Docusign Envelope ID: 2F84578E-13C6-8F1A-839A-6E4097BCECBE

Kentucky Fried Chicken (Great Britain) Limited Pension and Life Assurance Plan

Annual Report for the year ended 31 March 2026

Annual Statement regarding Governance

Annual governance statement

The Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations') require trustees of money purchase pension schemes to prepare an annual statement that discloses how they have governed certain aspects of the scheme. A money purchase scheme is one where, broadly, each member has their own savings pot into which both employer and member contributions are paid. The retirement benefits eventually paid to members are not known in advance but depend instead on factors such as the amounts of contributions that are paid, the investment returns that they earn and the charges that are deducted from savings. Members' outcomes at retirement are therefore partly affected by how well the Trustee carries out their investment governance functions as well as their ability to negotiate charges and services that provide good value for members. The purpose of the annual statement is for trustees of money purchase schemes to explain how they have exercised their responsibilities in these crucial areas.

This Statement, as well as the SIP, will be published online at https://schemes.vidett.com/kentucky-fried-chicken/, which is a publicly available website.

Impact on the Kentucky Fried Chicken (GB) Ltd Pension and Life Assurance Plan ("the Plan")

The Plan is not typically regarded as a money purchase pension scheme. Members' pensions at retirement are calculated on a defined benefit (DB) formula based on pay and length of service (1/60th of Final Pensionable Salary for each year of Pensionable Service), irrespective of investment returns or fund charges. However, these defined benefits have a notional money purchase underpin attached to them. This means that when the Plan was open to accrual, a contribution was notionally invested for each member in each pay period as part of the overall scheme assets. When a member retires or transfers out, pension rights calculated on the defined benefit formula described above are compared against the benefits that could be provided from the value of the money purchase underpin determined from the contributions and investment returns on Plan assets. If the latter benefits are greater, the members' benefits will be topped up accordingly.

There is also a small number of members who transferred in benefits from a previous employer's pension scheme and these benefits are invested on a money purchase basis in the same way as the money purchase underpin above, i.e. there is no specific fund for each member but the transferred in money is invested in the general scheme assets and the member's fund value is based on the returns of the Plan as a whole. Some of these transferred in benefits include Guaranteed Minimum Pensions (GMP) so the member is entitled to the GMP as a minimum benefit.

Although analysis suggests that money purchase underpins are very unlikely to exert any influence on members' outcomes in retirement in the vast majority of cases, the Trustee has been advised that the presence of money purchase underpins potentially creates a regulatory requirement to prepare a statement of governance. In addition, as the transferred in benefits are invested on a money purchase basis this creates a requirement for a statement of governance. Also, if such a requirement does exist, the statement must also address the Trustee's governance in relation to the Plan's Additional Voluntary Contributions ('AVCs'). This is an area of some legal uncertainty, but the Trustee has decided to adopt best practice in relation to money purchase benefits by preparing this statement.

Reflecting regulatory requirements, the statement covers five principal areas, namely;

- How the Trustee designs any default investment arrangement to be in members' interests.
- Processes for ensuring that financial transactions are both prompt and accurate.
- Charges and transaction costs within the Plan, including an illustration of its cumulative impact and the Trustee's assessment of value for members;
- Net return on investments; and
- The Trustee's compliance with the statutory knowledge and understanding requirements.

1. **Default investment arrangement**

The Plan is not used as a Qualifying Scheme for compliance with automatic enrolment legislation and, as such, there is no legislative requirement for the Plan to have a default investment option in relation to the notional

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money purchase underpin, the transferred in benefits or the Additional Voluntary Contribution policies. For this reason, the Trustee believes that the disclosures required in the Regulations with regard to default investment arrangements are not applicable to this Statement. For the same reason, the Trustee's Statement of Investment Principles does not contain wording relating to default investment arrangements.

Asset allocation disclosure

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 ("the 2023 Regulations") introduced requirements for trustees and managers of certain occupational pension schemes to disclose their full asset allocations of investments from their default arrangements.

The information below sets out the asset allocation of the Defined Benefit assets as at 31 March 2026. This represents how the notional defined contribution underpin assets are invested.

	Asset allocation – average 25, 45, 55, 65 (NRD) years
Cash	0.0%
Bonds	89.3%
Equity	6.5%
Property	0.1%
Other	4.1%

Source: Mercer as at 31 March 2026. The Plan does not allow for lifestyling therefore allocation is static for the specified ages. The information provided above pertains to the defined benefit (DB) assets in which DC underpin assets are invested.

Notes:

- The following describes the types of investments covered by the asset classes above:
  - Cash – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Plan.
  - Bonds – Loans made to a 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. Owning shares makes the Plan a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
  - Unlisted equities that are not publicly traded on stock exchanges. Encompasses a broad range of investments, including:
    - Venture Capital – Small, early-stage businesses that may have high growth potential, albeit at significant risk.
    - Growth Equity – Relatively mature companies that are going through a transformational event with potential for growth.
  - Property – Real estate, potentially including offices, retail buildings which are rented out to businesses.
  - Other – Any assets that do not fall within the above categories.

2. **Core financial transactions**

The Trustee recognises that delay and error can cause significant losses for members. They can also cause members to lose faith in a pension plan which may in turn reduce their propensity to save and thereby impair future outcomes. The Trustee therefore operates measures and controls aimed at ensuring that all financial transactions, including core financial transactions, are processed promptly and accurately. For example, they agree and monitor target timescales with the administrator for the calculation and payment of benefits such as retirement benefits and transfer values. These timescales are all comfortably within statutory timescales.

Core financial transactions include (but are not limited to):

- Investment of contributions;
- Transfer of members' assets to and from the Plan;

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- Switching between investments within the Plan; and
- Payments out of the Plan to members/beneficiaries

The Plan administrator, Aptia Ltd, records all member transactions and benefit processing activities in a workflow management system which assigns the relevant timescale to the task. Performance against these agreed timescales is disclosed quarterly to the Trustee. These disclosures were considered by the Trustee at their meetings on 3 July 2025, 16 October 2025, 2 December 2025 and 12 March 2026.

Crucially, all target timescales include allowance for tests to be carried out on whether money purchase underpins 'bite' i.e. whether their value is such that the member's benefits are uplifted.

The Plan is closed to future accrual and therefore no further contributions are notionally allocated to members' money purchase underpins or AVCs and no further transfers in are permitted. No timescales are therefore required in relation to contribution payments. Also, as money purchase underpins are purely notional in nature, members are not allowed to direct how they are invested, so investment switching in relation to money purchase underpins or transferred in benefits does not arise in practice.

Table 1 sets out the service level agreements between the Trustee and Aptia. There were no issues during the Plan year. The overall completion rate for administration matters within agreed SLA was 96.3%, and 100.0% for core financial transactions only. Some of the key activities are shown below, with those in bold being core financial transactions.

Table 1

Task	Service Level Agreement	Comment
Transfer in	**N/A**	**The Plan is closed for future accrual so no transfers in are able to be made into the Plan**
Transfer out quotes	20 days	92% completed within target over the year
Retirement quote	10 days	88% completed within target over the year
Death claim	**2 days**	**100% completed within target over the year**
Transfer settlements	**15 days**	**100% completed within target over the year**
Retirement settlements	**15 days**	**100% completed within target over the year**
Investment Switch	**N/A**	**Members do not currently have investment choice**

Source: Aptia as at 31 March 2026

Based on the above, the Trustee is satisfied that the Plan's core financial transactions have been processed promptly and accurately by the administrator during the period to which this Statement relates.

3. Charges and transaction costs

The Trustee is required to report on the charges and transaction costs for the investments used by the Plan and the extent to which these charges represent good value to their members. As mentioned, money purchase assets are notionally invested in accordance with the Plan's DB asset allocation. The charges deducted from these funds relate entirely to investment management services and are;

- Total Expenses Ratio ('TER') - these costs comprise of management fees and additional expenses such as legal fees, auditor fees and other operational expenses of the funds. These costs are not paid by the members.
- Transaction costs - these are the fund manager's expenses associated with trading a fund's underlying securities, including commissions and stamp duty. These costs are taken into account by the fund managers when calculating the unit price for each of the funds but are not included in the TER.

The FCA's policy statement (PS17/20) provides guidance to investment managers regarding calculations and disclosures of transaction costs which comply with regulations. Due to the way in which transaction costs are

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calculated, they can be negative or positive in nature; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity. The Trustee requested this information from the Plan's DB investment consultant, Mercer, and the data is shown in Table 2a below.

Table 2a

Fund name	TER (% p.a.)**	Transaction Costs (%p.a.)***
Plan portfolio*	0.43	0.08

Source: Mercer

**The Plan's DB investment portfolio is where money purchase assets are invested.*

***TER based on the fees paid over 12 month period to 31 December 2025 (based on average assets over the same period), weighted by the target allocation of the growth and matching portfolios. The TER calculated excludes performance related fees and other expenses to the fund not directly related with the management fee.*

**** Transaction costs as per the MiFiD Statement provided by Fund Assist over the 12-month period to 31 December 2025.*

Table 2b below provides the charges and transaction costs for the AVC funds with BlackRock (on the Aegon platform) and Prudential that are available through the Plan.

Table 2b

Fund name	TER (% p.a.)	Transaction Costs (%p.a.)[1]
AE BLK Alpha Smaller Companies	0.90	0.918
AE BLK American Flexible Equity	0.90	0.321
AE BLK Cash	0.30	0.016
AE BLK Emerging Markets	0.97	0.654
AE BLK European Growth	0.90	0.635
AE BLK Developed Markets Sustainable Equity	0.92	0.151
AE BLK Japanese Growth	0.90	1.751
AE BLK Managed Portfolio	0.90	0.612
AE BLK Pacific Rim Equity	0.41	0.036
AE BLK Sterling Bond	0.50	0.012
AE BLK UK Growth	0.90	0.534
AE BLK UK Special Situations	0.92	0.773
Prudential Deposit Fund [2 3]	-	0.000
Prudential With-Profits Fund [3]	-	0.100

Source: Aegon, Prudential.

[1]Transaction costs for Aegon (BlackRock) funds shown for 12 month period to 31 March 2026.

[2]Closed to new contributions since May 2017.

[3] Transaction costs to 30 September 2025. These are not unit linked funds, therefore there are no TERs for these funds. There are no explicit charges for the Deposit Fund and the charges for the With-Profits Cash Accumulation funds are implicit and deducted through the bonus mechanism.

The Trustee fully supports transparency of charges and costs for members. However, a key consideration for members is the performance produced net of combined charges and costs. Moreover, a cheaper fund does not necessarily deliver the best value for money.

In the context of DC schemes more generally, the TER for the Plan's total portfolio (the only investment option), is comfortably within the charge cap, however the cumulative effect of costs and charges on the total portfolio seem relatively high. Additionally, the Trustee notes the Plan's total portfolio experienced a positive year and returned 4.3% over the year. Since inception, the portfolio has delivered a flat net return of -0.4% and continues to target a low risk investment strategy for the DB promise over the long term.

To illustrate the impact of charges and costs on a typical member's pension pot and a selection of AVC funds the

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Trustee has provided the illustration in Table 3. The statutory guidance has been considered in preparing this example. As the Plan has closed for contributions, the illustrations assume no further contributions are made.

Table 3

	Plan Portfolio		BlackRock Cash (cheapest)		BlackRock Emerging Markets (most expensive)	
Years from Today	*Before Charges and Costs*	*After all charges and costs deducted*	*Before Charges and Costs*	*After all charges and costs deducted*	*Before Charges and Costs*	*After all charges and costs deducted*
1	62,165	61,842	59,147	58,960	62,005	60,918
3	68,009	66,954	58,576	58,022	67,485	63,997
5	74,401	72,488	58,010	57,100	73,448	67,232
10	93,135	88,408	56,620	54,856	90,765	76,052
15	116,587	107,824	55,262	52,701	112,164	86,030
20	145,945	131,504	53,938	50,630	138,609	97,316
25	182,694	160,384	52,645	48,640	171,289	110,083
30	228,698	195,608	51,383	46,729	211,674	124,525
35	286,285	238,567	50,151	44,893	261,580	140,861

Notes

1. *Values shown are estimated projections and are not guarantees.*
2. *The starting pot size is assumed to be £59,435 as at 31 March 2026 (This is based on the average notional value of money purchase benefits excluding members with transferred in benefits), for the relevant members at 31 March 2021, rolled up by the inflation assumption).*
3. *Inflation is assumed to be 2.5% each year.*
4. *Contributions are assumed to 0% (Plan closed to future contributions).*
5. *Projection shown for 35 years, based on assumption that a young member (aged 30) accesses benefits at their Normal Retirement Age (age 65). Illustrations are equally valid for projections over similar periods at/to other ages.*
6. *The projected growth rates before charges and costs are as follows:*
   Plan portfolio: 4.5% per year above inflation, with transaction costs of 0.09% (see note 7) and charges of 0.43% p.a.
   BlackRock Cash: 0.5% below inflation, with transaction costs of 0.02% and charges of 0.30%.
   BlackRock Emerging Markets: 3.5% above inflation, with transaction costs of 0.79% and charges of 0.97%.
7. *Transaction costs are assumed to not be negative at any stage. As defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the illustration should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available. The transaction costs reflect the average over a five year period.*
8. *The projected growth rates reflect those used within the Statutory Money Purchase Illustrations.*

4. Value for members

In accordance with Regulation 25(1)(b), the Trustee is required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether they represent good value for members. All money purchase assets are based on notional DC funds in the Plan. The Trustee has only considered those costs notionally paid by the Plan members.

The Trustee has invested in a pre-set de-risking strategy that reduces investment risk as the Plan's funding level improves. This approach is aimed ultimately at seizing market opportunities with a view to making the Plan's DB rights more secure. It does not have explicit regard to the money purchase underpins as these are not expected to impact members' retirement outcome in the vast majority of cases. The Trustee also does not make explicit consideration of the notional funds relating to transferred in benefits, which account for a small proportion of the Plan's overall investments. In taking the approach of aiming to provide security for the Plan's DB rights the Trustee is also implicitly aiming to provide security for the GMP element of the transferred in entitlements.

The Trustee has assessed that the size of members' notional money purchase underpins are typically low when compared with the value of the attaching DB rights and, as such, are unlikely to deliver material value to members. For as long as this situation prevails, the Trustee's investment governance activities will likely have

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regard only to the Plan's DB obligations. The transferred in benefits are invested in line with the general Plan assets which are reviewed regularly by the Trustee.

The Plan's assets also include unit linked AVC investments with BlackRock (on the Aegon platform) and Deposit Account and With-Profits policies with Prudential. By their nature, the charging structure of With-Profits policies is not transparent; for example, investment returns are earned in the form of discretionary bonuses calculated by Prudential.

Noting the above factors, the Trustee has received an assessment of the value for members. As part of the assessment, the Trustee has considered member charges, net investment performance and the governance and administration of the Plan. The conclusions from the assessment are shown in the table below:

Assessment area	Conclusion
Costs and charges	The Trustee has not assessed the Plan's value from a costs and charges perspective on the basis that all DC assets are based on notional DC funds.
Net investment performance	The Trustee has assessed the Plan as offering poor value from a net investment performance perspective, based on returns achieved over periods to 31 March 2026 compared to the comparator funds. This arises because the main benefit is a DB pension and the funds used within the assessment are for the money purchase underpin which is not expected to bite for most members. The comparator funds do not take this type of benefit into account and therefore the analysis is not representative of the actual Plan benefit.
Governance and administration	The Trustee has assessed the Plan as offering good value from a governance and administration perspective. **Promptness and accuracy of core financial transactions** The Trustee has appointed a specialist third party administrator to undertake administration. Aptia provides an AAF report and administration records are audited annually. When considering all transactions undertaken, completion rate within Service Standards was 96% and 100% when considering core financial transactions only. **Quality of record keeping** Common and Plan Specific data was last reviewed on 9 July 2025. The Trustee will undertake a review of this data and take actions deemed necessary to improve the data quality. **Appropriateness of the default strategy** There is no requirement for a default fund within the Plan. The primary objective of the Trustee with respect to the investment strategy is to secure the DB promise. **Quality of investment governance** The Trustee, along with its adviser, regularly reviews the investment portfolio, performance and its impact on the funding level of the DB promise. There is no focus on the investments in relation to the notional money purchase underpin given it is not expected to bite for most members. **Level of trustee knowledge, understanding and skills to operate the pension scheme effectively** The Trustee is a professional trustee with requirements for continued professional learning.

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	Quality of communication with Plan members Member communications are prepared with the input of advisers to ensure they are clear and easy for members to understand. **Effectiveness of management of conflicts of interest** The Trustee has a conflicts of interest policy and register in place and any new conflicts are declared and considered at each Trustee meeting and subsequently recorded.

The Trustee last fully reviewed the AVC arrangements in October 2021. Since then, they have undertaken actions as appropriate, including:

- Writing to members to remind them of the risk and return characteristics of AVCs.
- Reminding members of the other investment funds available from BlackRock and Prudential.
- Reminding members that they can transfer AVCs to the Company's group personal pension plan, where there is online functionality and a wider fund range. However, members might be reluctant to forfeit their terminal bonus in the With-Profits fund and other potentially valuable features of the With-Profits fund or any ability to exchange more than 25% of their AVCs towards their DB tax free cash.

The Trustee continually considers the Plan and its long-term strategy to determine the most effective way of delivering member benefits.

Net Investment performance

To help understand how the investments are performing, the table below shows investment returns, net of all charges and transaction costs, for the Plan portfolio, the only investment option available for the notional money purchase underpin.

	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since inception (% p.a.)
Plan portfolio*	4.3	-2.2	-9.7	-0.4

Source: Mercer as at 31 March 2026.

**The Plan's investment portfolio is where money purchase assets are invested. Due to the underlying asset allocation of the default portfolio not being influenced by member age, only one set of performance figures has been shown above. These performance figures are applicable to a member at any age.*

Regulations require the Trustee to report on the net investment returns for the Plan's default arrangement and for each fund which members have been able to select during the Plan year. Net investment returns refer to the returns on funds minus all transaction costs and charges. Whilst the Plan has no default arrangement, the Trustees have set out the net investment returns for the Scheme's only investment option in the table below:

Age of member at the start of the period	Annualised Returns to 31st March 2026	
	1 Year (%)	5 Year (%)
25	4.3	-9.7
45	4.3	-9.7
55	4.3	-9.7

Source: Mercer. Performance shown net of all charges and transaction costs.

AVCs

	Annualized returns to 31 March 2026 (%)	
	1 year	5 years (p.a.)
AE BLK Alpha Smaller Companies	4.6	-2.2
AE BLK American Flexible Equity	27.3	12.2
AE BLK Cash	3.9	3.1

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AE BLK Emerging Markets	25.9	-0.9
AE BLK European Growth	-6.7	2.0
AE BLK Developed Markets Sustainable Equity	3.1	3.3
AE BLK Japanese Flexible	18.4	7.2
AE BLK Managed Portfolio	14.3	6.0
AE BLK Pacific Rim Equity Index	53.3	8.1
AE BLK Sterling Bond	1.9	-4.5
AE BLK UK Growth	8.7	7.5
AE BLK UK Special Situations	7.3	1.5
Prudential Deposit Fund	4.1	3.3
Prudential With-Profits Fund	6.2	6.2

Source: Aegon and Prudential. Performance shown net of all charges and transaction costs.

5. Trustee's Knowledge and resources

The Trustee is a Sole Trustee from an independent professional trustee company and its representatives have a number of years of experience acting as a Trustee for the Plan, and other schemes, over which time they have received regular training on all aspects of running a trust based pension scheme including investments, legislation and governance, which is all documented in their professional training log.

The professional trustee company also performs secretariat services which helps ensure that the meeting agendas cover those issues that need to be addressed to ensure the Plan functions effectively.

The Trustee is required to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Plan. The Trustee meets these requirements in the following ways:

- Holds regular Trustee meetings at which updates on current issues are provided by advisers, with ad-hoc advice provided in relation to any new requirements as a result of changes in regulation or legislation.
- Vidett, as Trustee, has internal controls which are independently audited. These controls include the requirement for client directors to undertake and record CPD each year. Therefore, all Vidett representatives that work on the Plan undertake relevant CPD training.
- Vidett obtains and reviews all the relevant governing documentation (e.g. trust deed and rules, Statement of Investment Principles etc.) as part of the take on process for new schemes, so that they can properly undertake the trustee role. The SIP was most recently reviewed by the Trustees in April 2026.
- Ensuring they comply with the Trust Deed and Rules, the current Statement of Investment Principles and other key Plan documents that set out the Trustee's policies when making decisions in relation to the Plan, seeking assistance from their legal advisers for complex areas or where there is ambiguity.

The Trustee receives professional advice from Mercer and Osborne Clarke (legal advisers) to support them in reviewing the performance of the Plan and in governing the Plan in line with the Trust Deed and Rules. The relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The advice received by the Trustee along with their own knowledge and experience allows them to properly exercise their function as Trustee. If there are any ambiguities regarding the Trust Deed and Rules, the legal adviser is asked to provide advice.

In addition to the regular review of Plan documentation and policies, the Trustee has undertaken ongoing training to keep abreast of relevant developments.

The Trustee receives topical briefings from Mercer at each meeting (3 July 2025, 16 October 2025, 2 December 2025 and 12 March 2026). Topics discussed over the year included:

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- General Code (3 July 2025, 16 October 2025, 2 December 2025 and 12 March 2026 Trustee meetings)
- Pensions Dashboards (3 July 2025, 16 October 2025, 2 December 2025 and 12 March 2026 Trustee meetings)
- Investment updates (3 July 2025, 16 October 2025, 2 December 2025 and 12 March 2026 Trustee meetings)
- SIP (12 March 2026 Trustee meeting)
- Member Newsletter (16 October 2025, 2 December 2025 and 12 March 2026 Trustee meetings)
- Trustee Report & Accounts to 31 March 2025 (16 October 2025 Trustee meeting)
- Sustainability Review (16 October 2025 Trustee meeting)
- Investment Strategy Review (2 December 2025 Trustee meeting)
- Annual performance review of Mercer as investment consultant (12 March 2026 Trustee meeting)
- Approval of Statutory Money Purchase Illustration assumptions (3 July 2025)
- Review notional DC benefits (3 July 2025, 16 October 2025, 2 December 2025)

Additionally, their professional advisors, Mercer Ltd attends each Trustee meeting and brings to the Trustee's attention any new regulatory requirements and current topical issues. Taking into account the experience and expertise of the Trustee, and the professional advice available, the Trustee considers itself properly enabled to exercise its function as the Trustee.

The SIP was reviewed and updated during the Plan Year in February but was signed on 24 April 2026, after Plan year end. The primary update was to refine the Trustee's policy in relation Environmental, Social and Corporate Governance, Stewardship and Climate Change factors.

22-Oct-2026 | 18:06 IST

Signed on behalf of Vidett on.....

James Double Trustee Director