

Building and Civil Engineering Benefits Scheme

Annual Report and Financial Statements
for the year ended 31 March 2026

Pension scheme registry number: 10170894

Contents

Page

Trustee Board 1

Scheme information 2

Trustee's Report 3

Independent auditor's statement about contributions to the Trustee of the Building and Civil Engineering Benefits Scheme 19

Summary of Contributions Payable 20

Independent auditor's report to the Trustee of the Building and Civil Engineering Benefits Scheme 21

Fund Account 24

Statement of Net Assets (Available for Benefits) 25

Notes to the Financial Statements 26

Actuarial certificate 41

Trustee Board

The following served as Trustee Directors of Building and Civil Engineering Benefits Scheme Trustee Limited ("the Trustee") during the year, and up to the date of signing:



Alan Pickering, CBE

Independent Chair



Brian Phoenix (resigned 31 May 2026)

Employer representative

Nominated by National Federation of Builders



Robert Blackman, MBE

Industry employee representative

Nominated by Unite the Union



Christopher Fagan

Employer representative

Independent Trustee



Graham Dow

Industry employee representative

Nominated by GMB



Vaughan Hart

Employer representative

Nominated by Scottish Building Federation

Scheme information

Secretary
Natalie Tate (with effect from 1 October 2025, resigned 20 March 2026)

Scheme administrator
People's Administration Services Limited

Actuary
Chintan Gandhi FIA, Aon Solutions UK Limited (resigned 14 December 2025)
Helen Howell FIA C.Act, Lane Clark & Peacock LLP (appointed 20 January 2026)

Independent auditor
KPMG LLP

Legal adviser
Fieldfisher LLP

Investment adviser
Barnett Waddingham LLP (ceased 19 January 2026)
Lane Clark & Peacock LLP (appointed 20 January 2026)

Investment managers
Legal & General Investment Management Limited
Insight Investment Management Limited

Banker
HSBC Bank plc

Name and address for enquiries
Trustee Governance Services
Building and Civil Engineering Benefits Scheme Trustee Limited
Manor Royal
Crawley
West Sussex RH10 9QP
Email: info@peoplespartnership.co.uk
Phone number: 0300 2000 555
Website: www.bandce.co.uk

There are written agreements in place between the Trustee and advisers listed above. There is no sponsoring employer for the Building and Civil Engineering Benefits Scheme as it is a multi-employer scheme.

Trustee's Report for the year ended 31 March 2026

The Trustee of the Building and Civil Engineering Benefits Scheme ("the Scheme") presents its annual report for the year ended 31 March 2026.

Scheme constitution and management

The Scheme is a registered occupational pension scheme established in 1982 by Trust Deed to provide death and retirement benefits to members who worked in the construction industry. The rules set out in a schedule to the Trust Deed cover lump sum retirement benefits, voluntary contributions and death benefits. From 9 April 2001, the Scheme closed to new lump sum retirement benefit and voluntary contribution members and, from 30 October 2010, it also closed its death benefits for deaths occurring after this date. The Scheme has never been contracted out of the State Second Pension (S2P) or its predecessor, the State Earnings Related Pension Scheme (SERPS). The Scheme consists of a 'Main Fund' and a separate Additional Voluntary Contribution (AVC) Fund (AVC Fund). As the Scheme is closed it does not receive any contributions.

The parties to the Trust Deed were the employers' and the operatives' sides of the National Joint Council for the building industry and the employers' and the operatives' panels of the Civil Engineering Construction Conciliation Board. These employers are the current participating employers of the Scheme.

People's Partnership Limited ("PPL") and its subsidiaries are referred to as "the Group".

The Trustee was appointed as the corporate trustee of the Scheme and has responsibility for setting the strategy and for managing the Scheme.The persons who acted as Trustee Directors of the Trustee during the year and up to the date of signing of the financial statements are listed on page 1. The Trustee held 4 meetings during the year and decisions were passed by a majority of the Trustee Directors in attendance.

The Scheme is exempt from the member nominated Directors provisions of the Pensions Act 2004 as it's a 'relevant approved centralised scheme'.

The Trustee Directors' attendance at meetings of the Trustee is summarised below:

Trustee Director	*Trustee meetings attended*
R Blackman	4
G Dow	4
C Fagan	4
V Hart	4
B Phoenix	4
A Pickering	4

The Trustee Directors are paid a fee and reimbursed for expenses incurred in performing their duties as Directors of the Trustee. This cost is borne by People's Partnership Limited.

The Trustee regularly reviews risks and conflicts to ensure appropriate internal controls are in place and remain effective to support its governance arrangements.

The Trustee has appointed professional advisers and other organisations to support it in delivering the Scheme's objectives. These advisers and organisations are listed on page 2. The Trustee has written agreements in place with each of them.

Actuary

Chintan Gandhi, of Aon Solutions UK Limited, the Scheme Actuary, resigned on 14 December 2025. The Trustees filled the vacancy of the Scheme Actuary by appointing Helen Howell, of Lane Clark & Peacock LLP, on 20 January 2026.

As required by Regulations made under the Pensions Act 1995, Chintan Gandhi confirmed in his notice of resignation that he knew of no circumstances connected with the resignation that significantly affected the interests of the members or beneficiaries of the Scheme.

Trustee's Report for the year ended 31 March 2026 (continued)

Financial developments and Financial Statements

The Financial Statements included in this annual report have been prepared and audited in accordance with sections 41(1) and (6) of the Pensions Act 1995.

Membership and benefits

On 31 March 2026, there were 999,438 members (2025: 1,015,927), all deferred, for whom the Scheme Administrator had recorded at least one week of pensionable service. However, in accordance with the Trust Deed, only 317,323 (2025: 328,783) members had sufficient pensionable service to qualify for a benefit payment from the Scheme.

Key developments

The Scheme made significant improvements to its member engagement strategy during 2024/25 through the introduction of new age-related communications. These are issued to members at key points in their lives when specific options to access their benefits become available. As well as alerting members to these options, the communications are designed to support retirement planning by clearly explaining the value of the benefit and encouraging members to factor it into their wider retirement decisions.

The rollout of these communications has continued across the membership in 2025/26, resulting in a substantial increase in engagement activity. We now issue approximately three times as many routine communications compared to the period prior to the introduction of the new strategy.

To support this enhanced engagement approach, a major data improvement exercise has been undertaken. The full book of data has been compared against that held at Experian, to assess the data quality of existing member records. For those matched, 53%, we have checked the details held in our systems against those at Experian, confirming those we hold correctly, identifying any potentially deceased members, and where a potential new address is available, we will reach out to members to confirm their details.

In addition, during late 2024/25 the Trustee decided to take proactive steps to trace and pay benefits to members aged between 72 and 80. While these members are not strictly entitled to benefits under the Scheme Rules (which require benefits to be paid within six years of the Scheme's retirement age of 65) the Trustee currently exercises its discretionary powers to make payments to this cohort. Tracing activity has now commenced, with the majority of member communications expected to take place during 2026/27.

Once reasonable efforts have been made to provide this group with a final opportunity to claim their benefits, it is the Trustee's intention to begin enforcing the Scheme Rules and to no longer pay benefits to members in this age group.

Benefit increases

The Scheme only pays a cash lump sum benefit on retirement, it does not pay a pension. The retirement benefit rate (RBR) of £8.50 per week of service has remained at the same level since 2014 and no allowance has been made for RBR increases in the 2025 actuarial valuation.

Transfer values

Cash equivalents paid during the year for transfers have been calculated and confirmed in the manner provided by the Pension Schemes Act 1993 and do not include discretionary benefits.

Virgin Media Case Update

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes for contracted-out defined benefit schemes, due to the lack of actuarial confirmation required by law. On 5 June 2025, the Department for Work and Pensions (DWP) announced that the Government will introduce legislation to give pension schemes affected by the Virgin Media ruling the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Following the DWP's announcement, the Trustee does not expect the Virgin Media ruling to give rise to any additional liabilities, as the Scheme was not contracted-out. Therefore, the current funding levels have not been adjusted and continue to reflect the benefits currently being administered. Accordingly, there is no residual liability or contingent liability of the Scheme, as a result of the Virgin Media case.

Trustee's Report for the year ended 31 March 2026 (continued)

Report on Actuarial liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective. This objective is to have sufficient and appropriate assets to cover the technical provisions which are the present value of benefits members are entitled to, based on their pensionable service at the valuation date. This is assessed at least every 3 years using assumptions agreed by the Trustee and set out in the Statement of Funding principles. A copy of the Statement of Funding principles is available to members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2024 and showed that Scheme liabilities were 101% Funded resulting in a surplus of £4.6m. The latest interim annual actuarial Funding update was performed as at 31 March 2026 which showed that the Scheme liabilities were 106% funded resulting in a surplus of £30.9m.

Valuation date: 31 March	2026	2025	2024
Value of technical provisions	£475.6m	£501.8m	£525.3m
Value of assets available to meet technical provisions	£506.5m	£510.0m	£529.9m
Surplus	£30.9m	£8.2m	£4.6m
Funding level	106%	102%	101%

The value of the technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns and when members will retire. The following significant actuarial assumptions were used in the 31 March 2024 triennial and the 31 March 2025 and 31 March 2026 annual valuations.

Assumption	
Discount rate	Gilt yield curve with no allowance for expected outperformance
RPI inflation	Gilt "break-even" RPI curve, with no adjustment
Retirement benefit rate increases	0% of RPI inflation assumption
Expenses	Annual management charge of 0.5% p.a. reflected in the discount rate and expense reserve of £9m for the Regulator levy and Scheme expenses

Recovery plan

As the Scheme is in surplus (relative to the technical provisions), a recovery plan is not required.

Next actuarial valuation

The next triennial valuation must be carried out no later than 31 March 2027 (3 years after the effective date of the most recent formal valuation carried out). In addition to the triennial valuation, an annual actuarial report is required by legislation to provide an approximate update of the assets and technical provisions of the Scheme on the anniversary of the last valuation. The next interim annual actuarial funding update will be prepared for the year ending 31 March 2026.

Investment management

Investment strategy and principles

The Trustee is responsible for the investment policies and strategy of the Scheme. In accordance with Section 35 of the Pensions Act 1995, on 8 January 2025 the Trustee agreed a Statement of Investment Principles ("SIP"). A copy of the SIP may be obtained from the contact for enquiries on page 2., alternatively, can be found: Financial reports - B&CE

Trustee's Report for the year ended 31 March 2026 (continued)

Investment management (continued)

Investment strategy and principles (continued)

The SIP, dated 8 January 2025, replaced the prior SIP that came into effect from September 2020. Key changes from the September 2020 SIP to current, include:

- The addition of two new risks; Governance risk and environmental, social and governance ("ESG")/Climate risk.
- A new consideration has been added for Fixed income, relating to ESG
- Removal of appointed fund manager; Partners Group, and addition of Insight Investment
- Added two asset classes to be held: Corporate Bonds, and Liquidity/Cash

Within the SIP, dated 8 January 2025, the strategic asset allocation allocates 17.5% of the Main Fund's investments to:

- **Return-seeking assets:** mainly equities, diversified Funds and property, where the objective is to achieve growth within the constraints of the risk profile set by the Trustee.

And 82.5% to:

- **Liability-driven assets:** mainly bonds, liability-driven investment ("LDI") Funds and swaps, where the objective is to secure fixed or inflation-adjusted cash flows in the future, and where the investments are generally expected to be held to maturity.

As at 31 March 2026, the return-seeking assets of the Main Fund make up 12.5% (2025: 12.5%) of the portfolio with 87.5% (2025: 87.5%) of the portfolio made up by liability-driven assets.

For the AVC Fund, the Fund weights are 17.9% (2025: 17.9%) return-seeking assets and 82.1% (2025: 82.1%) liability-driven assets.

The asset allocation between the protection (liability-driven assets) and surplus portfolios (return-seeking assets) is rebalanced each year such that the value of members' accounts, after the annual bonus declaration, is held in the protection portfolio and the remainder in the surplus portfolio.

The Trustee recognises that the asset allocation will vary over time as a result of market movements.

The Trustee seeks to keep a balance between maintaining the asset allocation for both the Main Fund and AVC Fund in line with its benchmark and limiting the costs of rebalances.

Management and custody of investments

The Trustee has delegated management of the investments to professional investment managers, which are listed on page 2. These managers, which are registered in the United Kingdom and regulated by the Financial Conduct Authority ("FCA") , manage the investments within the restrictions set out in the investment management agreements. These agreements are designed to ensure the managers follow the objectives and policies set out in the SIP.

The investment managers make decisions about:

- selection of individual investments;
- realisation of investments; and
- the exercise of voting and other rights attaching to individual investments.

The Trustee invests in pooled Funds where the Trustee has a right to the cash value of the units rather than the underlying assets. The investment managers and their nominees have ownership and custody of the underlying investments.

All of the investments are readily available for sale.

Trustee's Report for the year ended 31 March 2026 (continued)

Investment management (continued)

Investment performance

The year was broadly positive for investments with global equities and bonds posting returns above inflation. The value of the liability-driven assets or the protection portfolio (including the sterling liquidity fund) which accounts for the majority of the Scheme's investment assets increased by 4.1%. However, it should be noted that growth in these assets is not a key objective for the Scheme because they are normally linked to changes in the Scheme's liabilities. This is referred to as Liability-Driven Investments (LDI) and comprises of UK and overseas government and other permitted bonds, interest rate swaps and inflation swaps, the purpose of which is to hedge against the impact of interest rate and inflation movements on long-term liabilities.

The performance of the return-seeking assets of the growth portfolio was positive this year increasing by 18.3%. The benchmark return was 18.0%

The investment managers currently operate to the following benchmarks:

Main Fund

- Insight Investment: No benchmark
- Legal & General Investment Management: Solactive L&G ESG Global Markets Index and Solactive L&G ESG Global Markets Index (100% Hedged)

Overall, the Main Fund's investment return was 6.6% (versus 6.5% benchmark) in the year to 31 March 2026.

AVC Fund

- Legal & General Investment Management Sterling Liquidity Fund: SONIA
- Legal & General Investment Management Future World Global Equity Fund: Solactive L&G ESG Global Markets Index

Overall, the AVC Fund produced a positive return of 6.7% in the year to 31 March 2026 and 5.3% p.a. over the 3 years to 31 March 2026.

Environmental, social and governance considerations and investment stewardship

The Trustee believes ESG considerations, including climate change (referred to together as "ESG issues"), have the potential to have a financially material impact over the long time period in which benefits are expected to be paid. The Trustee appreciates the method of incorporating ESG within an investment strategy and process will differ between asset classes. A high-level summary of the Trustee's views on ESG integration within each asset class the Scheme invests in is outlined below:

Multi-asset Funds – the Trustee believes ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's multi-asset Fund managers. The investment process for each multi-asset Fund manager should take ESG issues into account when selecting holdings. The approach and level of ESG integration may differ depending on the nature of the Fund and the types of underlying investments made. Further to this, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

LDI and money market– the Trustee believes there is often less scope for ESG issues to improve risk-adjusted returns in these asset classes because of the:

- high level of exposure to government bonds within the Scheme's LDI holdings; and
- short-term nature of the assets within money market Funds.

It's worth noting that when transacting in LDI and money market Funds, the Trustee requires that due diligence is undertaken to assess the credit worthiness of the counterparty both initially and ongoing, whilst at the same time looking to achieve best execution. The Trustee expects this to be more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

Trustee's Report for the year ended 31 March 2026 (continued)

Investment management (continued)

Environmental, social and governance considerations and investment stewardship (continued)

The Trustee is comfortable that all of the investment managers are managing their respective Funds with ESG taken into account in a reasonable way for that particular asset class and in accordance with their views on financially material factors, as set out in this statement, in particular with regards to the selection, retention, and realisation of the underlying investments held. Each of the Scheme's Fund managers will ultimately act in the best interests of the Scheme's assets to maximise returns for a given level of risk.

The Trustee will consider ESG issues when appointing and reviewing managers to ensure they are appropriately taken into account given the asset class involved.

The Trustee has taken a decision to avoid investing in any asbestos mining related investments, but accepts that this may not always be possible when using pooled investment vehicles. This is not expected to have a material impact on the risk-adjusted returns. Aside from the above, no other 'non-financial considerations' are taken into account when deriving the investment strategy.

The Trustee acknowledges the importance of ESG and climate risk within their investment decision making framework. The Scheme invests exclusively in pooled Funds at present and this policy is, therefore, framed around how the Trustee interacts with, monitors, and may seek to influence, the pooled Fund managers. When delegating investment decision making to their investment managers the Trustee provides their investment managers with a benchmark which they expect the investment managers to either follow or outperform. The benchmarks to be used reflect the positioning the investment manager is expected to take within an investee company's corporate structure.

The Trustee is firmly of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e., that they apply to equity, credit and property instruments or holdings. The Trustee also recognises ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investments managers' roles to assess and monitor developments in the capital structure for each of the companies in which the manager invests. The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. The Trustee expects the investment manager to employ the same degree of scrutiny for pooled Funds as if the investment had been made on a direct basis. Should an investment manager be failing in these respects, this should be captured in the regular monitoring of the managers' activity.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict-of-interest policy in relation to their engagement and ongoing operations. In doing so, the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment managers and the investee companies.

Further details on aspects of the above, together with the Trustee's policies in relation to the stewardship of investments, including engagement with investee firms and the exercise of the voting rights associated with the investment, are contained in the Scheme's Responsible Investment ("RI") Policy.

Trustee's Report for the year ended 31 March 2026 (continued)

Investment management (continued)

Asset manager arrangements

Incentivising alignment with the Trustee's investment policies

Prior to appointing the investment manager, the Trustee discusses the investment manager's benchmark and approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how they are aligned with the Trustee's own investment aims, beliefs and constraints.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider another manager for the mandate.

The Trustee carries out a strategy review at least every 3 years where they assess the continuing relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

In the event the investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustee will expect to work with the investment manager to improve the alignment of their objectives. Should the collaboration with the investment manager be deemed unsuccessful by the Trustee, their appointment may be reviewed or terminated. The investment managers have been informed of this by the Trustee.

Incentivising assessments based on medium to long-term, financial and non-financial considerations

Investment manager ESG policies are reviewed in the context of best industry practice and feedback is and will be provided to the investment manager.

The Trustee is mindful of the impact on performance of ESG and climate change may have a long-term nature. However, they are aware the risk associated with them may be much shorter term in nature. The Trustee has acknowledged this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over mutually agreed rolling timeframes. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. In the case of assets that are actively managed, the Trustee expects this to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the Fund's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Financial Statements. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short-term targets.

Method and time horizon for assessing performance

The Trustee monitors the performance of their investment managers over the medium to long time periods that are mutually agreed with the investment managers, and are consistent with the Trustee's investment aims, beliefs and constraints. The investment consultant assists the Trustee in this monitoring process.

The Scheme invests exclusively in pooled Funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee.

The Trustee believes this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustee asks the Scheme's Investment Consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered as part of the review of the investment strategy, at least every 3 years.

Trustee's Report for the year ended 31 March 2026 (continued)

Investment management (continued)

Asset manager arrangements (continued)

Portfolio turnover costs

During the investment manager appointment process, the Trustee considers both past and anticipated portfolio turnover levels. Overall performance is assessed as part of the regular investment monitoring process, which can be impacted by turnover costs. The Trustee recognises there are circumstances when turnover costs are unavoidable e.g., changing manager.

The Trustee recognises that turnover costs are necessary where they are incurred to ensure the Scheme remains in investments that will provide, rather than detract from, performance over the long term. They are mindful that high turnover costs have the potential to adversely affect overall performance. When monitoring turnover costs, both the level and reason behind them are considered and, if necessary, investigated further.

The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the Fund from both a risk and cost perspective.

Duration of arrangement with asset manager

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints is assessed every 3 years, or when changes deem it appropriate to do so more frequently. As part of this review, the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Employer-related investments

No investment has been made in any of the participating employers noted on page 3.

Implementation Statement

This implementation statement has been produced by the Trustee of the B&CE Benefits Pension Scheme ("the Scheme") and sets out the following information over the year to 31 March 2026:

- how the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year; and
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

The report also sets out the information above for the additional voluntary contributions ("AVC") Section over the same yearly period to 31 March 2026. The AVC Section of the Scheme is now invested in the Legal and General Investment Management ("L&G") Sterling Liquidity Fund and Future World Global Equity Index Fund.

Stewardship policy

The Scheme invests in a combination of pooled funds and bespoke pooled mandates with L&G and Insight Investment ("Insight"). As a result, it delegates responsibility for carrying out voting and engagement activities to these investment managers. Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held.

The Trustee's policy on voting and engagement is set out in the Scheme's Responsible Investment ("RI") Policy, which forms part of the Statement of Investment Principles dated January 2025 and available here: Statement of Investment Principles.To enable the Trustee to make high quality decisions, the fact-finding and analysis is delegated to the in-house investment team of People's Partnership and the Trustee's independent investment adviser(s). The Trustee's RI Policy notes a key priority of engaging with companies in an investment portfolio regarding issues believed to have a material impact (both positive and negative) on future returns. The Trustee integrates stewardship considerations into how the Scheme selects, appoints and monitors its asset managers and other service providers.

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

Stewardship policy (continued)

The Trustee expects its fund managers:

- To hold investee companies to account for the actions they are taking to address business-material ESG risks and opportunities. To have robust governance systems that drive effective stewardship.
- To hold key industry players and policy makers to account to ensure they can help the Scheme achieve its RI objectives. To conduct industry, collaborative and policy engagement on the Scheme's stewardship priorities. To collaborate with other like-minded investors and stakeholders to increase influence.
- To exercise voting rights on the Trustee's behalf in companies in which the Scheme has holdings (baseline expectation). To carry out stewardship activity that is reasonably aligned with the Scheme's stewardship priorities.
- To provide appropriate stewardship reporting, including annually reporting on the progress made against the Principles laid out in the RI policy to aid in the Scheme's reporting obligations.

Whilst not directly related to stewardship, the Trustee has taken a decision to avoid investing in asbestos related investments where possible. The Trustee, with the help of its independent investment adviser, will continue to work with its asset managers to ensure they are able, on a best-efforts basis given data constraints, to exclude any companies which are involved in this area should the need arise. The Trustee accepts that this is not likely to be feasible when using pooled investment vehicles with other investors.

In addition, the Trustee will take into account whether its managers are signatories to the Principles for Responsible Investment (PRI) and UK Stewardship Code. All of the Scheme's managers are signatories to the PRI, as well as the Scheme's investment adviser. All investment managers, as well as the Scheme's investment adviser, are also signatories to the 2020 UK Stewardship Code.

The Scheme has used the following criteria in deciding where to allocate its stewardship resources:

- Prioritise ESG issues which are considered to be systemic risks;
- Focus on stewardship asks where a connection can be made to generating shareholder value in a way that aligns with value to the Scheme, its members, as well as wider society; and
- Focus on stewardship asks that are part of established industry-wide frameworks with existing momentum and track-record behind them.

Using the above prioritisation framework, the Trustee has identified **Climate Change, Nature,** and **Human Rights** as the Scheme's Stewardship Priorities.

How voting and engagement/stewardship policies have been followed

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's policies on exercising rights (including voting rights) and engagement activities. The Trustee is supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the investment managers hold shares. The Trustee believes that its policies on voting and engagement have been met in the following ways:

1. The Trustee's investment advisers produce sustainability reports summarising the voting and engagement activity of the investment managers based on a review of reports and other information provided by the fund managers. This includes information on voting and engagement, together with ratings on voting and engagement in action, as well as scores provided by the PRI on different asset classes where available. This is to ensure that managers used by the Scheme continue to meet the Trustee's standards in this area. Where any material areas of disagreement are identified, these are highlighted to the Trustee.

   The Trustee undertook a review of the stewardship and engagement activities of its investment managers via receipt and review of its investment advisers' report (issued in February 2025). The contents of the report were reviewed and discussed by the Trustee in its meeting during the first quarter of 2025. The result of the review was that the Trustee was satisfied that no immediate significant remedial action was required at that time.

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

How voting and engagement/stewardship policies have been followed (continued)

Where relevant, the Trustee's investment advisers consider a fund manager's stewardship credentials when advising on investment issues.

The Trustee has previously obtained training on ESG considerations in order to strengthen its understanding on how ESG factors including climate change could impact the Scheme and its investments. This was done before implementing the current investment strategy which involved a change in the Scheme's equity manager. The stewardship credentials of the new manager were considered as part of this process, and the Trustee was comfortable that the manager met the standards required under the RI policy. As part of ongoing monitoring of the Scheme's investment managers, the Trustee uses sustainability ratings information available within the pensions industry or provided by its investment adviser, to assess how the Scheme's investment managers take account of ESG issues.

2. As the Trustee invests in pooled funds alongside other investors (one fund is a bespoke pooled fund but stewardship is carried out centrally for the strategy by the manager), it recognises that the chosen managers' prioritisation of issues for engagement and voting may not be the same as its own for these funds. As far as practicable, the Trustee's investment adviser annually considers whether there is a good alignment of views and issues to prioritise over the coming year with each manager.
3. The Trustee expects investment managers to be voting and engaging on behalf of the funds' holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts.

   The Trustee reviewed the contents of this Statement prior to signing.
4. The Trustee has a policy to avoid investing in any asbestos mining related investments where possible.

   The bespoke mandate that the Scheme holds with Insight includes an asbestos exclusions list which details investments which Insight will not hold. This list is reviewed periodically and was updated over the year. Insight reports on a quarterly basis that there have been no breaches to the guidelines and this is included in the investment adviser's investment monitoring reports.

Voting and engagement data is set out in the remainder of this Statement for the relevant funds/managers.

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustee over the year to 31 March 2026. The assets held within the Protection Portfolio have no voting rights attached. The Growth Portfolio is made up of two funds: L&G Future World Global Equity Index Fund and L&G Future World Global Equity Index Fund GBP Hedged. We have shown data for these funds jointly given their underlying equity holdings are the same.

Manager	L&G
Fund name	Future World Global Equity Index Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
No. of eligible meetings	5,886
No. of eligible votes	60,906
% of resolutions voted	99.97%
% of resolutions abstained	1.06%
% of resolutions voted with management	78.97%
% of resolutions voted against management	19.96%
Proxy voting advisor employed	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G, and it does not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with its position on ESG, L&G has put in place a custom voting policy with specific voting instructions.
% of resolutions voted against proxy voting adviser recommendation	9.03%

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, guidance (from the DWP in June 2022) states that a significant vote is likely to be one that is linked to one or more of the Scheme's stewardship priorities, which are listed in the "Stewardship policy" section earlier in this report.

The Scheme has established ownership/voting principles. As noted above, where the Scheme invests in funds alongside other investors, the Trustee recognises that its chosen managers prioritisation of issues for engagement and voting may not be the same as its own. However, it looks for good alignment and considers this as part of its annual review of sustainability matters. Through the information detailed in this Statement the Trustee is comfortable that the voting undertaken on its behalf was broadly reflective of its own policies and not inconsistent with the stewardship priorities as set out in the Responsible Investment policy. Whilst the Trustee does not notify its asset managers what it considers to be the most significant votes in advance of all votes being taken, the RI policy (which includes information on stewardship priorities) was re-confirmed with the investment managers in the second half of 2024.

The Trustee has selected five significant votes for the L&G fund from a longer list provided by the manager of votes that it deems significant. The five votes chosen by the Trustee are based on voting themes most aligned to the Trustee's stewardship priorities and the largest holdings within these themes, ensuring that at least one vote for each stewardship priority is included where possible.

A summary of the significant votes provided is set out below.

L&G Future World Global Equity Index Fund – Table 1 of 2

Company name	**Meta Platforms, Inc.**	**Broadcom Inc.**	**Tesla**
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.6%	1.2%	1.2%
Summary of the resolution	Elect Director Peggy Alford	Elect Director Henry Samueli	Elect Director Ira Ehrenpreis
How the manager voted	Against	Against	Against
Rationale for the voting decision	L&G voted against this proposal as Peggy Alford acts as Chair of the compensation, nominating and governance committee. Further, a vote against was warranted due to Peggy Alford being Chair of the committee for consecutive years and receiving high director pay without reasonable rational disclosed.	L&G voted against this proposal as the company is deemed not to have made sufficient progress against L&G's climate expectations and red lines, as set out in its sector guides through L&G's dial-mover engagement programme.	L&G voted against this proposal because the company's current level of gender diversity on their board and level of gender diversity within its senior leadership team do not meet its minimum expectations.
Criteria on which the vote is considered "significant"	L&G considers this vote to be significant as L&G expects companies to elect an independent lead director where there is a combined Board Clair and CEO.	L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors.	L&G considers this vote to be significant as L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.		
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It has a policy not to engage with investee companies in the three weeks prior to an AGM as the engagement is not limited to shareholder meeting topics.		
Relevant stewardship priority	Human rights	Climate change	Human rights

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

Voting data (continued)

Significant votes (continued)

L&G Future World Global Equity Index Fund – Table 2 of 2

Company name	National Australia Bank Limited	ANZ Group Holdings Limited
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.2%
Summary of the resolution	Approve Strategy to Eliminate Financed Deforestation	Approve Disclosure of Financed Deforestation
How the manager voted	For	For
Rationale for the voting decision	L&G voted in favour as it expects companies to be taking sufficient action on the key issue of climate and nature. L&G believes disclosure of a strategy to eliminate financed deforestation in line with credible frameworks such as the Accountability Framework Initiative would provide shareholders with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk. L&G considers a clear, board-overseen strategy and disclosure to be beneficial for shareholders.	L&G voted in favour as it expects companies to be taking sufficient action on the key issue of climate and nature. Enhanced disclosure on financed deforestation exposure would improve transparency on material environmental and credit risks, given ANZs exposure to the agri-business lending. While ANZ references TNFD and applies Social & Environmental Risk Standards, the company does not disclose any data, tools, or processes to check that customers are not engaging in deforestation (including illegal deforestation), unlike local peer NAB which recently outlined such measures. Additional, decision-useful disclosure aligned with credible frameworks such as the Accountability Framework Initiative (AFI), covering both legal and illegal deforestation and quantifying exposure where practicable, would be beneficial to shareholders.
Criteria on which the vote is considered "significant"	L&G considers this vote to be significant as it is applied under its engagement program on deforestation, targeting companies in high-risk sectors.	L&G considers this vote to be significant as it is applied under its engagement program on deforestation, targeting companies in high-risk sectors.
Outcome of the vote	Fail	Fail
Implications of the outcome	L&G will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It has a policy not to engage with investee companies in the three weeks prior to an AGM as the engagement is not limited to shareholder meeting topics.	
Relevant stewardship priority	Nature	Nature

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

Fund level engagement

The investment managers engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

L&G carry out engagement activities at a firm-wide level. However, it can provide some information on the engagements at a fund level as well. Engagement activities are more limited for the Scheme's Liability Driven Investments, namely the bespoke pooled mandate held with Insight, due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

*Data as at 31 December 2025 given availability of information at point of issue.

Manager	**L&G**		**Insight**	
Fund name	Future World Global Equity Index Fund	Sterling Liquidity Fund*	Insight bespoke pooled Buy and Maintain Bond sub-fund	Insight Liquidity Fund
No. of entities engaged on behalf of the holdings in this fund in the year	1,732	28	126	6
No. of engagements at a firm level in the year	2,911		2,762	

The data below is a summary of L&G and Insight's global engagement at a firm level for the year to 31 March 2026.

Manager	**L&G**	**Insight**
Number of engagements	2,911	2,762
Number of engagements on environmental topics	2,679	369
Number of engagements on governance topics	392	154
Number of engagements on social topics	68	192
Examples of engagements undertaken with holdings in the funds	L&G's top engagement topics as at the year-end include: • Climate • Remuneration • Board Composition • Strategy • Climate mitigation	Insight believes effective stewardship requires high standards of accountability and transparency, taking clients' needs into account and working for the benefit of all stakeholders. Reflecting Insight's focus on risk management, liability driven investment (LDI) and fixed income for long-term investors, its stewardship approach differs from that of many equity-focused peers. Insight emphasises issuer engagement as a core part of credit and ESG analysis and collaborates with stakeholders where it believes engagement can deliver the greatest impact.

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

Examples of engagement activity undertaken over the year to 31 March 2026

L&G - Shell Liquid Natural Gas Disclosure Engagement, Climate change related engagement

This engagement was initiated following a shareholder resolution filed by the Australasian Centre for Corporate Responsibility (ACCR), which called on Shell to improve transparency around its business and demonstrate alignment with its net-zero by 2050 target. When Shell approached L&G ahead of the 2025 AGM to discuss voting intentions, L&G used the opportunity to begin a broader engagement focused on understanding the financial implications of different Liquefied Natural Gas ("LNG") demand scenarios.

L&G made clear that, as shareholders, greater clarity was needed on how Shell's LNG strategy would perform if demand deviated from expectations. In response, Shell engaged constructively through a series of discussions, collaborating closely with L&G to design improved disclosure. This included developing mock-up reporting frameworks, allowing investors to shape a disclosure model that would provide meaningful insights to the market.

Following these engagements and assurances from Shell that it would enhance its disclosures, L&G chose not to support the shareholder resolution at the 2025 AGM. In 2026, Shell published updated disclosures closely aligned with the agreed framework. These included clearer articulation of the cost and carbon competitiveness of its LNG assets, alongside quantified analysis of financial resilience under lower demand scenarios.

The outcome demonstrates the effectiveness of constructive engagement. The improved disclosures provided L&G with greater confidence in Shell's resilience and its approach to transition risks, while also delivering more decision-useful information for investors. L&G views this as a strong example of collaborative engagement leading to market-leading transparency.

Insight - Counterparty engagement with company in the banking sector, Human Rights related engagement

The company is a UK-based banking and financial services group with a strong domestic presence and a broad range of retail, commercial and institutional banking activities. The company is well rated under Insight's Prime ESG assessment framework and has historically ranked highly in Insight's counterparty assessments across a few ESG themes. Insight has engaged with the company on several occasions, reflecting its active involvement in sustainable finance initiatives and its stated commitment to managing human rights risks.

Insight's recent engagement with the company followed the publication of its updated human rights report and updates to its Green, Social and Sustainability (GSS) framework. The objective of the engagement was to gain a deeper understanding of how the company identifies, manages and escalates human rights risks across its operations and lending activities, as well as to discuss its evolving sustainable and transition finance ambitions.

During the engagement, the company outlined its governance framework for human rights risk management. It explained that human rights considerations are embedded through formal structures, including a Human Rights Action Group and a Modern Slavery Working Group. The company uses the UN Guiding Principles on Business and Human Rights as a benchmark and has developed Risk Acceptance Criteria for clients operating in higher-risk sectors such as construction, logistics and textiles. Enhanced due diligence processes include transaction monitoring, media screening, sanctions and AML checks, with escalation procedures in place where potential concerns are identified. The company also highlighted ongoing training for relationship managers to improve identification and management of human rights risks at the client level.

Insight discussed escalation processes in cases where human rights concerns persist. While the company confirmed that it is prepared to terminate client relationships if severe or ongoing abuses are identified, it acknowledged that its public disclosures do not yet fully explain how escalation decisions are governed and implemented in practice. Insight noted that the company's Human Rights Position Statement has not been updated since 2022 and encouraged clearer disclosure of escalation pathways and stakeholder engagement processes.

The engagement also covered the company's sustainable finance strategy. The company announced a new £200 billion climate and transition finance target for the period 2025–2030, expanding its focus beyond green finance to include transition finance. It explained that its GSS framework is being updated to reflect this broader ambition, although it noted challenges arising from the absence of a widely accepted transition finance taxonomy in Europe. The company also highlighted its focus on social outcomes, including a commitment to provide £7.5 billion of lending to the UK social housing sector by 2026, alongside a partnership with the National Wealth Fund involving a £400 million financial guarantee to support the retrofit of social housing stock.

Trustee's Report for the year ended 31 March 2026 (continued)

Implementation statement (continued)

Examples of engagement activity undertaken over the year to 31 March 2026 (continued)

Insight - Counterparty engagement with company in the banking sector, Human Rights related engagement (continued)

The engagement provided Insight with the opportunity to speak directly with senior stakeholders responsible for the company's human rights reporting and sustainable finance strategy. Insight welcomed the depth of consideration given to human rights governance and the expansion of the company's climate and transition finance ambitions. However, Insight identified areas for further improvement, particularly around transparency on escalation processes for human rights issues and the integration of facilitated emissions into sector-level climate targets.

Insight has set engagement objectives for the company, including clearer disclosure of its human rights escalation framework and enhanced reporting on facilitated emissions within its climate targets. Insight will continue to monitor progress against these objectives and maintain engagement with the company as part of its ongoing counterparty assessment process.

Please note, with regards to the LDI portfolio, due to the nature of the assets held, Insight does not engage with issuers the same way it would in a credit mandate. However, Insight engages with counterparties as shown in this example.

Conclusions

In reviewing the activities of the past year, the Trustee believes that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented. The Trustee is comfortable that the Scheme's investment managers have demonstrated transparency in their voting and engagement activities, and the Trustee believes that these activities reasonably align with the stewardship priorities of the Scheme.

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's policies on exercising rights (including voting rights) and engagement activities. The Trustee is supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the investment managers hold shares.

Prepared by the Trustee of the B&CE Benefits Scheme
June 2026

Trustee's Report for the year ended 31 March 2026 (continued)

Statement of the Trustee's responsibilities for the Financial Statements

The audited Financial Statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

(i) 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year.

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised 2018).

The Trustee has supervised the preparation of the Financial Statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustee is also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the Statement of Trustee's Responsibilities, set out below, which accompany the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is responsible under pensions legislation for ensuring that there is a prepared, maintained and from time to time revised 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 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.

Further information

Enquiries about the Scheme generally or about an individual's entitlement to a benefit should be made to the Trustee at the address shown on page 2.

The Trustee's Report was approved by the Trustee on 11 September 2026 and signed on its behalf by:

Alan Pickering

Trustee Director
11 September 2026

Independent auditor's statement about contributions to the Trustee of the Building and Civil Engineering Benefits Scheme

Statement about contributions

We have examined the summary of contributions payable under the schedule of contributions to the Building and Civil Engineering Benefits Scheme in respect of the Scheme year ended 31 March 2026 which is set out on page 20.

In our opinion contributions for the Scheme year ended 31 March 2026 as reported in the summary of contributions 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 actuary on 2 December 2024.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule 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 Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, the Scheme's Trustee is 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 Trustee is 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 to the Scheme and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions 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's Trustee, for our work, for this statement, or for the opinions we have formed.

Iryndeep Kuar-Delay

Iryndeep Kaur
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

11 September 2026

Summary of Contributions Payable for the year ended 31 March 2026

The Trustee's Summary of Contributions forms part of the Trustee's Report.

The Trustee's responsibilities with regards to this Trustee's Summary of Contributions are set out in the Statement of Trustee's responsibilities in respect of contributions on page 18.

During the year, the contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 02 December 2024 were as follows:

	31 March 2026
	£000
Normal contributions	-
Total contributions required by the Schedule of Contributions as reported on by the Scheme Auditor and reported in the Financial Statements	-

Signed for and on behalf of the Trustee:

Alan Pickering

Trustee Director

11 September 2026

Independent auditor's Report to the Trustee of the Building and Civil Engineering Benefits Scheme

Opinion

We have audited the financial statements of Building and Civil Engineering Benefits Scheme ("the Scheme") for the year ended 31 March 2026 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes to the financial statements, including the accounting policies, as set out in Note 2.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 March 2026 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the Financial Reporting Council ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Independent auditors' Report to the Trustee of the Building and Civil Engineering Benefits Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 19 of the annual report.

Independent auditors' Report to the Trustee of the Building and Civil Engineering Benefits Scheme (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities and the summary of contributions) and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 18, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it 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 Trustee, for our audit work, for this report, or for the opinions we have formed.

Iryndeep Kaur-Delay

Iryndeep Kaur
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
11 September 2026

Fund Account for the year ended 31 March 2026

	Note	**2026 Main Fund £000**	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Benefits	3	**(31,594)**	**(1,177)**	**(32,771)**	(29,900)	(1,099)	(30,999)
Transfers to other plans	4	**(162)**	**(2,114)**	**(2,276)**	(124)	(2,070)	(2,194)
Administrative expenses	5	**(3,686)**	**-**	**(3,686)**	(3,892)	-	(3,892)
Net withdrawals from dealings with members		**(35,442)**	**(3,291)**	**(38,733)**	(33,916)	(3,169)	(37,085)
Net returns on investments							
Investment income		**787**	**-**	**787**	643	-	643
Change in market value of investments	6	**31,935**	**2,457**	**34,392**	15,570	(2,284)	13,286
Investment management expenses	7	**(618)**	**(33)**	**(651)**	(650)	(21)	(671)
Net return on investments		**32,104**	**2,424**	**34,528**	15,563	(2,305)	13,258
Net decrease in the Fund		**(3,338)**	**(867)**	**(4,205)**	(18,353)	(5,474)	(23,827)
Transfer between sections	16	**-**	**-**	**-**	(4,076)	4,076	-
Opening net assets		**507,472**	**39,232**	**546,704**	529,901	40,630	570,531
Closing net assets		**504,134**	**38,365**	**542,499**	507,472	39,232	546,704

The notes on pages 26 to 40 form part of these Financial Statements.

Statement of Net Assets (Available for Benefits) as at 31 March 2026

	Note	**2026 Main Fund £000**	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Investment assets							
Pooled investment vehicles	8	**498,825**	**36,030**	**534,855**	507,098	38,375	545,473
Cash		**33**	**-**	**33**	33	-	33
Accrued income		**58**	**-**	**58**	79	-	79
Total net investments		**498,916**	**36,030**	**534,946**	507,210	38,375	545,585
Current assets	14	**7,561**	**2,458**	**10,019**	2,782	928	3,710
Current liabilities	15	**(2,343)**	**(123)**	**(2,466)**	(2,520)	(71)	(2,591)
Net assets available for benefits		**504,134**	**38,365**	**542,499**	507,472	39,232	546,704

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 for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on page 4 and 5 of the Annual report and these Financial Statements should be read in conjunction with this report.

The notes on pages 26 to 40 form part of these Financial Statements.

The Financial Statements were approved by the Trustee on 11 September 2026 and signed on its behalf by:

Alan Pickering

Trustee Director

11 September 2026

Notes to the Financial Statements for the year ended 31 March 2026

1. General information

Building and Civil Engineering Benefits Scheme is a defined benefit occupational pension scheme established as a trust under English Law.

The Scheme was established to provide death and retirement benefits for people working in the construction industry. The address of the Scheme's registered office is Manor Royal, Crawley, West Sussex, RH10 9QP. From 9 April 2001 the Scheme closed to new lump sum retirement benefit and voluntary contribution members and from 30 October 2010 the Scheme closed for death benefits in respect of deaths occurring after this date.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that income and capital gains earned by the Scheme receive preferential tax treatment. The Scheme is also exempt from taxation except for certain withholding taxes relating to overseas investment income.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Financial Statements of the Scheme have been prepared in accordance with UK Generally Accepted Accounting Practice, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised 2018) (SORP).

The Financial Statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes the Scheme has adequate resources to meet its obligations as they fall due for at least the next 12 months from the date of approval of these Financial Statements.

In reaching this conclusion, the Trustee considered its ability to restrict increases to the retirement benefit rate per week of service which may impact the Scheme. It also considered the fact that the Scheme has adequate liquidity to cover benefits without forced sales of assets that might be subject to adverse valuations.

This assessment gives the Trustee confidence to prepare the Financial Statements on a going concern basis.

Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Benefits and payments to and on account of leavers

Lump sum retirement benefits are accounted for on an accruals basis at the later of the crystallisation event or notification to the Scheme.

Transfers to other plans

Transfer values represent the capital sums payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on an accruals basis, which is normally when cash is paid unless the receiving trustees have agreed to accept the liability in advance of receipt of funds in which case they are accounted for from the date of the agreement. In the case of individual transfers, this is normally when the payment of the transfer is made.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

2. Summary of significant accounting policies (continued)

Administrative expenses

Administrative expenses are accounted for on an accruals basis and are inclusive of irrecoverable VAT.

Investment income, expenditure and changes in market value

Investment income relating to pooled investment vehicles is accounted for when declared by the investment manager. Income from cash and short-term deposits is accounted for on an accruals basis.

The change in market value of investments during the year comprises of 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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the Fund.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

Valuation and classification of investments

Investment assets and liabilities are included in the Financial Statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

The methods of determining fair value for the principal classes of investments are:

- Certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.

- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days, are included at the last price provided by the manager at or before the year end.

- The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the Fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value.

Critical accounting estimates and judgements

The preparation of the Financial Statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the Financial Statements.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

3. Benefits	2026 Main Fund £000	2026 AVC Fund £000	2026 Total £000	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Lump sum retirement benefits	**29,299**	**1,106**	**30,405**	28,117	965	29,082
Death benefits	**2,295**	**71**	**2,366**	1,783	134	1,917
	31,594	**1,177**	**32,771**	29,900	1,099	30,999

4. Transfers to other plans	2026 Main Fund £000	2026 AVC Fund £000	2026 Total £000	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Individual transfers out to other plans	**162**	**2,114**	**2,276**	124	2,070	2,194

5. Administrative expenses	2026 Main Fund £000	2026 AVC Fund £000	2026 Total £000	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Administration fees	**2,574**	**-**	**2,574**	2,624	-	2,624
Regulatory fees	**1,022**	**-**	**1,022**	1,022	-	1,022
Actuarial fees	**56**	**-**	**56**	213	-	213
Audit fees	**34**	**-**	**34**	33	-	33
	3,686	**-**	**3,686**	3,892	-	3,892

Administration fees are charged monthly and based on 0.5% per annum of the value of assets of the Scheme. The Scheme bears the cost of all other regulatory, legal and professional fees.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

6. Reconciliation of net investments

	Opening value at 1 Apr 2025 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Closing value at 31 Mar 2026 £000
Main Fund					
Pooled investment vehicles	507,098	62,040	(102,248)	31,935	498,825
Cash	33				33
Accrued income	79				58
Total net investments	507,210				498,916
AVC Fund					
Pooled investment vehicles	38,375	1,300	(6,102)	2,457	36,030
Total net investments	545,585				534,946

Indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs. No direct transaction costs are incurred by the Scheme.

7. Investment management expenses

The investment in pooled investment vehicles has an impact on investment managers' fees. These types of funds suffer periodic charges levied against the value of the Fund. Agreements negotiated by the Trustee ensure that where appropriate these charges are fully recovered by the Scheme by offset against investment management fees. Some investment management fees are collected by adjustment of the unit price and are not included below as they are not quantified.

The analysis of fees paid is as follows:

	2026 Main Fund £000	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Fees charged by investment managers	**434**	**33**	**467**	434	21	455
Performance and advisory fees	**184**	**-**	**184**	216	-	216
	618	**33**	**651**	650	21	671

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

8. Pooled Investment Vehicles

At the year-end the principle economic exposures of the Scheme's investments in pooled investment vehicles comprised:

	2026 Main Fund £000	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Equity funds	**83,994**	**6,715**	**90,709**	86,464	6,853	93,317
Liquidity funds (cash)	**15,908**	**29,315**	**45,223**	20,170	31,522	51,692
Qualifying Investment Funds (QIFs)	**398,923**	**-**	**398,923**	400,464	-	400,464
	498,825	**36,030**	**534,855**	507,098	38,375	545,473

Qualifying Investor Funds (QIFs)

The Main Fund is the sole investor and controls the QIFs, managed by Insight. The underlying assets and liabilities in the QIFs held at each year end were:

	2026 Main Fund £000	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Assets						
Pooled investment vehicles – liquidity fund	**78,250**	**-**	**78,250**	79,515	-	79,515
Bonds	**325,706**	**-**	**325,706**	321,528	-	321,528
Derivatives – swaps	**680**	**-**	**680**	38	-	38
Derivatives – futures	**54**	**-**	**54**	78	-	78
Derivatives – forward currency contracts	**86**	**-**	**86**	1,592	-	1,592
Cash and cash equivalents	**240**	**-**	**240**	346	-	346
	405,016	**-**	**405,016**	403,097	-	403,097
Liabilities						
Derivatives – swaps	**(3,038)**	**-**	**(3,038)**	(2,607)	-	(2,607)
Derivatives – futures	**-**	**-**	**-**	(4)	-	(4)
Derivatives – forward currency contracts	**(1,347)**	**-**	**(1,347)**	(22)	-	(22)
Other investment balances	**(1,708)**	**-**	**(1,708)**	-	-	-
	(6,093)	**-**	**(6,093)**	(2,633)	-	(2,633)
	398,923	**-**	**398,923**	400,464	-	400,464

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

8. Pooled investment vehicles (continued)

Qualifying Investor Funds (QIFs) (continued)

Objectives and policies for holding derivatives

Within the QIFs, the Trustee has authorised the use of derivative financial instruments by their investment managers as part of its investment strategy.

Swaps: By using swaps, the Trustee aims to match the liability-driven element of the investment portfolio with the Scheme's long-term liabilities, particularly in relation to their sensitivities to interest rate movements. Due to the lack of available long-dated bonds, the Trustee holds inflation swaps to extend the duration and match more closely with the Scheme's liability profile.

Futures: The Trustee manages the risk of cash held "out of the market" by entering into exchange traded index based future contracts which had an underlying economic value broadly equivalent to cash held.

Forward foreign exchange (FX): In order to maintain appropriate diversification of investments within the underlying investment portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using the forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level. The FX contracts are over-the-counter ("OTC") contracts.

Derivative receipts and payments represent the realised gains and losses on forward contracts.

Outstanding swaps held in the QIF at the year end are summarised as follows:

OTC Swaps	Number of contracts	Expires within	Notional principal	Fair value asset	Fair value liability
			£000	***£000***	***£000***
Interest rate swaps					
Pay floating for fixed	***3***	***1-3 months***	***33,598***	***640***	***-***
Pay floating for fixed	***2***	***1 – 5 years***	***5,900***	***-***	***(65)***
Pay floating for fixed	***13***	***5 – 15 years***	***119,000***	***-***	***(2,662)***
Pay floating for fixed	***4***	***15 years +***	***7,750***	***40***	***(311)***
Total				***680***	***(3,038)***

The outstanding swaps held in the QIF open at the end of 2025 are summarised as follows:

Swaps	Number of contracts	Expires within	Notional principal	Fair value asset	Fair value liability
			£000	***£000***	***£000***
Interest rate swaps					
Pay floating for fixed	*1*	*1-3 months*	*40,000*	*38*	*-*
Pay floating for fixed	*3*	*1 – 5 years*	*25,900*	*-*	*(28)*
Pay floating for fixed	*12*	*5 – 15 years*	*117,350*	*-*	*(2,205)*
Pay floating for fixed	*6*	*15 years +*	*11,650*	*-*	*(374)*
Total				*38*	*(2,607)*

The notional principal of the swaps is the amount used to determine the swapped receipts and payments. The collateral pledged for these contracts is held in the form of cash in a segregated account with Legal and General Investment Management. Collateral of £3.9m (2025: £2.2m) has been pledged to counterparties to cover risk of third party default and losses due to mark to market valuations on the swaps, and collateral of £0.5m (2025: £1.5m) has been received.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

8. Pooled investment vehicles (continued)

Qualifying Investor Funds (QIFs) (continued)

Outstanding futures held in the QIF at the year end are summarised as follows:

Futures	Number of contracts	Expires within	Notional principal	Fair value asset	Fair value liability
			£000	***£000***	***£000***
Future - UK Long Gilt	***1***	***1-3 months***	***790***	***42***	***-***
Future - Euro Bond	***1***	***1-3 months***	***1,096***	***12***	***-***
Total				**54**	-

There were 2 futures open at the end of 2025, as summarised as follows:

Futures	Number of contracts	Expires within	Notional principal	Fair value asset	Fair value liability
			£000	***£000***	***£000***
Future - UK Long Gilt	*1*	*1-3 months*	*1,008*	*78*	*-*
Future - Euro Bond	*1*	*1-3 months*	*1,186*	*-*	*(4)*
Total				78	(4)

Derivatives – FX open contracts summary

The Scheme had 11 open FX contracts at the year end, which are summarised as follows:

Contract	Settlement Date	Number of Contracts	Currency Bought 000s	Currency Sold 000s	Asset Value at 31 March 2026 £000	Liability Value at 31 March 2026 £000
Forward	< 3 months	5	GBP 63,782	USD 85,865	-	(1,333)
Forward	< 3 months	4	USD 8,040	GBP 4,530	75	-
Forward	< 3 months	1	GBP 2,824	EUR 3,245	-	(14)
Forward	< 3 months	1	EUR 1,955	GBP 1,697	11	-
		11			**86**	**(1,347)**

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

Pooled investment vehicles (continued)

Derivatives – FX open contracts summary *(continued)*

There were 10 FX contracts open at the end of 2025, which are summarised as follows:

Contract	Settlement Date	Number of Contracts	Currency Bought 000s	Currency Sold 000s	Asset Value at 31 March 2025 £000	Liability Value at 31 March 2025 £000
Forward	< 3 months	5	GBP 70,571	USD 89,041	1,590	(6)
Forward	< 3 months	4	USD 2,266	GBP 1,761	2	(9)
Forward	< 3 months	1	GBP 1,075	EUR 1,290	-	(7)
		10			**1,592**	**(22)**

9. AVC Fund assets

AVC Fund investments held by the Scheme provide benefits for the individuals on whose behalf the corresponding voluntary contributions were paid. The investment manager holds the investments on a pooled basis for the Trustee. Each year on the advice of the Scheme actuary, and where funds permit, the Trustee determines annual and final bonus rates. The Scheme Administrator maintains the contribution records for each member and any annual bonus payable is added to each member's contribution record. When a member takes their benefit, the final bonus is calculated and added to their contribution record before payment. The Trustee holds an investment reserve which is not allocated to members from which the annual and final bonuses are paid.

	2026	2025
	£000	£000
Allocated to members	**30,317**	30,585
Not allocated to members	**5,713**	7,790
Market value at 31 March	**36,030**	38,375

The AVC Fund assets in the table above are not part of a common pool of assets available to meet defined benefit liabilities.

10. Fair value of investments

The fair value of investments has been determined using the following hierarchy:

Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
Level 2: Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
Level 3: Inputs are unobservable, i.e. for which market data is unavailable.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

10. Fair value of investments (continued)

All investment assets are held at fair value and have fair value hierarchy levels as follows:

	2026			2025		
	Level 1 £000	**Level 2 £000**	**Total £000**	Level 1 £000	Level 2 £000	Total £000
Pooled investment vehicles	**45,224**	**489,631**	**534,855**	**-**	545,473	545,473
Other investment balances*	**91**	**-**	**91**	**-**	112	112
	45,315	**489,631**	**534,946**	**-**	**545,585**	545,585

The Fair Value Level Hierarchy levels for Cash and Other investment balances have been reassessed in the current year and it has been determined that these are both Level 1 investment assets. While the classification has not been amended in the prior year, the level 1 classification is expected to continue for assets in the future periods.

*Other investment balances is comprised of Cash and accrued income.

11. Investments risks

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages 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 by regular reviews of the investment portfolio.

The following table summarises the extent to which the pooled investment holdings of each Fund are affected by direct and indirect financial risks:

	Direct credit risk	**Indirect credit risk**	**Indirect market risk**			**2026**	2025
			Currency	**Interest rate**	**Other price**	**£000**	£000
Main Fund							
Pooled investment vehicles	Yes	Yes	Yes	Yes	Yes	**498,825**	507,098
AVC Fund							
Pooled investment vehicles	Yes	Yes	Yes	Yes	Yes	**36,030**	38,375

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

11. Investment risks (continued)

For the purposes of the Main Fund, other investments in cash and accrued income are immaterial and not considered for investment risk disclosure purposes.

Due to the nature of the pooled investment vehicles, there are no direct market risks. Further information on the Trustee's approach to risk management, credit and market risk is set out below.

Main Fund

Investment strategy

The investment objective of the Main Fund is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet the benefits of the Main Fund payable under the Trust Deed and Rules as they fall due.

The Trustee sets the investment strategy for the Main Fund taking into account the long-term liabilities of the Main Fund.

In accordance with the investment strategy, noted above, the current allocation of investments is:

- 82.5% liability-driven assets in a matching portfolio that is designed to move broadly in line with the long-term liabilities of the Main Fund. This is referred to as LDI and comprises of UK and overseas government and other permitted bonds, interest rate swaps and inflation swaps, the purpose of which is to hedge against the impact of interest rate and inflation movements on long-term liabilities.
- 17.5% return-seeking assets which include Diversified Growth Funds and passive equity and bond funds. These assets are used to generate a return in excess of inflation.

Credit risk

The Main Fund is subject to credit risk directly through its investments held in the pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles is managed by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and 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 monitors any changes to the operating environment of the pooled manager. The pooled investment vehicles are unrated.

The Main Fund is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles, for instance; bonds, cash and OTC derivatives (investments purchased or sold through a dealer rather than via an exchange) held through the QIF. Indirect credit risk arising on bonds held through the QIF is managed by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Credit risk arising on other investments is managed by investment mandates requiring all counterparties to be at least investment grade credit rated.

Indirect credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and the Main Fund is subject to risk of counterparty failure. The credit risk for OTC swaps is reduced by collateral arrangements (see note 8).

There is an indirect credit risk in relation to cash held within pooled investment vehicles. This risk is mitigated by cash being held within financial institutions which are at least investment grade credit rated. A summary of pooled investment vehicles by legal structure is as follows:

	2026	2025
	£000	£000
Qualifying investment funds	**398,923**	400,464
Unit linked insurance contracts	**83,994**	86,464
Sterling liquidity fund	**15,908**	20,170
	498,825	507,098

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

11. Investment risks (continued)

Main Fund (continued)

Market risk: indirect currency risk

The Main Fund is subject to indirect currency risk because some of its underlying investments within the pooled investment vehicles are denominated in overseas currencies. The Main Fund's liabilities are denominated in sterling and the majority of the assets are denominated in sterling. There is a signifcant exposure to overseas currency within the Main Fund QIF with Insight as part pooled investment vehicles, and therefore the Trustee has permitted the use of forward foreign exchange contracts to mitigate the risk of indirect currency movement. Refer to note 8 for further details of the open FX contracts at the year end.

Market risk: indirect interest rate risk

The Main Fund is subject to indirect interest rate risk because some of its investments, through pooled investment vehicles, are held in bonds, cash and interest rate swaps. The Trustee has set a benchmark for total investment in bonds, cash and interest rate swaps of 82.5% of the total investment portfolio, as part of the LDI strategy. Under this strategy, if interest rates fall, the value of LDI will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate.

Similarly, if interest rates rise, the LDI will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year end, the LDI portfolio represented 83.0% of the total investment portfolio (2025: 79.0%).

Market risk: other indirect price risk

Other indirect price risk arises principally in relation to the Main Fund's return-seeking portfolio which includes equities held in pooled vehicles. The Main Fund has set a target asset allocation of 17.5% of investments being held in return-seeking assets. At the year end, the Main Fund's exposure to equities represented 16.8% of the total investment portfolio (2025: 17.0%).

The Trustee manages the Main Fund's exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Qualifying investment funds – direct risk exposures

As disclosed in note 8, the Main Fund is the sole investor and controls the QIFs, managed by Insight. Accordingly, while reported above that the Scheme has indirect risk arising because this is a pooled investment vehicle, the fact that the Scheme controls this fund means that the Scheme is directly exposed to investment risks in relation to the assets and liabilities held within the QIFs.

The following table summarises the underlying exposures within the Main QIF, below is an assessment of risks that the Scheme is exposed to due to the nature of the holdings within the QIF.

	2026	2025
	£000	£000
Bonds	**325,706**	321,528
Derivative swaps - assets	**680**	38
Derivative swaps - liabilities	**(3,038)**	(2,607)
Liquidity fund	**78,250**	79,515
Derivative futures – assets	**54**	78
Derivative futures – liabilities	**-**	(4)
Forward currency contracts – assets	**86**	1,592
Forward currency contracts – liabilities	**(1,347)**	(22)
Cash and cash equivalents	**240**	346
Unsettled purchases	**(1,708)**	-
	398,923	400,464

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

11. Investment risks (continued)

Main Fund (continued)

Qualifying investment funds – direct risk exposures (continued)

Direct credit risk arising on bonds held through the QIF is managed by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and the Main Fund is subject to risk of counterparty failure. The credit risk for OTC swaps is reduced by collateral arrangements (see note 8). Credit risk arising on other investments is managed by investment mandates requiring all counterparties to be at least investment grade credit rated.

The QIF is subject to direct interest rate risk because some of its investments are held in bonds, cash and interest rate swaps. The Scheme uses its LDI strategy to manage this risk. Under this strategy, if interest rates fall, the value of LDI will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The QIF is subject to direct currency risk because some of its underlying investments within the fund are denominated in overseas currencies. The Main Fund's liabilities are denominated in sterling and the majority of the assets are denominated in sterling. There is a signifcant exposure to overseas currency within the Main Fund QIF with Insight, and therefore the Trustee has permitted the use of forward foreign exchange contracts to mitigate the risk of indirect currency movement. Refer to note 8 for further details of the open FX contracts at the year end.

There is no other price risk as the underlying investments do not include any holdings in equities.

AVC Fund

Investment strategy

The Trustee's objective is designed to generate income and capital growth which will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product).

The Trustee sets the investment strategy for the AVC Fund taking into account the long-term liabilities of the AVC Fund.

The current investment strategy is:

- The asset allocation between the protection and surplus portfolios is rebalanced each year such that the value of members' accounts after the annual bonus declaration is held in the protection portfolio, and the remainder in the surplus portfolio.

Credit risk

The AVC Fund is subject to credit risk directly, through its investments held in the pooled investment vehicles, which are held in liquidity cash funds.

Direct credit risk arising from pooled investment vehicles is managed by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and 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 monitors any changes to the operating environment of the pooled manager.

Credit risk arising on other investments is managed by investment mandates requiring all counterparties to be at least investment grade credit rated. The pooled investment vehicles are unrated.

Cash is held within financial institutions which are at least investment grade credit rated.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

11. Investment risks (continued)

AVC Fund (continued)

Credit risk: (continued)

The AVC Fund is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles. There is an indirect credit risk in relation to cash held within pooled investment vehicles. This risk is mitigated by cash being held within financial institutions which are at least investment grade credit rated.

A summary of pooled investment vehicles by type of arrangment is as follows;

	2026	2025
	£000	£000
Unit linked insurance contracts	**6,715**	6,853
Sterling liquidity fund	**29,315**	31,522
	36,030	38,375

Market risk: indirect currency risk

The AVC Fund is subject to indirect currency risk because some of its investments are held in overseas markets via pooled investment vehicles (indirect exposure). The AVC Fund's liabilities are denominated in sterling.There is a limited exposure to overseas currency within the pooled investment vehicles, and therefore the Trustee accepts this inherent indirect currency risk. To the extent that there was a significant increase in exposure to non-sterling currencies, the Trustee would consider whether to hedge this risk.

Market risk: indirect interest rate risk

The AVC Fund is subject to indirect interest rate risk because some of its investments were held in bonds through pooled vehicles, and cash via the sterling liquidity fund. The exposure to indirect interest rate risk arises from cash exposures in the sterling liquidity fund. While there is an exposure to indirect interest rate risk within the sterling liquidity fund, the Trustee accepts this inherent indirect interest rate risk, acknowledging that there is a large amount of diversification of investment across investment-grade financial institutions within the pooled investments. To the extent that there was a significant increase in exposure to underlying holdings within the sterling liquidity fund, the Trustee would consider whether to hedge this risk.

Market risk: other indirect price risk

Other indirect price risk arises principally in relation to the AVC Fund's return-seeking portfolio which includes equities held in pooled vehicles. The AVC Fund has set a target asset allocation of 17.5% of investments being held in return-seeking assets. At the year end, the AVC Fund's exposure to equities represented 22.9% of the total investment portfolio (2025: 21.7%).

The Trustee manages the AVC Fund's exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

12. Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme at year end date were:

	2026 Value £000	**%**	2025 Value £000	%
Main Fund				
LDI SOLUTIONS PLUS ICAV LDI ACTIVE 87 FUND CLASS B	**398,923**	**73.5**	400,464	73.3
FW Global Equity Index Fund GBP Hedged	**41,649**	**7.7**	43,444	7.9
FW Global Equity Index Fund	**42,344**	**7.8**	43,019	7.9

	2026 Value £000	**%**	2025 Value £000	%
AVC Fund				
L&G Sterling Liquidity Fund	**29,315**	**5.4**	31,522	5.8

13. Employer-related investments

There were no employer-related investments during the year (2025: £nil).

14. Current assets

	2026 Main Fund £000	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Cash balances	**7,561**	**2,458**	**10,019**	2,782	928	3,710

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

15. Current liabilities

	2026 Main Fund £000	**2026 AVC Fund £000**	**2026 Total £000**	2025 Main Fund £000	2025 AVC Fund £000	2025 Total £000
Tax deducted from benefits	**3**	**7**	**10**	6	1	7
Unpaid benefits	**906**	**108**	**1,014**	833	51	884
Accrued expenses	**1,216**	**8**	**1,224**	1,465	19	1,484
Amounts owed to Administrator	**218**	**-**	**218**	216	-	216
	2,343	**123**	**2,466**	2,520	71	2,591

16. Transfer between sections

As part of the portfolio changes in the previous year a rebalancing was required between the Main Fund and the AVC Fund. This arose as a consequence of how each section previously reported their shared ownership of the QIF investment fund held with L&G, relative to the asset split at the time of this investment. The amount reported in the Fund Account as the transfer between sections of £4,076k represented the amount required to be rebalanced.

17. Related party transactions

The Scheme has the following related party transactions:

- Amounts are paid from the Employee Life Cover from B&CE Scheme ("ELC"), a related party through a common corporate Trustee, Building and Civil Engineering Benefits Scheme Trustee Limited, to reimburse amounts paid by the Scheme on ELC's behalf. This totalled £10.1m in 2026 (2025: £9.2m). The balance outstanding at the year-end was £nil (2025: £nil).

All balances are interest-free, unsecured and repayable on demand.

18. Contingencies and commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities (2025: £nil) or commitments (2025: £nil) at 31 March 2026.

19. Events after the reporting period

There were no events requiring disclosure or adjustment occurring after the end of the reporting period.

Actuarial certificate

Certification of schedule of contributions

Name of scheme: **Building & Civil Engineering Benefits Scheme**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2024 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29 November 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:

DocuSigned by:
C1793A81171B4ED...

Date:

Dec 2, 2024

Name:

Chintan Gandhi

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

2 Ashley Road
Epsom Gateway
East Wing – 3rd Floor
Epsom
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KT18 5AL

Name of employer:

Aon Solutions UK Limited

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Building and Civil Engineering Benefits Scheme Trustee Limited is the custodian and corporate trustee of the Building and Civil Engineering Benefits Scheme and of the Employee Life Cover from B&CE arrangement.

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