Marshall Group Executive Pension Plan (the 'Plan') Chairman's Statement

Annual governance statement by the Chairman of Trustees for the year ending 5 April 2021

As Chairman of the Trustees of the Plan, 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 required to be included in my statement is set out in law and regulation. This statement will be published on a publicly available website – www.marshallgroup.co.uk.

Certain governance standards apply to Defined Contribution (DC) pension arrangements namely the DC section of the Plan, together with the Additional Voluntary Contribution (AVC) arrangements attached to the Defined Benefit (DB) section. These are designed to help members achieve good outcomes from their pension savings. The Trustees are committed to having high governance standards and met four times during the Plan year to monitor the controls and processes in respect of the administration relating to the Plan's funds. This statement covers the period 6 April 2020 to 5 April 2021. Although the Plan is predominantly a DB arrangement, it has the following DC elements:

- DC arrangement with Standard Life – this arrangement is closed to new members and new contributions. It is administered by Standard Life and offers investment funds managed by Standard Life. There are a small number of members who have funds remaining with Standard Life, the rationale being to preserve other benefits they hold within the Plan.

- DC arrangement with Aviva – this is a legacy arrangement and is closed to new members and new contributions. Members are either invested in With-Profits funds, which have a guaranteed minimum investment return of 4.0% per annum, or a separate With-Profits deferred annuity policy for former members of the Marshall of Cambridge 1982 Retirement and Death Benefit Scheme, which has an annuity conversion guarantee. Some Plan members with Aviva benefits also have benefits under the Legal & General Master Trust following the Marshall Group's decision to restructure pension arrangements in 2019 and these providers liaise when settling members' benefits.

The DC funds can be used as part of the pension commencement lump sum associated with members' DB pensions. However, the DC section is not being used as a relevant qualifying scheme for any members for the purposes of automatic enrolment. As a result, the Trustees have applied a proportionate approach to meeting the relevant governance standards.

We welcome this opportunity to explain the steps the Trustees have taken to ensure the DC section and AVC arrangements are 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 Julie Ingham, c/o the Trustees of the Marshall Group Executive Pension Plan, Airport House, the Airport, Cambridge CB5 8RX.

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. 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 arrangement. We take professional advice from regulated investment advisers and have appointed fund managers to manage any DC funds.

Setting an appropriate default 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 completed in September 2020 to meet a new regulatory requirement to include the Trustees' policies in respect of arrangements with their investment managers. A copy of the SIP is appended to this statement.

The Trustees previously chose the Marshall Options Open Lifestyle with Standard Life as the default investment strategy for the Plan. Since the Plan is now closed, there is no need for a default to be identified for new members who do not make an investment choice.

When deciding on the investment strategy, the Trustees recognised that not all members had made active investment decisions, and some had instead defaulted into a default investment strategy. Therefore, the primary objective of the Trustees in deciding on the investment strategy was to ensure that the strategy was appropriate for a typical member. When choosing the default strategy, it has been the policy of the Trustees to consider a range of asset classes, together with their expected returns and the expected volatility of those returns, the suitability of styles of investment management, and the need for diversification. The Trustees also recognised that there are various investment and operational risks and give considerations to such risks.

The current default was originally designed taking into account the membership profiles of two other Marshall DC schemes with which the Plan was historically associated, in recognition of the efficiencies of scale and ultimate benefit to members achieved by investing all three Marshall DC schemes' assets in a similar way.

Members who joined the Plan and did not make an active investment choice were placed into the default investment strategy. The Marshall Options Open Lifestyle's pre-retirement investment mix represented the most neutral option where the member had not made a specific choice to align their Member Account to either cash or annuity purchase.

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

- The size of members' retirement savings within the Plan;
- 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 Plan; and
- The way 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. The Trustees are comfortable that the Marshall Options Open Lifestyle option remains appropriate when considering the Plan as a standalone entity and will further tailor the strategy as appropriate to reflect the Plan's own membership, as part of future strategy reviews.

Reviewing the default investment arrangement

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

During the Plan year, the Trustees undertook a high-level review of the default investment arrangement. This included taking advice from the Trustees' investment consultant. The Trustees considered the membership profile and the risk profile of the members, key characteristics of a successful default fund and the changing pension landscape (in particular, the changes in work patterns and reduction in fixed age retirement and developing trends in the ways that members take their retirement benefits). As a result of this review, the Trustees concluded that a further change to the funds should be undertaken based on the same approach and advice given on another Marshall DC scheme as this was deemed to be the most expedient approach.

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) as well as the following range of funds:

Standard Life (closed to new entrants and future contributions)	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 Marshall 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 (closed to new entrants and future contributions)	Aviva FP With Profits Fund (Main Series 1) Pensions Aviva Conventional With-Profits Fund (1982 policy)

Members may wish to take independent financial advice before choosing between these alternative lifestyle strategies and any of the funds above.

Further explanation of the With-Profit arrangements
Members with Aviva funds are invested in With-Profits funds, which have no annual management charge but Aviva allows for an implicit charge when declaring With Profits bonus rates.

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 to make them aware if there is anything of significance.

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 Plan that are paid by members rather than the employer). In the Plan, members typically pay for investment management and investment transactions, while the employer pays all the other costs of running the Plan 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).
- 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 with 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 Plan rebate of 0.52% has been applied) applicable to the constituent funds within the Plan’s default investment arrangement during the last Plan year were confirmed by Standard Life as being:

	Total charges		Transaction costs for the period 1 April 2020 to 31 March 2021	
	% 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	0.56%	£5.60	0.10%	£1.00
Standard Life Marshall Diversified Growth Pension Fund	1.30%	£10.30	0.48%	£4.80
Standard Life Marshall Pre-Retirement Pension Fund	0.50%	£5.00	0.08%	£0.80
Standard Life Deposit and Treasury Pension Fund	0.49%	£4.90	0.06%	£0.60

The level of ongoing charges and transaction costs applicable to the Plan’s self-select funds under the Standard Life (after the Plan rebate of 0.52% has been applied) and Aviva arrangements during the last Plan year were confirmed by the providers in the table below.

Some members remain invested in the Aviva With-Profits funds. This is a legacy arrangement and is closed to new members and new contributions. Aviva have confirmed there is no scheme charge and therefore only the administration cost is applied.

	Total charges		Transaction costs for the period 1 April 2020 to 31 March 2021	
	% 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				

	Total charges		Transaction costs for the period 1 April 2020 to 31 March 2021	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested	£ p.a. per £1,000 invested
SL Vanguard FTSE Developed World ex UK Equity Index Pension Fund	0.50%	£5.00	0.02%	£0.20
SL iShares UK Equity Index Pension Fund	0.50%	£5.00	0.38%	£3.80
SL Stewart Investors Global Emerging Markets Leaders Pension Fund	1.44%	£14.40	0.48%	£4.80
SL HSBC Islamic Global Equity Index Pension Fund	0.79%	£7.90	0.02%	£0.20
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	0.50%	£5.00	0.03%	£0.30
SL BNY Mellon Real Return Pension Fund	1.29%	£12.90	0.49%	£4.90
Standard Life Marshall Growth Pension Fund	0.56%	£5.60	0.10%	£1.00
Standard Life Marshall Diversified Growth Pension Fund	1.30%	£13.00	0.48%	£4.80
Standard Life Marshall Pre-Retirement Pension Fund	0.50%	£5.00	0.08%	£0.80
SL iShares UK Gilts All Stocks Index Pension Fund	0.50%	£5.00	0.05%	£0.50
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	0.50%	£5.00	0.02%	£0.20
Standard Life Long Corporate Bond Pension Fund	0.49%	£4.90	0.00%	£0.00
Standard Life Deposit and Treasury Pension Fund	0.49%	£4.90	0.06%	£0.60
Standard Life Property Pension Fund	0.51%	£5.10	0.16%	£1.60
Aviva				
Aviva FP With Profits Fund (Main Series 1) Pensions	0.30%	£3.00	0.14%	£1.14
Conventional With-Profits (1982 policy)	0.67%	£6.70	0.14%	£1.14

In terms of switching costs, the funds used by the Plan 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 charges and 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 or Aviva. 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.

Illustration of the impact of charges and transaction costs
Over a period of time, the charges and transaction costs that are taken out of a member's retirement savings can reduce the amount available to the member at retirement. Standard Life have provided illustrative 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 statutory guidance issued by the Department of Work and Pensions in preparing this section of our statement.

We were unable to obtain examples for the Aviva arrangement although ongoing contributions are not being made.

The 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; 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.

'Typical' member of the Standard Life arrangement

Year	**Options Open Lifestyle (default)**		**SL Marshall Growth Pension Fund**		**SL iShares UK Equity Index Pension Fund**		**Standard Life Deposit and Treasury Pension Fund**	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	£116,000	£115,000	£117,000	£117,000	£118,000	£117,000	£113,000	£113,000
3	£120,000	£117,000	£125,000	£123,000	£125,100	£122,000	£110,000	£109,000
5	£123,000	£118,000	£132,000	£128,000	£132,000	£127,000	£109,000	£106,000
NRD	£129,000	£120,000	£144,000	£137,000	£144,000	£135,000	£105,000	£101,000

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

- Values shown are estimates and are not guaranteed;
- 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;
- The starting pot size is assumed to be £115,000 for a 'typical' member and no further contributions are made;
- Starting age is assumed to be 57 for a 'typical' member; and
- The projected growth rate provided by Standard Life for each fund (before inflation, total expense ratio and transaction costs are deducted) are as follows:
  - Marshall Options Open Lifestyle 'growth' phase (the default investment strategy) (Standard Life Marshall Growth Pension Fund: 5.0%, Standard Life Marshall 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 Marshall Growth Pension Fund Pension Fund (the highest returning fund): 5.0%

- SL iShares UK Equity Index Pension Fund (the most popular fund): 5.0%
- Standard Life Deposit and Treasury Pension Fund (the lowest returning fund): 1.0%

ASSESSING VALUE FOR MEMBERS

As part of our assessment of the charges and transaction costs, the Trustees are required to consider the extent to which member-borne costs and charges within the Standard Life and Aviva arrangements represent good value for members when comparing this to other options available in the market.

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.

Categorising costs/charges and how these impact on our assessment

There is no legal definition of 'good value' and so the process of determining good value for members is a subjective one. We note that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has been taken into account in the assessment of value to members.

In line with our legal duties and guidance issued by the Pensions Regulator, our first step has been to identify the services that members directly pay for, either through costs that only members pay, or costs that are shared with the employer.

As indicated, the costs that are paid by members are not only fund management charges and transaction costs for the investment funds used within the Plan but also the costs of the services provided to members by Standard Life and Aviva 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, dealing with member queries, etc.);
- 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 DC Section of the Plan (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 Plan (e.g. the expenses of the Trustees, the costs of legal/actuarial advisers and annual audit, etc.).

For the Standard Life and Aviva arrangements, the Trustees have applied a proportionate approach to assessing value for members given the low value of their DC holdings relative to their overall benefits in the Plan, including any accrued defined benefits, given that the Plan is now predominantly a DB arrangement and these arrangements are not standalone DC sections.

Overall approach and conclusion

Assisted by our advisers and in line with The Pensions Regulator's guidance, we have taken the following approach:

- We have collated information on services that members receive and the total costs that members pay, including transaction costs (where available);
- We have assessed the scope and quality of the services that members received, from the providers;

- We have compared the value members receive from the services against the cost of those services on the 'value for member' basis required by legislation, (i.e. ignoring the wider elements of value that members receive as a result of costs paid by the participating employers); and
- We have reflected on our key findings and suggested courses of action to maintain areas of good value and improve areas where value could be better.

Overall, the above approach ensures that we are comparing the level of charges in each fund with the levels of return they have delivered to members, as well as comparing the costs of membership (i.e. the charges) against the benefits of membership (i.e. the services provided by the Plan).

In attempting to compare these against other options available in the market, the Trustees have found that there are limited industry-wide benchmarks for each service area and so the Trustees have relied on the market knowledge of its advisers.

There are areas where overall 'value for member' could be improved for members and the Trustees plan to perform further investigations into these areas, taking action in some, over the Plan year to 5 April 2022 – details are included later in this section.

Preparation for the assessment
The Trustees received support from advisers around how to undertake a value for members' assessment and also considered the statutory guidance.

In particular, the size of the Standard Life and Aviva arrangements relative to the quantum of DB savings for the members, meant that a 'high level' assessment would be used, which would be of a smaller scale than if any of the arrangements had been a standalone DC section.

Process followed for the assessment, including key factors considered
The Trustees have performed a high-level review of these arrangements against other arrangements available in the market and similar funds available. In particular, the Trustees considered factors such as:

- The ways that members can access their savings at retirement and how this compares to other options available in the market; and
- The level of charges paid on savings.

Explanation of the results of the assessment
Based on our assessment, we conclude that the Standard Life arrangement offered satisfactory 'value for members' over the year to 5 April 2021, when measured against the definition required by legislation.

Our conclusion that the Standard Life arrangement offers satisfactory value for members over the year to 5 April 2021 is based on aspects such as:

- Members are able to receive a wide range of administration / online services including a helpline, online fund values / switching, modellers around future investment strategies and contribution rates as well as access to tools and guidance at retirement which compares well to other options in the market. Having said that, members do not have access to in-scheme flexibilities at retirement, which does not compare favourably to options available in the market;
- Members receive communications that aid member decision-making (including section-specific member booklets, newsletters etc); and
- Although total charges for the growth phase of the default fund remain above the 0.4% average charge for default funds within trust-based DC schemes that feature in surveys that are available within the market, some of the investment funds used within the default fund are actively managed and these are typically more expensive than the standard funds. The expectation is that they will

provide better returns in the longer term and, where appropriate, a focus on downside protection.

The Trustees concluded that although it was not straightforward to assess value for members invested in the Aviva With-Profits Fund and 1982 policy due to the lack of transparency / influence on how with-profits arrangements are run, they were able to establish that the With-Profits Fund provided fair value to members and it would not be in the members' best interests to transfer these to unit-linked funds elsewhere. This is based on the following:

- The financial stability of Aviva's With-Profits Fund gives Aviva greater flexibility in setting the Fund's investment strategy;
- It is diversified and has delivered reasonable gross investment returns over the long term (which drives long term bonus returns);
- There are guaranteed minimum regular bonuses of 4% a year to normal retirement date on the Aviva With-Profits fund, whilst the Aviva 1982 benefits have an annuity conversion guarantee attaching to the Aviva arrangement;
- However, there is a lack of transparency/influence on how With-Profits funds are run;
- The platform, compared with the Standard Life arrangement offering access to a more modern platform, does not provide online access that enables members to view and manage their own funds;
- Members do not have the same level of flexibility around accessing or using With-Profits funds as they would do in other unitised DC funds in the market (for instance, due to the potential for the funds being reduced by a Market Value Adjustment should savings be accessed other than, for example, normal retirement date, that is to say the amount may be reduced to reflect the current market value of the current underlying assets); and
- The value that members may place on the smoothing of returns and any guarantees may differ from member to member and from year to year for each member, particularly when compared against the value they may receive from unitised funds.

Steps taken to improve value for members during the Plan year

During the Plan year, the Trustees took the following steps to improve value for members:

- Liaising with the fund managers to ensure that complete and accurate disclosure of transaction costs is provided, in line with FCA rules.
- Considering whether to review the investments offered, including the charges and transaction costs on the default fund in particular.

Follow-on actions and investigations

The Trustees' focus is on maintaining the value for members and identifying if further improvements can be made. Over the year to 5 April 2022, the Trustees plan the following:

- Continue to regularly review funds and monitor performance;
- Continue to monitor developments in ESG considerations;
- Consider whether to review the investments offered, including the charges and transaction costs for the default investment strategy in particular;
- Discuss the value for member analysis with the employer to obtain their views.
- Prepare an engagement policy implementation statement, in line with statutory requirements, that describes how the Trustee has followed certain policies (including those relating to stewardship) in the Statement of Investment Principles and the Trustees' voting behaviour during the Scheme year

TRUSTEE KNOWLEDGE AND UNDERSTANDING

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

The law requires the Trustees to be conversant with the Plan'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 Plan effectively.

The Trustees meet all the knowledge and understanding requirements and understand the Plan and its documents. The Trustees are aware that they must have a working knowledge of the trust deed and rules of the Plan, the statement of investment principles and the documents setting out the Trustees' current policies. They 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 Plan documents.

Training and development responsibilities are taken seriously, and a record kept of the training completed by each Trustee.

The Trustees continue to consider The Pensions Regulator's code of practice for trustees of pension schemes providing DC benefits (the DC code) in their activities.

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

In addition, some of the Trustees have completed the PMI Award in Pension Trusteeship.

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

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

Training is regularly reviewed to identify gaps in the knowledge and understanding across the Trustees as a whole. Items covered over the Plan year included: SIP regulatory updates, Implementation Statements, future of trusteeship and governance, overview on covenant advice, COVID-19 Regulator updates, and Cashflow Centred Investment.

The Trustees are also provided with Buck's Topical Digest which is discussed at every meeting. This covers recent and ongoing developments including legal and regulatory matters relevant to the trustees of DB and DC pension schemes.

As a result of the training activities which have been completed by the Trustee Board, 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.

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 Plan;
- Transferring assets relating to members into and out of the Plan;
- Transferring assets between different investments within the Plan; and
- Making payments from the Plan 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 the administrators for the DC Section and AVC holdings. Our Plan administration for the DC Section and AVC holdings was delivered in the Plan year by Standard Life and Aviva.

During the COVID-19 pandemic the Trustees have kept in touch with the Plan administrators of the DC Section, who have continued to operate as normal and responded quickly to the changing situation.

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 Plan'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 paying benefits (or making transfers) and keeping track of changes in members' circumstances.

In order to monitor this service, the Trustees receive quarterly reports 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 and Aviva have in place a service standard of 10 working days. Where service levels have not met the agreed standards, the Trustees engage with and challenge the administrators to seek improvements.

The Plan 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 Plan 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.

Signed: **Date:** 30/09/2021

WCM Dastur
(Chairman of Trustees)

Appendix – Statement of Investment Principles