

# Greggs plc 1978 Retirement and Death Benefit Scheme

(Scheme Registration Number 10226056)

Annual Report For The Year Ended  
5 April 2024

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# The Trustee's Report

## Introduction

This report relates to the operation of the Greggs plc 1978 Retirement and Death Benefit Scheme ("the Scheme") during the year ended 5 April 2024.

The Scheme was a contracted-out salary related pension arrangement and provides its members with retirement benefits. This type of arrangement is also known as a defined benefit arrangement.

The Scheme was closed to new entrants on 5 April 2008.

Members were able to make additional voluntary contributions (AVCs) to secure additional benefits. The Scheme also covers members for death benefits.

Full details of the Scheme's benefits can be found in the member's explanatory booklet (see "Contact for further information" on page 5).

## Management of the Scheme

Greggs 1978 Pension Scheme Trustee Ltd is the corporate trustee of the Scheme. The names of the Trustee Directors of the Scheme who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/appointed by	Date of Resignation
David Brown (Professional Trustee)- Chair	Employer	
Andrew Davison, OBE	Employer	
Sir Mike Darrington	Member	9 January 2024
Karen Graney	Member	

At least one third of the Trustee Directors are nominated by Scheme members. These member-nominated Trustee Directors are elected from deferred and pensioner membership of the Scheme. Member-nominated Trustee Directors are elected for a term of 3 years and can serve for up to three consecutive terms. The Trustee held four full board meetings during the year under review. All decisions are taken by simple majority with the Chairman having the casting vote.

The Trustee has delegated the day-to-day management and operation of the Scheme's affairs to professional organisations. The Trustee has written agreements in place with each of them.

## Changes to Scheme Rules

There have been no changes to Scheme Rules during the year under review.

## The Principal Employer

The name and address of the Employer is as follows:

Greggs plc, Greggs House, Quorum Business Park, Longbenton, Newcastle upon Tyne, NE12 8BU

## The Trustee's Report (Cont)

### Scheme advisers

The Trustee retains a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	Ben Roach Barnett Waddingham LLP
Independent Auditor	RSM UK Audit LLP
Investment Adviser	Hymans Robertson
Legal Adviser	Eversheds Sutherland LLP
Investment Managers	Legal & General Investment Management Ltd Baillie Gifford & Co Ltd (closed March 2024)
AVC Provider	Aviva Life
Administrator of the Scheme benefits	Barnett Waddingham LLP
Scheme Secretary	Elaine Nylander
Bankers	Lloyds Bank

### Changes in and other matters relating to Scheme advisers

Except those noted above there have been no other changes to Scheme advisers and other matters during the Scheme year under review.

### Financial development of the Scheme

During the year the value of the net assets decreased by £4,577,000 to £93,428,000 as at 5 April 2024. The decrease comprised net withdrawals from dealings with members of £4,345,000, due to an increase in member expenses, together with a net decrease from the return on investments of £232,000.

### Subsequent Event

On 22 May 2024, the Trustee entered into an insurance contract with Aviva, with a value of £94.2m, to insure the benefits of all of the Scheme's pensioner and deferred members. The buy-in policy is an asset of Scheme and is in line with the Trustee's de-risking investment strategy for the Scheme. We are grateful to the Company for their considerable financial and other support which has enabled us to achieve this significant step towards the longer-term plan, ahead of the target date. This is the first major step towards a buy-out when the buy-in insurance policy will be converted into individual annuity policies for each member, reflecting that member's specific pension entitlement.

## The Trustee's Report (Cont)

### GMP Equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's Defined Benefit Pension Schemes. The judgement concluded the Schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other Defined Benefit Pension Schemes.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group Pension Schemes. This follows from the original judgment in October 2018 which confirmed that Schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit Schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other Defined Benefit Pension Schemes. The Trustee has taken advice on the GMP equalisation method to adopt and a project team has been set up.

The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in future accounts. It is not possible to estimate the value of any such adjustments at this time, although for most members it is estimated to be a small adjustment.

### Scheme Audit

The financial statements on pages 22 to 30 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

### Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Deferred members	346		
retired		(19)	
died		(1)	
		<hr/>	
		(20)	326
Pensioners and dependants	291		
new pensioners		19	
new dependant		6	
died		(12)	
		<hr/>	
		13	304
Total members	<hr/> 637		<hr/> 630

The member numbers shown above reflect the number of member records held by the Scheme. The adjustments are in relation to members with more than one record but were only counted as one in the prior year.

There are no (2023: 1) pensions included within the pensioners and dependants, who are paid from annuities held in the name of the Trustee.

## The Trustee's Report (Cont)

### Pension increases

The pension increases applied to pensions in payment as at 1 April 2024 were as follows:

- Pensions in excess of the Guaranteed Minimum Pension, accrued prior to 6 April 1997: 3.0% per annum
- Pensions accrued between 6 April 1997 and 6 April 2005: 5.0% per annum (this being the lower of 5% or the increase in the Retail Price Index)
- Pensions accrued after 6 April 2005: 2.5% per annum (this being the lower of 2.5% or the increase in the Retail Price Index)

No discretionary increases were applied during the year.

### Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993. No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

### Tax status of Scheme

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

### Data Protection Act 2018 and General Data Protection Regulation

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, Pension Scheme Trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme Actuaries are also classed as data controllers (jointly with the trustees) in accordance with guidance issued by the Actuarial Profession. Barnett Waddingham LLP act as a data processor as the administrators of the Scheme.

The Trustee has worked with their advisers to receive relevant training and continue to do so to ensure continued compliance with data protection legislation.

### Codes of Practice

The Trustee is aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

Following the publication of the Pension Regulator's new General Code of Practice on 10 January 2024, the Trustee will be considering the impact of this on the Scheme's governance arrangements to ensure there is an appropriate effective system of governance.

## The Trustee's Report (Cont)

### The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of Pension Scheme data record keeping to all those responsible for the data (the trustees) and those who administer Pension Schemes. The guidance covers both common data and Scheme-specific data (conditional). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded.

More information can be found at:

<https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping>

### Contact for further information

If you wish to obtain further information about the Scheme, including copies of the Scheme documentation, please write to the Scheme Secretary:

Greggs House, Quorum Business Park, Longbenton, Newcastle upon Tyne, NE12 8BU

Alternatively, you may contact the Scheme Secretary by email at:

[finalsalary@greggs.co.uk](mailto:finalsalary@greggs.co.uk)

If you have any queries about your own pension position or who to contact in the event of a problem or complaint, please write to:

Barnett Waddingham LLP, 67 Albion Street, Leeds, LS1 5AA

Alternatively, you may contact the Scheme administrators online at:

[Greggs@Barnett-Waddingham.co.uk](mailto:Greggs@Barnett-Waddingham.co.uk)

## The Trustee's Report (Cont)

### Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the trustees. Pension Scheme regulations require, and the trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to Occupational Pension Schemes.

In discharging the above responsibilities, the trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The trustees are responsible for the maintenance and integrity of the pension and financial information included on the Scheme's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## The Trustee's Report (Cont)

### Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 6 April 2023. This showed that on that date:

The value of the Technical Provisions was: £101.9 million

The value of the assets was: £98.0 million

Therefore, the Plan had a funding deficit of £3.9 million corresponding to a funding level of 96%.

Since the valuation the Trustee has purchased a bulk annuity policy with Aviva on 21 May 2024 to secure future benefits for all members of the Scheme. This policy does not precisely match all benefits for all members as the Scheme is in the process of cleansing all data, including amending benefits to allow for GMP equalisation but an additional premium will be paid to Aviva to secure all benefits once this data cleansing has been finalised. In preparation for the bulk annuity transaction, the Employer paid £4.5 million to the Scheme on 15 April 2024.

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

#### Method

The actuarial method to be used in the calculation of the technical provisions is the Defined Accrued Benefit Method.

#### Significant actuarial assumptions

**Discount interest rate:** term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date, plus an addition of 0.25% p.a. for the expected return on non-gilt investments, as determined on a prudent basis.

**Future Retail Price Index inflation (RPI):** term dependent rates set by reference to implied RPI inflation (as derived from Bank of England data substituted with Merrill Lynch data for the first three years).

**Future Consumer Price Index inflation (CPI):** calculated as the assumed rate of RPI inflation less a deduction of 1% p.a. for terms prior to 2030 and no deduction after 2030.

**Pension increases:** derived from the rates for future RPI and CPI inflation, allowing for the caps and floors on pension increases according to the provisions in the Scheme's Rules.

**Mortality:** assumed to be in line with 95% of the standard tables S3xPA (M/F). The allowance for future improvements is based on the Core CMI 2019 projection table, with long term improvements of 1.75% p.a. with no initial additional parameter.

**Cash commutation:** assumed that all members take 90% of the maximum amount of tax-free cash at retirement based on the commutation terms current at the valuation date.

**Recovery Plan:** A Recovery Plan has been agreed that was designed to eliminate the funding shortfall of £3.9 million by 15 April 2024, through payment by the Employer of a single payment of £4.5 million on 15 April 2024.

## The Trustee's Report (Cont)

### Investment managers

The Scheme's Trust Deed and Rules permit the Trustees to delegate the task of investment management to outside experts. The Trustee set the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. The Trustee has put in place a mandate with their platform provider which implements this strategy using the Trustee's chosen investment managers. The investment manager and platform provider are remunerated by fees based on a percentage of funds under management, and these fees are met by the Scheme. There are no performance-related fee arrangements.

When choosing investments, the Trustee and the fund manager (to the extent delegated) are required to have regard to the criteria set out in the following:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4), as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and incorporates changes as required by The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 requires that the Trustees' duties also include:

- taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments; and
- voting and corporate governance in relation to the Scheme's assets.

### Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles which sets out the principles governing how the Scheme's assets are invested. The Trustee has included a statement on the extent to which social, environmental and ethical considerations are taken into account in investment decision making. A copy is available from the Scheme Secretary or online from the Scheme website <https://www.greggspensions.co.uk/greggs-final-salary-scheme>. The Implementation Statement, which is part of the Trustee's Report, is included on page 34. It sets out how the Statement of Investment Principles has been followed during the Scheme year.

In addition, the Trustee invests the majority of the Scheme's assets in pooled funds with other Pension Scheme assets, so as to achieve better diversification. Accordingly, the ability of the Trustee to dictate the policy of the Investment managers in relation to social, environmental and ethical considerations is, in practice, limited. It has, however asked that fund managers provide details of their policy on such issues which the Trustee will keep under review.

### Changes to the strategy over the year to 5 April 2024

In February 2024, the Trustee agreed to implement a full buy-in for the Scheme. In advance of this buy-in, in March 2024, the Scheme disinvested the Baillie Gifford Global Alpha Fund and the LGIM Equity funds. The proceeds were used to increase the Scheme's hedging levels to 95% and to increase the cash buffer in the LDI mandate.

The Scheme's assets are now solely with Legal & General Investment Management ("LGIM").

## The Trustee's Report (Cont)

### Changes to the strategy over the year to 5 April 2024 (Cont)

The LGIM assets are invested in a corporate bond fund, together with a Liability Driven Investment ("LDI") mandate which aims to track the changes in the value of a proportion of the liabilities, to reduce the volatility of the Scheme's funding position.

The Scheme's investment strategy at the end of the year was to hold:

- 100% in investments that move broadly in line with the Scheme's long-term liabilities, through a combination of LDI funds, corporate bonds, and cash. At the Scheme year end these holdings hedged c95% of the impact of interest rate and inflation movements on the liabilities.

At the year ended 5 April 2024 the Scheme's assets were invested as follows:

	2024		2023	
	£'000	%	£'000	%
<b>UK Equities</b>	-	-	8,952	9.3
Overseas Equities	-	-	11,368	11.8
<b>Total Return Seeking Assets</b>	-	-	<b>20,320</b>	<b>21.0</b>
Corporate Bonds	28,871	31.5	23,544	24.4
LDI	56,970	62.2	43,334	44.8
<b>Total Matching Assets</b>	<b>85,841</b>	<b>93.7</b>	<b>66,878</b>	<b>69.2</b>
Cash	5,783	6.3	9,422	9.8
<b>Total</b>	<b>91,624</b>	<b>100</b>	<b>96,621</b>	<b>100</b>

All the investments described above are quoted on recognised stock exchanges. The pooled investment vehicles managed by LGIM are priced and traded weekly. The Trustee regards all the Scheme's investments to be readily marketable.

## The Trustee's Report (Cont)

### Review of investment performance to 31 March 2024

The investment return achieved by the Scheme, using its constituent portfolios as provided by the fund managers, is calculated by Hymans Robertson. The Scheme's investment return as at 31 March 2024 is shown below:

	12 month %	3 Year % p.a.	5 Years % p.a.
<b>LGIM</b>			
Investment Grade Corporate Bond Fund	6.3	-0.6	N/A
Benchmark	6.1	-0.6	N/A
LDI Funds	-2.0	-11.8	N/A
Benchmark	-2.0	-11.8	N/A
<b>Total Scheme</b>	<b>-0.5</b>	<b>-9.4</b>	<b>-2.9</b>
<b>Benchmark</b>	<b>0.4</b>	<b>-7.8</b>	<b>-2.0</b>

Note: Total Scheme performance is since Q1 2019 and includes Baillie Gifford Global Alpha fund returns to 5 March 2024 and the LGIM UK equity, Future World UK equity and Future World Global Equity fund returns to 8 March 2024.

### Pricing method of the manager

Investment Manager	Pricing Method
LGIM	Weekly

### Custodial arrangements

The portfolios of securities and cash underlying the units issued by the investment manager is held by an independent corporate custodian and are regularly audited by external auditors.

Investment manager	Custodian
Legal & General Investment Management	HSBC Global Investor Services

## The Trustee's Report (Cont)

### Economic and market conditions

Global growth has been stronger than expected over the past 12 months, particularly in the US, and, given ongoing improvements in activity survey data, global growth forecasts for 2024 have also been revised up, and now suggest only a marginal slowdown in 2024 versus 2023.

Year-on-year headline CPI fell to 3.2%, 3.5% and 2.4%, in the UK, US and eurozone, respectively, in March 2024, from 10.1%, 5.0% and 6.9% a year earlier. Core inflation, which excludes volatile energy and food prices, fell less but still declined materially, to 4.2%, 3.8% and 2.9% in the UK, US and eurozone. Year-on-year headline CPI inflation peaked at 11.1%, 10.6% and 9.1% in the UK, eurozone and US, respectively in the second half of 2022. Despite an easing in inflation, largely owing to falling energy prices, headline CPI remains elevated at 10.1%, 6.9% and 5.0% in the UK, eurozone and US, respectively. Core inflation measures, which exclude volatile energy and food components, also remains elevated, at 6.2%, 5.7%, and 5.6% in the UK, eurozone and US.

The US Federal Reserve raised rates 0.5% pa, to 5.5% pa, in the 12 months to end-March 2024, while the Bank of England and European Central Bank both raised rates by 1.0% pa, to 5.25% pa and 4% pa, respectively. However, amid progress on inflation, the major western central banks have left rates unchanged since the summer of 2023 and markets were expecting them to deliver between 2 and 3 interest rate cuts in 2024 at the end of Q1. In March, the Bank of Japan raised rates for the first time in 17 years, exiting negative interest rates. Sterling and Japanese yen fell 2.7% and 4.2% respectively over the year in trade-weighted terms while equivalent dollar and euro measures rose 4.2% and 2.9%, respectively.

Trade-weighted US dollar, sterling and euro rose 2.3%, 4.6%, and 3.6%, respectively. The equivalent measures for Japanese yen declined 9.1%, as investors continue to bet on a wide interest rate differential between Japan and its global peers. Gold prices rose 12.0% on the back of lingering inflation concerns and strong central bank reserve demand, and oil prices rose 11.7% amid supply cuts and conflict in the Middle East.

Sovereign bond yields rose sharply in March amid expectations that rates might be cut less than anticipated. Over the past year, UK and US 10-year bond yields rose 0.4% pa and 0.7% pa to 3.9% pa and 4.2% pa, respectively, while German yields remained unchanged at 2.3% pa. Japanese yields rose 0.4% pa, to 0.7% pa, as the Bank of Japan loosened its yield curve control policy. High inflation and interest rate rises saw yields and volatility rise sharply in government bond markets. UK 10-year yields increased from 1.6% p.a. to 3.5% p.a. while equivalent US yields rose 1.2% p.a., to 3.5% p.a., and German yields increased 1.7% p.a., to 2.3% p.a.

Global credit spreads fell, reflecting both the improved outlook and yield-driven demand from institutional investors. Global investment-grade credit spreads declined 0.5% pa, to 1.0% pa, over the past year while global speculative credit spreads fell by 1.6% pa, to 3.4% pa. Despite a rise in sovereign bond yields, UK investment-grade and US high yield returned 7.4% and 11.0%, respectively. Despite rallying strongly since its low in October 2022, the FTSE All World Index Total Return Index fell 5.0% over the period. Energy was the best performing sector, boosted by surging oil and gas prices. Consumer discretionary and technology were among the worst performing sectors over the year amidst cost-of-living pressures and rising rates, while recent banking stresses resulted in a significant hit to financial stocks also real estate was the worst performing among these sectors.

## The Trustee's Report (Cont)

### Economic and market conditions (Cont)

Global equities rose 25.0% in local-currency terms amid improving economic activity, declining inflation, and AI enthusiasm. Japan strongly outperformed as yen weakness lent support to the export-heavy index and optimism around corporate governance reforms gained momentum. North American equities outperformed, given their large exposure to the outperforming technology sector. EM and Asia Pacific ex-Japan notably underperformed given concerns about China's growth prospects and disappointment with policy stimulus unveiled so far. The UK underperformed, given little exposure to technology and above-average exposure to energy and basic materials. The MSCI UK Monthly Property Index rose 0.3% over the last 12-month period as income offset a further 5.3% decline in capital values. Over the past 12 months, office capital values fell 16.3%, while retail sector values fell 5.6% and industrial values edged 0.8% higher.

### Implementation Statement

The Implementation Statement which forms part of the Trustee's Report is included on pages 34 to 40.

### Portfolio turnover

The Trustee has expectations of the level of turnover within each mandate which is determined at the inception of the mandate, based on the Trustee's knowledge of the manager, investment process and the nature of the portfolio. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period.

The Trustee will challenge its managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive. The Trustee will request turnover costs incurred by the asset managers over the Scheme reporting year. Where possible the Trustee will compare costs to the theoretical portfolio turnover and cost for an appropriate index.

### Investment Charges

The Legal & General funds have an ongoing charge that consists of a policy charge, plus an ad valorem fee. The policy charge is a flat amount per annum based on the offer value of the units held in each fund at the first dealing date in January each calendar year. This policy charge is payable quarterly in arrears and is paid by deducting units from the funds.

The ad valorem fee is based on the average value of the policy's holdings on an offer price basis. This is also payable quarterly in arrears and is paid by deducting units from the funds.

## The Trustee's Report (Cont)

### Consideration of financially material factors in investment arrangements

The Trustee recognises that the consideration of financially material factors over the appropriate time horizon of the investments, including ESG factors, is relevant at different stages of the investment process. The Trustee further recognises that the financial materiality of any factor, including ESG factors, is context specific and that whilst some factors may be relevant to certain stocks/assets, they may not be relevant to others.

The Trustee will consider such factors in the development and implementation of their investment arrangements, for the purposes of determining the selection, retention and realisation of investments, where there is sufficient data or evidence to allow them to systematically do so. Where there is not sufficient data or evidence, they will require that their investment managers take such considerations into account within their decision making. The Trustee has explicitly acknowledged the relevance of climate change and/or ESG factors in framing their investment beliefs and these beliefs are reflected in the principles set out below and the broader implementation of strategy.

### Consideration of non-financially material factors in investment arrangements

Given the objectives of the Scheme, the Trustee has not considered any non-financially material factors in the development and implementation of their investment strategy. The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

### Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment managers, and the monitoring of compliance with agreed policies.

### Voting and engagement

The Trustee has adopted a policy of delegating voting decisions on stocks to their investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

Where relevant, the Trustee has reviewed the voting policies of their investment managers and determined that these policies are appropriate. Where appropriate, the Trustee will engage with and may seek further information from their Investment managers on how portfolios may be affected by a particular issue.

The Trustee does not engage directly but believes it is sometimes appropriate for its investment managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to consider the management of conflicts of interest and improve corporate behaviours, improve performance and mitigate financial risks. Where necessary, investment managers are expected to notify the Trustee of any issue on which it may be beneficial for the Trustee to undertake further engagement. The Trustee will review engagement activity undertaken by their investment managers as part of its broader monitoring activity.

Responsibility for investment decisions has been delegated to the investment managers which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are responsible for investing in new issuance, the Trustee expects the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

## The Trustee's Report (Cont)

### Voting and engagement (Cont)

The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each manager has an appropriate conflicts of interest policy in place. Managers are required to disclose any potential or actual conflict of interest in writing to the Trustee.

### Monitoring

Investment managers report on voting activity to the Trustee on a periodic basis. The Trustee will monitor investment managers' voting activity and may periodically review managers voting patterns. The Trustee may also monitor investment managers' voting on particular companies or issues affecting more than one company.

The Trustee aims to meet with all their investment managers on a periodic basis. The Trustee provides the managers with an agenda for discussion, including issues relating to individual holdings and, where appropriate, ESG issues. Managers are challenged both directly by the Trustee and by their investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

### Choosing investments

The Trustee has appointed each of its investment managers to deliver a specific benchmark or performance target, which overall will align to deliver the broader Scheme investment strategy. The Trustee ensures that all manager engagements have clearly defined benchmarks, objectives and management parameters.

Remuneration for each mandate is determined at the inception of each mandate based on commercial considerations and typically set on an ad valorem basis. The Trustee periodically reviews the fees paid to all of its managers against industry standards.

The Trustee reviews the nature of Scheme investments on a regular basis, with particular reference to suitability and diversification. The Trustee seeks and considers written advice from a suitably qualified person – the Scheme's investment consultant – when determining the appropriateness of each manager and mandate for the Scheme, particularly in relation to diversification, risk, expected return and liquidity. If, at any time, investment in a security or product not previously known to the Trustee is proposed, appropriate advice is sought and considered to ensure its suitability.

The Trustee recognises the long-term nature of its liability profile and appoints its managers to invest in such a way that generates sustainable long-term returns. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the Scheme objective.

The duration of each mandate is determined by the Trustee at the inception of each mandate. For open-ended investments, the Trustee generally engages managers on an ongoing basis with no pre-determined term of appointment. For such mandates, the Trustee expects the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated. All mandates are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy. For close-ended investments, the Trustee would expect the term of the appointment to be the lifetime of the investment, albeit the Scheme does not currently hold any such assets within the investment strategy.

## The Trustee's Report (Cont)

### Choosing investments (Cont)

The Trustee undertakes a periodic service provider review in which the ongoing appropriateness of the Scheme's manager arrangements are considered. The Trustee reviews the performance of each of its managers and mandates on a regular basis against a series of metrics, including financial performance against the benchmark and objectives of the mandate, the exercise of stewardship responsibilities (including engagement with issuers) as set out in greater detail below, and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed.

The Trustee, after taking appropriate advice, has given the investment managers specific guidelines including, but not limited to, asset allocation and geographic spread, on how investment mandates are to be managed. The investment managers are allowed some flexibility of choice subject to their benchmarks and other guidelines and are expected to maintain diversified portfolios.

### Selecting investment managers

Within active mandates, the Trustee has delegated responsibility for the consideration of stock specific issues to their individual Investment Managers.

In passive mandates, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and believes the choice of benchmarks will deliver appropriate risk adjusted returns. The Trustee will review the index benchmarks employed for the Scheme on at least a triennial basis.

In selecting new investment managers for the Scheme, where relevant to the investment mandate, the Trustee will explicitly consider potential managers' approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.

The Trustee meets with the Scheme's investment managers regularly, and the managers are expected to address manager performance and company engagement. Managers will be challenged on their approach where this is not aligned to the Trustee's policies.

The Trustee expects its investment consultants to provide input and analysis to assist the Trustee in assessing their managers' performance. Where necessary, the Trustee will highlight any areas of concern identified during such reviews to the manager as part of its engagement process and request that the manager takes appropriate action. This may include concerns over performance, risk management, stewardship practices, investment process and operational issues and, where such concerns are raised, the Trustee will require the manager to demonstrate levels of improvement. Failure to achieve the desired improvements will result in the mandate being reduced or terminated.

## Approval of Trustee's Report

This report was approved by the Trustee on

Date: 24/09/24

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Signed on behalf of the Trustee:

*D Brown*

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Trustee

*A J Davison*

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Trustee

## Summary of contributions payable in the year

### Trustee's responsibilities in respect of contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the schedule.

### Trustee's Summary of Contributions payable under the Schedule of Contributions in respect of the Scheme year ended 5 April 2024

This summary of contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme in accordance with the schedule of contributions certified by the Actuary on 21 June 2021 in respect of the Scheme year ended 5 April 2024. The Scheme Auditor reports on contributions payable to under the Schedule of Contributions in the Auditor's Statement about Contributions.

During the year, the contributions payable to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer deficit funding contributions	-
	<hr/>
Reconciliation to the financial statements:	
Contributions payable under the Schedule of Contributions	-
(As reported in the financial statements and as reported on by the Scheme Auditor)	<hr/>

Contributions received by the Scheme, in line with the schedule of contributions dated 21 June 2021, have been recognised in prior years accounts as Advance deficit funding employer contributions.

Signed on behalf of the Trustee:

*D Brown*

Trustee

*A J Davison*

Trustee

Date: 24/09/24

## Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Greggs plc 1978 Retirement and Death Benefit Scheme

### Statement about Contributions payable under schedule of contributions

We have examined the summary of contributions payable to the Greggs plc 1978 Retirement and Death Benefit Scheme on page 17, in respect of the Scheme year ended 5 April 2024.

In our opinion the contributions for the Scheme year ended 5 April 2024 as reported in the attached summary of contributions on page 17 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 21 June 2021.

### Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 17 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedules of contributions.

### Respective responsibilities of trustees and the auditor

As explained more fully on page 17 in the Statement of Trustees' Responsibilities, the Scheme's trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

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

### Use of our statement

This statement is made solely to the Scheme's trustees as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

*RSM UK Audit LLP*

#### **RSM UK Audit LLP**

Statutory Auditor  
Chartered Accountants  
Third Floor, Centenary House  
69 Wellington Street  
Glasgow G2 6HG

**Date:** 26/09/24

# Independent Auditor's Report to the Trustee of the Greggs plc 1978 Retirement and Death Benefit Scheme

## Opinion

We have audited the financial statements of The Greggs plc 1978 Retirement and Death Benefit Scheme for the year ended 5 April 2024 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Scheme's trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Scheme's trustees with respect to going concern are described in the relevant sections of this report.

## Independent Auditor's Report (Cont)

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6 the trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

## Independent Auditor's Report (Cont)

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

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

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

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP).

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Scheme's trustees as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

**RSM UK Audit LLP**

Statutory Auditor

Chartered Accountants

Third Floor, Centenary House

69 Wellington Street

Glasgow

G2 6HG

**Date:** 26/09/24

## Fund Account

for the year ended 5 April 2024

	Note	5 April 2024 £'000	5 April 2023 £'000
<b>Contributions and benefits</b>			
Employer contributions		-	5,500
<b>Total contributions</b>	4	-	5,500
Benefits paid or payable	5	(4,344)	(3,633)
Payments to and on account of leavers	6	-	(52)
Administrative expenses	7	(1)	(1)
		(4,345)	(3,686)
<b>Net additions from dealings with members</b>		(4,345)	1,814
<b>Returns on investments</b>			
Investment income	8	22	19
Change in market value of investments	9	(178)	(29,982)
Investment management expenses	11	(76)	(107)
<b>Net returns on investments</b>		(232)	(30,070)
<b>Net decrease in the fund during the year</b>		(4,577)	(28,256)
<b>Net assets of the Scheme</b>			
<b>At 6 April</b>		98,005	126,261
<b>At 5 April</b>		93,428	98,005

The notes on pages 24 to 30 form part of these financial statements.

## Statement of Net Assets (available for benefits) available for benefits as at 5 April 2024

	Note	5 April 2024 £'000	5 April 2023 £'000
<b>Investment assets:</b>	9		
Pooled investment vehicles	12	91,624	96,621
AVC investments	13	35	33
		<hr/> 91,659	<hr/> 96,654
<b>Current assets</b>	17	1,854	1,484
<b>Current liabilities</b>	18	(85)	(133)
		<hr/>	<hr/>
<b>Net assets of the Scheme at 5 April available for benefits</b>		93,428	98,005
		<hr/>	<hr/>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 7 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 30 form part of these financial statements.

These financial statements were approved by the Trustee on

Date: 24/09/24

Signed on behalf of the Trustee:

*D Brown*

Trustee

*A J Davison*

Trustee

## Notes to the Financial Statements

### 1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

### 2. Identification of the financial statements

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

### 3. Accounting policies

The principal accounting policies of the Scheme, which are applied consistently, are as follows:

#### Currency

- The Scheme's functional and presentational currency is pounds sterling.

#### Contributions

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and the Trustee.

#### Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

#### Expenses

- Expenses are accounted for on an accruals basis.
- Investment management expenses are accounted for on an accruals basis.

#### Investment income

- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Receipts from annuity policies are accounted for as investment income on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".

#### Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
- With profit AVCs are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.
- The Trustee holds legacy annuity policies with Aviva Life and Pension Services Limited that secure pensions payable to specified beneficiaries. These policies remain the assets of the Trustee, but they are not deemed sufficiently material to require inclusion in the financial statements.

## Notes to the Financial Statements (Cont)

### 4. Contributions

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Employer contributions		
Deficit funding	-	2,500
Advance deficit funding	-	3,000
	-	5,500

Contributions received by the Scheme, in line with the schedule of contributions dated 21 June 2021, have been recognised in prior years accounts as Advance deficit funding employer contributions.

Following the actuarial valuation as at 5 April 2023, a new schedule of contributions came in place which requires deficit funding contribution of £4.5m to be paid in April 2024. This contribution was paid into the Scheme on 16 April 2024.

### 5. Benefits paid or payable

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Pensions	3,538	3,152
Commutation of pensions and lump sum retirement benefits	796	475
Lump sum death benefits	10	6
	4,344	3,633

### 6. Payments to and on account of leavers

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Individual transfers to other Schemes	-	52

### 7. Administrative expenses

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Bank charges	1	1

All other administrative expenses are met by the Employer.

### 8. Investment income

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Interest on cash deposits	22	15
Annuity income	-	4
	22	19

## Notes to the Financial Statements (Cont)

### 9. Reconciliation of investments

	Value at 5 April 2023 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 5 April 2024 £'000
Pooled investment vehicles	96,621	40,256	(45,073)	(180)	91,624
AVC investments	33	-	-	2	35
	<u>96,654</u>	<u>40,256</u>	<u>(45,073)</u>	<u>(178)</u>	<u>91,659</u>

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

### 10. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

### 11. Investment management expenses

	2024 £'000	2023 £'000
Administration, management and custody	<u>76</u>	<u>107</u>

The Schedule of Contributions certified on 21 June 2021 states that the investment manager fees will be borne by the Scheme.

### 12. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2024 £'000	2023 £'000
Bonds	28,871	23,544
UK Equities	-	8,952
Overseas Equities	-	11,369
LDI Funds	56,970	43,334
Cash funds	<u>5,783</u>	<u>9,422</u>
	<u>91,624</u>	<u>96,621</u>

### 13. AVC investments

The Trustee holds assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Scheme year-end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2024 £'000	2023 £'000
Aviva (unitised)	<u>35</u>	<u>33</u>

## Notes to the Financial Statements (Cont)

### 14. Fair value determination

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

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	As at 5 April 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	91,624	-	91,624
AVC investments	-	-	35	35
	-	91,624	35	91,659

  

	As at 5 April 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	96,621	-	96,621
AVC investments	-	-	33	33
	-	96,621	33	96,654

### 15. Investment risk disclosures

#### Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
  1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.
  2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.
  3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

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

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

## Notes to the Financial Statements (Cont)

### Credit risk

The Scheme is subject to direct credit risk as it has cash balances. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the units it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the underlying financial instruments held within the pooled investment vehicles.

The table below shows how the Scheme's assets are split between each type of pooled investment vehicle.

Pooled investment vehicles by type of arrangement	5 April 2024 (£000)	5 April 2023 (£000)
Unit linked insurance contracts	91,624	90,312
Open ended investment companies	-	6,309
<b>Total</b>	<b>91,624</b>	<b>96,621</b>

The Trustee monitors the performance of the Scheme's investment managers on a regular basis.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled fund manager, the regulatory environments in which the pooled managers operate and the diversification of investments amongst a number of pooled arrangements.

The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled fund managers.

### Market risk: Interest rates

The Scheme is subject to interest rate risk, both in absolute terms and also any unhedged risk in relation to the liabilities. The Scheme is subject to interest rate risk on the bonds held in pooled investments (including the investment grade corporate bonds and LDI investments with LGIM) and cash. However, this risk offsets a proportion (currently c95%) of the interest rate risk associated with the liabilities.

If interest rates fall, the value of these investments will rise to match a proportion of the increase in the actuarial value of the liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value as will the actuarial value of the liabilities because of an increase in the discount rate. At the year end the Scheme's exposure to interest rate risk comprised:

	2024 £000	2023 £000
<b>Indirect</b>		
Pooled investment vehicles	91,624	23,544

### Market risk: Currency

The Scheme is not subject to currency risk. All of the investments are held in Sterling denominated funds.

## Notes to the Financial Statements (Cont)

### Market risk: Other price

The Scheme is not exposed to other price risk having disinvested from the return seeking portfolio during the Scheme year.

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

	2024 £000	2023 £000
<b>Indirect</b>		
Pooled investment vehicles (Equities)	-	20,320

### 16. Concentration of investments

The following investment accounts for more than 5% of the Scheme's net assets at the year-end:

	2024		2023	
	£'000	%	£'000	%
LGIM Investment Grade Corporate Bond All Stocks Index Fund	28,871	30.8	23,544	24.0
LGIM 2035 Index Linked Gilt	6,320	6.7	6,306	6.4
LGIM Sterling Liquidity Fund	5,783	6.2	9,422	9.6
Baillie Gifford Global Alpha Growth B	-	-	6,309	6.4
LGIM Future World Global Equity Index Fund	-	-	5,059	5.2

### 17. Current assets

	2024 £'000	2023 £'000
Amount due from Greggs	1	1
Prepayments	256	225
Cash balances	1,597	1,258
	1,854	1,484

### 18. Current liabilities

	2024 £'000	2023 £'000
Sundry creditors	(1)	(1)
Unpaid benefits	(65)	(110)
Accrued expenses	(19)	(22)
	(85)	(133)

## Notes to the Financial Statements (Cont)

### 19. Related party transactions

PPF levies and other administrative costs are borne by the Employer, Greggs plc, and paid on behalf of the Scheme.

Fee paid to Trustee Directors during the year was £58,498 (2023: £43,831).

At the year-end, £1,106 (2023: £1,106) was payable to the Scheme by the Employer.

### 20. Contingent Liability – GMP Equalisation

As explained on page 3 in the Trustee's Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's Defined Benefit Pension Schemes. The judgement concluded the Schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other Defined Benefit Pension Schemes.

The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in future accounts. It is not possible to estimate the value of any such adjustments at this time.

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's Defined Benefit Pension Schemes. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other Defined Benefit Pension Schemes. Any adjustments necessary will be recognised in the financial statements in future years. The Trustee does not expect the GMP equalisation on historic benefits and transfers to be material to the Scheme and will account for it when the liability is determined.

### 21. Subsequent Event

On 22 May 2024, the Trustee entered into an insurance contract with Aviva, with a value of £94.2m, to insure the benefits of all of the Scheme's pensioner and deferred members. The buy-in policy is an asset of Scheme and is in line with the Trustee's de-risking investment strategy for the Scheme. The Trustee is grateful to the Company for their considerable financial and other support which has enabled us to achieve this significant step towards the longer-term plan, ahead of the target date. This is the first major step towards a buy-out when the buy-in insurance policy will be converted into individual annuity policies for each member, reflecting that member's specific pension entitlement.

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

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustees will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Scheme.

# Certification of Schedule of Contributions

## Certification of the Schedule of Contributions

### Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the schedule is expected to be in force.

### Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated May 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature:	 031698F29E4D45D...	Date:	21 May 2024
Name:	Ben Roach	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Pinnacle 67 Albion Street Leeds LS1 5AA	Employer:	Barnett Waddingham LLP

## Schedule of Contributions

### Status

This Schedule of Contributions has been prepared by the Trustee of the Greggs plc 1978 Retirement and Death Benefit Scheme ("the Scheme"), after obtaining the advice of the Scheme Actuary appointed by Trustee.

This document is dated May 2024 and supersedes all earlier versions. The Schedule of Contributions will be subject to review following the next actuarial valuation of the Scheme which is expected to take place with an effective date of 5 April 2026.

### Contributions to be paid by Greggs Plc (the Employer) from 6 April 2023 to 31 May 2029

In respect of the funding deficit of £3,894,000 as set out in the Recovery Plan dated May 2024, it is hereby confirmed that the Employer paid a contribution of £4,500,000 into the Scheme on 15 April 2024 which satisfies all funding obligations to date under that Recovery Plan.

The Employer shall, within 10 Business Days of a request in writing from the Trustee requiring it to do so, pay further amounts into the Scheme in the circumstances set out at 1 to 5 below:

1. as is required to fund the purchase of an insurance policy or policies to secure the liabilities of the Scheme (a "Buy-in Policy") and to the extent that the assets of the Scheme (excluding moneys held in the Trustee bank account which for the avoidance of doubt shall have at least two months' pensioner payroll standing to its credit) at that date are insufficient to fund fully either the required initial insurance premium, final balancing premium or other premium in relation to the Buy-in Policy, to cover such shortfall against the premium;
2. following the purchase of the Buy-in Policy, to ensure there are sufficient assets in the Scheme, as determined by the Trustee, to meet any member options (e.g. full commutations or CETV requests) and/or lump sum payments determined in accordance with the Scheme rules and/or the benefit specification relating to the Buy-In Policy;
3. following purchase of the Buy-in Policy, to ensure that there are assets in the Scheme, as determined by the Trustee, that are sufficient to meet at least two months' pensioner payroll;
4. following purchase of the Buy-in Policy, equal to the amount of any one or more pensioner payroll payments that the insurer fails to pay to the Scheme on or before the due date, to cover such missed pensioner payroll payments; and
5. to ensure there are sufficient assets in the Scheme (including any moneys held in the Trustee bank account) for the Trustee to pay the expenses of the Scheme not otherwise being met by the Employer.

The Trustee and the Employer hereby confirm that:

- it is not their intention that a surplus is built up in the Scheme;
- it is not their intention to alter the way in which member options are provided and the assumptions by which scheme liabilities are costed in such a manner as would increase the Employer's costs in relation to the Trustee's securing all of the liabilities of the Scheme, and if

## Schedule of Contributions (Cont)

such changes are made, the Employer's agreement will be required to meet any additional contribution required as a result of such change; and

- They intend to exercise their respective powers to seek to mitigate the Employer's obligation to pay contributions to the Scheme as far as is reasonable to secure all of the liabilities of the Scheme, and is consistent with the Trustee's obligations and powers under the Scheme rules and regulatory requirements relating to the Scheme.

Prior to making a request to the Employer to pay further amounts into the Scheme in the circumstances set out above, the Trustee shall:

- a) (unless agreed otherwise with the Employer) consult the Scheme Actuary (and take legal advice, as necessary);
- b) consult the Employer and provide such verification as the Employer may reasonably request in relation to the amount of contribution requested and how it has been calculated; and
- c) act reasonably, having regard, at the material time, to the circumstances of the Scheme.

In the event the Employer does not make the payments set out above when they are due then interest shall be added to the late or missed payment(s) using the Bank of England base rates that were applicable over the period of the late payment.

The Employer shall separately pay any levies payable to the Pensions Regulator and the Pension Protection Fund.

Except in relation to investment management fees, which will at all times be borne by the Scheme, the Employer shall separately pay the expenses associated with administering and operating the Scheme, unless the Employer has not paid such expenses within a reasonable period set by the Trustee, in which event the Trustee may decide to pay the expenses from Scheme assets.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than that required at that time can be offset against later payments due at the request of the Employer.

This Schedule has been agreed by the Trustee and Greggs Plc.

DocuSigned by:

David Brown

Signed on behalf of Greggs plc 1978 Retirement and Death Benefit Scheme

19 May 2024

.....  
Date

DocuSigned by:

Richard Hutton

Signed on behalf of Greggs Plc

.....21 May 2024

Date

# The Greggs plc 1978 Retirement and Death Benefit Scheme – Implementation Statement

## Statement of Compliance with the Greggs plc 1978 Retirement and Death Benefit Scheme’s Stewardship Policy for the year ended 5 April 2024.

### Introduction

This is the Trustee’s statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme’s Stewardship Policy (as set out in the Statement of Investment Principles) during the period from 6 April 2023 to 5 April 2024.

### Stewardship policy

The Trustee’s Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme’s assets which includes the Trustee’s approach to;

the exercise of voting rights attached to assets; and

undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Trustee’s Stewardship Policy is reviewed on a periodic basis in line with the Scheme’s Statement of Investment Principles (SIP) review which was last completed in December 2023. You can review the Scheme Stewardship Policy which can be found within the Scheme’s Statement of Investment Principles, at <https://www.greggspensions.co.uk/greggs-final-salary-scheme>.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme’s investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company’s financial performance.

The Trustee’s own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. The Trustee meets periodically with the Scheme’s investment managers and considers managers’ exercise of their stewardship both during these meetings and through reporting provided by the Trustee’s investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that it has complied with the Scheme’s Stewardship Policy over the last year.

## Implementation Statement (Cont)

### Voting activity

The Trustee seeks to ensure that its managers are exercising voting rights and, where appropriate, to monitor managers' voting patterns. The Trustee also monitors investment managers' voting on particular companies, or issues that affect more than one company.

During the year, the Trustee invested in equity assets through several different funds managed by Legal and General Investment Management Limited ('LGIM') and a global equity fund managed by Baillie Gifford & Co ("Baillie Gifford"). In March 2024 the Trustee sold down all of the Scheme's equity holdings with both LGIM and Baillie Gifford. The Trustee's investment managers have reported how votes were cast in each of these mandates as set out in the tables below.

#### Baillie Gifford<sup>1</sup>

Baillie Gifford	Global Alpha Fund
Proportion of Scheme's assets (as at 5 March 2024)	4.9%
No. of meetings eligible to vote at during the year	95
No. of resolutions eligible to vote on during the year	1,290
% of resolutions voted	94.4%
% of resolutions voted with management	95.1%
% of resolutions voted against management	3.5%
% of resolutions abstained	1.4%
% of meetings with at least one vote against management	22.1%

<sup>1</sup> Voting data for the year end 31 March 2024. The mandate was terminated on 5 March 2024.

## Implementation Statement (Cont)

### LGIM<sup>2</sup>

LGIM Index Fund	UK Equity	Future World UK Equity	Future World Global Equity
Proportion of Scheme's assets (as at 1 March 2024)	2.2%	2.0%	3.3%
No. of meetings eligible to vote at during the year	709	381	5,134
No. of resolutions eligible to vote on during the year	10,462	6,310	52,212
% of resolutions voted	99.8%	99.9%	99.9%
% of resolutions voted with management	94.4%	94.1%	80.3%
% of resolutions voted against management	5.6%	6.0%	19.5%
% of resolutions abstained	0.0%	0.0%	0.3%
% of meetings with at least one vote against management	40.0%	44.0%	63.3%

### Significant votes

The Trustee has asked their managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. Managers were asked to explain the reasons why votes were deemed significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company, and the outcome of the vote. From the managers' reports, the Trustee has identified the following votes as being of particular relevance to the Scheme.

#### Baillie Gifford Global Alpha

Date	Company	Subject	Manager's vote and rationale	Outcome
27/06/2023	Mastercard Incorporated	Governance – Lobbying policies and disclosures	Against - Baillie Gifford opposed a shareholder resolution requesting a report on lobbying payments and policy. They believe that the company's existing disclosures on this topic are sufficient. They also note that the company is regarded as a leader in political disclosure and accountability in the CPA Zicklin Index, issued by an independent not-for-profit organisation.	Vote Failed – Baillie Gifford will be monitoring the progress in the disclosures of the company's peer group and have relevant conversations if the company does not show continued progress. However, as of now, they are satisfied with the level of disclosure.

<sup>2</sup> Voting data for the year end 31 March 2024. The mandate was terminated on 8 March 2024.

## Implementation Statement (Cont)

Date	Company	Subject	Manager's vote and rationale	Outcome
17/11/2023	The Estee Lauder Companies Inc.	Governance – Executive Remuneration	Against – Baillie Gifford continue to oppose executive compensation due to the continued practice of granting sizable one-off awards.	Vote passed – Baillie Gifford have been opposing management since 2016 and taking action against compensation committee members since 2018 due to continued granting of significant one-off awards. BG remain concerned with this practice and the lack of response to their concerns.
07/12/2023	Microsoft Corporation	Social – AI and Human Rights	Against – Baillie Gifford opposed a shareholder resolution requesting a report on risks relating to the spread of misinformation and disinformation due to the company's AI. They also opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns.	Both votes failed– Baillie Gifford believe the company's disclosures are already extremely robust on AI, and it is unclear how this additional report would be additive. They also believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights.

The resolutions which Baillie Gifford voted against management most frequently on over the scheme year were in relation to shareholder resolutions on governance and remuneration. They take an active role when engaging with companies to better understand the reasons behind a resolution and vote against any resolution where they believe a better outcome can be achieved.

## Implementation Statement (Cont)

### LGIM

Date	Company	Fund	Subject	Manager's vote and rationale	Outcome
23/05/2023	Shell Plc	UK Equity	Environment – Approve the Shell Energy Transition Progress strategy	Against – against management recommendation	Vote passed - LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
24/5/2023	Amazon.com Inc.	Future World Global Equity	Governance – Report on Gender/Racial Pay Gaps	For - against management recommendation	Vote Failed - LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting. LGIM will continue to engage with the company and monitor progress.
19/07/2023	Experian Plc	Future World UK Equity	Governance – Re-elect Mike Rogers as Director	Against – a vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.	Vote passed - LGIM will continue to engage with investee companies on board diversity, publicly advocate their position on this issue and monitor company and market-level progress. LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

LGIM voted against management across a wide range of topics including environmental, governance and social aspects. They take an active role when engaging with companies to better understand the reasons behind a resolution and vote against any resolution where they believe a better outcome can be achieved.

## Implementation Statement (Cont)

### Engagement activity

The Trustee holds meetings with the Scheme's investment managers on a periodic basis where stewardship issues are discussed in further detail. Over the last 12 months, the Trustee met with LGIM, with the last meeting with Baillie Gifford taking place in February 2023.

Baillie Gifford and LGIM both produce reports on their wider stewardship activity over the year detailing their engagement activity across their entire range of funds. The following table summarises the key engagement activity for the 12-month period ending 31 March 2024.

#### Baillie Gifford

Topic engaged on	Number of times topic was engaged
Environmental	289
Social	296
Governance	556
Strategy	179

#### LGIM

Topic engaged on	Number of times topic was engaged
Environmental	1,820
Social	274
Governance	528
Other	119

Of the topics the managers engaged with companies on over 2023/24, both Baillie Gifford and LGIM frequently engaged on topics surrounding climate change, board composition and executive remuneration. The main methods of engagement were management meetings, shareholder calls and AGMs.

### Use of a proxy adviser

The Trustee's managers have made use of the services of the following proxy voting advisers over the period:

Manager	Proxy Advisor used
Baillie Gifford	Do not use proxy advisor. All voting decisions are made in-house aligned with own policies.
LGIM	In-house custom voting policy in conjunction with ISS 'ProxyExchange' platform.

## Implementation Statement (Cont)

### Review of policies

The Trustee has committed to reviewing the managers' Responsible Investment (RI) policies on a regular basis. The most recent review was undertaken in December 2022. The Trustee's investment advisors provided the Trustee with an assessment of the managers' RI capabilities.

The Trustee and its advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Scheme and are aligned to the Trustee's own views in this area.