



Travis Perkins Pension & Dependants' Benefit Scheme

Chair's Statement

1 October 2020 to 30 September 2021

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01 Introduction

This is the Chair's Statement (the "Statement") for the Travis Perkins Pension & Dependants' Benefit Scheme ("the Scheme") covering the period 1 October 2020 to 30 September 2021.

As the Trustee Chair, I provide you with this yearly Statement which explains what steps have been taken by the Trustee Board ("the Trustee"), with help from our professional advisers, to meet the required governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

While the Scheme provides defined benefits ("DB") to the majority of its members, some groups of members have entitlement to defined contribution ("DC") benefits. This includes:

- > Members with DB benefits that have a **DC underpin**. When these members come to retire, their DB pension will be compared to the pension provided by their DC underpin. The member will receive the higher value of the two. For some members this underpin relates to a period during which the Scheme was contracted out on a "Protected Rights" basis, while for some legacy Wickes members the underpin relates to an historical defined benefit pension. These underpins are generally not expected to 'bite' though they may do for a small number of members;
- > Members with **'pure' DC benefits**. For some members these relate to Protected Rights contributions which could not be reinstated in the State Pension Scheme when they left service and, for some ex-Wickes they relate to a prior money purchase scheme; and
- > Members who historically made **Additional Voluntary Contributions ("AVCs")** to policies made available to them under the Scheme. Members have been unable to contribute to these policies since May 2007.

The Scheme is not used by Travis Perkins plc ("the Employer") for automatic enrolment purposes (it has a separate arrangement for this).

01.01 COVID-19

The Trustee has maintained its governance of the Scheme during the COVID-19 pandemic. The pandemic has impacted upon the processes, operations, and administration of the Scheme, much as it has our daily lives. For example, many of the teams and individuals involved have been, or continue to be at the time of writing, working from home. The Trustee is though comfortable that the Scheme's functions continued to operate appropriately, and members were suitably supported. However, there were issues with one AVC provider, Prudential, meaning that a some members suffered delays on taking benefits. The Trustees were aware of this and took action. Further detail is included in this Statement. We would like to remind all members, that should you need any assistance or guidance with your Scheme benefits, our administrator is available to assist you via the details included below.

Introduction

continued

01.02 Governance and Queries

I welcome this opportunity to explain what the Trustee does to help ensure the Scheme is run as effectively as it can be. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact the Trustee at:

The Trustee of the Travis Perkins Pensions & Dependants' Benefit Scheme
Hymans Robertson
45 Church Street
Birmingham
B3 2RT
travisperkins@hymans.co.uk

02 Scheme investments

02.01 Investment structure

A “default investment arrangement” arises where a member’s investments have been invested without the member specifically selecting the option. There is one default investment arrangement in the Scheme as explained below. All other arrangements are not classified as default arrangements under the regulations for this Statement, and therefore although noted for information and completeness, they are not defined as default arrangements in this regard.

Pure DC benefits:

For ex-Wickes members with ‘pure’ DC benefits which relate to a prior money purchase scheme, their assets are invested in the three funds listed below:

- > **Abrdn Multi-Asset Fund Class E** – this fund aims to provide long term growth while investing in a diverse investment portfolio including equities, bonds, property, and cash. There is no lifestyling mechanism in place, which means that no consideration is given to the age of invested members (thus potentially resulting in members bearing greater risk than they otherwise normally would).
- > **Standard Life With-Profits Fund** – this fund provides guaranteed returns of 4%. This helps protect members from market volatility. The mechanics of this fund allow for an additional payment of an annual bonus; however no bonus has been paid since 2005.
- > **Standard Life Managed Fund** – while this fund invests in a diverse portfolio of assets, c.70% of its holdings are in equities. There is no lifestyling mechanism in place for this fund.

For members with pure DC Benefits which related to Protected Rights funds s (when it was not possible to reinstate these into SERPS), these are invested in the main assets of the defined benefit section of the Scheme.

DC underpin benefits:

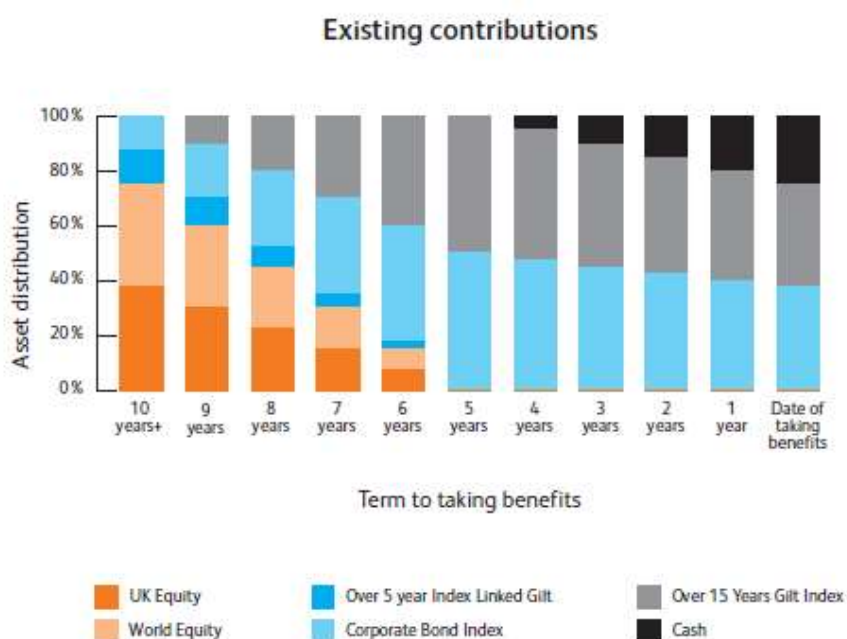
For members with historic DB benefits with a DC underpin, and those who had service during a period when the Scheme was contracted out on a ‘Protected Rights’ basis which have a DC underpin, their DC underpin funds are notionally invested in the main assets of the defined benefit section of the Scheme (and so are included in the Statement of Investment Principles under the Defined Benefit section).

Additional Voluntary Contribution (AVC) benefits:

For those members with AVCs, these are held with multiple providers as listed later in ‘Section 03.01 Investment Manager Charges’. There were changes made to the AVC fund range in 2021, which are explained in section ‘02.02’ below.

A default investment strategy was in place in respect of AVC members invested in policies with Utmost Life & Pensions up to July 2021. The policies with Utmost were included in the AVC rationalisation exercise which concluded on 9 July 2021 (see 02.02 below). These policies were consolidated into the Clerical Medical BlackRock Balanced Lifestyle Fund (or other funds if selected by members at that time). The rationalisation project resulted in the BlackRock Balanced Lifestyle Fund becoming a new default arrangement, with the Utmost default being removed.

The BlackRock Balanced Lifestyle Fund looks to de-risk as a member approaches their target retirement date, with the assumption that the member will draw 25% of their fund as a cash sum at retirement and purchase an annuity with the balance of their AVCs. The visualisation of this de-risking mechanism can be found below.



The Trustee concluded that this new default fund was a suitable default option and would offer members good value.

A copy of the latest Default Statement of Investment Principles (“SIP”), can be found in Appendix B.

02.02 Reviewing the Scheme’s investments

The Trustee is aware of its duty to consider the performance and suitability of its investments as a matter of good governance, and investment reviews are considered alongside the Trustee’s requirement to review its SIP at least triennially.

The Trustee delegates the oversight of its investments to an Investment Subcommittee (“ISC”). The ISC meets throughout the Scheme year to consider the investments.

The Scheme’s Default investment strategy is outlined in its Default SIP (in Appendix B).

The DB investment strategy is applicable to members whose benefits are subject to the DC underpin and some with pure DC benefits, as they are invested notionally within these DB investments.

Scheme investments continued

AVC rationalisation

In August 2019 Mercer LLP (as the Trustee's investment advisors) provided the Trustee with advice on how to rationalise the AVC funds made available to members and at the ISC meeting of 11 November 2020, the Trustee conducted its latest AVC and DC investment review. At this meeting, the Trustee agreed that work on the AVC rationalisation would continue as planned.

This rationalisation was concluded on 9 July 2021, and members with savings invested in the following funds were transferred to the Clerical Medical BlackRock Balanced Lifestyle Fund ("the default fund"):

- > Utmost Life & Pensions Money Market, Managed and Secure Cash Funds
- > The Santander Deposit Fund
- > The Prudential Deposit and Discretionary Funds.

The Trustee wrote to affected members to outline the change in advance of the switch, and these members were given the opportunity to select an alternative lifestyle or self-select option provided by Clerical Medical should they wish. Those who did not select an alternative were automatically moved into the default fund.

The Trustee believes these changes offer greater value to members, and further rationalisation will be considered on an ongoing basis.

03 Charges and transaction costs

03.01 Investment Manager Charges

Members pay the following costs and charges in respect of their DC / AVC pension benefits (unless otherwise noted below):

Ongoing Charges Figure

The Ongoing Charges Figure ("OCF") is comprised of a Fund Management Charge ("FMC") which consists principally of the manager's annual charge for managing and operating a fund; and other indirect fees which are incurred such as legal costs, registration fees and custodian fees. The OCF is calculated as a percentage of all applicable assets under management.

The OCF does not include Scheme administration, governance, or professional advice costs, which are met by the Scheme. However, as part of the AVC arrangements, these providers do undertake some administration functions, the cost of which are included in the charges levied on members and quoted below.

Transaction costs

Transaction costs may be incurred on the buying and selling of investments and include for example stamp duty and brokerage fees. They may therefore happen when switching between funds and when selling investments to take benefits.

The OCF and transaction costs for the DC funds and AVCs are detailed below. These are to the period ending 30 September 2021 unless stated otherwise. The funds used within the default are all subject to an OCF of 0.50% and are indicated with # (and shaded in grey).

	OCF (%)	Transaction costs (%)
<i>Fund Name</i>		
DC Funds		
Abrdn Multi-Asset Fund	0.60	0.18
Standard Life Managed Fund	0.52	0.14
Standard Life With-Profits Fund ⁰	N/A	N/A
AVC Fund		
Aviva Conventional With-Profits Fund ¹	N/A	N/A
Clerical Medical Halifax Fund	0.50	0.00
Clerical Medical Cautious Fund	0.50	0.15
Clerical Medical Balanced Fund	0.50	0.27
Clerical Medical Adventurous Fund	0.50	0.22
Clerical Medical UK Equity Income (Acc) Fund	0.50	0.25

Charges and transaction costs continued

Clerical Medical Smaller Companies Fund	0.50	0.10
Clerical Medical UK Growth Fund	0.50	0.28
Clerical Medical European Fund	0.50	0.16
Clerical Medical Far Eastern Fund	0.50	0.50
Clerical Medical Japanese Fund	0.50	0.00
Clerical Medical North American Fund	0.50	0.00
Clerical Medical International Growth Fund	0.50	0.16
Clerical Medical Retirement Protect Fund	0.50	0.11
Clerical Medical UK Index-Linked Gilts Fund	0.50	0.08
Clerical Medical Gilt & Fixed Interest Fund	0.50	0.07
Clerical Medical UK Property Fund	0.50	0.00
Clerical Medical Ethical Fund	0.50	0.02
Clerical Medical Non-Equity Fund	0.50	0.08
Clerical Medical With Profit Funds	1.00	0.33
Clerical Medical Cash Fund [#]	0.50	0.00
Clerical Medical Blackrock Over 15 Year Gilt Fund [#]	0.50	(0.04)
Clerical Medical Blackrock World Ex UK Fund [#]	0.50	(0.01)
Clerical Medical Blackrock Over 5 Year ILG Fund [#]	0.50	(0.01)
Clerical Medical Blackrock UK Equity Fund [#]	0.50	(0.03)
Clerical Medical Blackrock Corporate Bond Fund [#]	0.50	0.00
Prudential Deposit Fund ^{1,2}	N/A	N/A
Prudential Discretionary Fund ²	0.77	0.10
Prudential With-Profits Cash Accumulation Fund ⁵	1.00	N/A
Santander Deposit Fund ³	N/A	N/A
Utmost Managed Fund ⁴	0.75	0.14
Utmost Money Market Fund ⁴	0.50	0.00
Utmost Secure Cash Fund ⁴	0.50	0.00
Zurich With Profits 90:10 Fund ¹	N/A	N/A

(Source: Abrdn, Aviva, Clerical Medical, Prudential, Santander, Utmost Life & Pensions and Zurich)

⁰ There are no explicit costs associated with this fund as deductions are allowed for when final bonus rates are calculated.

¹ There is no explicit costs due to the mechanics of this policy. Instead, fund expenses are considered when determining bonus rates each year.

² Information reported is as at 31/03/2021. Funds moved to Clerical Medical Clerical Medical BlackRock Balanced Lifestyle Fund July 2021.

³ Members invested in the Santander Deposit Fund were solely invested in cash; this was not a unitised fund. Members invested in this policy would receive interest on a daily basis equivalent to 0% p.a. There were no annual costs or charges for this Fund. Funds moved to Clerical Medical BlackRock Balanced Lifestyle Fund July 2021.

⁴ Information as at 30/06/2021. Funds moved to Clerical Medical BlackRock Balanced Lifestyle Fund July 2021.

⁵ The calendar year 2020

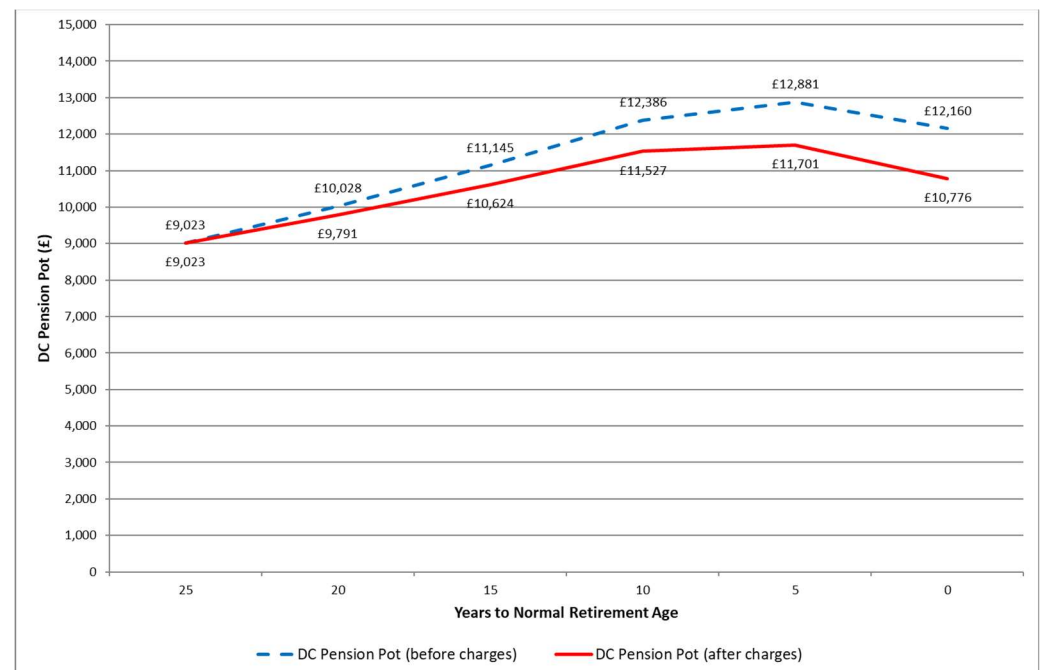
Charges and transaction costs continued

For DC funds invested in the main DB assets, the returns on the investments are applied to the members' fund values on a gross basis i.e. there are no charges applied, and therefore are not listed above.

Member-borne charges (including transaction costs where available) are presently kept under annual review by the Trustee, with the aim to ensure that members obtain value for money. Whilst there have been no material changes to transaction costs since the last Chair's Statement, the suitability of these costs remains under consideration, and where these have not been obtained as noted above, the Trustee (and its advisors) continue to request these and will report them when available within the next Statement.

03.02 An illustration of the charges levied on members

Below is an illustration of the effect of the charges and transaction costs met by the average member with savings in the Clerical Medical BlackRock Balanced Lifestyle Fund (this being a default AVC arrangement). This shows the expected pot for a member who is 25 years from Normal Retirement Age, with current savings of £9,023. We have projected their savings allowing for assumed investment returns. The figures below are in today's money terms.



Charges and transaction costs continued

This is for illustration purposes only. The actual returns received are likely to differ over time as will an individual member's pension pot size. This illustration is based on:

- > Assumed net of charges investment returns of 4.19% when the member is between 25 years and 10 years from retirement, reducing in the 10-year period to retirement on a phased basis to 0.90% at retirement.
- > No future contributions are made.
- > An average pension pot for a member who is 25 years from retirement of £9,023.
- > Inflationary increases of 2.5% p.a.

In preparing these illustrations, the Trustees have had regard to:

- > The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of relevant occupational schemes'.
- > Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council and
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

Further illustrations for other funds can be found in Appendix A

04 Core Financial Transactions

04.01 Assessing Core Transactions

Processes are in place to ensure the core financial transactions are processed promptly and accurately. The core financial transactions include:

- > The transfer of members' assets between different investments within the Scheme
- > The transfer of members' assets to and from the Scheme; and
- > Payments out of the Scheme to members / beneficiaries.

As the Scheme is closed to future benefit accrual, processes to ensure contributions are received and invested are no longer required.

During the year, the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- > Having an agreement in place with Hymans Robertson LLP (as Scheme administrator), committing them to a defined service level agreement ("SLA") of 95%. A range of activities are reported against the SLA and a breakdown is stated in each administration report, received quarterly. These activities include (but are not limited to) AVCs (with an SLA of 7 working days) and DC Specific Activities (with an SLA of 10 working days). SLA timescales vary depending on the activity, and any items completed outside of target are reported. The combined SLA target for all Scheme activity fell below 95% in the period 1 September 2020 to 30 November 2020 and 1 January 2021 to 31 March 2021. These were assessed by the Trustees at their meetings and for the remainder of the Scheme Year the overall SLA targets were met. The SLA for 'AVCs' and 'DC Specific Activities' were met throughout the Scheme year, aside from issues related to the AVC provider 'Prudential'.
- > During the year, a few members were subject to delays on disinvestment of their AVCs at retirement due to administrative delays at Prudential. The Trustee was made aware of this, and from 11 March 2021 the administrator (Hymans Robertson) notified all members requesting information or transactions involving Prudential AVCs of the potential delays with such transactions. At the time of writing, the Trustee continues to monitor the position, and has contacted Prudential making clear its dissatisfaction with the delays and expectation that this matter must be resolved swiftly. The Trustee will continue to work with its administrator and Prudential on this matter and will support any affected members. The Trustee is considering the investments with Prudential as part of its ongoing AVC rationalisation process as explained in this Statement.
- > In June and July 2021, the rationalisation project saw 6 AVC funds removed, and members were transferred to Clerical Medical funds. This was overseen by Mercer LLP (as investment advisor) and Hymans Robertson (as Scheme administrator), and all transactions were completed and reported on.
- > Considering the annual AAF 01/06 assurance report ('Assurance reports on internal controls of service organisations made available for thirds parties') issued by Hymans Robertson. This report is also considered by the Scheme's auditors annually and any control breaches are investigated where deemed necessary.
- > Considering the ongoing suitability of the complaint procedure, to ascertain whether there may be any weaknesses in their processes and controls. All complaints are

Core Financial Transactions

continued

addressed by Hymans Robertson and depending on the nature of the complaint, a response may be provided to the member by the Trustee.

- > Having the Scheme auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

The Trustee has also made attempts to source service level data from the AVC providers, but very few AVC product providers report on their service standards, whether financial transaction turnaround times or other work. However, their response times to work requested are reflected to some degree in Hyman's reporting.

The Trustee has concluded that core financial transactions were processed promptly and accurately during the Scheme year, aside from the issues related to Prudential as noted above. The Trustee will keep this conclusion under review on an ongoing basis, and should issues arise or continue arise (as with Prudential) the Trustee will deal with this proactively with the assistance of its providers.

04.02 Scheme administration

The Trustee recognises that good administration often correlates with positive member outcomes. Administration is a standing agenda item for each Trustee meeting and in addition to the areas covered above (in section 04.01 above) the Trustee reviews the following:

- > **Membership compliments and complaints:** Administration reports detail all compliments and complaints received during a period, including the date they arose and appropriate background. In the instance of a complaint, the Trustee will receive a summary of the action(s) taken to resolve the issue. The Trustee takes this opportunity to consider whether a member complaint is the result of an underlying issue regarding the Scheme's processes or design.
- > **Data breaches:** Whether there have been any data breaches that would be reportable to the Information Commissioner Office ("ICO") under the General Data Protection Regulation ("GDPR"). Any breaches are recorded in the Trustee's breach log, which is maintained by the Secretary to the Trustee.

In December 2020 a minor data breach occurred related to one member of the Scheme. The Trustee agreed that the matter was not reportable to the ICO having considered the circumstances surrounding the case, and the processes involved were reviewed to ensure no repeat of this matter.

- > **Discretionary cases:** The Trustee exercises its discretion at each meeting; common examples include the payment of discretionary benefits to a partner or dependant on the death of a member, or where a formal complaint has been made under the Scheme's dispute resolution process. Discretion exercised by the Trustee at each meeting is formally minuted, and these were processed in a timely manner over the Scheme year.

Core Financial Transactions continued

- > **The impact of legislation or guidance on the administration of the Scheme:** A post Scheme year example includes the introduction of the Pension Regulator's scams pledge, which was discussed at the meeting held on 4th November 2021.

The Trustee is satisfied with the administration of the Scheme during the year, aside from the issues related to Prudential as noted above. The Trustee is very conscious of the challenges posed by the coronavirus pandemic on our daily lives and working practices including the operation and administration of the Scheme. The Trustee is comfortable that the Scheme remained suitably administered in the period, despite these challenges, with no effect on core financial transactions, aside from the issues related to Prudential.

05 Value for Members

05.01 Assessment of Value

When assessing the charges and transaction costs which are payable by members, the Trustee is required to assess the extent to which these provide them with good value. The Trustee has taken account of statutory guidance when preparing this assessment.

The Trustee considers this each year and commissions an independent annual Value for Members 'VFM' assessment. This year, the report considered the suitability and maintenance of investments, scheme features, communications, governance framework, administration and, trustee knowledge and understanding ("TKU"). Recommendations are provided where perceived improvements could be made, for the Trustee's consideration. The latest VFM assessment was provided to the Trustee in February 2022, covering the Scheme year in this Statement.

Having considered the outcome of the VFM assessment, as well as the information reported, the Trustee has concluded that the Scheme offers good value to its DC members for the following reasons:

> **Fund performance:**

- Investment performance of the pure DC funds invested with Standard Life and Abrdn was broadly in-line with benchmarks and provides good value although the one-year performance has been slightly behind benchmark.
- Investment performance of the assets underlying the DC underpin benefits and the 'pure' DC benefits that relate to Protected Rights contributions which could not be reinstated in the State Pension Scheme (i.e. the DB section investments) was ahead of benchmark over both one and three years.
- There is a broad range of AVC funds available. Some have performed above their benchmark whilst others have been behind.

The Trustee and its advisers monitor the funds' performance on an ongoing basis and make changes as necessary.

> **Several ineffective AVC policies have been rationalised.** In doing so, the Trustee is comfortable that the AVC funds provided by Clerical Medical provide overall greater value to members. The Trustee is considering the Scheme's other DC and AVC investments in the Scheme year commencing 1 October 2021 and expects to report further on this in the next Chair Statement.

> **Appropriate processes are in place** to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core Financial Transactions' and the 'Trustee Knowledge and Understanding' sections of this Statement). Although members do not pay for these Scheme services directly, it is clear that should these processes be insufficient, they can cause detriment to the members. The Trustee has no material concerns regarding these processes, and believes they provide good value, however the Trustee notes the issues related to Prudential as mentioned in this Statement, and continues to work with its providers to minimise the effect on members and will consider whether it should remove Prudential investments as part of the ongoing rationalisation project

Value for Members continued

- > **The Trustee undertook an effectiveness assessment during the year.** The outcome of this assessment was discussed at the Trustee meeting of 10th May 2021. In undertaking such an assessment, the Trustee satisfies the Pension Regulator's expectation that Trustee Boards independently assess their collective effectiveness, and the findings were that the Trustee board is overall effective.
- > **The Trustee Board is supported by a professional, independent Trustee.** The experience of professional trustees helps strengthen the Scheme's overarching governance structure, which the Trustee considers to be good value.
- > **Member communications are prepared by a professional third-party administrator, Hymans Robertson.** This includes benefit statements and standard retirement communications. The Trustee understands that all communications prepared by Hymans will conform to its own internal standards, which the Trustee considers good value. It does note that for the AVCs, further communication may be beneficial, and will consider further actions in the current scheme year.
- > **All Scheme advisory, governance and administration costs are met by the Scheme.** This means that the only direct cost to members relates to fund management charges as noted in this Statement. Therefore, in not having to meet such costs, the Trustee considers this good value.
- > **Overall value assessment:** taking the member charges and services provided into account as well as rates available in the market, the Trustee has concluded:
 - **Pure DC benefits:** the member charges on the Abridn Multi-Asset Fund Class E and the Standard Life Managed Fund are competitive versus the market and members are not charged for the administration services. The Standard Life With Profits Fund has guaranteed returns which are of benefit to members. Hence value for money is good.
 - **DC underpin benefits and the 'pure' DC benefits that relate to Protected Rights contributions which could not be reinstated in the State Pension Scheme:** investments are within the main assets of the defined benefit section of the Scheme and members do not incur any charges. Hence value for money is good.
 - **Additional Voluntary Contribution (AVC) benefits:** the competitiveness of the charges, and investment performance amongst the AVC providers varies. However, the rationalisation project has improved value for money for those funds that moved to Clerical Medical, and these are competitive versus the market. Hence value for money is good. A review of the remaining AVC funds is underway.

06 Trustee Knowledge and Understanding

06.01 Assessment

In accordance with Sections 247 and 248 of the Pensions Act 2004, the Trustee is required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Director is therefore expected to:

- > Be conversant with the Trust Deed and Rules of the Scheme, its Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally; and
- > Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise their functions as a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Trustee is satisfied that it has complied with the knowledge and understanding requirements outlined above for the following reasons:

- > The Trustee Chair, Stella Girvin, is an independent, professional trustee. Stella has had a varied prior career, including a period as Pensions Manager at Travis Perkins plc. The heart of her career has been in pensions, both defined benefit and defined contribution schemes, but she is also a qualified Company Secretary, experienced in corporate governance and compliance. The Trustee Board benefits from the range of their depth and experience in the pensions arena which enables them to challenge the Trustee's advisors.
- > In addition, each of the Trustee Directors continuously consider their personal training needs in relation to the Scheme, in conjunction with the code of practice issued by the Pensions Regulator. The Trustee maintains a training log, which details the training undertaken by each Trustee Director during the year. This log aids the Trustee in ascertaining whether any knowledge gaps are present across the Board and, where identified, these are addressed as appropriate. Each Trustee Director has fully completed the Pension Regulator's Trustee Toolkit, including its latest module, Pension Scams.
- > The Trustee has access to, and knowledge of, the Scheme's documentation (e.g. Deed and Rules, Statement of Investment Principles, and Implementation Statement). These documents are readily accessible to the Trustee. The Trustee has undertaken a review of the Scheme's SIP, thus demonstrating a working knowledge of the SIP and Deed and Rules.
- > The Trustees receive updates from advisors on pensions law developments and any other areas of particular importance, including appropriate training. During the Scheme year the Trustees received training concerning the impact of the Taskforce for Climate-Related Financial Disclosures ("TCFD") framework on the Scheme and DC investment rationalisation.

The Trustee's collective experience is evidenced by their interaction with the Scheme's advisers as shown in the Trustee Meeting minutes, and the governance framework established by the Trustee to review the performance of the Scheme. This is further supported by the Trustee's decision to undertake a Value for Members Assessment, as detailed earlier.

07 Conclusion

The annual production of this Statement provides members with a narrative of how the Trustee looks after members' interests.

The Trustee will continue to monitor the matters covered within, and report to members both via the annual Chair's Statement and other communications as appropriate.

In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period.

I, Stella Girvin, am signing this Statement in my capacity as the Chair of the Trustee Board.

Signature

Date

Name

Stella Girvin

Qualification

Chair of the Trustee

Appendix A

Illustration of charges

Appendix A illustrates the expected change in a member's pension pot as they approach retirement, both before and after charges, based upon a set of stated assumptions. These are for guidance only – the potential change in a member's pension pot may vary on an individual basis.

Assumes: i) that the member is 25 years from Normal Retirement Date; ii) inflation is assumed at 2.5% p.a.; iii) projected pension pot values are shown in today's terms; iv) no contributions are assumed; and v) a pension pot at 25 years from Normal Retirement Date of £9,023.

All investment returns and charges are consistent throughout the member's lifetime in the Scheme, with the exception of the Clerical Medical BlackRock Balanced Lifestyle Fund where assumed net of charges investment returns of 4.19% apply when the member is between 25 years and 10 years from retirement, reducing in the 10-year period to retirement on a phased basis to 0.90% at retirement.

	Default AVC arrangement		Cheapest fund, and the most popular by headcount		Most expensive fund		Fund with a low expected investment return		Further example of equity growth fund	
	Clerical Medical BlackRock Balanced Lifestyle Fund		Standard Life With-Profits		Clerical Medical Far Eastern		Clerical Medical Blackrock Over 5 Year ILG Fund		Clerical Medical UK Growth	
Investment Return*	See above	See above	4.00%	4.00%	6.50%	6.50%	0.00%	0.00%	6.50%	6.50%
Charges**	See above	See above	0.00%	0.00%	0.00%	1.00%	0.00%	0.50%	0.00%	0.78%
Years to Normal Retirement Age	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)
25	9,023	9,023	9,023	9,023	9,023	9,023	9,023	9,023	9,023	9,023
20	10,028	9,791	9,844	9,844	10,926	10,178	7,975	7,778	10,926	10,285
15	11,145	10,624	10,739	10,739	13,231	11,482	7,049	6,704	13,231	11,725
10	12,386	11,527	11,715	11,715	16,023	12,952	6,230	5,779	16,023	13,365
5	12,881	11,701	12,781	12,781	19,403	14,610	5,506	4,981	19,403	15,235
0	12,160	10,776	13,943	13,943	23,496	16,481	4,867	4,294	23,496	17,366

*Accumulation rate (before Inflation at 2.5%) / **Ongoing Charge Figure (OCF) + Transaction costs (where available). Transaction costs are based on the 2020/21 data as reported - the Trustee will include an average over a longer period when reliable data is available.

Appendix B

Statement of Investment Principles



Contact us
xpsgroup.com

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).