary Contribution ("AVC") section of the Scheme, as there were no equity-owning funds within the Defined Benefit ("DB") section during the reporting period.

Section	Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
AVCs	Legal & General Asset Management ("L&G") – PMC World Equity Index	35,761	99.7%	20.6%	0.3%
	L&G – PMC UK Equity Index	10,134	100.0%	6.2%	0.0%
	L&G – PMC Consensus Index	61,362	99.8%	19.6%	1.6%

Source: L&G

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's manager uses proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting advisers *(In the managers' own words)*
L&G	L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions

Source: L&G

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what it considers to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available.

Section	**Fund**	**Number of engagements**		**Themes engaged on at a fund level**
		Fund specific	**Firm level**	
DB	Schroders – UK Property Fund	*Not provided*	4,713	Environment - Communications Social - Community Relations and Culture, Tenant Data Collection, Collaboration and Community
	Leadenhall Capital Partners ("Leadenhall") – Insurance Linked Securities Value Fund	63	172	Governance - Board effectiveness - Independence or Oversight, Chair/CEO Strategy, Financial and Reporting - Reporting, Financial performance, Capital Allocation, Risk management
AVCs	L&G – PMC World Equity Index	1,833	4,399	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human and labour rights, Human capital management, Public Health Governance - Board effectiveness - Diversity, Independence or Oversight; Remuneration Strategy, Financial and Reporting - Reporting, Financial performance, Strategy/purpose
	L&G – PMC UK Equity Index	421		Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human and labour rights, Human capital management Governance - Board effectiveness - Diversity, Independence or Oversight; Remuneration Strategy, Financial and Reporting - Reporting, Financial performance, Strategy/purpose
	L&G – PMC Consensus Index	2,068		Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human and labour rights, Human capital management, Public Health Governance - Board effectiveness - Diversity, Independence or Oversight; Remuneration Strategy, Financial and Reporting - Reporting, Financial performance, Strategy/purpose

Source: Managers.

Data limitations

At the time of writing, we noted the following:

- L&G has provided complete engagement information. We note that the total number of engagements above refers specifically to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may cover multiple themes.
- Schroders did not provide the number of engagements at fund level. We do not plan on engaging with the manager regarding this, as the underlying assets were sold or redeemed from over the Scheme year.

This report does not include commentary on the Scheme's liquidity fund investments or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's manager. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the manager's own words.

L&G – PMC World Equity Index Fund	**Company name**	ConocoPhillips
	Date of vote	14 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2%
	Summary of the resolution	Resolution 5: Revisit Pay Incentives for GHG Emission Reductions
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote against is applied as L&G expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to misleading proposals (shareholder resolutions brought with the aim of undermining positive environmental, social and governance behaviours) are a relatively recent phenomenon. Such proposals often appear to be supportive of, for example, the energy transition but, when considered in depth, are actually designed to promote anti-climate change views.
L&G – PMC UK Equity Index Fund	**Company name**	Shell Plc
	Date of vote	21 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	7.7%
	Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence,

		we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell™ decarbonization strategy.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.
L&G – PMC Consensus Index	**Company name**	Microsoft Corporation
	Date of vote	10 Dec 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.0%
	Summary of the resolution	Resolution 9: Report on AI Data Sourcing Accountability
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Governance: 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
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Source: L&G