

British Steel Pension Scheme Information Debriefing following August 2022 Trustee Board Meeting:

Integrated Risk Management (*IRM*) Framework Update

- The Trustee uses a quarterly IRM “dashboard” to provide ongoing monitoring of the key investment, funding and covenant risks facing the Scheme and to track progress against the Scheme’s journey plan and targets set by the Trustee. The aim of this ongoing assessment is to enable the Trustee to take appropriate action promptly if required. The dashboard was considered at the meeting. There were no material changes in the risks of the Scheme’s funding position relative to expectations

Investment Strategy

- The investment strategy for the Scheme is set out in the Statement of Investment Principles (*SIP*). It is expected to bring the Scheme to full funding on a buyout basis in due course
- As part of this strategy, the Trustee had successfully transacted a second buy-in policy with L&G earlier in the year, bringing the total proportion of insured Scheme liabilities to just under 30%. Buy-in transactions do not impact the entitlements or security of benefits of any member or group of members and are held as long-term investments of the Scheme. The Trustee considered updated advice on possible future insurance transactions
- The Trustee considered advice in relation to the transfer of the management of the Scheme’s non-insured assets to Legal & General Investment Management (*LGIM*) as well as revisions to the Scheme’s investment governance documentation necessary to facilitate the transition. Approval was given to proposed changes to the various documents. A copy of the revised SIP will be made available on the Scheme website
- The Trustee reviewed the basis on which investment reporting would be provided in future by LGIM to the board
- Revisions to the list of Authorised Signatories were approved

Investment Operations

- The Chief Investment Officer presented an update on general investment matters highlighting developments since the last meeting
- The Fund benchmarks the performance of its assets against movements in Scheme liabilities. The CIO reported performance against appropriate benchmarks and noted that over the four months to 31 July 2022, the total Fund had outperformed its benchmark.
- The Trustee received a presentation on the performance of, and prospects for, the Scheme’s property portfolio
- Certification in respect of recent property valuation summaries was confirmed to the board and the relevant valuations were approved

Actuarial Update

- Following completion of the actuarial Valuation it was appropriate for the Scheme’s actuarial factors to be reviewed to take account of changes affecting the demographic and economic assumptions used to determine those factors. The Scheme Secretary reported on progress towards implementation of the revised factors.
- The Scheme Actuary presented a report in respect of the Scheme’s annual funding update as at 31 March 2022 and the Trustee noted the steps required to conclude that process

Technical Update

- The Trustee noted recent developments in pensions law and regulation which could impact on the Scheme

Restoration Working Group Update

- The Trustee had previously approved the Working Group’s recommendations in relation to restoration payments following the 2021 Actuarial Valuation and information on the restoration exercise was included in the News Brief newsletter issued at the end of March
- Arrangements for making restoration payments to eligible members had been taken forward by Scheme Officers and Scheme Advisers and communications advising eligible members of the value of their payment were issued in June with payments scheduled for October this year
- The Trustee was updated on the communications programme to date, including the member helpline as well as technical details in relation to opt outs and taxation issues. The Trustee also

approved the basis on which any restoration payments which could not be made in October 2022, would be paid thereafter

Scheme Governing Documentation

- The Trustee was briefed on the key features of the Scheme's definitive Trust Deed & Rules and on the actions necessary for it to be executed.

Audit and Risk Committee Update

- The Audit and Risk Committee (**ARC**) oversees the Scheme's statutory annual audit as well as other aspects of the Scheme's governance regime
- The Chairman of the ARC briefed the Trustee on recent activities of the ARC and on progress towards completion of the 2022 statutory audit and preparation of the Scheme's Annual Report & Financial Statements
- The Trustee reviewed a draft of the Scheme's initial Taskforce on Climate related Financial Disclosures (**TCFD**) report, which will be published later in the year

Remuneration Committee Update

- The Chairman briefed the Trustee on the work of the Remuneration Committee

Data Working Group Update

- The Data Working Group (**DWG**) oversees issues on behalf of the board relating to the equalisation of Scheme benefits and the reconciliation and rectification of Guaranteed Minimum Pensions (**GMPs**) and benefit analyses arising from de-risking or other activities
- The board was briefed on the recent activities of the DWG

Administration Report

- The Trustee board was briefed on a range of operational and administrative matters
- As at 31 March 2022, Scheme membership was 68,624 comprising 13,042 deferred pensioners and 55,582 members whose benefits were currently in payment
- Following changes to the regulations applying to transfers from defined benefit pension schemes, Scheme Officers were now obliged to request additional information from transferring members. As drafted, the regulations could lengthen the time taken to process transfers.
- Scheme Officers and advisers were monitoring best practice options in order to identify ways to minimise potential delays to future transfer requests.
- The Trustee was updated on the pensions dashboard programme and noted that implementation date by which the Scheme will be required to participate had been deferred to 1 March 2024
- The Trustee noted the successful merger of the Corus Engineering Steel Pension Scheme payroll into the BSPS payroll
- No complaints had been received under the Scheme's service standard complaints procedure
- The Board was updated on progress towards consolidating the Scheme's governing documentation

Dates and Locations of Scheduled Meetings

- The Trustee board noted the dates for the next scheduled meetings as being 23/24 November 2022, 2 February 2023, 23 May 2023, and 24 August 2023