CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 5 APRIL 2022

INTRODUCTION

As Chairman of the Trustees of the Scheme, I am required to provide members with a yearly statement which explains the steps the Trustees (with guidance from our professional advisers) have taken to meet the required governance standards. The information included in my statement is set out in law and regulation. This statement will be published on a publicly available website – www.marshall.co.uk.

Certain governance standards apply to Defined Contribution (DC) pension arrangements. These are designed to help members achieve good outcomes from their pension savings.

The Trustees are committed to having high governance standards and met three times during the Scheme year to monitor the controls and processes in respect of the administration relating to the Scheme's funds
This statement covers the period 6 April 2021 to 5 April 2022. This year, for the first time, the law requires me to show information about the return on investments within the statement (after the deduction of any charges and transaction costs paid for by members). These are included to help members understand how their investments are performing.

Russia's invasion of Ukraine occurred during the Scheme year. The Trustees discussed the immediate impact on the Scheme and also held further discussions on the ongoing impact on the world economy and investment markets during the Trustees' meeting in April 2022. No immediate action has been taken for the Scheme, but the matter will be kept under review by the Trustees and any further investigations and actions taken by the Trustees will be covered in next year's Chairman's Statement.

In the meantime, assisted by our advisers and through hosting virtual meetings, we are continuing to monitor the impacts of both the conflict in Ukraine (and its global ramifications) and the COVID-19 pandemic on the Scheme, particularly on ongoing investment returns, administration standards, and member support service levels.

The Scheme has the following DC elements:

- DC arrangement with Standard Life – this arrangement within the Scheme is open to new entrants and future contributions and is used for automatic enrolment purposes by the participating employers. This section is administered by Standard Life and offers investment funds managed by Standard Life and other external fund managers.

- Additional Voluntary Contributions (AVCs) with Standard Life – these are the Scheme's current AVC arrangements, used by members and invested in funds with Standard Life.

- DC arrangement with Aviva – this is a legacy arrangement and is closed to new members and new contributions. Members are invested in the Aviva With-Profits fund which has a guaranteed minimum investment return of 4.0% per annum. Some Scheme members with Aviva benefits also have benefits with Standard Life and these providers liaise when settling members' benefits.

- AVCs with Aviva – these are legacy holdings, from when Aviva was the AVC provider. This arrangement is closed to new entrants and future contributions.

- AVCs with Utmost Life & Pensions (Utmost) – these are legacy holdings within the Equitable Life With-Profits Fund which were transitioned to Utmost on 1 January 2020. This arrangement is closed to new entrants.

We welcome this opportunity to explain the steps the Trustees have taken to ensure the Scheme is run as effectively as possible. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please write to the Trustees c/o Marisa Parfitt, HR Department, Marshall Motor Holdings, Quorum 3, Barnwell Drive, Cambridge, Cambridgeshire CB5 8RE.

DEFAULT INVESTMENT ARRANGEMENT

A default investment arrangement was set up by the Trustees and provided for members who did not actively select an investment option for their contributions. Members could also choose to invest in this default investment arrangement.

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the default arrangements. We take professional advice from regulated investment advisers and have appointed fund managers to manage the DC funds.

Setting an appropriate investment strategy

Details of the strategy and objectives of the default investment arrangement amongst other things are also recorded in the Statement of Investment Principles (SIP). The SIP contained within this document was updated in August 2021. A copy of the SIP is appended to this statement.

During the applicable reporting period, the Scheme's default investment strategy was the Marshall Options Open Lifestyle with Standard Life.

When deciding on the investment strategy, the Trustees recognise that the majority of members do not make active investment decisions and instead invest in the default strategy. Therefore, the primary objective of the Trustees in deciding on an investment strategy is to ensure that the strategy is appropriate for a typical member. When choosing the default strategy, it is the policy of the Trustees to consider a range of asset classes, together with the need for diversification. The Trustees also recognise that there are various investment and operational risks and give considerations to such risks.

Members who joined the Scheme and did not make an active investment choice for their contributions are placed into the default investment strategy. The Marshall Options Open Lifestyle's pre-retirement investment mix represented a neutral option where the member has not made a specific choice to align their Member Account to either cash or annuity purchase. The Trustees therefore view it as being appropriate for the majority of members who have not made a decision on how they will want to take their benefits at retirement.

The default option has been designed having taken due regard to the membership profile of the Scheme, including consideration of:

- The size of members' retirement savings within the Scheme;
- Members' current level of income and hence their likely expectations for income levels post retirement;
- The fact that members may have other retirement savings invested outside of the Scheme; and
- The ways members may choose to use their savings to fund their retirement.

These factors have also been considered when setting the range of alternative investment options from which members can choose.

Reviewing the default investment arrangement

The Trustees are expected to review the strategy and objectives of the default investment arrangement regularly, and at least once every three years, and take into account the needs of the Scheme members when designing it. In practice, the Trustees review the investment objectives and the performance of the default investment arrangement regularly at Trustees' meetings, taking advice from the Trustees' investment consultant.

The Trustees last formally reviewed the default investment arrangement during the Scheme year – the review was completed on 28 May 2021 – considering at a high level the membership profile of the Scheme as part of the review, along with the risk profile and number of investment funds offered to members.

As a result of the default investment arrangement review, the following changes were made to the default investment arrangement in the second quarter of 2021:

- Introduce a more diversified approach during the ‘growth phase’, with a broad spread of investments to modestly increase higher returns on average, incorporating allocations to a high yield bond fund (the SL M&G Global High Yield Bond Pension Fund) and a listed infrastructure fund (the SL LF Macquarie Global Infrastructure Pension Fund), and therefore reduce the total expense ratio over the different stages of the default;
- Increase the de-risking period from seven to ten years, to reduce the risk to members of a protracted market downturn in the final years before retirement age;
- Reduce exposure on diversified growth funds, to reflect our investment adviser’s moderately pessimistic outlook on this asset class;
- Replacing the SL Stewart Investors Global Emerging Markets Leaders Pension Fund with a passive emerging market equity fund (the SL iShares Emerging Markets Equity Index Pension Fund).

Self-select investment choices

In addition to the default investment arrangement, the Trustees have made available three alternative lifestyle strategies under the Standard Life arrangement (Marshall Lump Sum Lifestyle, Marshall Drawdown Lifestyle and Marshall Annuity Lifestyle) and allow members to self-select from a range of funds.

At the start of the Scheme year, the self-select funds were:

Standard Life	SL Vanguard FTSE Developed World ex UK Equity Index Pension Fund
	SL iShares UK Equity Index Pension Fund
	SL Stewart Investors Global Emerging Markets Leaders Pension Fund
	SL HSBC Islamic Global Equity Index Pension Fund
	SL Vanguard ESG Developed World All Cap Equity Index Pension Fund
	SL BNY Mellon Real Return Pension Fund
	Standard Life Marshall Growth Pension Fund
	Standard Life MMH Diversified Growth Pension Fund
	Standard Life Marshall Pre-Retirement Pension Fund
	SL iShares UK Gilts All Stocks Index Pension Fund
	SL Vanguard UK Inflation Linked Gilt Index Pension Fund
	Standard Life Long Corporate Bond Pension Fund
	Standard Life Deposit and Treasury Pension Fund
	Standard Life Property Pension Fund
Aviva	Aviva FP With Profits Fund (Main Series 1)
Utmost Life and Pensions	Utmost Multi-Asset Moderate Fund
	Utmost Multi-Asset Cautious Fund
	Utmost Money Market Fund

Members received communications informing them of the Trustees’ selected replacements but offering them the option to switch to another fund.

Members are encouraged as advised to take independent financial advice before choosing between these alternative lifestyle strategies and any of the funds above. Free impartial guidance is also available from MoneyHelper – their website can be found at https://www.moneyhelper.org.uk/en/pensions-and-retirement/ and they can provide guidance through live webchat or over the telephone on 0800 0111 3797 (Mon-Fri, 9am to 5pm).

Further explanation of the With-Profit arrangements

For members with Aviva funds invested in the pre-demutualisation series of the With-Profits fund, any policies commencing before 9 July 2001, where With-Profits investment began before 26 November 2001, will have no explicit management charge but Aviva allows for an implicit charge when reviewing the regular bonus rates each year. For any policies which started after 8 July 2001, or older policies for which the first with-profits investment was after 25 November 2001, will be invested in a post-demutualisation series of the fund, which has a management charge of 0.75% a year.

The Trustees have taken a pragmatic approach to reviewing these investments based on the size of the funds invested compared to the overall value of benefits that the members hold within the Scheme. In addition, the Trustees note that Aviva has a With Profits Committee for their With-Profits funds, who consider matters affecting the interests of the policyholders within each fund respectively, including fair pay-outs.

The Trustees periodically review these arrangements to ensure they continue to be fit for purpose and will continue to write directly to members who have such investments if there is anything of significance to make members aware of.

CHARGES AND TRANSACTION COSTS PAID BY MEMBERS

The Trustees are required to explain the charges and transaction costs (i.e. the costs of buying and selling investments) in the Scheme that are paid by members rather than the employer. In the Scheme, members typically pay for investment management and investment transactions, while the employer pays all the other costs of running the Scheme such as some administration services as well as governance. The investment management and transaction costs can be explained as follows:

- The total ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge (direct charges) and any additional fund expenses (indirect charges). The charges for the default investment strategy are compared against the 0.75% charge cap set by legislation.
- Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments within each fund. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and the costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. These costs will vary between members depending on the funds invested in, the transactions that took place within each fund and the date at which the transactions took place. Unlike the ongoing charges figures, transaction costs cannot be compared against the 0.75% charge cap set by legislation. The reported performance of the fund is typically net of these transaction costs.
- In addition, there can be switching costs occurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching their investment arrangements) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.

The level of ongoing charges (after the Scheme rebate of 0.52% has been applied) applicable to the Scheme’s current default investment arrangement during the last Scheme year were confirmed by Standard Life as being:

	Total charges		Transaction costs for the period 1 April 2021 to 31 March 2022	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested	£ p.a. per £1,000 invested
Standard Life Marshall Growth Pension Fund	0.63%	£6.30	0.25%	£2.50
Standard Life Marshall Diversified Growth Pension Fund	1.30%	£10.30	0.40%	£4.00
Standard Life Marshall Pre-Retirement Pension Fund	0.50%	£5.00	0.06%	£0.60
Standard Life Deposit and Treasury Pension Fund	0.49%	£4.90	0.02%	£0.20

The level of charges and transaction costs applicable to the Scheme's self-select funds under the Standard Life arrangement, and AVCs with Utmost, during the last Scheme year were confirmed by the providers in the table below.

Some members remain invested in the Aviva With-Profits fund. This is a legacy arrangement and is closed to new members and new contributions. Aviva have confirmed there is no explicit scheme charge in respect of pre July 2001 policies as Aviva allows for an implicit charge when reviewing the regular bonus rates each year.

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	Total charges		Transaction costs for the period 1 April 2021 to 31 March 2022	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested	£ p.a. per £1,000 invested
Standard Life				
SL Vanguard FTSE Developed World ex UK Equity Index Pension Fund	0.50%	£5.00	0.35%	£3.50
SL iShares UK Equity Index Pension Fund	0.49%	£4.90	0.18%	£1.80
SL Stewart Investors Global Emerging Markets Leaders Pension Fund	1.42%	£14.20	0.10%	£1.00
SL HSBC Islamic Global Equity Index Pension Fund	0.78%	£7.80	0.02%	£0.20
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	0.50%	£5.00	0.10%	£1.00
SL BNY Mellon Real Return Pension Fund	1.28%	£12.80	0.36%	£3.60
Standard Life Marshall Growth Pension Fund	0.63%	£6.30	0.25%	£2.50
Standard Life Marshall Diversified Growth Pension Fund	1.30%	£13.00	0.40%	£4.00
Standard Life Marshall Pre-Retirement Pension Fund	0.50%	£5.00	0.06%	£0.60
SL iShares UK Gilts All Stocks Index Pension Fund	0.49%	£4.90	0.03%	£0.30
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	0.50%	£5.00	0.17%	£1.70
Standard Life Long Corporate Bond Pension Fund	0.49%	£4.90	0.08%	£0.80
Standard Life Deposit and Treasury Pension Fund	0.49%	£4.90	0.02%	£0.20
Standard Life Property Pension Fund	0.51%	£5.10	0.24%	£2.40
SL iShares Emerging Markets Equity Index Pension Fund	0.68%	£6.80	0.37%	£3.70
SL LF Macquarie Global Infrastructure Pension Fund	1.56%	£15.60	0.29%	£2.90
SL M&G Global High Yield Bond Pension Fund	1.09%	£10.90	0.10%	£1.00
Aviva				
Aviva FP With Profits Fund (Main Series 1) Pensions	0.75%*	£7.50	0.06%	£0.60
AVCs with Utmost				
Utmost Multi-Asset Moderate Fund	0.75%	£7.50	0.18%	£1.80
Utmost Multi-Asset Cautious Fund	0.75%	£7.50	0.13%	£1.30
Utmost Money Market Fund	0.50%	£5.00	0.01%	£0.10

Source: Standard Life, Aviva and Utmost Life and Pensions
* Explicit scheme charge applies to post July 2001 policies only

In terms of switching costs, the funds used by the Scheme operate on a single-swinging price basis with no explicit switching costs charged to members. However, members may experience implicit switching costs whenever assets are sold (as is the case throughout the lifestyling phase).

These costs will vary between members depending on what switches took place for each member and the date at which these occurred. The Trustees are not able to track what costs have been incurred in practice for particular members.

Completeness of transaction cost information

Where information about the member costs and charges is not available, we have to make this clear together with an explanation of what steps we are taking to obtain the missing information.

We were not provided with transaction costs prior to 1 January 2018 for any of the funds, whether managed by Standard Life, Aviva or Utmost. As the reporting of transaction costs is a new statutory requirement, not obtaining full transaction cost data is a difficulty faced by many pension schemes. It should be noted that the transaction costs are likely to vary from fund to fund and from year to year.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on members' savings.

Standard Life have prepared examples of the cumulative effect over time of the impact of the charges and transaction costs on the value of a member's retirement savings, having taken account of the updated statutory guidance effective from 1 October 2021 issued by the Department of Work and Pensions in preparing this section of our statement.

Each table in this section shows the projected pension savings in today's money for a representative member of the Standard Life arrangement using:

- The median starting age and pot size by type of member ('typical' active, 'typical' youngest active member, 'typical' deferred, and 'typical' youngest deferred) as at 5 April 2022;
- The regular contribution for active members contributing 5% employee and 4% employer contributions; and
- The 'Before charges' column shows the projected fund without any transaction costs and charges being applied. The 'After all charges' column shows the projected fund after transaction costs and charges have been applied

Please note that, within each table, there may be instances where the projected fund at age 65 is lower than the starting fund value. This arises when the projected return (before or after charges are deducted) is lower than the projected levels of inflation, as all values are shown in today's terms.

'Typical' active member of the Standard Life arrangement

Year	Marshall Options Open Lifestyle		Standard Life MMH Diversified Growth Pension Fund		Standard Life Deposit and Treasury Pension Fund	
	The default lifestyle option, revised over 2021, with a 10 year lifestyling period		The highest charging fund		The lowest charging fund	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£16,400	£16,300	£16,300	£16,100	£15,900	£15,900
3	£21,800	£21,300	£21,200	£20,400	£20,100	£19,900
5	£27,400	£26,500	£26,300	£24,700	£24,300	£23,900
10	£43,200	£40,600	£40,400	£36,000	£35,200	£34,100
15	£61,200	£56,100	£55,900	£47,700	£46,500	£44,400
NRD	£73,100	£66,000	£66,000	£54,900	£53,200	£50,500

'Typical Youngest' active member of the standard life arrangement

Year	Marshall Options Open Lifestyle (default)		Standard Life MMH Diversified Growth Pension Fund		Standard Life Deposit and Treasury Pension Fund	
	The default lifestyle option, revised over 2021, with a 10 year lifestyling period		The highest charging fund		The lowest charging fund	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£4,290	£4,270	£4,250	£4,200	£4,190	£4,180
3	£9,160	£9,010	£8,930	£8,660	£8,620	£8,540
5	£14,300	£13,900	£13,700	£13,100	£13,000	£12,800
10	£29,200	£27,700	£27,200	£24,800	£24,400	£23,800
15	£46,800	£43,400	£42,100	£36,900	£36,200	£34,800
20	£67,700	£61,300	£58,800	£49,700	£48,400	£46,100
25	£92,100	£81,400	£77,500	£63,000	£61,100	£57,600
30	£120,000	£104,000	£98,300	£77,100	£74,200	£69,300
35	£153,000	£129,000	£121,000	£91,800	£88,100	£81,500
40	£193,000	£158,000	£147,000	£107,000	£102,000	£94,000
NRD	£210,000	£170,000	£157,000	£113,000	£108,000	£98,800

'Typical' deferred member of the Standard Life arrangement

Year	Marshall Options Open Lifestyle (default)		Standard Life MMH Diversified Growth Pension Fund		Standard Life Deposit and Treasury Pension Fund	
	The default lifestyle option, revised over 2021, with a 10 year lifestyling period		The highest charging fund		The lowest charging fund	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£2,550	£2,530	£2,520	£2,480	£2,470	£2,460
3	£2,670	£2,600	£2,560	£2,440	£2,420	£2,390
5	£2,790	£2,670	£2,620	£2,410	£2,360	£2,310
10	£3,120	£2,850	£2,740	£2,320	£2,260	£2,150
15	£3,480	£3,040	£2,880	£2,240	£2,140	£1,990
20	£3,890	£3,250	£3,030	£2,160	£2,040	£1,850
NRD	£4,079	£3,340	£3,090	£2,130	£2,000	£1,790

'Typical youngest' deferred member of the Standard Life arrangement

Year	Marshall Options Open Lifestyle (default)		Standard Life MMH Diversified Growth Pension Fund		Standard Life Deposit and Treasury Pension Fund	
	The default lifestyle option, revised over 2021, with a 10 year lifestyling period		The highest charging fund		The lowest charging fund	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£1,010	£1,010	£1,000	£992	£990	£985
3	£1,060	£1,040	£1,020	£978	£970	£956
5	£1,130	£1,080	£1,040	£964	£950	£927
10	£1,270	£1,160	£1,100	£931	£906	£861
15	£1,440	£1,260	£1,150	£898	£862	£799
20	£1,630	£1,360	£1,210	£866	£820	£741
25	£1,840	£1,470	£1,270	£836	£781	£688
30	£2,090	£1,590	£1,330	£807	£743	£638
35	£2,360	£1,720	£1,400	£778	£707	£592
NRD	£2,670	£1,860	£1,470	£751	£673	£549

The following assumptions have been made for the purposes of the above illustrations:

- Values shown are estimated and are not guaranteed, the actual fund values could be higher or lower;
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the

effect of future inflation;
- Inflation is assumed to be 2.0% each year;
- For 'typical' active members only, future contributions are assumed to be paid from assumed age 47 to normal retirement age 65. Future contributions are assumed to increase by 3.5% each year;
- Total contribution rates and pensionable salaries for the 'typical' active member and 'typical youngest' active member illustrations are assumed to be 9% and £25,000 respectively;
- The starting pot sizes are assumed to be £14,000 for the 'typical' active member, £2,500 for the 'typical' deferred member, £2,000 for the 'typical youngest' active member and £1,000 for the 'typical youngest' deferred member;
- Starting ages are assumed to be 47 for the 'typical' active member, 43 for the 'typical' deferred member, 23 for the 'typical youngest' active member and 25 for the 'typical youngest' deferred member; and
- The projected growth rate for each fund (before inflation of 2% is deducted) are as follows:
- The Marshall Options Open Lifestyle 'growth' phase (the default investment strategy) (Standard Life Marshall Growth Pension Fund: 5.0%, Standard Life MMH Diversified Growth Pension Fund: 3.0%, Standard Life Marshall Pre-Retirement Pension Fund: 1.0%, Standard Life Deposit and Treasury Pension Fund: 1.0%)
- Standard Life MMH Diversified Growth Pension Fund (the highest charging fund): 3.0%
- Standard Life Deposit and Treasury Pension Fund (the lowest charging fund): 1.0%

Utmost have also prepared the following examples, having taken account of the statutory guidance issued by the Department for Work and Pensions. The following table shows the impact of charges for each fund invested. Each fund is projected over several years and shown before and after cost and charges have been deducted. The first column shows the total funds.

Term	Multi-Asset Moderate		Multi-Asset Cautious		Money Market	
	Before Charges £	After Costs and Charges Deducted £	Before Charges £	After Costs and Charges Deducted £	Before Charges £	After Costs and Charges Deducted £
1	1,007	998	997	986	978	973
3	1,021	995	991	959	936	921
5	1,035	992	985	933	895	873
10	1,070	985	971	871	801	761
15	1,107	977	957	812	717	664
20	1,146	970	943	758	642	580
25	1,185	962	929	707	574	506
30	1,227	955	916	660	514	441
35	1,269	947	902	616	460	385
40	1,313	940	889	575	412	336

The following assumptions have been made by Utmost for the purposes of the above illustrations:

Notes:

1) Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2) The starting pot size in each fund is assumed to be £1,000.
3) Inflation is assumed to be 2.5% p.a.
4) Values shown are estimates and are not guaranteed.
5) The projected growth rate for each fund is as follows:
   Multi Asset Moderate: 3.2%
   Multi-Asset Cautious: 2.2%
   Money Market Fund: 0.25%

We were unable to obtain examples for the Aviva arrangement. Ongoing contributions are not made the Aviva arrangement.

Past performance of the investment options

Standard Life and Aviva have calculated the return on investments after the deduction of any charges and transaction costs paid for by the members. Standard Life have done this for the default investment arrangement and for each self-select fund, and Aviva for the legacy investment arrangements, which members are now able, or were previously able, to select and in which Scheme members have been invested during the Scheme year.

The net returns to 31 March 2022 are shown in the tables below and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance. Standard Life and Aviva have prepared the following tables, in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and having taken account of the statutory guidance issued by the Department of Work and Pensions .

Annualised net returns (%) for the default investment arrangement (the Marshall Options Open Lifestyle) over periods to 31 March 2022

Age of member at the start of the period**	**1 year**	**5 years (annualised)**	**10 years (annualised)**	**15 years (annualised)**	**20 years (annualised)**
Time period (start date – end date)	**31/03/2021–31/03/2022 (%)**	**31/03/2017–31/03/2022 (%p.a.)**	**31/03/2012–31/03/2022 (%p.a.)**	**31/03/2007–31/03/2022 (%p.a.)**	**31/03/2002–31/03/2022 (%p.a.)**
Age 25	10.9	7	n/a*	n/a*	n/a*
Age 45	10.9	7	n/a*	n/a*	n/a*
Age 55	10.9	7	n/a*	n/a*	n/a*

Source: Standard Life
*Fund returns noted as "n/a" indicate where fund performance is not available for the specified performance period. This is typically as a result of the fund launching during the specified performance period.
**As the default investment arrangement is a lifestyle strategy made up of different investment funds, the returns may vary with the age of the member, so we have shown the returns at three example ages in line with regulatory guidance.

Annualised net returns (%) for the self-select funds and legacy investment arrangements over periods to 31 March 2022

Standard Life

Duration	1 year	5 years (annualised)	10 years (annualised)	15 years (annualised)	20 years (annualised)
Time period (start date – end date)	**31/03/2021–31/03/2022 (%)**	**31/03/2017–31/03/2022 (%p.a.)**	**31/03/2012–31/03/2022 (%p.a.)**	**31/03/2007–31/03/2022 (%p.a.)**	**31/03/2002–31/03/2022 (%p.a.)**
SL Vanguard FTSE Developed World ex UK Equity Index Pension Fund	15.61	11.64	13.26	n/a*	n/a*
SL iShares UK Equity Index Pension Fund	12.69	4.34	6.75	4.93	n/a*
SL Stewart Investors Global Emerging Markets Leaders Pension Fund	5.14	-0.05	n/a*	n/a*	n/a*
SL HSBC Islamic Global Equity Index Pension Fund	20.8	15.65	14.94	12.12	n/a*
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	12.46	10.45	n/a*	n/a*	n/a*
SL BNY Mellon Real Return Pension Fund	0.74	3.91	3.67	n/a*	n/a*
Standard Life Marshall Growth Pension Fund	12.35	7.38	n/a*	n/a*	n/a*
Standard Life Marshall Diversified Growth Pension Fund	-2.04	1.52	n/a*	n/a*	n/a*
Standard Life Marshall Pre-Retirement Pension Fund	-4.1	1.48	n/a*	n/a*	n/a*
SL iShares UK Gilts All Stocks Index Pension Fund	-5.86	0.04	n/a*	n/a*	n/a*
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	3.99	2.58	5.51	n/a*	n/a*
Standard Life Long Corporate Bond Pension Fund	-7.7	1.9	5.31	5.32	n/a*
Standard Life Deposit and Treasury Pension Fund	-0.33	-0.09	-0.06	n/a*	n/a*
Standard Life Property Pension Fund	23.72	6.01	6.49	2.8	n/a*
SL iShares Emerging Markets Equity Index Pension Fund	-4.33	4.44	n/a*	n/a*	n/a*
SL LF Macquarie Global Infrastructure Pension Fund	22	6.85	9.17	n/a*	n/a*
SL M&G Global High Yield Bond Pension Fund	-3.99	1.86	n/a*	n/a*	n/a*

Source: Standard Life
*Fund returns noted as "n/a" indicate where fund performance is not available for the specified performance period. This is typically as a result of the fund launching during the specified performance period.

Notes:
For the above table, Standard Life has assumed:

1. All returns are cumulative performance using an annual geometric average, with gross income reinvested unless otherwise stated. Fund returns are net of all transaction costs and charges, adjusted for any scheme specific rebates or employer variations.
2. Past performance is not a guide to future returns
3. The charging structure applicable to Standard Life's schemes mean that the above Net Investment Returns are applicable to a saving profile of a one off lump sum of £10,000 (as suggested in the guidance) as well as any other premium variations, and do not vary by member age.

Aviva

Duration	1 year	5 years (annualised)	10 years (annualised)	15 years (annualised)	20 years (annualised)
Time period **(start date – end date)**	**31/03/2021–31/03/2022** **(%)**	**31/03/2017–31/03/2022** **(%p.a.)**	**31/03/2012–31/03/2022** **(%p.a.)**	**31/03/2007–31/03/2022** **(%p.a.)**	**31/03/2002–31/03/2022** **(%p.a.)**
Aviva FP With Profits Fund (Main Series 1) Pensions	8.90%	5.36%	5.42%	4.59%	4.89%

Notes:

For the above table, Aviva has assumed:

1. Returns net of all costs and charges have been calculated in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and accompanying statutory guidance.
2. The charges are those currently applicable to a single contribution of £10,000 paid into the Scheme at the beginning of the reporting period.
3. Returns are annualised geometric means over the time periods displayed. For example, if a net fund return over a 5 year period was 15.9% this would be shown as 3% p.a. in the ‘5 year’ column.
4. Returns are net of all costs and charges borne by members.
5. The net returns reflect the current charge arrangement. These charges could vary in the future.

ASSESSING VALUE FOR MEMBERS

Introduction and main conclusions

As part of our assessment of the charges and transaction costs, the Trustees are required to consider the extent to which costs and charges within the Scheme represent good value for members when compared to other options available in the market.

The Trustees have conducted three tests in assessing value for members for the Scheme year to 5 April 2022:

1. a comparison of our reported costs and charges with the three comparison schemes;
2. a comparison of our reported net investment returns with the three comparison schemes; and
3. a consideration of the Scheme against key governance and administration criteria.

Based on our assessment, we conclude that the Scheme offered good value for members over the year to 5 April 2022, when measured against the definition required by legislation, using the three comparison schemes selected by the Trustees and using our interpretation of the updated statutory guidance dated October 2021 on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

The approach that the Trustees have taken, the conclusions reached and an explanation of how and why we have reached those conclusions is set out below.

The Trustees have carried out the new detailed value for members assessment which now applies to the Scheme, as a result of the Scheme holding total assets under £100 million as at the Scheme year-end.

It should be noted that the approach taken this year is different to the approach taken in previous years, as a result of changes to the statutory guidance on assessing 'value for members' for occupational DC pension schemes with total assets under £100 million.

In carrying out the assessment, the Trustees have had regard to the Department for Work and Pensions' updated statutory guidance dated October 2021 on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns" .

This section sets out the approach that the Trustees have taken, the conclusions we have reached and an explanation of how and why we have reached those conclusions.

Our approach

Assisted by our advisers and in line with the statutory guidance, we have taken the following approach:

1. We have collated information on costs and charges and net investment returns within the Scheme, as well as key governance and administration criteria within the Scheme;
2. We have collated information on costs and charges and net investment returns within three comparison schemes, selected using clear rationale agreed by the Trustees;
3. We have assessed the value that Scheme members receive by comparing the Scheme's costs and charges and net investment returns relative to the comparison schemes and assessing the key governance and administration criteria on an absolute basis, having due regard to the updated statutory guidance; and
4. We have reflected on our key findings, before deciding whether the Scheme provides overall value for members and agreeing any actions that are required following the assessment.

For the avoidance of doubt, under the updated statutory guidance, trustees of occupational DC pension schemes who are not able to demonstrate that their pension scheme delivers value for members on all three areas (costs and charges; net investment returns; administration and governance) are expected to conclude that their pension scheme does not provide good value for members.

Such trustees should look to wind up their pension scheme and transfer the rights of their members into a larger pension scheme, or set out the immediate action they will take to make improvements to the existing scheme (if the improvements identified are not made within a reasonable period, for example within the next scheme year, then those trustees would be expected to wind up and transfer members' benefits to another pension scheme).

Preparations for the assessment

The Trustees received support from advisers around how to undertake the new detailed value for members assessment and also considered the updated statutory guidance.

A number of key decisions were made as part of these preparations, in two main areas:

1. Selecting the three comparison schemes
2. Interpreting the updated statutory guidance

<u>1. Selecting the three comparison schemes</u>

In order to carry out the value for members assessment, the Trustees' first step was to select three comparison schemes.

We took advice from our pension advisers in this regard to ensure that we conducted an appropriate selection process, as our pension advisers have the relevant market knowledge of defined contribution pension arrangements.

In line with the statutory guidance, the comparison schemes selected were all greater than £100 million in size and of a different structure to the Scheme, to ensure that a meaningful comparison was made with a larger pension arrangement.

As Trustees, we were required to set clear rationale for the schemes that we would select as comparators. On top of the statutory guidance requirements above, the Trustees selected the following criteria for the comparison schemes:

- The comparison schemes would all be Master Trusts, as these are schemes that differ in structure to the Scheme (a trust-based occupational pension scheme) and would be able to accept a bulk transfer of members' assets without consent;
- The comparison schemes would support in-scheme drawdown (i.e. the ability for individuals to flexibly access their savings without changing pension schemes);
- The comparison schemes would support a similar investment strategy to the Schemes by investing predominantly in equities in the growth phase before de-risking to a suitable mix of assets at retirement to take account of the pension freedoms;
- The comparison schemes would have comparable scheme profiles to the Scheme;
- The comparison schemes would provide access to financial advice at retirement;
- The comparison schemes would be likely to offer terms to receive a bulk transfer of the assets and membership of the Scheme as part of a wind-up and bulk transfer;
- Finally, the comparison schemes would be able to provide the net investment return, charges and ransaction costs required by the Trustees. From a practical point of view, the Trustees selected from a long-list of Master Trusts who have engaged with the 2021 round of our adviser's annual provider market data gathering exercise (i.e. the Trustees implicitly assumed that providers who did not engage with their advisers would not be able or willing to provide the data required).

By applying this clear rationale within the comparison scheme selection process, the Trustees selected the following comparison schemes:

- Standard Life DC Master Trust;
- Aviva Workplace Retirement Account Master Trust; and
- The People's Pension.

The updated statutory guidance states that "Trustees of specified schemes are of course at liberty to choose their own comparison schemes, each time they conduct the value for members assessment".

As a result, the Trustees reserve the right to select different clear rationale and choose different comparison schemes for future Scheme years.

2. Interpreting the updated statutory guidance

This year was the first year in which the new value for member assessment was being rolled out across all occupational DC pension schemes with assets under £100 million.

As a result, no established practice or case studies exist at this stage that the Trustees could rely upon to inform their approach. As a result, a number of key decisions were made as part of the Trustees' preparations, primarily around interpreting the updated statutory guidance dated October 2021.

The Trustees made the following key decisions for this Scheme year (where this relates to a particular paragraph of the updated statutory guidance, the relevant paragraph number is shown in [square brackets]):

- The Trustees note that charges and transaction costs will only vary by age for Scheme members in the ten years prior to normal retirement date for the default investment arrangement. As the updated statutory guidance suggests that charges and costs are shown at 10-year intervals, no difference would be demonstrated if the Trustees followed this suggestion. As a result, the Trustees have shown a single figure for the charges and transaction costs relating to the period prior to ten years before normal retirement date [46];
- The Trustees have relied entirely on the data supplied by the providers of the comparison schemes [47/59];
- The Trustees have requested comparison data as at 31 March 2022 (as quarter-end data was more readily provided) and have compared this against Scheme data also calculated as at 31 March 2022;
- The Trustees have agreed that the charges and transaction costs over the year to 31 March 2022 are not unusually high for a reason that is unlikely to be repeated; therefore, the Trustees have used one-year data rather than an average of the last five years [61];
- Where the Trustees have performed comparisons using the Scheme's default investment arrangement, we have compared them against the default arrangement put forward by each comparison scheme, where these schemes have different options for default arrangements [51/62];
- In the absence of a clear definition in the updated statutory guidance, the Trustees have defined self-select funds as "popular" or "frequently invested" if more than 5% of members are invested in the self-select funds [52/63/67/68];
- The Trustees have given the total charges and transaction costs and net investment returns in the default lifestyle arrangement and legacy investment arrangements a weighting of 100%, given that no current self-select fund in the Scheme has sufficient members investing in it to be considered "popular" or "frequently invested" under the above definition [64/74];
- The Trustees have assumed that funds being compared that have charges and transaction costs with an absolute difference within 0.05% or that have net investment returns with an absolute difference within 0.5% are considered to be "closely comparable" [54/66];
- The Trustees consider that default investment arrangements or self-select funds that also have higher, not just "broadly comparable", average investment returns over a five-year period when compared to the nearest comparable default arrangements or funds respectively, are good value from a costs and charges perspective, even if the charges in the Scheme are higher than the same comparable default arrangements or funds respectively [54];
- The Trustees have placed more weight on the net investment returns over charges and transaction costs by weighting net investment returns by 80% and charges and transaction costs by 20% when assessing value for members [106];
- The Trustees have only been able to source and use five-year net investment returns to assess longer-term investment performance (10-year and 15-year data was not consistently provided) and have also placed more weight on the longer-term performance by weighting five-year net investment returns by 80% and short-term one-year returns by 20% [58];

- The Trustees were not provided with sufficient data by the comparison schemes to assess whether the demographic profile of the Scheme differed sufficiently to those of the comparison schemes to support a “clear strategic choice” that explains differences in performance [68];
- When assessing the value delivered by their governance and administration offering within the Scheme, the Trustees have considered and assessed the Scheme against the seven key metrics of Administration and Governance set out in the updated statutory guidance and note that the guidance also sets out an expectation that all seven of the metrics for administration and governance are satisfied for a pension scheme to be able to demonstrate satisfactory value for members [103/104]. In making this assessment, the Trustees have assumed the following:

I. When assessing the promptness and accuracy of core financial transactions, the Trustees have placed greater weight on the proportion of member transactions that have been completed accurately and within required timeframes set in legislation compared to the proportion of member transactions that have been completed according to any service level agreements (SLA) when assessing whether the Scheme would represent “satisfactory value” for members in this area [73-77];

II. When assessing the quality of record keeping, the Trustees have assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area. [78-88];

III. When assessing the appropriateness of the default investment strategy, the Trustees have considered all of the points within the updated statutory guidance and assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [89-91];

IV. When assessing the quality of investment governance, the Trustees have considered all of the points within the updated statutory guidance and assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [92-93];

V. When assessing the level of trustee knowledge, understanding and skills to operate the Scheme effectively, the Trustees have assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [94-97];

VI. When assessing the quality of communication with Scheme members, the Trustees have assumed that concluding that they have met their statutory obligations and have also achieved satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [98-99];

VII. When assessing the effectiveness of management of conflicts of interest, the Trustees have assumed that having all four of the controls set out in the updated statutory guidance in place and being able to show how these have been followed and are effective in practice would represent “satisfactory value” for members in this area [100-102];

The Trustees also agreed to revisit these decisions in future Scheme years, allowing for emerging industry-wide practices or case studies, particularly around the approach that The Pensions Regulator ends up taking when assessing how trustees carried out the new detailed value for member assessments.

Process followed for the assessment, including key factors considered

The Trustees requested the required information from each of the comparison schemes in order to undertake the relative assessment of costs and charges and net investment returns against the Scheme. The Trustees also requested the assistance of advisers to assist in assessing the Scheme against the criteria set out in the updated statutory guidance.

The assessment then involved three tests:

1. a comparison of our reported costs and charges with the three comparison schemes;
2. a comparison of our reported net investment returns with the three comparison schemes; and
3. a consideration of the Scheme against key governance and administration criteria.

The Trustees have also had discussions with at least one of the comparison schemes about a transfer of the members' rights if the Scheme should ever be wound up (please note that this is a requirement of the statutory guidance, rather than a reflection of the future ambitions of either the Trustees or the principle and participating employers of the Scheme).

The outcomes from our assessment

Test 1: costs and charges

The Trustees have identified the costs and charges that members pay for directly, as well as the costs and charges that are paid for by the employer.

It is the current policy of the Trustees and employer that the costs and charges which are paid by members are not only the fund management charges and transaction costs for the investment funds used within the Scheme but also the costs of the services provided to members by Standard Life, Aviva and Utmost such as:

- The costs of reviewing and updating funds available to members on their platforms;
- Administration costs for the providers (e.g. the costs of updating and maintaining member records, processing contributions and pension payments, dealing with member queries, etc.); and
- Member communications (e.g. the costs of producing and issuing annual benefit statements, etc.).

For all other costs and charges, the employer bears the full cost. This covers such areas as:

- Wider investment support and governance (e.g. the costs of regularly reviewing and updating funds available to members, etc);
- Administration of the Scheme (e.g. producing annual financial statements, etc);
- Member communications (e.g. the costs of producing and issuing member booklets, newsletters etc); and
- The management and governance of the Scheme (e.g. the expenses of the Trustees, the costs of legal/actuarial advisers and annual audit, etc).

The Trustees have gathered information about costs and charges from the three comparison schemes and compared them with the costs and charges paid by the members directly in the Scheme.

As mentioned earlier in this section:

- The charges and transaction costs for the year to 31 March 2022 have been gathered for the analysis, rather than for the year to 5 April 2022, as quarter-end data was more readily provided by the comparison schemes; and
- The Trustees have agreed that the charges and transaction costs over the year to 31 March 2022 are not unusually high for a reason that is unlikely to be repeated; therefore, the Trustees have used one-year data rather than an average of the last five years.

Given that no current self-select fund in the Scheme has sufficient members investing in it to be considered “popular” or “frequently invested” under the definition set out earlier in this section, we have compared our current default investment strategy under Standard Life and legacy investment arrangements managed by Aviva with the default investment arrangement in the three comparison schemes.

A summary of the comparison is shown in the table below.

For the year to 31 March 2022	Total charges	Transaction costs	Total charges + transaction
The Scheme:			
Our current default investment arrangement (before ten years prior to normal retirement date*)	0.70%	0.26%	0.96%
Our legacy arrangement (Aviva)	0.75%**	0.06%	0.81%
Default investment arrangements proposed for the comparison schemes			
Standard Life DC Master Trust	0.43%	0.05%	0.48%
The Aviva Workplace Retirement Account Master Trust	0.46%	0.04%	0.50%
The People's Pension	0.50%	0.05%	0.55%
Average of the three comparison schemes	0.46%	0.05%	0.51%

Source: Standard Life, Aviva and the People's Pension
* As noted earlier, the charges for the Scheme's current default investment arrangement are at their highest in the period prior to ten years before normal retirement date and do not change at any point during the period prior to ten years before normal retirement date.
** Aviva have confirmed explicit scheme charges apply to post July 2001 policies only. For pre July 2001 policies, scheme charges are implicit and allowed for when reviewing regular bonus rates each year.

The Trustees have given greater weight in the comparison to the total charges and transaction costs in the current default arrangement and legacy investment arrangements than the current self-select funds in which smaller numbers of members are invested. We have weighted 100% of the comparison to the default arrangement and legacy investment arrangements since no self-select fund in the Scheme has sufficient members investing in it to be considered "popular" or "frequently invested" under the definition set out earlier in this section.

Our conclusion on costs and charges is that the majority of the total charges and transaction costs are higher than the average for the comparator schemes, but this is justified by higher investment returns (as shown in the next section), so it is reasonable to assume that the Scheme as a whole represents good value for members from the standpoint of costs and charges.

Test 2: Investment returns (fund performance)

The Trustees have gathered past performance of the investment options within the Scheme and included this in the earlier section entitled "Past performance of the investment options".

The Trustees have also gathered information about investment returns (after the deduction of any charges and transaction costs) for the investment options of the three comparison schemes and compared them with the net investment returns in the Scheme.

The Trustees have given greater weight in the comparison to the net investment returns in the current default arrangement and legacy investment arrangements than self-select funds in which smaller numbers of members are invested. We have weighted 100% of the comparison to the default investment arrangement since no current self-select fund in the Scheme has sufficient members investing in it to be considered "popular" or "frequently invested" under the definition set out earlier in this section.

We have, therefore, compared our default investment strategy with Standard Life and legacy arrangement managed by Aviva with the default investment arrangement proposed for each of the three comparison schemes.

The Trustees have compared net investment returns:

- in the short term (i.e. over a one-year period to the year ending 31 March 2022) to give an immediate indication of performance trend; and
- over a longer, more sustained, period for which broadly comparable data could be found (i.e. over a five-year period to the year ending 31 March 2022).

The Trustees plan to include longer-term performance (e.g. over 10 years and over 15 years) when this data is available.

A summary of the comparison is shown in the table below.

For the period to 31 March 2022	One-year net investment return (annualised)	Five-year net investment return (annualised)
The Scheme:		
Our current default investment arrangement (before ten years prior to normal retirement date*)	10.90%	7.00%
Our legacy arrangement (Aviva)	8.90%	5.36%
Default investment arrangements proposed for the comparison		
Standard Life DC Master Trust	8.80%	N/A*
The Aviva Workplace Retirement Account Master Trust	7.90%	5.50%
The People's Pension	6.70%	6.80%
Average of the comparison schemes	7.80%	6.10%

Source: Standard Life, Aviva, and the People's Pension
* Fund performance is not available for the specified performance period as a result of the fund launching during the specified performance period.

Notes:
1. Figures have been collected for the periods to 31 March 2022 rather than to the Scheme year end of 5 April 2022 as this facilitates comparison with the quarter-end data provided by the comparison schemes.
2. Figures have been shown for the following strategies for each of the three comparison schemes:

- Standard Life DC Master Trust: Standard Life Sustainable Multi Asset Growth Pension
- The Aviva Workplace Retirement Account Master Trust: Aviva My Future Focus Growth
- The People' Pension: Global Investments (up to 85% shares)

Both the one-year and five-year net return figures for our default investment arrangement are not only better than the average of the comparator default investment arrangements but also higher than the highest returns from the comparator default investment arrangements, so it is reasonable to deduce that our default investment arrangement represents good value for members from the standpoint of investment returns for that arrangement.

In addition, the Trustees also assume that the margin of outperformance of the default investment arrangement for the Scheme compared to the three comparison schemes justifies our conclusion that the Scheme as a whole represents good value for members from the standpoint of costs and charges, as the outperformance exceeds the difference between the total charges and transaction costs in the Scheme compared to the average for the comparator schemes.

Test 3: Governance and administration

The Trustees have assessed the value delivered by our governance and administration offering as the third and final part of our assessment of value for members.

Effective scheme governance is essential for the operational and financial sustainability of the Scheme, for good outcomes from investment, and for the trust and confidence of our members.

Our assessment for governance and administration is based on seven key metrics as prescribed by legislation. Unlike the assessments for costs and charges and for net investment returns, this assessment does not involve a comparison with other schemes.

We have, however, taken advice from our pensions advisers as a reference for "best practice" and used this to explain our interpretation earlier in this section of the requirements set out in paragraphs 69 to 102 of the updated statutory guidance.

A summary of the comparison is shown in the table below.

Metric	**Description**	**Rating**	**Main reason**
1	Promptness and accuracy of core financial transactions	Metric satisfied but steps to be taken to strengthen	The Trustees to continue to monitor SLAs for payments out
2	Quality of record keeping	Metric satisfied but steps to be taken to strengthen	The Trustees should finalise their Cyber Risk policy
3	Appropriateness of the default investment strategy	Metric satisfied	The Trustees believe that the requirements of this metric have been met
4	Quality of investment governance	Metric satisfied	The Trustees believe that the requirements of this metric have been met
5	Level of trustee knowledge, understanding and skills to operate the pension scheme effectively	Metric satisfied but steps to be taken to strengthen	The Trustees should consider evaluating the effectiveness of the Board at least annually
6	Quality of communication with scheme members	Metric satisfied	The Trustees believe that the requirements of this metric have been met
7	Effectiveness of management of conflicts of interest	Metric satisfied	The Trustees believe that the requirements of this metric have been met

Having considered all seven metrics within the theme of governance and administration, the Trustees have concluded that the overall governance and administration of the Scheme provides good value for members.

Follow-on actions and investigations

Over the year to 5 April 2023, the Trustees plan to continue:

- monitoring the impact of the conflict in Ukraine (and its global ramifications) and the COVID-19 pandemic on the Scheme, particularly on ongoing investment returns, administration standards, member support service levels;
- liaising with the fund managers to ensure that complete and accurate disclosure of transaction costs is provided, in line with FCA rules. The Trustees will also continue to review the default fund transaction costs versus similar funds in the market, but noting the continuing outperformance against benchmark;
  finalising the Trustees' Cyber Risk policy and considering whether to evaluate the effectiveness of the Board at least annually;
- carry out a gap analysis in order to have an effective system of governance ahead of the requirement to submit an Own Risk Assessment;
- ensure the Implementation Statement is kept updated;
- reviewing the at-retirement tools / guidance / advice provided to members;
- considering which investigations to conduct to improve the Trustees' understanding of the characteristics / attitudes of members and how these feed into Trustee decision-making;

Final conclusions and points to note

The Trustees have concluded that the Scheme offered good value for members over the year to 5 April 2022, as set out in detail in this section.

It should be noted, though, that the value for members assessment under the new detailed framework may vary from year to year, as it is heavily determined by short-term and long-term assessments of relative costs and charges and relative net investment returns, which in themselves are heavily influence by the choice of the three comparison schemes.

As a reminder, should the Trustees feel in any future year that we are not able to demonstrate that the Scheme delivers value for members on all three areas (costs and charges; net investment returns; administration and governance), then the updated statutory guidance – and The Pensions Regulator – would expect the Trustees to conclude that the Scheme does not provide good value for members under the updated statutory guidance.

If the Trustees were to conclude that the Scheme does not provide good value for members at any Scheme year end in the future, the updated statutory guidance – and The Pensions Regulator – would expect that the Trustees look to wind up the Scheme and either:

- transfer the rights of the Scheme members into a larger pension scheme; or
- set out the immediate action the Trustees will take to make improvements to the Scheme (if the improvements identified are not made within a reasonable period, for example within the next Scheme year, then the Trustees would be expected to wind up and transfer Scheme members' benefits to a larger pension scheme).

TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Scheme is overseen by a board of individual trustees. The Trustees are drawn from a variety of backgrounds with skills and knowledge which complement each other and provide a diverse Trustee Board.

The law requires the Trustees to be conversant with the Scheme's documents and to possess, or have access to, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relevant to funding and investment to be able to run the Scheme effectively.

The Trustees meet all the knowledge and understanding requirements and understand the Scheme and its documents. The Trustees are aware that we must have a working knowledge of the trust deed and rules of the Scheme, the Statement of Investment Principles and the documents setting out the Trustees' current policies.

The Trustees are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustees do this by regularly reviewing the relevant Scheme documents and seeking advice from the Scheme's legal advisers. During the Scheme year, the Trustees have sought advice on matters such as protected measures in connection with the increase to the normal minimum pension age.

The Trustees have assessed the Scheme against the standards set out in the code of practice for trustees of pension schemes providing money purchase benefits (the DC code) and related guides and have established an action plan to ensure we can demonstrate that we are offering a quality scheme.

The Trustees take their training and development responsibilities seriously and the Trustees keep a record of the training completed by each Trustee. The training log is reviewed at each Trustee meeting to identify any gaps in the knowledge and understanding across the Trustee Board as a whole.

All Trustees have completed, or made good progress in completing, the essential modules within The Pensions Regulator's on-line trustee toolkit. New Trustees are required to complete the toolkit within 6 months of becoming a member of the Trustee Board. Trustees must review the toolkit on an on-going basis to ensure their knowledge remains up to date.

The Trustees also receive 'on the job' training. This means that as new topics arise, our professional advisers attending the Trustee meetings will provide wider briefing notes and topical digests as well as training during the meeting, so that the Trustees may engage on such topics in an informed manner.

Relevant advisers attend Trustee meetings and are in frequent contact with the Trustees to provide information on topics under discussion, either specific to the Scheme or in respect of pension or trust law.

During the Scheme year, training and development on the following topics took place:

- Building an effective system of governance: The Regulator's new code of practice
- Environmental, Social and Governance investing
- The Pension Schemes Act 2021
- Collective DC schemes

As a result of the training activities which have been completed by the Trustees, individually and collectively, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the Trustees enables us to properly exercise our functions as Trustees of the Scheme.

CORE FINANCIAL TRANSACTIONS

The Trustees are required to report about the processes and controls in place in relation to ‘core financial transactions’. The law specifies that these include the following:

- Investing contributions paid into the Scheme;
- Transferring assets relating to members into and out of the Scheme;
- Transferring assets between different investments within the Scheme; and
- Making payments from the Scheme to, or on behalf of, members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to our administrator. Our Scheme administration was delivered in the year by Standard Life, Aviva and Utmost.

There is a service level agreement in place between the Trustees and their administrators to ensure accurate and timely processing of the core financial transactions for which they are responsible. The administrators are required to carry out services in accordance with good industry practice and, more specifically, payments in respect of members must reach the recipients as agreed with the Trustees and in accordance with the Scheme’s trust deed and rules. Any mistakes or delays are investigated thoroughly and action is taken to put things right as quickly as possible.

This administration service includes key financial tasks such as managing the investment of contributions, paying benefits (or making transfers) and keeping track of changes in members' circumstances.

In order to monitor this service, the Trustees take a proactive approach to questioning the administrators about their service level reports and receive these on a quarterly basis from Standard Life and Aviva providing statistics on the level of service that is provided in comparison to agreed targets and timescales. The Trustees monitor transactions made via the Trustees’ bank account on a regular basis. Standard Life, Aviva and Utmost have in place a service standard of 10 working days. Over the 12 months to 5 April 2022, the administrators in the main achieved the SLAs for the Scheme although Aviva reported that benefit payments out and general enquiries had not been actioned within the agreed timescales and have advised that issues causing underperformance had been addressed. In addition, Standard Life had fallen behind on SLA performance in Q2 2021, however, they reported that they had changed processes and increased resource which had SLAs at a consistently higher level.

The Trustees also maintain and monitor a risk register which includes risks in relation to core financial transactions, along with details of mitigation strategies adopted by the Trustees.

The Scheme Auditor tests a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

We are pleased that, in the last Scheme year, there have been no material administration service issues which need to be reported here by the Trustees and all core financial transactions have been processed within an agreed time.

Overall, we are confident that the processes and controls in place with the administrators are robust and will ensure that the financial transactions which are important to members are dealt with properly.

This report was approved by the Trustees on 20 October 2022 and signed on its behalf by:

Bill Astur (Oct 20, 2022, 5:06pm)

W C M Dastur