Bechtel Limited Pension Plan
DC Governance Statement for the year ended 31 March 2026

1. INTRODUCTION

1.1 I am pleased to present the Trustees' statement of governance for the year ending 31 March 2026. This statement describes how the Trustees have governed the Money Purchase Section of the Plan and the Additional Voluntary Contribution (AVC) arrangements within the Final Salary Section during the period. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, and subsequent regulatory requirements.

1.2 The statement covers four principal areas:

1. Investment, including the Plan's default investment arrangements.
2. Internal controls, with particular focus on the processing of core financial transactions.
3. Value, including the charges and costs deducted from members' funds.
4. The knowledge and resources available to the Trustees, including how the Trustees maintained the statutory levels of knowledge and understanding to govern the Plan and how these help the Trustees to ensure that the Plan is governed effectively.

2. INVESTMENT ARRANGEMENTS

Introduction

2.1 A copy of the Plan's Statement of Investment Principles (SIP) in respect of the Money Purchase Section, prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, is included within the Annual Report and is available online at https://www.bechtel.com/wp-content/uploads/2025/03/Bechtel-MP-SIP-VF.pdf. The SIP covers the Trustees' aims and objectives in relation to the investments as well as policies in relation to risk, diversification, and environmental, social, and governance (ESG) matters, including climate change.

2.2 During the year covered by this Statement, no changes were required in respect of the Money Purchase SIP. The SIP was last reviewed during Q4 2023 when the principal change was to add a policy on illiquid assets, as now required by regulation.

2.3 Although the Plan is now closed (with the Company using a different arrangement for automatic enrolment purposes), investments have historically been placed into default investment options, unless a member has made a specific choice about how their contributions are invested.

Default Investment Arrangements

2.4 In summary, the default arrangements that were in place when the Plan was open were designed to be broadly appropriate for members who intend to take a proportion of their funds as cash at retirement (within current tax-free cash regulations) and to buy an annuity with the balance. The default options include "lifestyling" arrangements to de-risk investments to an asset allocation, at retirement, designed to be appropriate for these benefits. There were no changes to the default investment during the period.

2. INVESTMENT ARRANGEMENTS (continued)

2.5 The growth phase of the strategy invests in a diversified range of assets, including global equities, bonds, and alternative assets such as property. Overall, these investments are expected to provide long term (above inflation) growth with some protection against inflation erosion, albeit with volatility.

2.6 As a member approaches retirement, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a strategy that seeks to reduce risk as the member approaches retirement is appropriate. This is achieved via automated switches over a 10-year period prior to a member's retirement date. Investments are switched to a money market fund (for capital preservation purposes) and UK Government bonds (to provide a broad match to annuity price movements).

Strategic Review of Default Investment Arrangements

2.7 The Trustees review the appropriateness of the legacy default investment arrangements at least triennially, or after significant changes to the Plan's demographic. The last strategic review of the default strategy was completed during September and October 2024. The review included consideration of:

- The suitability of the objectives of the current default investment strategy for the Plan's members.
- The governance arrangements in place, including the use of delegation.
- Asset allocation, including consideration of diversification and the balance between risk and return.
- Investment performance net of fees.
- The fee levels of the funds used within the default strategy.
- The suitability of the investment manager of the funds used within the default strategy.

2.8 It was agreed that the default arrangements remain appropriate for the Plan's membership. No changes were made to the strategy as a consequence of the review.

2.9 The next triennial investment strategy review would be scheduled to take place during the second half of 2027.

Investment Governance

2.10 Between our triennial strategic reviews, investment performance and risk-based monitoring of the funds used in the legacy default investment arrangement is carried out each quarter, primarily by reviewing the investment report provided by the investment manager for the legacy default, Legal & General Investment Management ("L&G").

2. INVESTMENT ARRANGEMENTS (continued)

Net Investment Returns to 31 March 2026

2.11 The Trustees are required to calculate and publish the returns produced by the Plan's investment options, net of transaction costs and charges. These figures are provided in the following table. For the default strategy, the analysis assumes a retirement age of 65, and returns are calculated based on a fixed weight average of underlying fund performance in the lifestyle strategy, at the ages shown.

2.12 As important context, while the periods below have been positive for equities, UK Government bonds generated negative returns over the 5-year and 10-year periods. This was driven by very volatile bond market conditions in 2022 and 2023, and a period of rising gilt yields. In 2022 for example, over 15-year UK Government bonds generated a return of -22.9%, which impacts the longer-term returns for gilt funds. As gilts are used in the de-risking phase of the default investment strategy, the returns closer from the default investments for members closer to retirement were negative. However, over the same period, annuity prices moved in a similar direction (i.e. annuities became cheaper) which means that the "annuity purchasing power" of members' savings has been supported.

Default arrangement: Lifestyle Strategy Returns (Net of Fees) % p.a.			
	1 year	**5 years**	**10 years**
Up to age 55 (growth phase)	11.9	4.4	6.2
Age 60 (part way through de-risking)	6.5	-1.7	2.0
65 (based on the "at retirement" asset allocation)	1.1	-7.8	-2.2
All funds available to members - Returns (Net of Fees) % p.a.			
L&G Multi-Asset (was Consensus Index)	11.9	4.4	6.2
Global Equity (70:30) Index	20.2	10.9	9.9
L&G Over 5 year Index-Linked Gilts	3.8	-8.9	-1.6
L&G Over 15 year Fixed Interest Gilts	0.3	-10.6	-3.2
L&G Cash	4.1	3.2	1.7
L&G Diversified	12.0	5.2	6.5
Aviva BlackRock UK Equity Index Tracker	21.0	10.1	8.0
Aviva Stewardship	15.9	7.7	7.3
Aviva with Profits (Series 1)	10.9	5.8	6.3
Aviva With Profits (Pre-Demutualisation)	10.1	5.2	5.6

Source: Investment managers. Returns for the default investment arrangement based on the default strategy that was historically in place when the Plan was open to contributions, for members joining post 1999. Note, 20-year returns are not available because a number of the Plan's funds were only launched by the investment manager or added to the Plan more recently. Where practical, underlying pooled fund returns are provided.

2. INVESTMENT ARRANGEMENTS (continued)

Asset Allocation Disclosure – Default Investment Strategy

2.13 As required under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023, the asset allocation of the investments in default arrangements at specified ages is provided below. Note that the youngest member of the Money Purchase Section of the Plan was aged 44 years as at 31 March 2026.

	Allocation – Age 25 to 55 (%)	Allocation – age 65 (%)
Cash	0.0	20.0
Bonds	46.9	80.0
Listed Equities	39.7	0.0
Private Equity	1.9	0.0
Infrastructure	5.2	0.0
Property/Real Estate	5.8	0.0
Private Debt/Credit	0.0	0.0
Other	0.5	0.0
Total	100.0	100.0

Totals may not sum due to rounding. Source: Legal & General Investment Management, Isio for youngest member age.
Notes: The following describe the types of investments covered by the asset classes set out in the preceding tables:

- Cash – Cash and assets that behave similarly to cash e.g. treasury bills. This only includes invested cash and not the cash balance held by the Plan in the Trustee bank account.
- Bonds – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.
- Listed Equity – Shares in companies that are listed on global stock exchanges.
- Private Equity – Unlisted equities that are not publicly traded on stock exchanges.
- Infrastructure - Physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons.
- Property – Real estate, such as offices, retail, and industrial buildings which are rented out to businesses.
- Private Debt – Other forms of loan that do not fall within the definition of a 'Bond'.
- Other – Any assets that do not fall within the above categories. In this instance, this category relates to forestry.

3. INTERNAL CONTROLS AND CORE FINANCIAL TRANSACTIONS

Introduction

3.1 The Trustees have appointed a professional third party administrator, Isio Group Limited.

3.2 The Trustees have received assurance from the administrator, and has taken steps to seek to ensure, that there were adequate internal controls to ensure that core financial transactions were processed promptly and accurately during the year in accordance with regulation 24 of the Regulations. This includes processing of transfers in / out of the Plan, transfers of assets between different funds, and the payment of benefits to members (the Plan is closed and therefore no contribution processing takes place in respect of the Money Purchase Section). Our governance arrangements in this regard are documented below.

3. INTERNAL CONTROLS AND CORE FINANCIAL TRANSACTIONS (continued)

Administration

3.3 The Trustees have established Service Level Agreements (SLAs) with the administrator, which are monitored by the Trustees. The SLAs cover both accuracy and timeliness of core financial transaction processing, and the Trustees meet with the administrator at Trustees' meetings in order to review administration service levels and related matters. It should be noted that given the hybrid nature of the Plan, SLAs during the year were not split between Final Salary Section activities and Money Purchase Section activities.

3.4 The Trustees receive Plan administration reports, including SLA details, each quarter, and reviewed these at the Trustee meetings. Administration reporting runs from April to April and during the period to 30 April 2026, the average percentage level of SLAs achieved stood at 100% (this figure was also 100% for the year to 30 April 2025).

3.5 The administrator's reports are used by the Trustees to verify that transactions are performed in line with the SLAs and to determine if there have been any administration errors or unreasonable delays. Where procedures are outside of agreed SLAs or there are any significant errors or delays, the administrator provides an explanation of what has happened and how it has been corrected.

3.6 The administrator provides an AAF 01/20 Report every year, which the Trustees review.

3.7 Member data spot-checks are carried out periodically and any inconsistencies addressed through close working between the administrator and in-house teams at Bechtel Limited.

3.8 Other processes that have been established with the administrator to assist the Trustees in monitoring the processing of core financial transactions include:

- The administrator's accounts team perform a monthly peer reviewed reconciliation of all transactions.
- The administration team regularly monitor the account in between monthly reconciliation times. There is working knowledge within the administration team of the inflows expected, and what is being paid out, and this is monitored appropriately. Such activity can involve checking the account multiple times per day, when needed.
- The administrator produces a monthly cashflow forecast which is peer reviewed. This projects cashflow requirements for the coming month and includes an agreed float for unknown / unexpected payments.
- The administration team have set procedures to authorise payments out, with at least two signatories on all transactions, and varying degrees of authority depending on the amount.
- All transaction contract notes are reviewed and peer reviewed.

Broader Controls

3.9 The Trustees have taken steps to ensure that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the sponsoring employer.

3. INTERNAL CONTROLS AND CORE FINANCIAL TRANSACTIONS (continued)

3.10 A risk register is maintained and monitored, which includes risks in relation to core financial transactions and Plan data. The risk register considers the impact, likelihood, controls and mitigation steps for each risk and is monitored and reviewed regularly. Target risk scores are in place, and where a risk falls short of target, an action plan is put in place.

3.11 The risk register was tabled at each Trustee meeting, with any proposed changes to the risk scores or controls discussed by the full board.

3.12 The Trustees have established a cyber security policy and incident response plan, and these arrangements are reviewed regularly.

3.13 The Trustees have appointed a professional firm to undertake an annual audit.

Conclusion

3.14 **I am pleased that there have been no administration service issues during the Plan year which need to be reported here.** We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with promptly and accurately, meeting the requirements of regulation 24 of the Regulations.

4. VALUE, CHARGES AND TRANSACTION COSTS

4.1 Charges and transaction costs applicable to the funds available to members of the Money Purchase Section are detailed in this section. The Plan is not used for auto-enrolment, and never has been, and as such the charge cap is not a legislative requirement.

4.2 In relation to transaction costs, these costs can be incurred when buying and selling investments. They are not explicitly deducted from a fund but are captured in its performance (i.e., the higher the transaction costs, the lower the returns). The FCA provides guidance regarding calculation and disclosure of transaction costs. Due to the way in which these costs must be calculated, they can be negative or positive; a negative figure is effectively a gain from trading activity, whilst a positive figure is a cost from trading.

4.3 The Plan's Money Purchase investments do not include any performance-based fee arrangements.

4.4 Funds used as part of the default investment option are shaded in blue in the following table.

4. **VALUE, CHARGES AND TRANSACTION COSTS (continued)**

Fund	Total Expense Ratio %	Transaction Costs %
L&G Multi-Asset (was Consensus Index)	0.25	0.05
L&G Over 5 year Index-Linked Gilts	0.10	0.10
L&G Over 15 year Fixed Interest Gilts	0.10	0.05
L&G Cash	0.13	0.11
L&G Global Equity (70:30) Index	0.16	0.00
L&G Diversified	0.31	0.06
Aviva BlackRock UK Equity Index Tracker	0.50	0.04
Aviva With Profits*	0.50	0.02
Aviva Stewardship	0.50	0.21

Source: Investment managers, at 31 March 2026. Total expense ratios reflect all costs of managing a fund, including investment, legal, fund auditor fees and any other expenses. Transaction costs are for the year to 31 March 2026.

*The total cost of investment in a with profits fund will vary by member and is unknown until a member disinvests. Costs & charges stated for this fund do not include the cost of guarantees.

4.5 The Trustees have assessed the extent to which the charges and costs set out above, alongside other elements of the Plan, represent good value for members and have concluded, in consultation with its independent DC adviser, that **the Plan offers good value for members.**

4.6 In forming a view on value for members, the Trustees considered:

- Investment management costs and charges, taking into account the size of the Plan.
- Net of fees investment performance.
- Investment design and range, including the fund choice available and the capabilities of the appointed managers.
- Governance arrangements, including Trustee record keeping and documentation, meeting frequency and format, and support from professional advisers.
- The nature of the benefits, and in particular the closed nature of the Plan, the benefit linkages to the Final Salary Section, and the intention to transfer the remaining Money Purchase and AVC assets to alternative arrangements (we note that members have received communications in this regard).

4.7 The Trustees have also considered the expectations set out in The Pensions Regulator's guidance material in relation to value for members and incorporated these considerations in their governance processes.

4. VALUE, CHARGES AND TRANSACTION COSTS (continued)

Impact of Costs and Charges

4.8 Using the charges and transaction cost data provided by the investment managers and in accordance with Regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member on their retirement savings pot. Statutory guidance has been considered when providing these examples.

4.9 To represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following:

- Default investment arrangement (which is also the most popular option)
- The self-select fund with the highest total charges (Aviva BlackRock UK Equity Index Tracker; as the With Profits fund has been excluded from the assessment to acknowledge that its returns, and therefore the illustrated outcomes for members, depend on annual bonuses, guarantees, and the individual member's time horizons, making it unsuitable for use in an illustration at the Plan level)
- The self-select fund with the lowest total charges (L&G Over 15 Year Fixed Interest Gilts).

4.10 The illustrations take into account the following:

- Typical savings pot size, for the age of the youngest members (age 44) in this section of the Plan.
- The fact that the Plan is closed and no contributions are being paid.
- Real terms investment returns gross of costs and charges, adjusted for the effect of costs and charges (using assumptions made in the Plan's Statutory Money Purchase Illustrations).
- Adjustment for the effect of costs and charges over time.

4. VALUE, CHARGES AND TRANSACTION COSTS (continued)

Illustration of the Impact of Costs and Charges

	Most popular fund: The default strategy		Highest cost fund: Aviva BlackRock UK Equity Index Tracker		Lowest cost fund: L&G Over 15 Year Gilts Index Fund	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
44	£32,000	£32,000	£32,000	£32,000	£32,000	£32,000
45	£32,489	£32,399	£33,482	£33,273	£33,451	£33,407
46	£32,985	£32,803	£35,033	£34,596	£34,968	£34,875
47	£33,489	£33,211	£36,655	£35,972	£36,554	£36,408
48	£34,000	£33,625	£38,353	£37,403	£38,212	£38,008
49	£34,519	£34,044	£40,130	£38,891	£39,945	£39,679
50	£35,047	£34,469	£41,988	£40,438	£41,756	£41,423
51	£35,582	£34,898	£43,933	£42,046	£43,650	£43,244
52	£36,125	£35,333	£45,968	£43,718	£45,629	£45,144
53	£36,677	£35,773	£48,097	£45,457	£47,698	£47,129
54	£37,237	£36,219	£50,325	£47,265	£49,861	£49,200
55	£37,806	£36,671	£52,655	£49,145	£52,123	£51,363
56	£38,460	£37,206	£55,094	£51,100	£54,486	£53,621
57	£39,202	£37,829	£57,646	£53,133	£56,957	£55,977
58	£40,038	£38,544	£60,316	£55,246	£59,540	£58,438
59	£40,972	£39,355	£63,110	£57,443	£62,240	£61,007
60	£42,010	£40,267	£66,033	£59,728	£65,063	£63,688
61	£43,160	£41,287	£69,091	£62,104	£68,013	£66,488
62	£44,428	£42,421	£72,291	£64,574	£71,098	£69,410
63	£45,823	£43,677	£75,639	£67,143	£74,322	£72,461
64	£47,354	£45,065	£79,143	£69,813	£77,692	£75,646
65	£49,031	£46,593	£82,808	£72,590	£81,216	£78,971

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the assumptions are based on membership data provided by the administrator. The assumed youngest member age is 44, with a normal retirement age of 65, using a starting pot size in line with the estimated Plan average at that age, which is c. £32,000. The member is assumed to be making no further contributions.
4. Inflation is assumed to be 2.5% p.a. and return assumptions are in line with the statutory money purchase illustration investment return assumptions supplied by the Plan's investment managers.
5. Regulations require that where possible the transaction costs assumed in illustrations should be based on an average of the previous 5 years' transaction costs. The transaction costs shown above are an average over the 5-year period to 31 March 2026.
6. Charges, transaction costs and estimated growth rates are assumed as follows:

	Total expense ratio p.a.	Transaction costs p.a. (average over 5 year period)	Growth rate assumptions p.a.
Default Strategy	0.25% for members 10+ years from retirement, falling to 0.11% at retirement	0.03% for members 2+ years from retirement, raising to 0.04% for members at retirement	4% before inflation 10+ years from retirement, raising to 6% before inflation at retirement
Aviva BlackRock UK Equity Index Tracker	0.50%	0.13%	7% before inflation
L&G Over 15 Year Gilts Index	0.10%	0.03%	7% before inflation

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

5.1 The requirements under section 247 of the Pensions Act 2004 (requirement for knowledge and understanding) have been met during the Plan year by the Trustees as a body in dealing with the whole Plan (not just the Money Purchase Section).

5.2 The Money Purchase and AVC arrangements are discussed at every Trustee meeting, with dedicated time on the agenda.

5.3 The Trustees have put in place arrangements for ensuring each Trustee takes responsibility for keeping up to date with relevant developments and consider training needs. Training logs are maintained for each Trustee and training is provided regularly during quarterly meetings, on a bespoke basis, and tailored to issues that arise on the Trustees' business plan.

5.4 As part of the induction process, Trustees receive training on Plan documents, including the Trust Deed and Rules, the SIP, and other policy documents, as well as on the law relating to pensions and trusts and the relevant principles relating to investments. Part of this training is usually provided by the Plan's legal advisers, who ensure that it is up to date. The Trustees maintain a working knowledge of these documents, and receive updated training from professional advisers when these documents are reviewed and amended.

5.5 The Trustees seek to identify any knowledge and skills gaps through ongoing self-evaluation and by working with their advisors on training needs.

5.6 The Trustees are conversant with, and have a working knowledge of the Trust Deed and Rules, all documents setting out the Trustees' current policies and the SIP, including the recently introduced requirements in relation to producing a policy on illiquid assets.

5.7 In addition, the Trustees receive advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers.

5.8 During the year, training topics considered that supported Trustee knowledge and understanding included:

- Discharging DC and AVC Benefits – considerations for closed pension plans (7 August 2025 Trustee board meeting)
- The "Own Risk Assessment", a new requirement under the Pensions Regulator's General Code (23 September 2025 Trustee board meeting)
- Statutory buy-out and winding up communication requirements and Trustee Indemnities (20 January 2026 Trustee board meeting)
- Topical updates on current issues in pensions, including the Pension Schemes Bill (at meetings throughout the year).

5.9 Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustees consider that they are enabled properly to exercise their function as a Trustee board.

6. STATEMENT OF DC GOVERNANCE

6.1 The Trustees consider that our systems, processes and controls across key governance functions are consistent with those set out in General Code and the prior DC Code of Practice.

Signed for and on behalf of the Trustees of the Bechtel Limited Pension Plan

J Cochrane

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Chair

Note that the Trustees have processes in place to publish this statement on a publicly accessible website, and will comply with the requirements to notify members about this statement in their annual benefit statements. The Chair's Statement can be found at https://www.bechtel.com/approach/ethics/.