

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024

1. Introduction

The **Volkswagen Group Pension Scheme** (the “Scheme”) is an occupational pension scheme providing defined contribution (“DC”) benefits (a DC pension scheme is where employee and employer contributions are paid into it, with the member choosing their investments and bearing the investment risk). Some members also have Additional Voluntary Contributions (“AVCs”) in the Scheme.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. We, the Trustee of the Scheme, are required to produce a yearly statement (signed by the Chair of the Trustee) covering:

- the design and oversight of the default investment option (ie where contributions are invested for members that do not make an active investment decision);
- processing of core financial transactions (ie administration of the Scheme, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as “legacy” funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Scheme is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Scheme year, and we remain comfortable with the administrator’s performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Scheme and represent value for the benefits members obtain.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Scheme was used as a Qualifying Scheme for automatic enrolment purposes prior to 1 October 2024 when new contributions were paid to the Aviva Master Trust. This means that it was used as a pension savings scheme for employees who were eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who joined the Scheme and who did not choose an investment option were placed into the Flexible Lifestyle Option, (the “Default”). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Details of the objectives and our policies regarding the default arrangement are set out in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP covering the default arrangement is included in the Report and Accounts. Over the Scheme year, the SIP was updated in April 2024 to reflect:

- The review of the Default which took place on 20 December 2023, reflecting a change made to the VWG Long Term Growth Fund (replacing the 20% allocation to diversified growth funds with a greater allocation to equities); and
- New regulations coming into force requiring DC schemes to explain their policy on investment in illiquid assets.

As set out in the SIP, our primary objective for the DC Section is to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the Scheme and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that we believe to be reasonable for those members that do not wish to make their own investment decisions.

The objective of the default arrangement, as stated in the SIP, is as follows:

- to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members approach retirement age.

The current Default is the 'Flexible Lifestyle Option' which has the following aims:

- To provide a suitable investment solution for members who are expected to opt for flexible retirement income (for example, for members who may wish to vary the amount and timing of withdrawals from their retirement saving) when they take their benefits from the Scheme.
- Over the period to eight years from retirement (the "growth phase"), to provide members with good growth potential, after charges and transaction costs have been deducted – to achieve this, the Default is invested in a mix of global equities and diversified growth funds.
- In the final eight years before target retirement age, to provide continued but reducing growth for members' retirement savings than in the growth phase – this is achieved by gradually switching to a more diversified mix of assets in order to reduce volatility, but to retain exposure to some growth assets.
- In the final three years before members' target retirement age, further switches are made to further reduce risk, and so that 25% of members' retirement savings are then invested in cash at their target retirement date.
- As part of the Flexible Lifestyle Option, around three and a half years prior to retirement, a test is conducted on the size of each member's pension pot. If the pot is less than £30,000 the member's assets are switched into the Cash Lifestyle Option for the final 3 years until retirement (unless the member elects to follow a different course of action).

We regularly monitor the performance of the Default and formally review the strategy at least every three years. Whilst the move to Master Trust was ongoing, we reviewed the Default during the Scheme Year on 20 December 2023.

This review focussed on the Volkswagen Group Long Term Growth Fund (the "LTGF") which forms part of the Default. It also forms part of the Pension Lifestyle Option, the Cash Lifestyle Option and is available as a self-select fund option.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

As a result of this review, we decided to make changes to the underlying allocation of the LTGF replacing the 20% allocation to diversified growth funds for increased equity exposure. The change was implemented in February 2024.

In addition to the triennial strategy review, we also review the performance of the Default against its objectives on a quarterly basis. We are satisfied that the Default continues to remain appropriate given the Scheme’s risk profile and membership. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Scheme Year concluded that the Default was performing broadly as expected and consistently with the aims and objectives as stated in the SIP.

Asset allocation breakdown

We are required to show the asset allocation of the default arrangements. In line with DWP’s guidance we have also shown this asset allocation for different ages as at the Scheme year end. The below allocations assume a target retirement age of 65, in line with the Scheme’s Normal Pension Age.

Flexible Lifestyle Option

Asset class	Allocation (%)				
	25 y/o	45 y/o	55 y/o	60 y/o	65 y/o
Cash	0.0	0.0	0.0	0.2	25.5
Corporate bonds (UK and overseas)	3.0	3.0	3.0	5.9	8.6
Government bonds	10.5	10.5	10.5	17.9	22.4
Listed equities	80.1	80.1	80.1	64.0	26.8
Infrastructure*	2.3	2.3	2.3	3.9	5.1
Property**	3.0	3.0	3.0	5.0	6.0
Other***	1.1	1.1	1.1	3.1	5.6

* The infrastructure allocation invests in pooled funds, which means the investment is spread across a range of assets focused on infrastructure projects, often through shares in companies involved in these projects.

** The property allocation is in the LGIM Hybrid Property (70:30) Fund. This fund invests in a mix of property companies (such as Real Estate Investment Trusts, or “REITs”) and direct property investments, providing exposure to both types of property assets.

*** This consists of allocations to asset classes such as commodities and alternative fixed income investments.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

Pension Lifestyle Option

Asset class	Allocation (%)				
	25 y/o	45 y/o	55 y/o	60 y/o	65 y/o
Cash	0.0	0.0	0.0	0.0	25.0
Corporate bonds (UK and overseas)	3.0	3.0	3.0	11.2	25.0
Government bonds	10.5	10.5	10.5	25.7	50.0
Listed equities	80.1	80.1	80.1	58.5	0.0
Infrastructure*	2.3	2.3	2.3	1.6	0.0
Property**	3.0	3.0	3.0	2.2	0.0
Other***	1.1	1.1	1.1	0.8	0.0

Cash Lifestyle Option

Asset class	Allocation (%)				
	25 y/o	45 y/o	55 y/o	60 y/o	65 y/o
Cash	0.0	0.0	0.0	0.2	100.0
Corporate bonds (UK and overseas)	3.0	3.0	3.0	5.9	0.0
Government bonds	10.5	10.5	10.5	17.9	0.0
Listed equities	80.1	80.1	80.1	64.0	0.0
Infrastructure*	2.3	2.3	2.3	3.9	0.0
Property**	3.0	3.0	3.0	5.0	0.0
Other***	1.1	1.1	1.1	3.1	0.0

3. Processing of core financial transactions

The processing of core financial transactions is carried out by the administrator of the Scheme, Barnett Waddingham. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

We have received assurance from Barnett Waddingham that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

The Scheme has a Service Level Agreement (“SLA”) in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The target service level for each task ranges from 2 to 10 days. Barnett Waddingham has in place processes around internal controls, as documented in its assurance reports on internal controls of service organisations made available for third parties (“this is called an AAF 01/06 assurance report”) which can be accessed at AAF 01/20 Report Pension Administration | Barnett Waddingham.

In addition, the key processes adopted by Barnett Waddingham to help it meet the SLA are as follows:

- Due to the high frequency of transactions going through the Trustee’s DC bank account, the administration team monitor these on a regular basis. There are also internal controls for monthly bank account reconciliations.
- To ensure that Barnett Waddingham meets the agreed SLA, it uses a workflow system called Taskstream to log all tasks for the Scheme. Taskstream automatically assigns a turnaround time to the work item depending on its type. Administrators and team managers are then able to
- organise and prioritise their workflow to meet the SLA turnaround times. SLAs are documented monthly and reported verbally at each monthly administration meeting with the Scheme’s Administration Stream. The results are documented in the quarterly administration reports.
- Contributions received are invested the same day where possible subject to appropriate checks being carried out. Any discrepancies are referred to the Payroll Manager for resolution. There is an SLA in place of up to 5 working days once the information has been received in a complete format.
- There is a policy in place where transactions of over £200,000 are reviewed by a senior administration manager.
- A third independent check will take place prior to individual member data being issued to third party providers.

To help us monitor whether service levels are being met, the Administration Stream has monthly meetings with Barnett Waddingham to discuss administration SLAs for the previous month, and to discuss any cases that have fallen outside of the SLA timescales. In addition, we receive quarterly reports about the administrator’s performance and compliance with the SLA. Any issues identified as part of our review processes would be raised with the administrators immediately, and steps would be taken to resolve the issues. The administration reports for the Scheme over the Scheme Year showed that tasks completed within the agreed SLA averaged at 97%. This is marginally weaker performance than the prior Scheme Year ending on 30 September 2023 where the SLA averaged 99%.

Based on our review processes and on the information provided by Barnett Waddingham over the Scheme Year, we are comfortable that over the period covered by this Statement:

- Barnett Waddingham was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level.

Clerical Medical is a legacy AVC provider for the Scheme. Since the previous Chair’s Statement, Clerical Medical has confirmed that there is an SLA of 5 days in place, which covers all general administration work. Clerical Medical confirmed that there have been no administration issues in relation to processing core financial transactions over the year to 30 September 2024.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

4. Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (“TER”). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum (“pa”) figure and exclude administration charges since these are not met by the members.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Scheme’s fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by Fidelity which is the Scheme’s platform provider, and Clerical Medical who is the Scheme’s AVC provider. When preparing this section of the Statement we have taken account of the relevant statutory guidance.

Default arrangements

The Default arrangement is the Flexible Lifestyle Option. The Default has been set up as a lifestyle approach, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Default charges and transaction costs (% per annum)

Years to target retirement date	8+ years	3 years	At retirement
Total annual charge	0.15 ¹	0.23 ¹	0.26
Transaction costs	-0.02	-0.03	-0.02

¹The TER of the Volkswagen Group Long Term Growth Fund fell from 0.26% to 0.15% as a result of the strategy changes that were implemented in February 2024 leading to a fall in annual charges for periods of 8+ years to target retirement date.

Self-select options

In addition to the default arrangement, members also have the option to invest in two other lifestyles, targeting annuity purchase (Pension Lifestyle Option) and cash withdrawal (Cash Lifestyle Option) and several other self-select funds. Annualised charges as at 30 September 2024 and transaction costs for the period to 30 September 2024 are set out in the following tables.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

Pension Lifestyle Option charges and transaction costs (% pa)

Years to target retirement date	8+ years	3 years	At retirement
Total annual charge	0.15 ¹	0.13 ¹	0.12
Transaction costs	-0.02	-0.06	-0.06

Cash Lifestyle Option charges and transaction costs (% pa)

Years to target retirement date	8+ years	3 years	At retirement
Total annual charge	0.15 ¹	0.23 ¹	0.12
Transaction costs	-0.02	-0.03	0.02

The level of charges for each self-select fund (including those used in the Default) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the Default are shown in **bold**.

Self-select fund charges and transaction costs (% per annum)

Fund name	Total annual charge	Transaction costs
Volkswagen Group Long Term Growth Fund	0.15	-0.02
Volkswagen Group Cash Fund	0.12	0.02
Volkswagen Group Diversified Growth Fund	0.71	0.05
Volkswagen Group Multi Asset Fund	0.20	-0.05
Volkswagen Group Global Equity Index Fund	0.12	0.01
Volkswagen Group Index-Linked Bond Fund	0.11	-0.11
Volkswagen Group Corporate Bond Over 15 Years Index Fund	0.12	-0.17
Volkswagen Group Over 15 Years UK Gilt Index Fund	0.12	0.01
Volkswagen Group Property Fund	0.47	-0.21
Volkswagen Group Infrastructure Fund	0.50	0.09
Volkswagen Group Emerging Market Multi-Asset Fund	0.36	0.09
Volkswagen Group Shariah-Compliant Equity Fund	0.36	0.00

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

AVC policies

In addition to the self-select funds shown above, the Scheme also holds a legacy AVC policy with Clerical Medical. The level of charges for the AVC funds as at 30 September 2024 and transaction costs covering the Scheme Year are set out in the following table.

AVC policy charges and transaction costs (% pa)

Fund name	Total annual charge ^{1,2}	Transaction costs ¹
Clerical Medial With-Profits Fund	0.50	0.22
Clerical Medical Cash Fund	0.50	0.02
Clerical Medical UK Equity Index Fund	0.50	0.07
Clerical Medical World (ex-UK) Equity Index Fund	0.50	0.02
Clerical Medical Corporate Bond Index Fund	0.50	-0.02
Clerical Medical Over 15 Years UK Gilt Index Fund	0.50	0.00

¹Clerical Medical is yet to provide us with charges and transaction costs data. We will continue to follow up and provide an updated version of the Chair’s Statement once we receive this data.
²Clerical Medical has confirmed that a 0.5% pa rebate applies for the Scheme in respect of the With-Profits Policy. This rebate is reflected in the above table.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member’s pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The “before costs” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five years as this is the longest period over which figures were available, and should be more indicative of longer-term costs compared to only using figures over the Scheme Year.
- The illustration is shown for the Default (the Flexible Lifestyle Option) since this is the arrangement with the most members invested in it, as well as two funds from the Scheme’s self-select fund range. The two self-select funds shown in the illustration are: ▪ the fund with highest annual member borne costs (total annual charge plus Scheme Year transaction costs) – this is the Volkswagen Group Diversified Growth Fund; and
- the fund with lowest annual member borne costs – this is the Volkswagen Group Corporate Bond Over 15 Years Index Fund.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

Projected pension pot in today's money

Years invested	Default option		Volkswagen Group Diversified Growth Fund		Volkswagen Group Corporate Bond Over 15 Years Index Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£6,000	£6,000	£6,000	£5,900	£6,100	£6,100
3	£13,100	£13,000	£12,600	£12,400	£13,300	£13,300
5	£20,600	£20,500	£19,500	£19,000	£21,200	£21,100
10	£41,900	£41,500	£37,600	£35,800	£44,300	£44,000
15	£67,200	£66,200	£57,000	£53,200	£73,000	£72,300
20	£97,200	£95,200	£78,000	£71,100	£108,900	£107,400
25	£132,900	£129,500	£100,600	£89,600	£153,500	£150,900
30	£175,200	£169,800	£124,900	£108,700	£209,200	£204,700
35	£222,400	£214,000	£151,200	£128,500	£278,500	£271,500
40	£260,100	£247,700	£179,400	£148,800	£364,900	£354,200

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £2,700. This is the approximate median pot size for active members aged 25 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The projection is for 40 years, being the approximate duration that a young Scheme member has until they reach the Scheme's Normal Pension Age.
- The starting salary is assumed to be £26,600. This is the approximate median salary for active members aged 25 or younger.
- Total contributions (employee plus employer) are assumed to be 12.0% of salary per year. This is the approximate median total contribution rate per year for all active members of the Scheme. Although contributions are no longer being paid into the Scheme following the move to the Aviva Master Trust on 1 October 2024, we have included this assumption to reflect the ongoing contributions members are making elsewhere. This approach aims to provide a more accurate picture of the pension experience members are likely to have going forward, taking into account their continued contributions to a separate pension arrangement.
- The projected annual returns used are as follows:
 - Default option: 3.5% above inflation for the initial years, gradually reducing to a return of 1.0% above inflation at the ending point of the lifestyle.
 - Volkswagen Group Diversified Growth Fund: 1.5% above inflation
 - Volkswagen Group Corporate Bond Over 15 Years Index Fund: 4.5% above inflation

No allowance for active management outperformance has been made.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Scheme Year.

The With-Profits Fund returns stated are that of the underlying investments, which are the only figures that can be quoted. With-Profits Funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

For arrangements where returns vary with age, such as for the default strategy, returns are shown over one and five years for a member aged 25, 45, 55, 60 and 65 at the start of the period the returns are shown over.

Default Lifestyle net returns over periods to Scheme Year end (% pa)

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	18.6	5.9
45	18.6	5.9
55	18.6	5.0
60	15.9	1.9
65	11.0	1.2

Pension Lifestyle Option net returns over periods to Scheme Year end (% pa)

Age of member at the start of the period	1 year	5 years
25	18.6	5.9
45	18.6	5.9
55	18.6	4.8
60	15.5	-2.9
65	9.2	-5.3

Cash Lifestyle Option net returns over periods to Scheme Year end (% pa)

Age of member at the start of the period	1 year	5 years
25	18.6	5.9
45	18.6	5.9
55	18.6	5.0
60	15.9	2.1
65	5.3	2.1

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

Self-select fund net returns over periods to Scheme year end (% pa)

Fund name	1 year	5 years
Volkswagen Group Long Term Growth Fund	18.6	5.9
Volkswagen Group Cash Fund	5.3	2.0
Volkswagen Group Diversified Growth Fund	10.4	3.0
Volkswagen Group Multi Asset Fund	13.5	0.3
Volkswagen Group Global Equity Index Fund	22.1	9.8
Volkswagen Group Shariah-Compliant Equity Fund ¹	26.9	15.6
Volkswagen Group Index-Linked Bond Fund	6.5	-8.8
Volkswagen Group Corporate Bond Over 15 Years Index Fund	14.8	-5.5
Volkswagen Group Over 15 Years UK Gilt Index Fund	10.3	-10.5
Volkswagen Group Property Fund	12.0	1.5
Volkswagen Group Infrastructure Fund	14.9	3.2
Volkswagen Group Emerging Market Multi-Asset Fund	11.3	1.8

¹The Volkswagen Group Shariah-Compliant Equity Index Fund was made available to members on 13 April 2022, therefore the 5 year performance shown for the fund was not accessible by members. Performance shown is the performance of the underlying fund, the HSBC Islamic Global Equity Index.

AVC policy net returns over periods to 30 September 2024 (% pa)

Fund name	1 year	5 years
Clerical Medial With-Profits Fund ¹	7.5	3.5
Clerical Medical Cash Fund	3.9	1.0
Clerical Medical UK Equity Index Fund	11.7	3.5
Clerical Medical World (ex-UK) Equity Index Fund	19.3	9.9
Clerical Medical Corporate Bond Index Fund	8.4	-2.6
Clerical Medical Over 15 Years UK Gilt Index Fund	9.9	-12.0

¹Clerical Medical was unable to provide net returns to 30 September 2024 for the with-profits fund. Returns to the latest period available (31 December 2023) are shown in the table above. The return shown for the with profits fund is the return on the underlying investments ie the unsmoothed return.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

6. Value for members assessment

We are required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of ‘good value’ which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The last review carried out in the Scheme Year was conducted in February 2024 and a subsequent review was carried out in February 2025.

We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that the fund charges are competitive for the types of funds available to members. The analysis conducted to reach this conclusion compares the Scheme’s total annual charges with fees (excluding administration costs) against other DC schemes with assets between £50m and £700m that LCP advises.

This assessment of fund charges does not account for transaction costs, but we believe the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Our assessment took account of the Trustee’s review of the performance of the Scheme’s investment funds (after all charges and transaction costs) in the context of their investment objectives over the Scheme Year, which was set out in a report discussed on 14 November 2024. The returns on the investment funds members can choose during the period covered by this Statement have been consistent with their stated investment objectives. Over longer periods to 30 September 2024, the lifestyle strategies have performed in line with their objectives. The majority of passive funds in the Scheme have tracked their benchmark returns within reasonable limits. All of the Scheme’s active funds outperformed their benchmarks over 12 months to 30 September 2024.

In carrying out the assessment, we also consider the other benefits members receive from the Scheme, which include:

- our oversight and governance, including ensuring the Scheme is compliant with relevant legislation, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;
- the design of the default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Scheme website where members can access fund information online;
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards; and

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes provided by Barnett Waddingham.

Overall, we believe that members of the Scheme are receiving good value for the charges and cost that they incur, for the reasons set out in this section.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee or Stream meetings (a Stream is a sub-committee of the full Trustee Board) if they were material. During the period covered by this Statement, we received training on the following topics:

- Cyber security;
- the General Code;
- illiquid assets; and
- asset transfers.

Additionally, we receive quarterly updates on topical pension issues from our investment advisers. Over the Scheme Year, topics covered in these updates included the 2024 General Election and developments in responsible investment.

We are familiar with and have access to copies of the Scheme's governing documentation and documentation setting out our policies, which are all stored on our online portal, Boardpacks. This includes the Trust Deed & Rules and SIP (which sets out the policies on investment matters). We refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme, and the SIP is formally reviewed as part of making any change to the Scheme's investments or at least every three years. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties. Online versions of all documents are held on Boardpacks, which is accessible by all Trustee Directors.

We have a well-developed training schedule which is overseen by the Training Stream, a sub-set of the full Trustee Board. The Training Stream met four times during the Scheme Year to discuss feedback from past training sessions and to prioritise future Trustee training topics and organise training as appropriate.

All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law), or have a 'certificate of successful completion' which pre-dates the introduction of the Toolkit. Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Scheme Year.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Scheme has in place a structured induction process for new trustees, including one to one training with the Trustee's advisers. A copy of the Trustee training material is stored on Boardpacks. New Trustees are required to complete the Pensions Regulator's Trustee Toolkit within 6 months of being appointed to the Trustee.

Defined Contribution Governance Statement, covering 1 October 2023 to 30 September 2024 (Continued)

The Trustee carries out regular evaluations of the performance and effectiveness of the Trustee as a whole, as measured against the objectives of the Scheme’s business plan. The Scheme’s business plan is set at the beginning of each Scheme Year and the long-term strategic objectives are supported by the work of the Streams. The Streams set their strategic and operational objectives, and these are agreed at the first full Trustee meeting each year to ensure alignment. The objectives are reviewed quarterly at Stream meetings and then collectively at Trustee meetings each quarter, with a traffic light system utilised to assess progress and effectiveness of the delivery of each objective.

A questionnaire is used to carry out an annual evaluation of our knowledge and to help to identify training needs. We also carry out an annual evaluation of the performance and effectiveness of the Trustee Board as a whole as measured against the objectives of the Scheme’s business plan. The most recent Trustee effectiveness review took place in Q4 2023.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe that we are well placed to exercise our functions as Trustee of the Scheme properly and effectively.

_____ Date: _____

Signed for and on behalf of the Trustee of the Volkswagen Group Pension Scheme, by the Chair of the Trustee, Alistair Shields