Yattendon Group Pension Scheme

Chair’s Statement

6 April 2023 to 5 April 2024

Contents

01 Introduction

This is the Chair's Statement for the Yattendon Group Pension Scheme (the "Scheme") covering the period 6 April 2023 to 5 April 2024.

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

The Scheme is closed to new entrants and to future accrual, and previously provided 'core' defined contribution ("DC") benefits to members until the year ended 5 April 2018 at which time these were transferred into a separate arrangement. All deferred members who remain in the Scheme have defined benefit ("DB") pension entitlements, known as 'Top-Up' benefits.

These Top-Up benefits generally have a guarantee ("the DC Underpin") that the benefits will not be less than the value of the pension secured by funds representing the (former) Protected Rights that members accumulated in the Scheme (the 'Accumulation Accounts'), to which investment returns are added. These investment returns take the form of an annual bonus which is determined by the Trustee (having taken advice) each year.

It is expected that the DC Underpin could 'bite' for one or more members and it is therefore necessary to cover these benefits as part of this Statement.

Some DC funds relating to Additional Voluntary Contributions held with Utmost Life & Pensions and Aviva were not transferred out as part of the bulk transfer and therefore remain in the Scheme – these are also covered in this Statement.

01.01 Governance and Queries

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

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c/o XPS Administration
Phoenix House

1 Station Hill

Reading

RG1 1NB

Email: Yattendon@xpsgroup.com

Telephone: 0191 341 0671

02 Default Investment Strategy and net returns

Statement of Investment Principles ("SIP")

A copy of the SIP, which sets out the objectives for the Scheme's investment strategy, can be found in Appendix A

02.01 The default investment option

All 'core' DC benefits in the Scheme were transferred elsewhere during the year ended 5 April 2018. Therefore, there is no standard default investment option for DC benefits remaining in the Scheme.

The Accumulation Accounts which form the DC Underpin are notionally invested and an investment return (bonus) is determined each year by the Trustee. Any assets required to pay the DC Underpin (should it bite) are held within the DB Section investments. The investments used to calculate these bonuses were changed in 2022/23 and are based on two of the funds used in the DB Section of the Scheme and are therefore considered as the 'default' investment for the Accumulation Accounts and so are disclosed within this Statement.

Reviews of the current strategy

The most recent full review of the DC investment and bonus strategy was carried out on 18 January 2023. This was set out in a letter from the Scheme Actuary to the Trustee on that date, explaining a proposed change to the methodology of calculating bonus rates. The Trustee agreed this proposal and implemented this as explained below. An interim review was carried on 24 January 2024 and no further changes were made.

The Trustees publish the Chair Statement on a publicly available website and inform members of its availability via their Annual Benefit Statements.

The method of calculating investment returns ("bonuses")

For the year ended 5 April 2024 the method used for calculating investment returns for the Accumulation Accounts was as follows:

- The rate of investment return on the Scheme's assets to 31 December 2023 was provided to the Scheme Actuary from XPS Investment Limited.
- The annual bonus (investment return) added to Accumulation Accounts for the year to 5 April 2024 is taken as the average return of 50% of the Columbia Threadneedle Dynamic Real Return Fund and 50% of the Legal & General Investment Management (LGIM) Dynamic Diversified Fund for the year to 31 December 2023.
- When a member retires, leaves, or dies during the year an additional interim bonus is added. This is applied on a proportionate basis, based on the period between the latest year end and the date of retirement, leaving or death. For the year commencing 6 April 2023 this was 0.0%. For the year commencing 6 April 2024 this is assumed to be 0.0%.

Default Investment Strategy and net returns
continued

Over the past five years the bonus rates which have been declared at each 5 April are shown here:

Year ended 5 April	Bonus declaration (%)
2019	5.9
2020	7.3
2021	6.4
2022	10.9
2023	-7.5
2024	8.5

Additional Voluntary Contributions ("AVCs")

The Trustee has AVC policies with Aviva and Utmost Life and Pensions. There are no contributing AVC members and there is no default strategy. AVCs are invested in a range of funds in different asset classes and members have the option to switch investments between these funds.

Upon the transfer of the AVC policies from Equitable Life to Utmost Life and Pensions, the Trustee considered, based on advice, the appropriate investment funds in which to invest. The transfer to Utmost was completed on 1 January 2020. The Aviva investments were last reviewed in detail in 2014.

All members with AVCs were given the option to transfer these funds to a Scottish Widows Buy-Out Plan during 2017, which offered to them greater flexibility in benefits and access to a wider range of funds. The members with AVCs remaining in the Scheme elected not to take up this option.

02.02 Investment Performance (net returns)

The Trustee has considered relevant guidance in producing this information.

Accumulation Account

The returns shown in the below table are the Bonus Declaration returns to 31 December 2023. We show the 1-year return, with annualised 5-year returns, all of which are based on the bonus rate provided to members as explained in section '02.01 The default investment option'.

	1-year return	5-year return (annualised)
Default	%	%
Age 25	8.50	4.91
Age 45	8.50	4.91
Age 55	8.50	4.91

Source: XPS.

Additional Voluntary Contributions

	1-year return	5-year return (annualised)
	%	%
Utmost Multi-Asset (Moderate)*	10.76	-
Utmost Multi-Asset (Cautious)*	9.09	-
Utmost Money Market	4.68	1.24

Source: Utmost Life & Pensions – figures as at 31 March 2024 (figures at 5 April were requested but are not provided by Utmost - and the Trustees will continue to request for future Statements).
*These funds have not been in existence for 5 years and therefore longer-term performance is unavailable.

	1 year return	5-year return (annualised)
	%	%
Aviva Lion Trust UK Ethical	5.80	2.00
Aviva Deposit	4.00	0.70
Aviva Global Equity	16.90	9.00
Aviva UK Equity	7.00	4.90

Source: Aviva – figures as at 31 March 2024 (figures at 5 April were requested but are not provided by Aviva - and the Trustees will continue to request for future Statements)

03 Charges and transaction costs

03.01 Investment Manager Charges

The Scheme's investments are subject to investment charges levied by the investment managers and to transaction costs, which both reduce the bonuses declared and applied to the notional Accumulation Account investments. All administration costs were paid for by the Scheme (the Company no longer provides a monthly contribution towards Scheme expenses).

Transaction costs are costs associated with buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs may be incurred on switching between funds and when selling investments to take benefits.

Costs and charges under the Scheme (for investments held as at 31 March 2024 were):

	Total Expense Ratio (%)	Transaction Costs (%)
Fund Name		
LGIM Dynamic Diversified Fund*	0.43	-
Columbia Threadneedle Dynamic Real Return Fund*	0.67	-
Additional Voluntary Contributions		
Utmost Multi-Asset (Moderate)	0.75	0.0000
Utmost Multi-Asset (Cautious)	0.75	0.0000
Utmost Money Market	0.50	0.0000
Aviva Lion Trust UK Ethical	0.60	0.1003
Aviva Deposit	0.60	0.0000
Aviva Global Equity	0.60	0.0408
Aviva UK Equity	0.60	0.0418

Source: Utmost Life and Pensions and Aviva

*Total Expense Ratio as provided in 'XPS Investment - Yattendon Group Pension Scheme 6 Monthly Report to 30 September 2023' so data as at 30 September 2023. Transaction costs are not available, and the Trustees will continue to seek these for inclusion in future statements.

Charges and transaction costs
continued

03.02 Administration Charge

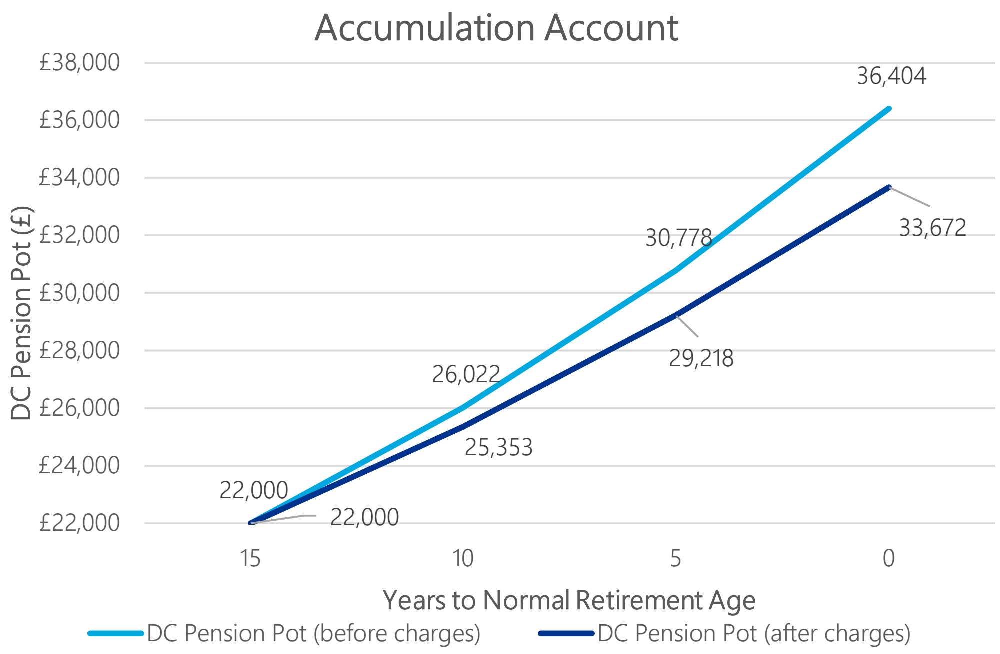
All administration costs were paid for by the Scheme.

03.03 An illustration of the charges levied on members

Below you can find an illustration of the effect of the Total Expense Ratio and transaction costs met by members (in this case indirectly) on an example pension pot over time.

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

- The projection only relates to the DC underpin Accumulation Account and no account is taken of the DB benefit that is being underpinned.
- The member is 50 years old at the start of the calculation
- The member has an initial notional Accumulation Account of £22,000.
- The member is currently 15 years from Normal Retirement Date.
- No contributions will be made to the notional Accumulation Account over the period.
- Projected values are shown in terms of current prices, i.e. the actual figures will be higher to the extent that there is future inflation. Inflation is assumed to be 2.5% per annum.
- Charges of 0.45% (LGIM Dynamic Diversified) and 0.67% (Columbia Threadneedle Real Return).
- Investment returns on the funds the Scheme investments in are assumed to be 6.00%.
- Further illustrations for the AVC funds are included in Appendix B.



03.04 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to statutory guidance including:

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

  The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix.

04 Core financial transactions

04.01 Assessing Core Transactions

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

- having an agreement in place with XPS Administration (as Scheme administrator), committing them to defined service level agreements ('SLAs'). Amongst other matters, this covers the accuracy and timeliness of all core financial transactions;
- having XPS Administration report on their performance against the SLAs as a means of monitoring that the SLA requirements are being met and to cover what they do to ensure no issues arise; and
- having the Scheme auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

Examples of the processes in place to ensure that core financial transactions are managed appropriately include:

- Monitoring of bank accounts – Banking transactions are reviewed by XPS for accuracy.
- Payments to members – All payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

The Trustee monitors XPS Administration's performance on a biannual basis against its agreed 90% SLA. This provides the Trustee comfort that the Scheme is being administered competently and in-line with its expectations. XPS' performance was below SLA targets during the first half of the scheme year, however the performance met the SLA targets between 01/07/2023 - 30/06/2024. Despite the drop in the earlier period, the Trustee maintains their belief that XPS Administration provide a service which offers good value for members and core financial transactions were accurate and timely.

The processing of the Scheme's core financial transactions adheres to XPS Administration's standardised process, which is independently audited annually. These findings are reported in XPS' AAF 01/06 report and disclosed to the Trustee, which were considered in the period.

05 **Value for Members**

05.01 Assessment of Value

The Trustee has reviewed Value for Members 'VfM' considering the latest guidance from the Pensions Regulator and Department for Work & Pensions for relevant schemes such as this.

The Trustee has also taken advice from XPS Pensions on the VfM requirements and received a report from XPS Pensions in October 2024 considering whether the Scheme provides good value, which the Trustees reviewed in October 2024.

The Trustee's assessment has included the matters which regulations require, including member borne costs and charges and investment returns (net of all costs and charges) and comparison of these against three alternative arrangements. Further, discussions have been undertaken with one comparator on accepting the benefits of the Scheme should it need to be wound-up although it is noted the Trustee has no plan to do so.

The Trustee has concluded that the Scheme provides good Value for Members, for reasons including:

- The governance of the Scheme is provided to a level which the Trustee considers as suitable and having provided good value;
- The Trustee Directors have suitable levels of Trustee Knowledge and Understanding for a scheme of this type;
- The administration of the scheme has met the requirements of delivering accurate and timely core transactions.;

However, the Trustees note that the returns of the Accumulation Account are below the comparators used for the bonus year 2023/24. The vast majority of members receive a material benefit from the DB element of their pension that is in addition to what could be expected from the DC underpin (Accumulation Account) alone, and therefore provides good value to members.

06 Trustee Knowledge and Understanding

06.01 Knowledge and understanding of the Trustee

The Trustee Board is satisfied that it has complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

This is achieved in a number of ways including:

- Regular review of knowledge and understanding and associated training needs at Trustee meetings.
- Appropriate training undertaken at or outside of regular Trustee meetings.
- All Trustee Directors are conversant with the Trust Deed and Rules and key Scheme documents including their policies and the Statement of Investment Principles.
- Review of reports monitoring the performance of the funds under management by the Scheme's investment manager(s).
- The Trustee Directors are conversant with the governance and operations of the Scheme. A review of reports monitoring the administration service and any administration issues arising is undertaken at least twice a year.
- The Trustees have received training during the scheme year which covered the following topics:
    - New Code of Practice and Cyber Security
    - Pensions strategy
- For any new Trustee to the Board there is a clear process set out by the Trustees requiring them to complete the Pension Regulator's toolkit in good time, and to be conversant with the TKU requirements as set out here. This has been adhered to for the Trustees joining in the period.

06.02 Conclusion

The Trustee has also appointed professional advisers who provide advice and support to ensure the Trustee is able to manage the Scheme properly. Therefore the Trustee is comfortable that it has sufficient knowledge and understanding of the law relating to pensions and trusts, sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes, and that the Trustee Directors' combined knowledge and understanding, combined with the advice it receives, enables it to properly exercise its functions.

07 Conclusion

"Overall, the conclusion is that the Scheme is continuing to deliver good value for money to the members"

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

The Board will continue to monitor the Scheme and report to members both via the annual Chair's Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period and provided good value to members.

Signature	**Date**

Name	**Qualification**
Lord Iliffe	Chairman of the Trustee Yattendon Group Pension Scheme

Appendix A
Statement of Investment Principles

XPS Investment

Yattendon Group Pension Scheme

Statement of Investment Principles

December 2023

Contents

Disclaimers, confidentiality and non-disclosure
This report has been prepared for you under our terms of engagement for the purpose of performance monitoring. This report is up to date as of October 2023. It is confidential and may not be disclosed (in whole or in part) without our written consent.

01 Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the Yattendon Group Pension Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme Actuary is Robert Wallace of XPS Pensions Limited and the Investment Adviser is XPS Investment Limited (collectively termed 'the Advisers').

The Trustees confirm that, before preparing this SIP, they have consulted with the employer, Yattendon Group Plc ('the Employer'), and the Advisers and have obtained and considered written advice. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Scheme requires.

The Trustees are responsible for the investment of the Scheme's assets and the administration of the Scheme. Where they are required to make an investment decision, the Trustees always receive advice from the Advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned.

In view of the size of the Scheme and the need to achieve adequate diversification the Trustees have decided to invest in funds offered through a life platform rather than directly appointing one or more investment managers.

01.01 Declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Signed .... Date . 12 December 2023...................

Name: Lord Iliffe

For and on behalf of the Trustees of the Scheme

02 Scheme Governance

The Trustees are responsible for the governance and investment of the Scheme's assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day investment decisions to the managers of the investment funds and seeking advice from the Advisers where necessary. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

The Trustees have decided not to appoint an Investment Sub-Committee to deal with investment matters.

03 Investment Objectives

The Trustees aim to invest the assets of the Scheme prudently with a view to ensuring that the benefits promised to members can be met from the assets of the Scheme (the "principal objective").

Having regard to the principal objective, the Trustees will seek to benefit from the long term nature of the liabilities and the strong employer covenant with a view to achieving investment returns which will reduce the Scheme's reliance on employer contributions in the long term. The Trustees will also pay due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy.

The Trustees believe the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used for funding the Scheme.

The Trustees have an ultimate aim of securing members' benefits with a bulk annuity policy, and as this becomes affordable the Trustees will review the appropriateness of the investment strategy.

04 Asset Allocation Strategy

The Trustees have taken the view that the investment objective is best achieved by determining, and investing in accordance with, an appropriate split between "return-seeking" assets (e.g. equities, property, high-yield corporate bonds and 'rotational' funds) and "matching" assets (e.g. fixed and index-linked gilts and high quality corporate bonds).

The Trustees policy is to assume that return-seeking assets will outperform matching assets over the long term and accordingly to only invest in matching assets to the extent liabilities are expected to arise within three years. The Trustees recognise the potential volatility in equity returns and the mismatching risk with the Scheme's liabilities should the return-seeking assets not achieve the expected return.

The Trustees also recognise the allocation between the asset classes making up the return-seeking and matching assets will vary over time to reflect, amongst other factors, the profile of the liabilities, the perceived relative value of the different asset classes, the strength of the employer covenant and the perceived risk to the primary investment objective arising from any shortfall in the funding of the Scheme.

The Trustees have taken the view that there are some circumstances under which active management can be expected to add value. The Trustees have decided to invest in structured equities, diversified growth funds and gilts. The current benchmark and the allocation ranges of each portfolio are set out in Appendix B. Any changes in such allocations will only be made after receiving written advice from the Investment Advisers that such allocation remains consistent with the investment objectives.

04.01 Rebalancing Policy

The Trustees accept that in the short and medium term there may be significant fluctuations in the Scheme's actual asset allocation versus the strategic allocation and also that there may be variations depending on the funds required to be held as part of the liability matching solution.

Given the maturity of the Scheme, the Trustees recognise that assets will need to be disinvested on a regular basis. Disinvestments will be made from the Scheme's gilt holdings. The Trustees will consider the asset allocation on a quarterly basis to determine whether overall rebalancing (i.e. including the gilt holdings) is required.

04.02 Rates of Return

The target rates of return for each investment fund are detailed in Appendix B.

04.03 Diversification

The Trustees have sought to achieve diversification by investing in funds which have investment restrictions i.e. funds which impose concentration limits on individual positions and limits on the exposure to individual issuers. Generally speaking each portfolio class (except Gilts) would expect to have different issuers and therefore add to the diversification of the Scheme. Additional diversification is provided by investing in diversified growth funds which invest across a range of asset classes. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.

04.04 Suitability

The Trustees have taken advice from the relevant Advisers to ensure that the asset allocation strategy is suitable for the Scheme, given its investment objectives.

The Trustees have chosen to hold a portion of the Scheme's assets in pooled funds invested in fixed interest gilts in order to provide some degree of matching with the Scheme's short term liabilities. The Trustees have also chosen to implement a liability matching solution to provide a good level of protection against changes in future interest rate and inflation expectations. Further details are set out in Appendix B.

The aim of the return-seeking assets (structured equity and diversified growth funds) is to provide additional expected return above that achieved by the matching assets, consistent with the investment objectives in a risk-controlled manner.

04.05 Liquidity

All of the non-cash assets are held in funds with frequent dealing dates. The Trustees have agreed to hold between 2 and 3 years' worth of cash cover, held in short dated gilts, to meet benefit payments out of the Scheme. The Trustees have agreed to review the level of cash cover on a regular basis with a view to rebalancing to the gilt fund unless the Trustees believe that the market conditions make it inappropriate to do so.

05 **Strategy Implementation**

The Trustees have selected funds managed by three managers, Legal & General Investment Management ("LGIM"), Schroders IS Limited ("Schroders") and Columbia Threadneedle (together "the Investment Managers").

The Scheme's Asset Allocation is set out in Appendix B and the Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. There are agreements in place and fund documentation between the Platform Provider (Mobius Life) and each of the Investment Managers which set out further detail. The Investment Mangers make tactical asset allocation decisions in accordance with the benchmarks, objectives and parameters that are set out by the Trustees and in the fund agreements.

The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, on the basis that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns. As covered in more detail in Section 9, the Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

The Trustees have decided to invest in structured equity and diversified growth funds as part of the Scheme's return-seeking assets. They believe that diversified growth funds will be less volatile than equities thereby reducing the potential volatility of employer contributions. Furthermore, they believe that using both diversified growth funds and structured equity helps to diversify across different styles of investment management.

The remainder of the assets (i.e. gilts) are in passively managed funds managed by LGIM.

05.01 Mandate and Performance Objectives

The Trustees have received advice on the suitability of each fund that the Scheme is invested in from the Investment Adviser and believe them to be suitable to meet the Scheme's investment objectives. The benchmark for each portfolio held and its objectives are set out in Appendix B.

05.02 Manager Agreement

The Trustees consider the arrangements with the investment managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in guidelines, agreements and pooled fund documentation with each investment manager.

The Scheme is in part invested in funds through a life platform managed by Mobius Life, and as such there is no formal agreement between the Trustees and those underlying individual fund managers relating to investments in each portfolio. However, there is an investment management agreement covering the rebalancing arrangements between portfolios including the approach to investment and disinvestment on the life platform.

In respect of the structured equity and LDI portfolio, the Trustees have an investment management agreement with Schroders.

05.03 Platform Provider

The Trustees hold some of their investments with Mobius Life ("the Platform Provider") in the form of a life policy. The Platform Provider is authorised by the Prudential Regulator and regulated by the Financial Conduct Authority. The Trustees consider that the Platform Provider enhances their ability to transfer the Scheme assets between underlying funds and also reduces administrative risks.

05.04 Diversification

The assets are invested in funds with diversification requirements. Further diversification is achieved by investing in funds offered by two or more Investment Managers. The Trustees will monitor the strategy regularly to ensure that they are comfortable with the level of diversification being achieved.

05.05 Custody

Custody of the underlying assets is at the discretion of the underlying fund managers, whilst shares and/or units in the funds are held in book form only. Cash is held securely in separate accounts with approved counterparties.

06 **Monitoring**

06.01 Funds

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities.

The Trustees will monitor the performance of the funds against their stated performance objectives.

The Trustees, or the Investment Adviser on behalf of the Trustees, will regularly review the performance of the funds to satisfy themselves that the funds remain suitable. The Trustees receive half yearly performance monitoring reports from the Investment Adviser which consider performance over the 6 months, one and three year periods. In addition, any significant changes that the Investment Adviser is aware of will be highlighted, which may lead to a change in the Investment Adviser's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers will also attend Trustee meetings as requested.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

If the Trustees are not satisfied with the performance of the funds they will ask the manager of those funds what steps they intend to take to rectify the situation. If the funds still do not meet the Trustees' requirements, they will look to purchase other funds - potentially with a different manager - after consultation with the Investment Adviser.

06.02 Platform Provider

The Trustees together with the Investment Adviser keep the credit rating and solvency ratios of the Platform Provider under regular review as well as the choice of underlying funds on the platform.

06.03 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

06.04 Other

The Trustees are required to review this SIP on a triennial basis, or, without undue delay, following any changes to the investment strategy.

07 Fees

07.01 Funds

The fees paid in respect of each fund are summarised in Appendix B. The Trustees will ensure that the investment management fees paid to the Investment Managers are in line with industry standards. The Investment Managers are remunerated by receiving a percentage of the Scheme's assets under management. In addition, a performance related fee may be payable. It is felt that this method of remuneration provides appropriate incentives for the Investment Managers to target the agreed level of outperformance whilst adhering to the level of risk specified by the Trustee.

07.02 Portfolio Turnover

The Trustees also require the Investment Managers to periodically report on actual portfolio turnover, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

07.03 Platform Provider

The charge for the Platform Provider is 0.05% of the Scheme's non-insured assets per annum. This charge is included in the investment management fees summarised in Appendix B.

07.04 Advisers

Fees paid to the Advisers on investment matters are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

07.05 Custodian

There is no custodian appointed directly by the Trustees.

07.06 Trustees

None of the Trustees are paid directly by the Scheme for their duties.

08 **Risks**

The Trustees recognise a number of risks involved in the investment of assets of the Scheme:

i. The risk of failing to meet the objectives as set out in Section 3 – the Trustees have agreed an investment strategy which they consider, after consulting with the Advisers, has a reasonable expectation of meeting the investment objectives.

ii. The risk of adverse consequences arising through a mismatch between the Scheme's assets and its liabilities. This is addressed through the asset allocation strategy and through regular actuarial and investment reviews and the funding target.

iii. Risk of lack of diversification of investments – addressed through investing in pooled funds with diversification requirements and through investing the growth assets across a range of asset classes.

iv. Risk of holding assets that cannot be easily sold should the need arise – addressed through the use of pooled funds with frequent dealing dates.

v. Underperformance risk – addressed through utilising three different Investment Managers and by monitoring closely the performance of each fund and taking necessary action when this is not satisfactory.

vi. Organisational risk – addressed through regular monitoring of the Investment Manager and the Investment Adviser.

vii. Sponsor risk – the risk of the Employer ceasing to exist, which for reasons of prudence, the Trustees have taken into account when setting the asset allocation strategy.

viii. Credit risk – the risk that the Platform Provider fails is managed by using an insurer with no general insurance risks and by monitoring the credit rating of the Platform Provider.

ix. Interest rate risk – the risk that the liabilities will increase as a result of a fall in interest rates is addressed through reviewing the funding position with the Scheme Actuary on a triennial basis and the use of liability matching assets..

x. Inflation risk – the risk that the liabilities will increase as a result of an increase in inflation is addressed through reviewing the funding position with the Scheme Actuary on a triennial basis and by investing in return seeking assets that are expected, in the long term, to increase in value should inflation increase and the use of liability matching assets.

xi Derivatives risk – addressed through collateral arrangements and engaging with multiple counterparties.

xii Manager risk – addressed through mainly investing in pooled funds and by regular monitoring of the performance of the actively managed elements.

xiii Counterparty risk – addressed through the use of collateral and multiple counterparties.

xiv Currency risk – addressed by hedging a proportion of the currency risk.

xv Liquidity risk – addressed by most of the Scheme's assets being held in pooled funds with frequent dealing dates.

The Trustees will keep these risks under regular review.

09 **Other Issues**

09.01 Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation every three years.

The Trustees will consider with the Advisers whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

09.02 Corporate Governance

The Trustees have considered corporate governance issues and have agreed that they will have no specific policy in place. The Trustees have reviewed the Investment Managers' policies on corporate governance issues and have agreed that all corporate governance decisions should be delegated to the Investment Managers.

09.03 Social, environmental and ethical issues

The Trustees have determined their approach to financially material considerations over the appropriate time horizon of the investments – including environmental, social and corporate governance ("ESG") factors - by acknowledging that there can be risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers. The Trustees require the Scheme's Investment Managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Adviser on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Adviser, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Scheme invests in funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers. The Trustees encourage them to vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their investment managers to discuss engagement which has taken place. The Trustees expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's compliance with best practice stewardship standards.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

Further, the Trustees' policy is that non-financial matters should not be taken into account in the selection, retention and realisation of investments.

Appendix A
Responsibilities

Trustees

The Trustees of the Scheme are responsible for, amongst other things:

i. Determining the investment objectives of the Scheme and reviewing these from time to time.
ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
iii. Reviewing triennially the content of this SIP and modifying it if deemed appropriate, in consultation with the Advisers.
iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
v. Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Investment Adviser.
vi. Selecting Investment Managers which are consistent with the investment strategy after consultation with the Advisers.
vii. Assessing the ongoing effectiveness of the Advisers.
viii. Consulting with the Employer when reviewing investment policy issues.
ix. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
x. Informing the Advisers of any changes to Scheme benefits, significant changes in membership.

Platform Provider

The Platform Provider's responsibilities include:

1. The safekeeping of all the assets of the Scheme held on the platform.
2. Processing the settlement of all transactions.
3. Undertaking all appropriate administration of the Scheme's assets.
4. Processing all dividends and tax reclaims in a timely manner.
5. Dealing with corporate actions.
6. Providing access to a range of appropriate pooled funds.

Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

i. Participating with the Trustees in reviews of this SIP.

ii. Advising the Trustees how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.

iii. Advising the Trustees of any changes in the funds that could affect the interests of the Scheme.

iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the asset allocation policy and current Investment Managers and advising on the selection of new funds.

v. Advising the Trustees on the returns achieved by the Investment Managers

Investment Manager (Schroders

The Investment Manager will be responsible for, amongst other things:

i) Making all day to day investment decisions in relation to the structured equity and LDI solution.
ii) Managing the structured equity and LDI solution with a view to achieving the expected return, whilst abiding by the Investment Guidelines, the principles contained in this SIP and the provisions in Section 36 of the Pensions Act.
iii) Providing regular performance updates.

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

i. Performing the triennial (or more frequently as required) valuations and advising on appropriate assumptions and contribution levels.

ii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennia valuations.

iii. Advising the Trustees of any changes in the deficit and/or funding level.

Appendix B
Asset Allocation

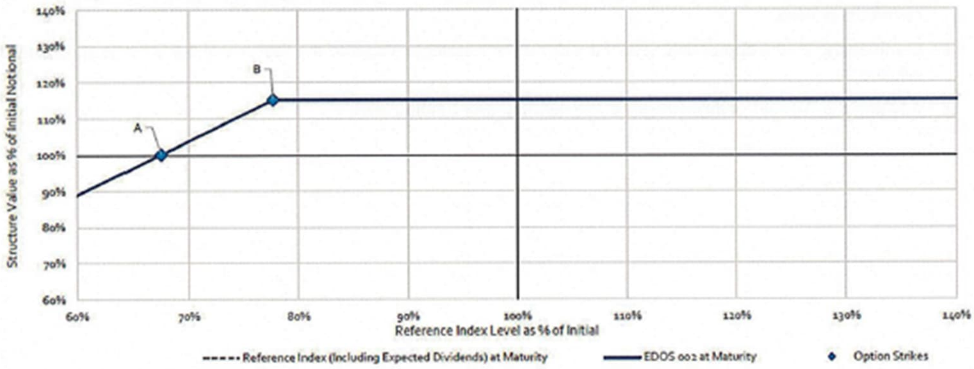
The Trustees have appointed Columbia Threadneedle, Schroders and LGIM to manage the assets of the Scheme. Having considered advice from the Advisers, and also having due regard for the objectives, the current liabilities of the Scheme together with their expected timing, the risks of and to the Scheme, and the covenant of the Employer, the Trustees decided upon the following benchmark allocation as being the basis for measuring investment performance:

Asset Class	Strategic allocation (%)
Schroders Structured Equity and LDI / (of which Structured equity only)	**55.0 / (35.0)**
Columbia Threadneedle Dynamic Real Return Fund	**17.5**
LGIM Dynamic Diversified Fund	**17.5**
LGIM 0 to 5 Year Gilts Index	**10.0**
Total	100.0

The Trustees have agreed the above monitoring ranges and will consider rebalancing the portfolio, having sought advice from their investment advisor, if the allocation to any of the funds falls outside of these ranges.

The Trustees have agreed to implement an LDI Solution to broadly hedge the funding level of the solvency basis against inflation and interest rate risks. At implementation, this was equivalent to approximately 119% of the Technical Provisions.

The Trustees agreed to implement the following structured equity shape directly with Schroders.



B.01 Expected Returns and Performance Monitoring

The Trustees have agreed the following performance target with the Investment Managers:

Fund	Benchmark Index	Objective
Schroders Structured Equity Index	**Global Basket hedged to GBP composed of: 4% FTSE 100, 17% Eurostoxx 50, 70% S&P 500, 9% Nikkei 225**	**c. Gilts plus 2% p.a.**
Columbia Threadneedle Dynamic Real Return Fund	**n/a**	**Consumer Prices Index inflation + 3.5% over 3 to 5 years (after deduction of Total Expense Ratio of 0.5%) with less than 2/3 of global equity volatility**
LGIM Dynamic Diversified Fund	**n/a**	**Bank of England base rate + 4.115% over full market cycle (typically 5 years) (after deduction of Total Expense Ratio of 0.385%) with less than 2/3 of global equity volatility**
LGIM 0 to 5 Year Gilts Index	**FTSE A Government (0 to 5 Year) Gilt Index**	**To provide a secure cash flow to cover scheme liabilities for the medium term (1 – 5 years)**

B.02 Fees

The investment management fees paid to the Investment Managers are as follows:

Fund	AMC per annum
Schroders Structured Equity	**0.04% p.a. (based on exposure)**
Schroders LDI	**0.08% p.a. (based on exposure)**
Columbia Threadneedle Dynamic Real Return Fund*	**0.535%**
LGIM Dynamic Diversified Fund*	**0.385%**
LGIM 0 to 5 Year Gilts Index*	**0.075%**

* These include the Platform Provider's own charge of 0.05% per annum.

Contact us
xpsgroup.com

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

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

Trigon Professional Services Limited, Registered No. 12085392

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

Authorisation

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

Appendix B
Projections

The tables show in money terms the cumulative effect of charges taken from a member's fund over time, for the Accumulation Account (underpin to the DB Benefit) which is the default and lowest charging, and the highest charging fund

Assumptions

- The member has an initial notional pension pot of £22,000.
- The member is currently 15 years from Normal Retirement Date.
- No contributions will be made to the pension pot over the period.
- Projected pension pot values are shown in terms of current prices, i.e. the actual figures will be higher to the extent that there is future inflation. Inflation is assumed to be 2.5% per annum.

	Scheme Default (and Lowest Charging Fund)		**Utmost Multi Asset Moderate (Highest Charging Fund)**	
Investment Returns (p.a.)	6.00%		6.00%	
Charges (p.a.)	50% LGIM Dynamic Diversified (0.43%) 50% Columbia Threadneedle Dynamic Real Return (0.67%)		0.75%	
Years to Normal Retirement Age	**DC Pension Pot (before charges)**	**DC Pension Pot (after charges)**	**DC Pension Pot (before charges)**	**DC Pension Pot (before charges)**
15	22,000	22,000	22,000	22,000
10	26,022	25,353	26,022	25,114
5	30,778	29,218	30,778	28,669
0	36,404	33,672	36,404	32,726