De La Rue Defined Contribution Pension Plan ("the Plan")

Annual Statement by the Chair of the Trustee for the year to 5th April 2021

What is this Statement for?

It is important that you can feel confident that your savings in the De La Rue Defined Contribution Pension Plan ("the Plan") are being looked after and give good value.

Under legislation, certain governance requirements apply to defined contribution pension arrangements i.e. the requirement to prepare a yearly statement which describes how these governance requirements are met. This Statement sets out how we have managed the Plan in the last year and what we aim to do in the coming year.

A copy of this Statement, together with other key Statements about how the Plan is managed are posted online at https://www.delaruepensions.co.uk/de-la-rue

What's in this Statement?

We have included information on the following areas in this Statement:

1 How we manage your Plan – who the Trustee is and what guides our decision making;

2 Investment options – what we have done to check the performance and suitability of the Plan's investment options, especially those used by members who don't want to make an investment choice (known as the "default arrangement");

3 Investment performance - what returns have the investment options given over the last year;

4 Cost and charges – what costs and charges you have paid in the last year and how these might impact the size of a typical member's savings in the Plan over time;

5 Value for Members – the quality of the Plan's services (including the investment returns on your savings) which you pay for;

6 Administration – how well the Plan has been administered, including how promptly and accurately key transactions (such as the investment of your contributions) have been processed;

7 Trustee knowledge – what we as the Trustee Directors have done to maintain our level of knowledge and obtain the professional advice we need to look after the Plan for you;

8 Our key actions last year and plans for the next year – what key actions we took in the last year and what we aim to do in the coming year to continue to improve the Plan for all our members.

What were the highlights from the last 12 months?

We can confirm to you that:

1 How we manage your Plan

Three new Trustee Directors were appointed in the past year. See section 1 for details.

The Statement of Investment Principles, which sets out our policies on how your contributions should be invested, was updated on 18 September 2020 to reflect new pensions regulations which came into effect on 1 October 2020.

The first implementation statement describing how we have followed our policies set out in the Statement of Investment Principles will be published before 1 October 2021.

At 5 April 2021 the Plan was worth approximately £96.6 million.

2 Investment options

We last completed an in-depth review of the Plan's investment options in February 2019. Whilst we did not conduct a review of the investment options during the year, we monitor investment performance and membership statistics on a quarterly basis. As such, we remain satisfied that the default arrangement and investment options has performed in line with our objectives and remains suitable for most members – see section 2 for more details.

We are working in conjunction with the Employer to move all active Plan members to a Master Trust arrangement during the following Plan year 2021/22. Therefore, a future review of the Plan's investment options is not required. There have been no changes to the investment options in the last year.

3 Investment Performance

2020 was a challenging year for investment markets because of the uncertainty created by the Covid-19 pandemic and the US presidential election.

However, over the year to 31 March 2021 the funds used in the Plan's default arrangement saw investment returns between a flat performance of 0.0% p.a. for the Managed Cash fund to a rise in value of 42.8% p.a., or a positive return of £428.00 for every £1,000 invested in the Long Term Growth fund.

The investment returns produced by the funds were generally in line with the funds' objectives. See section 3 for further details.

4 Cost and charges

You pay for the Plan's investment and transaction costs, while the Employer pays the cost of the Plan's administration, governance and communications. See section 4 for further details.

We monitored the costs and charges going out of members' pension pots during the last year:

- The charges in the last year for the "default arrangement" were 0.17% p.a. to 0.50% p.a. of the amount invested (or put another way £1.70 to £5.00 for every £1,000 invested) – which is within the charge cap for auto-enrolment in our Plan as required by the Government.
- We have also looked at how the costs and charges taken out of a typical member's pension pot each year might affect its future size when they come to retire. Over a 48-year period, for a member of age 17, the current level of costs and charges for the Plan's default arrangement could reduce the size of a pension pot from a potential £707,573 leaving £623,919 at a retirement age of 65, in today's money.

5 Value for Members

Each year we look at the costs and charges you pay as well as the range and quality of the services you pay for and see how they compare with similar pension schemes and a selection of master trusts.

We found that the Plan gave Good value in the last year. During the Plan year 2021/22 we will, in conjunction with the Employer, move all active Plan members to a Master Trust arrangement, which should enhance value for members – see section 5 for more details.

6 Administration

We check that the administration of the Plan has run smoothly over the year. During the period covered by this Statement:

- Majority of key financial transactions were processed promptly and accurately by the provider Aegon; and

- The wider administration of the Plan was completed within the service standards we agreed with Aegon.

During the Covid-19 coronavirus pandemic, Aegon operated at reduced capacity for a period of time while they arranged for staff to work from home. This temporarily affected customer service as Aegon closed in-bound calls to focus on call-backs for urgent financial requests. See section 6 for further details.

7 Trustee knowledge

It is important that we as the Trustee keep our knowledge of pension and investment matters up to date and have access to sound professional advice.

We received training during the year on subjects such as responsible investment (RI), covering our managers' RI policies – see section 7 for more details.

Overall, we believe that we have the right skills and expertise together with access to good quality professional advice so that we can run your Plan properly.

8 Our key actions last year and plans for the next year

During the last year we:

- Reviewed and updated the Statement of Investment Principles to reflect the 2019 Regulations on Responsible Investment, which came into force on 1 October 2020;
- Conducted the annual Value for Members assessment of the services for which members bear or share charges and costs;
- Assessed our investment advisers Hymans Robertson LLP against the investment objectives set in 2019 in keeping with the Competition and Markets Authority (CMA) final Order;
- Submitted to the CMA our first statement of compliance with the Order; and
- Arranged for the publication of the Plan's Chair's Statement in a publicly searchable location on the internet with a note of this location in the annual benefit statements.

During the next year we aim to:

- Complete our first Implementation Statement describing how we have followed the policies in the Plan's Statement of Investment Principles over the Plan year;
- Continue to assess our investment consultants Hymans Robertson LLP against the agreed investment objectives per the CMA Order;
- Continue to engage with the investment managers on responsible investing;
- Continue to monitor the administration of the Plan; and
- Continue to work in conjunction with the Employer to move all Plan members to a Master Trust arrangement to enhance value for members.

Aegon has set up a website for the Plan, where you can find information on how your savings are building up and your investment options. Members can use their Account Number or their National Insurance Number to register to use the site. The website is online at www.aegon.co.uk/targetplan

The rest of this Statement goes into more detail – please read on if you want to find out more about how we have managed your Plan in the last year.

We hope this Statement is of help to you planning for your future. If you have any questions, please contact the Group Pensions Manager at:

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Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements like the Plan, to help members achieve a good outcome from their pension savings. We are required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 6th April 2020 to 5th April 2021 ("the last Plan year").

For the record
This Annual Statement regarding governance has been prepared in accordance with:

Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent regulations.

Date: 29th September 2021

Signed by the Chair of Trustees of the De La Rue Defined Contribution Pension Plan

1 How we manage your Plan

At 5 April 2021, the Trustee Directors of the Plan were:

Company appointed Directors

- PAN Trustees UK LLP (Independent Chairman, represented by M Roberts)
- N McGregor
- K Stirzaker (resigned 15 June 2020)
- K Ryan (appointed 10 December 2020)
- 20-20 Trustees Limited (represented by J Yates, appointed 13 January 2021)
- Ross Trustees (represented by G McKenzie, appointed 15 February 2021)

Member nominated Directors

- P Outridge
- K Brown
- M Salmon

The Statement of Investment Principles (SIP) sets out our investment policies. The SIP covers all the Plan's investments, including default arrangement, the alternative lifestyle strategies, and the self-select options, and details the rationale and objectives of these for achieving good member outcomes.

Further details of DC investment options and lifestyle glidepaths are provided in the Plan's Investment Operations Document (IOD) which is a companion document separate from the SIP and available to members on request.

The SIP is appended in Appendix 1 to this Statement.

With the help of our advisers, we review the Statement of Investment Principles at least every three years. The last review was carried out in 2020 and the Statement was updated on 18 September 2020 to reflect updated regulatory requirements which came into effect as of 1 October 2020.

An implementation statement setting out how we complied with the Statement of Investment Principles during the year to 5 April 2021 will be made publicly available alongside this statement.

Over the year to 5 April 2021 the total value of members' pension pots grew from £75.3m to £96.6m. Please note that although the Plan's total assets grew over the year, any consequent changes to individual member pension pots will vary depending on various factors such as contribution rates and investment options. In addition, members may have seen some significant volatility in the value of their pension pot as a result of the coronavirus pandemic.

2 Investment options

Default arrangement

The Plan's default arrangement, the Drawdown Lifestyle Strategy, is designed for members who join the Plan and do not make a choice regarding the investment of their contributions. We are responsible for the governance of the default arrangement which includes setting and monitoring its investment strategy.

We decided that the default arrangement should be a lifestyle strategy, which means that members' contributions are automatically moved between different funds as they approach their selected retirement date. Our objectives for the design of the default arrangement are outlined in the bullet points below. The SIP which covers the default arrangement is appended to this Statement and the principles guiding the design of the default arrangement are set out from pages 9 to 10.

The principal objectives for the Plan's default arrangement are:

- To manage the principal investment risks faced by an average member during membership;

- To target the majority of members who are expected to use Flexi Access Drawdown during their retirement and take their maximum allowable tax-free cash lump sum at retirement;
- To invest in funds which are expected over the long-term to deliver strong returns relative to inflation for most of the time members are in the Plan;
- In the years leading up to retirement, to increasingly invest in funds which will deliver good returns relative to inflation while helping to mitigate the risk of major market downturns and fluctuations in the costs of turning fund values into retirement income; and
- In the years leading up to retirement, to increasingly invest in cash to a target allocation of 25%, recognising the 25% tax-free cash allowance available to members at retirement, whilst also helping to mitigate fluctuations in fund values.

We continue to believe that the default arrangement is appropriate for the majority of the Plan's members because:

- Its overall design remains appropriate for meeting the long-term investment objectives of the Plan.
- The default arrangement is designed to be able to provide adequate liquidity and is suitably diversified.
- The strategy begins with the growth phase, where 100% is invested in growth assets. From twenty years to retirement the arrangement moves into the consolidation phase, investing in a mix of assets via a diversified fund. From three years prior to retirement the arrangement glides into a strategy designed for members who will take 25% cash at retirement and access flexible drawdown during retirement.
- We have decided not to make any strategic changes in the short term. This is due to the current strategy still being able to deliver on its risk and return objectives.

The performance of the default arrangement has been consistent with its investment objectives:

- We regularly monitor the investment performance of the default arrangement and formally review both the investment performance against the default arrangement's objectives and the suitability of the investment strategy at least every three years.
- The investment performance of these funds during the last year is shown in section 3 below and Appendix 4.

The Plan membership characteristics have not changed materially:

- The current pre-retirement strategy targets flexible income drawdown and flexibility of choice and access, and this remains suitable for Plan members.
- Members' needs and likely benefit choices at retirement have not changed materially.
- Based on member data as of February 2021, provided by the Plan's administrator, the profile of the Plan's membership has not changed, and members are mainly taking their pension pots as Uncrystallised Funds Pension Lump Sums (UFPLS) or cash at retirement.

No review has been undertaken in the last Plan year. The last full review of the default was completed on 20 February 2019 with the help of our investment advisers Hymans Robertson LLP. We are working in conjunction with the Employer to move all active Plan members to a Master Trust arrangement during the following Plan year 2021/22. The default strategy and investment options available in the Master Trust are broadly similar to the current default and investment options. Therefore, no future review of the default is required.

Other investment options

We recognise that the default arrangement will not be suitable for the needs of every member and so the Plan also offers members a choice of other investment options including alternative lifestyle options and self-select funds. The main objectives of these investment options are:

- To cater for the likely needs of a wider range of members;
- To cater for members looking to take different benefits at retirement than those targeted by the default arrangement;
- To offer a wider range of asset classes, levels of risk and return and different investment approaches; and
- To support members who want to take a more active part in how their savings are invested.

Alternative Lifestyle options are offered for those members who believe that the target retirement benefits of the default investment strategy are not appropriate to their needs, but otherwise do not want to take an active part in selecting where contributions are invested.

The alternative Lifestyle options manage the principal risks faced by members during their membership, but target taking their retirement benefits as cash at retirement or purchasing an annuity (and taking 25% tax-free cash) at retirement. Full details of the investment options are provided in the Appendix.

No review has been undertaken during the last Plan year. The last full review of the investment options was completed on 20 February 2019 with the help of our investment advisers Hymans Robertson LLP. We are working in conjunction with the Employer to move all active Plan members to a Master Trust arrangement during the Plan year 2021/22. Therefore, no future review of these alternate investment options is required.

3 Investment performance

Default arrangement

Over the year to 31 March 2021 the funds used in the Plan's default arrangement saw investment returns between a flat performance of 0.0% p.a. for the Managed Cash fund to a rise in value of 42.8% p.a., or a rise of £428 for every £1,000 invested in the Long Term Growth fund.

The investment performance of the funds used in the default arrangement during the year to 31 March 2021 net of costs and charges expressed as a percentage were:

Fund	1 year % p.a.
Long Term Growth fund	42.8
Diversified Assets fund	15.5
Managed Cash fund	0.0

Source: Aegon as at 31 March 2021

Please note that the platform provider Aegon provides performance data to each quarter end and therefore the most recent performance at 31 March 2021 has been sourced for this Statement.

We are satisfied that the funds used by the default arrangement have performed in line with their objectives.

Other investment options

The 1-year performance of the investment options outside of the default arrangement, during the year to 31 March 2021 net of costs and charges expressed as a percentage were:

Fund	1 year % p.a.
Managed Defensive fund	-0.4
Managed Inflation-linked Defensive fund	-1.6

Source: Aegon as at 31 March 2021

More information

When looking at these figures it should be taken into account that major stock markets rose by 39.6% p.a. (FTSE All World over the year to 31 March 2021) over the same period which is a useful comparator for the equity funds. Performance is in relation to the market recovery following the Covid-19-related market falls. For more detail on performance, please see Appendix 4

Investment returns for all funds over 1 year, 3 years and 5 years are shown in Appendix 4.

Further information on the funds, how they are invested and their performance during the year are available from the Plan's administrators at: www.aegon.co.uk/targetplan

4 Costs and charges

We are required to set out the charges and costs borne by members and the Employer for the Plan's services in this Statement over the last Plan year and these are set out as follows:

Service	By members	Shared	By the Employers
Investment management	✓	-	-
Investment transactions	✓	-	-
Administration	-	-	✓
Governance	-	-	✓
Communications	-	-	✓

The presentation of the charges and costs, together with the projections of the impact of charges and costs, takes into account the statutory guidance issued by the Department for Work and Pensions.

We have followed the statutory guidance in producing this section. We will publish this Statement in a publicly searchable location online, and the link included in members' annual benefit statements which can be accessed here https://www.delaruepensions.co.uk/de-la-rue.

Charges

The charges ("Investment management charges" referred to in the table above) quoted in this Statement are the investment funds' Total Expense Ratios ("TERs"). The TER consists of a fund's Annual Management Charge ("AMC") and Operating Costs and Expenses ("OCE"). OCEs include, for example, the fund's custodian costs. While the AMC is usually fixed, the OCE, and hence the TER, can vary slightly from day to day.

The Employer pays the charges for Plan administration.

Transaction costs

The funds' transaction costs ("Investment transaction costs" referred to in the table above) are in addition to the funds' TERs and can arise when:

- The fund manager buys or sells part of a fund's portfolio of assets; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on where each fund is invested and stock market conditions at the time. Transaction costs can include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes). Transaction costs are deducted before the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

The Financial Conduct Authority ("FCA") requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs such as stockbroker commission.

The transaction costs shown in this Statement are those taken from funds while members are invested in them. The transaction costs shown here do not include any costs members may incur from buying or selling units in the provider's funds due to the fund manager's unit price for a fund moving from a "bid" to "offer" basis (or vice versa) or any other "dilution levy" when units in that fund are bought or sold to protect the value of the fund for other investors.

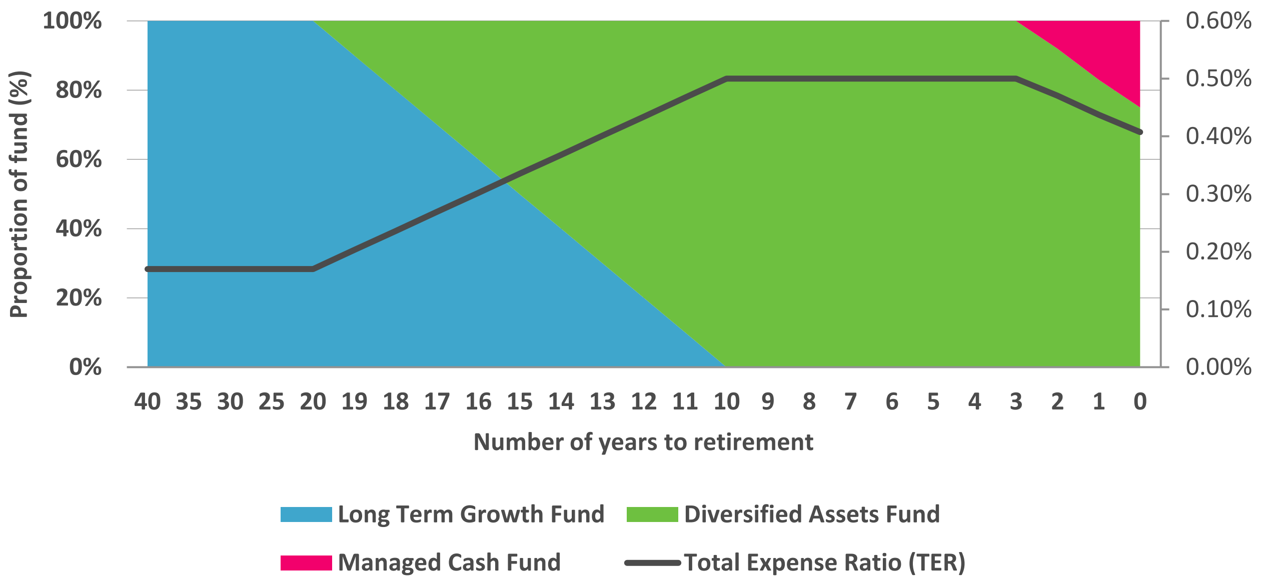
Member-borne charges and transaction costs

The charges and transaction costs for the year to 31 March 2021 have been supplied by the Plan's platform provider Aegon.

Default arrangement

The default arrangement (the Drawdown Lifestyle Strategy) is a "lifestyle strategy" which invests contributions in funds according to how far each member is from retirement. As a result, charges borne by each member can vary from one year to the next. This means that the level of charges and transaction costs borne by members can vary from year to year depending on how close members are to their selected retirement age and in which fund they are invested at that time.

Default arrangement



During the year covered by this Statement the member-borne charges for the default arrangement were in a range from 0.17% p.a. to 0.50% p.a. of the amount invested or, put another way, in a range from £1.70 to £5.00 per £1,000 invested. The transaction costs borne by members in the default arrangement during the year were in a range from 0.06% p.a. to 0.40% p.a. of the amount invested or, put another way, in a range from £0.60 to £4.00 per £1,000 invested.

For the period covered by this Statement, the annualised charges and transaction costs are:

Period to retirement	Charge*		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Over 20 years [charges are at their lowest]	0.17	1.70	0.06	0.60
15 years	0.34	3.40	0.23	2.30
3-10 years [charges are at their highest]	0.50	5.00	0.40	4.00
At retirement	0.41	4.10	0.30	3.00

Source: Aegon. *Charge is the Total Expense Ratio.

The average charge for the default arrangement was 0.29% p.a. for a member in the default over a period of 40 years.

The table in Appendix 2 gives further details for each fund used by the default arrangement.

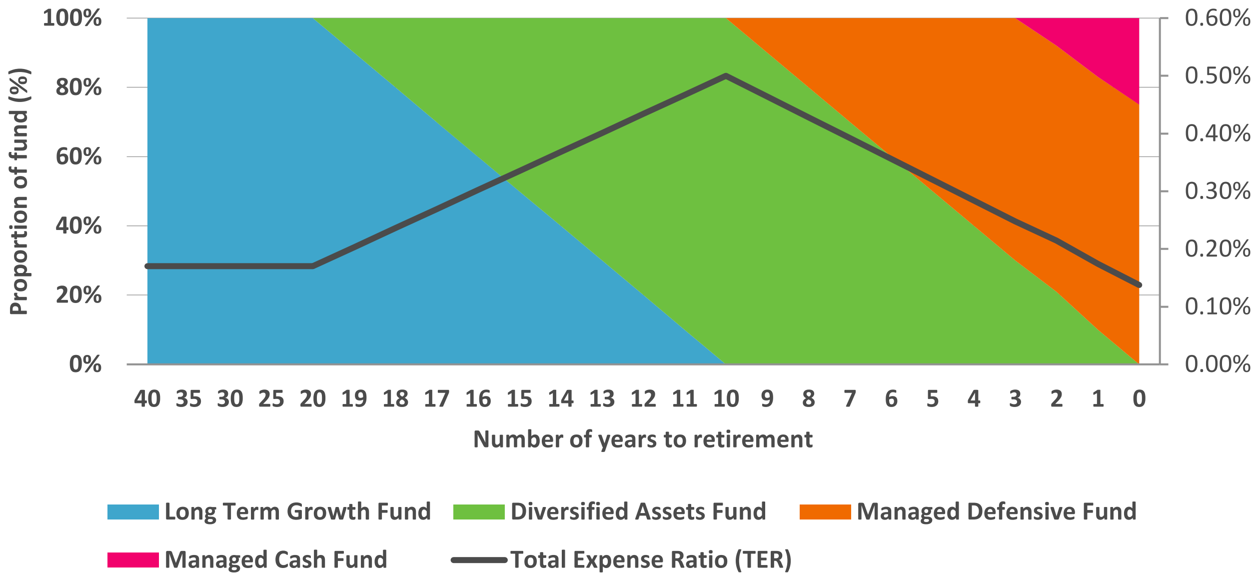
The Plan is a qualifying scheme for auto-enrolment purposes. The member-borne charges for the default arrangement complied with the statutory charge cap during the year covered by this Statement.

Charges and transaction costs for the investment options outside the default arrangement

In addition to the default lifestyle, members also have the option to invest in two other lifestyles, targeting annuity purchase and cash withdrawal, and five self-select funds. The lifestyle options outside the default arrangement also invest contributions in different funds according to how far each member is from retirement. The charges borne by each member can also vary from one year to the next.

Further details on the self-select funds and the three lifestyle strategies are set out in the Plan's Statement of Investment Principles appended to this Statement.

Annuity Lifestyle Strategy



During the year covered by this Statement the member-borne charges for the Annuity Lifestyle option were in a range from 0.14% p.a. to 0.50% p.a. of the amount invested or, put another way, in a range from £1.40 to £5.00 per £1,000 invested. The transaction costs borne by members in the Annuity Lifestyle option during the year were in a range from 0.02% p.a. to 0.40% p.a. of the amount invested or, put another way, in a range from £0.20 to £4.00 per £1,000 invested.

The annual charges for the Annuity Lifestyle option during the period covered by this Statement are:

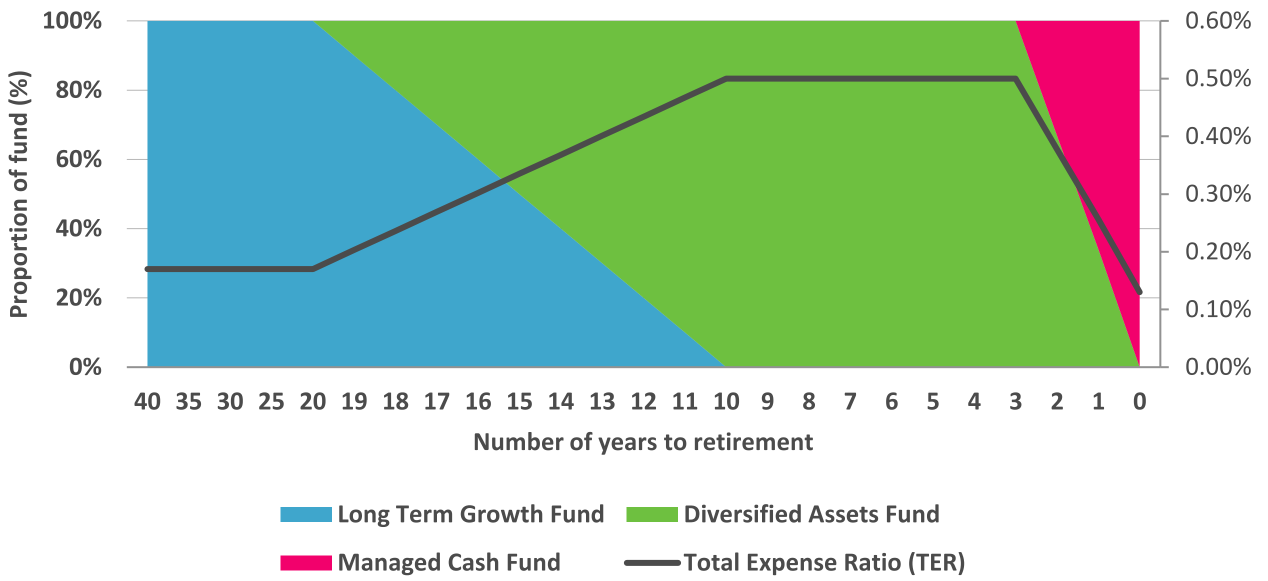
Period to retirement	Charge*		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Over 20 years	0.17	1.70	0.06	0.60
15 years	0.34	3.40	0.23	2.30
10 years [charges are at their highest]	0.50	5.00	0.40	4.00
5 years	0.32	3.20	0.21	2.10
At retirement [charges are at their lowest]	0.14	1.40	0.02	0.20

Source: Aegon. *Charge is the Total Expense Ratio.

The average charge for the Annuity Lifestyle was 0.25% p.a. for a member in this lifestyle option over a period of 40 years.

The table in Appendix 2 gives further details for each fund used in the Annuity Lifestyle option.

Cash Lifestyle Strategy



During the year covered by this Statement the member-borne charges for the Cash Lifestyle option were in a range from 0.13% p.a. to 0.50% p.a. of the amount invested or, put another way, in a range from £1.30 to £5.00 per £1,000 invested. The transaction costs borne by members in the Cash Lifestyle option during the year were in a range from 0.01% p.a. to 0.40% p.a. of the amount invested or, put another way, in a range from £0.10 to £4.00 per £1,000 invested.

The annual charges for the Cash Lifestyle option during the period covered by this Statement are:

Period to retirement	**Charge***		**Transaction costs**	
	% p.a.	**£ per £1,000**	**% p.a.**	**£ per £1,000**
Over 20 years	0.17	1.70	0.06	0.60
15 years	0.34	3.40	0.23	2.30
3-10 years [charges are at their highest]	0.50	5.00	0.40	4.00
At retirement [charges are at their lowest]	0.13	1.30	0.01	0.10

Source: Aegon. *Charge is the Total Expense Ratio.

The average charge for the Cash Lifestyle was 0.28% p.a. for a member in this lifestyle option over a period of 40 years.

The table in Appendix 2 gives further details for each fund used in the Cash Lifestyle option.

Self-select funds

During the year the charges for the self-select funds were in a range from 0.13% p.a. to 0.50% p.a. of the amount invested or, put another way, in a range from £1.30 to £5.00 per £1,000 invested.

The transaction costs borne by members in the self-select funds during the year were in a range from 0.01% p.a. to 0.40% p.a. of the amount invested or, put another way, in a range from £0.11 to £4.00 per £1,000 invested. The Managed Inflation-linked Defensive fund had negative transaction costs over the year covered by this Statement, which amounted to a saving of £0.01 per £1,000 invested by members. As mentioned earlier in this section a negative transaction cost can occur when favourable market movements offset trading costs during a transaction.

The level of charges for each self-select fund (including those used in the default arrangement) and the transaction costs over the period covered by this Statement are:

Fund	Charge*		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Long-term Growth Fund	0.17	1.70	0.06	0.60
Diversified Assets Fund	0.50	5.00	0.40	4.00
Managed Cash Fund	0.13	1.30	0.01	0.10
Managed Defensive Fund	0.14	1.40	0.02	0.20
Managed Inflation-linked Defensive	0.14	1.40	-0.01	-0.10

Source: Aegon. *Charge is the Total Expense Ratio.

The funds used within the default arrangement are shown in bold. The table in Appendix 2 gives further details for each self-select fund.

Impact of costs and charges - illustration of charges and transaction costs

We have asked the Plan's platform provider and administrator Aegon to illustrate the impact over time of the costs and charges borne by members. The illustrations show projected fund values in today's money before and after costs and charges, for a typical member at stages from joining the Plan at age 17 up to retirement at age 65.

The table in Appendix 3a to this Statement shows the projected figures for the default arrangement, the annuity lifestyle and the cash lifestyle strategies, as well as the following funds from the self-select range:

- The fund used by the greatest number of members is the Long-Term Growth Fund.
- The fund with the highest expected return (before costs) is the Long-Term Growth fund.
- The fund with the lowest expected return (before costs) is the Managed Cash Fund.
- The fund with highest annual member-borne costs is the Diversified Assets Fund.
- The fund with lowest annual member-borne costs is the Managed Cash Fund within the default and alternative strategies.
- The fund with the lowest annual member-borne costs is the Managed Inflation-linked Defensive Fund outside the lifestyle strategies.

The "before costs" figures show the projected value of a member's savings assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures show the projected value of a member's savings using the same assumed investment return but deducting member-borne fees and transaction costs.

For example, the illustrations show that for a member who joined the default arrangement at age 17 and retired at age 65, over the 48-year period of employment the level of charges and costs seen in the last year would reduce their projected pot value at retirement from £707,573 to £623,919 in today's money.

Note on illustrations

- These illustrated values are not guaranteed and may not prove to be a good indication of how your own savings might grow; and

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

Members should exercise caution before relying on this information for the purposes of making decisions about savings, investment and retirement choices, and take independent financial advice as appropriate when making decisions.

Please see the notes to the tables in Appendix 3b for the assumptions used in calculating these illustrations.

5 Value for Members

Each year, with the help of our advisers, we carry out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members. Value is not simply about low cost – we also consider the quality and scope of provision compared against similar schemes and available external benchmarks including the largest schemes such as "master trusts".

Approach

We adopted the following approach to assessing Value for Members for the last year:

- Services – considered the investment services as this is where members bear or share the costs;
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement;
- Comparison – the cost and quality of each service were compared against similar schemes and available external comparisons;
- Rating – each service was rated on the below basis.

Results for the Year ended 5 April 2021

The Plan gave Good Value for Members in the year ended 5 April 2021. The rating criteria used in the assessment were:

Rating	Definition
Excellent	The Trustee considers the Plan offers excellent value for members, providing services within a top 20% quality/cost range compared with typical options for similar schemes.
Good	The Trustee considers the Plan offers good value for members, providing services at better quality/cost compared with typical options for similar schemes.
Average	The Trustee considers the Plan offers average value for members, providing similar services at similar quality/cost compared with typical options for similar schemes.
Below average	The Trustee considers the Plan offers below average value for members, providing similar services at higher cost or more limited services for similar cost compared with typical options for similar schemes.
Poor	The Trustee considers the Plan offers poor value for members providing services, within the bottom 20% quality/cost range compared with typical options for similar schemes.

The rationale for the rating of each service was in outline:

Service and weighting	Rating	Rationale
Investment 100%	Good	• Charges were similar to those of comparable schemes. The charges for the default strategy ranged from 0.17% p.a. to 0.50% p.a. and for the self-select range ranged from 0.13% p.a. to 0.50% p.a. • Transaction costs were similar to those of comparable schemes • The Trustee is satisfied that the investment options are suitable for the Plan's membership • Investment performance was in line with the funds' objectives over the 1-year, 3-year and 5-year periods to 31 March 2021. • The Statement of Investment Principles was last reviewed on 18 September 2020, when changes were made to account for regulatory changes which came into effect at 1 October 2020. These changes focus on the Trustee's approach to stewardship, their obligations to monitor portfolio turnover and related costs, and the way they ensure that the managers have suitable policies in place which address conflicts of interest. There is also an increased focus on the way the Trustee monitors their fund managers' handling of voting rights and Environmental, Social and Governance ("ESG") issues. • The Plan's investment options do not take responsible investment (including climate change) into account.

6 Administration

Aegon Retirement Choices administers the Plan on our behalf.

Core financial transactions

It is a legal requirement that we must monitor the Plan's core financial transactions during the last Plan year which includes the following:

- The receipt and investment of contributions (including inward transfers of funds);
- Switches between investment options; and
- Payments of benefits (including retirements and outward transfers of funds).

Service levels

We have a service level agreement in place with Aegon, which covers the accuracy and timeliness of all administration work such as:

- The investment of contributions;
- Switching investment options
- Payments of benefits;
- Contribution refunds; and
- Transfers and switch requests.

The main service standards are:

Service standard	Processing time
New joiner, contributions files and cash allocations	2 working days
Provision of retirement pack and quotation of benefits	5 working days
Payments of benefits (upon receipt of all criteria)	1 working day
Provision of drawdown quotation	1 working day
Payment of benefits to a drawdown arrangement (upon receipt of all criteria)	1 working day
Provision of transfer value quotation	5 working days
Payment of transfer value on day of pricing, with disinvestment	1 working day
Provision of Plan leaver option pack	8 working days
Processing individuals transferring to the Plan	5 working days
Response to members enquiries	1 working day
Provision of statements upon request	5 working days
Processing of investment switches, if received before 1pm	Same day

Aegon aims to complete 95% of its administration work and core financial transactions within these service levels. For the year to 28 February 2021, Aegon had completed 95% of all administrative work within the service levels, in line with the agreed level of 95%. Over the previous year to 29 February 2020, Aegon completed 98% of administration work within Service Level Agreements (SLA).

Please note that the administrator Aegon provides quarterly administration reports "as at" the quarter ends described below. Similar to previous years we have included information for the year to 28 February due to the timing of these reports.

SLA is reported quarterly to the Trustee. Aegon provides us with quarterly management reports in which work types associated with the service standards outlined above are itemised. Each work type gets a percentage according to how many tasks of that work type were carried out within agreed service levels, and a total service level estimated as an average service levels have largely been met. The SLAs over the year covered by this statement were as follows:

Core financial transactions (average SLA)

- 99% for the quarter 1 March 2020 to 31 May 2020;
- 93% for the quarter 1 June 2020 to 31 August 2020;
- 89% for the quarter 1 September 2020 to 30 November 2020;
- 95% for the quarter 1 December 2020 to 28 February 2021.

Overall SLA

- 96% for the quarter 1 March 2020 to 31 May 2020;
- 98% for the quarter 1 June 2020 to 31 August 2020;
- 93% for the quarter 1 September 2020 to 30 November 2020;
- 92% for the quarter 1 December 2020 to 28 February 2021.

Comment on administration service delivery

Aegon's offices closed during the initial phase of the Covid-19 pandemic in March 2020, and with teams working from home, contact centre systems' processes were adjusted appropriately. During this period Aegon stopped taking inbound calls to focus on their call-back facility for urgent requests. In May, Aegon introduced webchat for members and online editable forms, and during this time the contact centres reopened on a 10am to 4pm basis to restore normal service levels. More recently Aegon reviewed capacity in the new year and began to increase headcount via recruitment, and as business requirements continue to increase the focus remains on core financial requests to maintain SLAs.

Where service levels fall below the agreed 95% level:

- Customer demand increased during Q3 2020 to pre-Covid-19 levels and Aegon extended opening hours to the standard hours of 9am to 5pm. Work and call volumes continued to increase above expectations over Q4 2020 and core financial transactions were prioritised to mitigate any detriment to members, while plans were made to manage increases in non-financially critical work.

Therefore, we are satisfied that Aegon's processes were appropriate, despite the drop in performance due to extraneous circumstances caused by the Covid-19 pandemic.

We understand that Aegon monitors its performance against these service levels by:

- Monitoring daily transactions and daily workflow items;
- Regular internal audits of administration procedures;
- Reviewing the level, causes and resolution of complaints;

- Maintaining checklists which cover dealing, pricing and reconciliation activities, to ensure that financial transaction information is received, reviewed by a senior administrator, and that regulatory and service level agreements are met;

- Running daily reports to identify and investigate partially processed transactions.

Core financial transactions and administration service levels were.monitored monthly during the last Plan year via regular administration calls and quarterly administration reports. This enables us to

- Check that contributions deducted from members' earnings have been paid promptly to the Plan by the Employer;

- Consider the feedback from our investment advisors on the competitiveness of the service standards against other administrators/providers;

- Receive reports from the Plan's auditors who perform an independent audit of the Plan's financial statements; and

- Considering member feedback including any complaints. Over the year covered by this Statement, Aegon received 3 complaints. Given the size of the Plan's membership, 3 complaints over the year is relatively low. All complaints were handled within 100% of the SLA.

Aegon have confirmed to us that there are adequate internal controls to ensure that core financial transactions relating to the Plan are processed promptly and accurately.

- We are satisfied that the service standards were competitive because;

- We compared service levels against agreed targets each quarter as presented in the administration reports; and

- The wider administration of the Plan achieved the agreed service standards over the year covered by this Statement.

Data quality

Each year we review and receive reports from Aegon to confirm that they have undertaken an audit of the Plan's common data (which is the key data needed by the Plan to calculate members' benefits such as dates of birth), to ensure that the records for all members are accurate and up to date.

The last data quality audit was undertaken in December 2020. Common conditional reports were provided on 3 December and completed 14 December 2020. This showed that common data was present for 98% of membership data as at 1 December 2020 – compared to 98% last year so is unchanged.

Cyber Security

We are conscious of the growing threat of cyber-attacks on pension scheme information.

Each year we ask the administrator Aegon and Hymans Robertson LLP the investment adviser to confirm that their cyber security arrangements are effective and up to date. We expect that Aegon and Hymans Robertson LLP will report any security breach immediately and ensure that members are notified as soon as possible.

Overall

We are satisfied that during the year:

- Core financial transactions were processed accurately, promptly and efficiently;

- There have been no material administration errors in relation to processing core financial transactions;

- The wider administration of the Plan achieved the agreed service standards;
- The Plan’s common data is accurate and up to date; and
- The Plan’s adminstrators’ cyber security arrangements are effective.

Security of assets

The situation regarding the security of where pension contributions are invested is complex. It can vary from scheme to scheme and from fund to fund within each scheme. To date there have only been a few instances where members of schemes such as ours have seen their benefits reduced due to financial failure of a provider or fund manager.

We have considered at a high level the risks that anything should happen to the platform provider Aegon and the Plan’s fund managers BlackRock and Insight, which might affect the security of the Plan’s assets and members’ benefits. We continue to believe that the legal structures of the providers and funds in place are appropriate and provide a suitable level of security compared to other possible structures available. Assets are held in a long-term insurance policy protected by the Financial Services Compensation Scheme (FSCS). In the event of provider default the level of compensation available via the FSCS covers 100% of the assets in the policy.

We monitor the financial position of the provider and fund managers with respect to the security of members’ assets on a periodic basis. We receive monthly investment updates from our investment managers along with regular updates and advice from our investment advisor.

7 Trustee knowledge

The Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Section 247 and 248 of the Pensions Act 2004 require that each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by us relating to the administration of the Plan generally; and
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of matters relevant to the Plan, including investment, pension and trust law. These measures are discussed further in this section.

Our current practices to maintain and develop their level of knowledge and understanding of matters relating to the Plan includes:

- Newly appointed Trustee Directors are asked to complete the Pensions Regulator’s Trustee Toolkit within six months of becoming a Trustee Director. All newly appointed Trustees are also provided with access to the online Trustee portal used for Board meetings, through which the Trust Deed and Scheme Rules and other key covenant and governance documents are available;
- Trustee Directors have a working knowledge of the Plan’s Trust Deed and Rules (together with any amendments) and all documents setting out our current policies. In addition, when dealing with benefit queries that require legal advice for example, the Scheme’s advisers will often set out full rule references for the Trustee Directors to refer to, to ensure they are clear on the interpretation of the Scheme’s governing documentation;

- Trustee Directors have a working knowledge of the Plan's Statement of Investment Principles and the investment documents setting out the Plan's current policies, and sufficient knowledge of the law and regulations relating to pension schemes and trusts as well as relevant principles relating to the investment and funding of occupational pension schemes;
- Trustee Directors are encouraged to undertake further study and qualifications which support their work as Trustees;
- Have a documented plan in place for ongoing training appropriate to their duties, and periodically review the effectiveness of these practices and training received;
- Carry out regular assessments to confirm and identify any gaps in our knowledge and skills; and
- Trustee Directors receive quarterly "hot topics" from our DC adviser covering technical and legislative/regulatory changes affecting defined contribution schemes in general.

Trustee training

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our investment advisers raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at the Trustee meetings if they are material.

During the period covered by this Statement, we received training on the following topics:

Date	Topic	Aim/benefit	Trainer
December 2020	Master Trust	Delivery of full-Board training session in preparation for the Master Trust project commencing. The session was intended to enhance the Trustee's knowledge of the Master Trust process. The benefit to members is potential enhancement of value for money by moving to the Master Trust.	CMS Cameron McKenna Nabarro Olswang LLP
March 2021	Trustee liabilities and protections	Delivery of full-Board training refresher on this topic. An increase in the Trustee's understanding of this area benefits members through improved governance.	CMS Cameron McKenna Nabarro Olswang LLP
March 2021	Review of DC managers' RI policies	Full review of DC managers' Responsible Investment policies to enhance the Trustee's understanding in preparation for the Plan's first Implementation Statement. An increase in the Trustee's understanding of this area benefits members through improved governance.	Hymans Robertson LLP

Trustee compliance

All the Trustee Directors have access to copies of and are familiar with the current governing documentation for the Plan, including the Trust Deed and Rules (together with any amendments) and Statement of Investment Principles ("SIP"). Any amendments to these documents are reviewed and approved by us. We refer to the Trust Deed and Rules as part of deciding to make any changes to the Plan, and the SIP is formally reviewed at least every three years and as part of making any change to the Plan's investments.

All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit. The Trustee Toolkit is a free online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law. A training log is maintained in line with best practice.

We carry out a periodic evaluation of our knowledge to help to identify training needs. The last evaluation was carried out in June 2021, which involved the completion of the Technical Skills Matrix by all Trustees.

We also carry out a periodic evaluation of the performance and effectiveness of the Trustee Board as a whole, measured against the objectives in the Plan's business plan. The last trustee effectiveness review was conducted in November 2018.

We attend regular seminars held by advisory firms and receive training sessions on relevant topics from our investment advisors.

We test our familiarity with the Plan's documentation, pensions Law/Regulations and the Pensions Regulator's DC Code of Practice 13 and supporting Guides by:

- Completing a high-level annual self-assessment against the DC Code.
- With the help of our advisers, we review the Statement of Investment Principles at least every three years. The SIP was last updated on 18 September 2020. The updated statement includes our policies with regards to reflect updated regulatory requirements.

Additional knowledge

Over the year covered by this Statement we received regular updates from our legal advisers including pension legislation training documents, updates on the Pension Schemes Act 2021and online materials from the Pensions Regulator. These materials are made available online for us to access. The Plan's legal counsel CMS Cameron McKenna Nabarro Olswang LLP provides various publications such as Lawcasts covering topical pension issues, Horizon newsletter and TKU publication which give summaries of recent legislative updates, cases and ombudsman decisions and general developments in pensions.

We have appointed suitably qualified and experienced legal advisers, investment consultants and benefit consultants to provide advice on the operation of the Plan in accordance with its Trust Deed and Rules, legislation and regulatory guidance.

We periodically review the effectiveness of and appointment of our advisers. The Competition and Markets Authority's (CMA) 2018 Order states that pension scheme trustees must set strategic objectives for their investment consultants before they enter into a contract or continue to receive their services. We submitted our first compliance statement ahead of the 7 January 2021. We will continue to review our consultants' objectives and submit the compliance statement annually as required by the regulation.

Taking the matters set out above into account, we are satisfied that during the last year we have:

- Taken effective steps to maintain and develop our knowledge and understanding; and
- Ensured we have received suitable advice.

We are satisfied that the combination of our knowledge and understanding, together with access to suitable advice, enabled us to properly exercise our duties during period covered by this Statement.

Missing Information

We are satisfied that we have obtained full information on charges and transaction costs.

We also note the following limitations:

- At this time, limited data is available on industry-wide comparisons of pension schemes and we have relied heavily on the market knowledge of our advisers; and
- There is limited transaction costs data available to provide industry-wide comparisons.

We understand that these issues currently affect many pension schemes and pension providers. The amount of comparative information available should continue to improve over the next few years.

In addition:

- Performance data to 5 April 2021: The platform provider Aegon provides quarterly investment performance information, and therefore performance data as at Plan year end was not available. The most recent performance date at 31 March 2021 has been used instead.
- Administration SLA to 5 April 2021: The administrator Aegon provides quarterly administration reports, and the most recent report to the Plan's year end is as at 28 February 2021.

Appendix 1
Statement of Investment Principles
For the De La Rue Defined Contribution Pension Plan

1 Introduction

1.1 Background

This Statement of Investment Principles has been prepared by De La Rue Pension Trustee Limited (the "Trustee") and sets out the principles governing investment decisions for the De La Rue Defined Contribution Pension Plan (the "Plan").

1.2 Statutory Information

This Statement has been prepared in accordance with Regulation 2A(1)(a), 2A(1)(b) and 2A(1)(c) of the Occupational Pension Schemes (Investment) Regulations 2005 and as required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The Trustee has taken proper written advice and consulted the principal employer (De La Rue plc) (the "Principal Employer") in the preparation of this Statement. The Trustee will review this Statement, in consultation with the investment consultant and the Principal Employer, at least every three years and without delay after any significant change in investment policy or demographic profile of the Plan's membership.

The Trustee believes the investment consultant is qualified by their ability and practical experience of financial matters and have appropriate knowledge and experience of the investment arrangements that the Plan requires.

2 Statement of investment beliefs, risks and policies

2.1 Investment Risks

The Trustee believes that investment risk is rewarded in the long term, while asset allocation is the key tool for managing the balance between risk and return. The Trustee believes that a range of investment options should be offered to members because risk-return attitudes will vary among members and for each member over time, especially near retirement.

The main risks faced by members and the Trustee's steps to manage these risks are as follows:

Principal investment risks

Risk	Nature of risk	Management of risk
Inflation	Investment returns over members' working lives will not keep pace with inflation and do not produce adequate retirement benefits.	For members far from retirement, the Default and a range of the self-select options invest in return-seeking assets during the accumulation phase, which are expected to produce returns greater than inflation over the longer term.
Benefit conversion	Investment conditions just prior to retirement may increase the cost of turning members' fund values into retirement benefits.	**Flexible income** drawdown retirement choice: the Default switches assets into a Diversified

		Assets Fund and a Managed Cash Fund during the de-risking phase of the strategy. **Cash at retirement**: Cash Lifestyle switches into a Managed Cash Fund during de-risking. **Annuity at retirement**: Annuity Lifestyle switches into the Managed Defensive Fund and Managed Cash Fund during the de-risking phase. This strategy assumes that members will take 25% of their pension as a tax-free lump sum at retirement. **The self-select range** offers funds which may be suitable for members wishing to access drawdown, buy an annuity, or take 100% cash.
Market volatility	Adverse movements in investment markets reduce the anticipated level of benefits.	Younger members have more years to retirement and can withstand market volatility as they benefit from pound cost averaging of investment of contributions. For members close to retirement, the Default and Lifestyle Options increasingly invest in funds diversified across several asset classes less susceptible to volatility than equities. These funds are also included in the self-select fund range.

Other investment risks

Risk	Nature of risk	Management of risk
Counterparty risk	The financial institutions holding a fund's assets may get into financial difficulties leading to a loss in value.	The Trustee delegates the appointment and day-to-day management decisions to the fund managers.
Active management	The active investment manager will not deliver returns in line with their stated targets. Passive funds, whose returns track a market index, may deliver returns more efficiently than active funds in some markets.	The Trustee recognises that actively managed funds may not always deliver the expected returns. The Trustee regularly monitors fund performance and other aspects in relation to their active managers (e.g. team changes).
Liquidity	Funds invested in more illiquid assets will not be able to accept investments/disinvestments as requested by the Trustee and/or members.	The funds offered to members are mainly funds invested in readily tradable securities. The Trustee is satisfied that the pooled funds offered to the Plan's members have sufficient liquidity and may be realised quickly if required.
Currency	Exchange rate fluctuations will impact the value of investments outside the UK when they are being bought or sold.	The main fund used in the growth phase of the Lifestyle options has a significant proportion of its overseas exposure hedged back to sterling.
Default	**Bonds**: The issuing company or government fails to pay the interest due or repay principal.	Bond funds offered to members invest in diversified portfolios of bonds.

Interest rate	The value of funds which invest in bonds will be affected by changes in interest rates.	The Trustee recognises the impact of interest rates changes and communicates this to members.
Environmental, Social and Governance (ESG)	The extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision-making, leading to underperformance relative to expectations.	The Trustee has received training on ESG and will consider whether funds that manage ESG risks could be used within the Default and/or self-select funds. The Trustee's approach to ESG risk is set out in section 6 below.
Climate	The extent to which climate change causes material deterioration in asset value due to factors including, but not limited to: policy change, physical impacts, and the expected transition to a low-carbon economy.	The Trustee recognises the risks posed by climate change and monitors developments in this area and its long-term financial impacts. The Trustee's approach to climate risk is set out in section 6 below.
Legislative and regulatory	Changes in government policy or taxation may have a long-term positive or negative impact on certain sectors of a country's economy or one country relative to its neighbours over the medium-to-long term. Regulatory changes can also affect operational costs, tax efficiency and security of one investment vehicle relative to other vehicles over the shorter term.	The Trustee receives regular updates on legislative and regulatory changes from the advisers to remain abreast of aspects relevant to its members.

2.2 Investment horizon

The Trustee monitors the age profile of the Plan's membership to arrive at an appropriate investment horizon when considering all investment risks. The Trustee considers the Plan's investment horizon to be long term.

2.3 Ability to invest/disinvest promptly

The Trustee recognises that it is important that members' contributions can be invested promptly in selected investment funds, and that these can be sold promptly for example when members wish to change where they are invested, transfer to another arrangement or if they wish to draw on their pension pot. The Trustee manages this risk by selecting pooled investment funds which can be dealt on a daily basis. The platform provider is responsible for monitoring the ability for members to invest and disinvest promptly and is expected to notify the Trustee if a situation develops whereby there is any restriction to the ability for members to do so. For example, this situation could occur in the event of significant economic uncertainty impacting on the ability for fund managers to value the underlying assets.

2.4 Expected returns on investments

The expected returns on the principal asset classes and fund types within the Plan are:

Asset Class	Expected Return
Equities	Achieve a strong positive return relative to inflation over the long term but tend to be the most volatile asset class over the shorter term.

Multi-Asset Funds	Invest in a mix of asset classes targeting a level of positive returns relative to inflation over the longer term, with a volatility target lower than equities.
Property	Achieve positive returns relative to inflation over the longer term, which is lower than equities, but with a shorter-term volatility target less than equities.
Corporate Bonds	Achieve positive returns relative to inflation over the longer term, lower than equities and property, but with a shorter-term volatility target than both.
Fixed-interest Government Bonds (Gilts)	Deliver positive returns relative to inflation over the longer term, lower than for equities, property and corporate bonds. Current yields being below inflation suggest this expectation is unlikely to be met in the current climate, but this asset class should nonetheless provide interest-rate duration hedging whilst targeting lower shorter-term volatility than equities, property and corporate bonds.
Index-linked Government Bonds (Index-Linked Gilts)	Deliver returns in line with inflation over the longer term. As above, this expectation is unlikely to be met, as current yields are deeply negative; nonetheless this asset class provides inflation matching, with a lower shorter-term volatility target than equities, property and corporate bonds.
Long-dated Government Bonds (Gilts) and long-dated Corporate Bonds	Values should move broadly in line with the financial factors influencing annuity rates.
Cash	Delivers a positive return which may not always meet inflation, while normally providing a minimal level of volatility and high degree of capital security.

2.5 Types of funds used

Structure of the investment arrangements

The Plan invests contributions for members through the provider's investment platform. Contributions buy units in the provider's funds. The provider in turn backs the value of its funds by buying units in funds from a selection of fund managers where investments are pooled with other investors. This enables the Plan to invest in a range of funds giving a good spread of investments in a cost-effective manner.

The Plan's assets, and the Trustee's contract with the provider, is the policy of insurance issued by the provider. As a result, the Trustee does not have any contractual arrangement with the investment managers or title to the underlying funds' assets.

Delegation of investment decisions

The Trustee is responsible for investing the Plan's assets in the best interests of members and beneficiaries and it exercises its powers of investment in accordance with the trust deed and rules of the Plan and applicable law.

The Plan uses funds provided through an investment platform, which in turn invests in funds provided by a selection of fund managers where investments are pooled with other investors. The pooled funds are considered appropriate for tax-exempt approved occupational pension Plans. The Trustee has delegated day to day investment decisions including the management of financially material considerations to the provider, who has in turn delegated these investment decisions to the investment managers.

This affords the Plan a good spread of investments in a cost-effective manner. The charges and costs levied by the platform provider and investment managers can have a material effect on the net return.

The managers are expected to maintain diversified portfolios. Subject to benchmarks and guidelines, investment managers have full discretion in the choice of securities and of asset classes for multi-asset funds.

Selection of funds

The Trustee will invest in funds on the provider's platform which in turn invest in the investment managers' pooled funds. The objectives of the funds and the policies of the investment managers will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Plan.

The Trustee's choice of funds, and hence choice of approaches to aspects such as responsible investment and shareholder engagement, are constrained by the choice of funds available on the provider's platform. While the Trustee will endeavour as far as possible to select a platform provider and funds on that provider's platform which are consistent with the Plan's investment objectives and the Trustee's investment beliefs, this needs to be balanced against the wider benefits of access to the other funds on the platform and the other services from the platform provider as well as taking into consideration the costs of change to the Plan and its members.

The Trustee will engage with the platform provider to obtain funds which meet the Trustee's investment beliefs, and are expected to improve outcomes for members, but this is subject to being commercially viable for the provider and consistent with the charge cap for the default arrangement[s]. The Trustee expects the provider to encourage the investment managers to adopt appropriate practices for responsible investment and shareholder engagement.

The Trustee will periodically review the choice of platform provider, at which time the suitability of the provider's fund range and effectiveness of its governance of the investment managers on its platform will be key criteria.

Manager incentives

The basis of remuneration of the investment managers by the platform provider may be subject to commercial confidentiality, however, the Trustee will seek transparency of all costs and charges borne by members. Nevertheless, the Trustee expects that it will be in the interests of both the platform provider and the investment managers on the provider's platform to produce growth in asset values in line with the funds' investment objectives. For passively managed funds this should be within an acceptable margin of the index the fund tracks. For actively managed funds the investment return should be commensurate with the level of investment risk implied by the fund's objectives.

When selecting funds, the Trustee will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Plan's members.

In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the providers be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustee will periodically review the Plan's choice of providers to ensure their charges and services remain competitive. The Trustee believes that these steps are the most effective way of incentivising the providers to deliver Value for

Members, of which investment management charges and investment performance are key considerations.

The Trustee will also undertake a review at least every three years in which the appropriateness of the investment options at which time the suitability of the Plan's investment management arrangements is also considered.

Monitoring of performance

The Trustee monitors the performance of their investment managers on a quarterly basis and carries out formal reviews of each investment manager periodically.

When assessing the performance of an investment manager, the Trustee considers (amongst other factors):

- The investment manager's financial performance against stated benchmarks and the rest of the market, both in terms of individual performance and their wider role in helping the Plan meet its long-term objectives.
- How well the investment manager is aligned with the SIP and the Trustee's investment policies.

Portfolio turnover

The Trustee recognises that the reporting of portfolio turnover for pooled funds is not currently widespread.

The Trustee does not expect investment managers to take excessive short-term risk and will monitor the investment manager's performance against the benchmarks and objectives on a short, medium and long-term basis.

For passively managed funds the turnover of holdings is driven by changes in the index a fund seeks to track and hence is outside the control of the investment manager except where a fund's total assets under management are relatively small where the investment manager does not fully replicate the index or where a fund invests in less liquid stocks.

When selecting actively managed funds, the Trustee will consider, with the help of their investment advisers, the expected level of turnover commensurate with a fund's investment objectives, the investment manager's investment processes and the nature of the fund's assets.

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within fund with details of any transactions and turnover costs incurred over the Plan's reporting year. Where possible the Trustee will compare costs to the comparable portfolio turnover and costs for an appropriate index.

Where a fund has significantly under or outperformed its benchmark, the Trustee will seek to ascertain where necessary whether higher or lower than normal turnover has been a contributory factor. The Trustee will challenge the platform provider and/or investment managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Plan members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy.

Security of assets

The funds are provided through a policy of insurance issued to the Trustee by the platform provider and the value of the funds may be affected in the event of the provider getting into financial difficulties.

The underlying funds used by the provider's platform are accessed through a range of investment structures. In the event of a fund manager getting into financial difficulty, the values in these underlying funds will depend upon the nature of the contract with the platform provider and the fund vehicles used by the fund managers' funds. The Trustee has reviewed the structure of the funds offered to members and is satisfied that this is appropriate against other possible structures available.

Investments held

The pooled investment vehicles may invest in:

- Quoted and unquoted securities of UK and overseas markets including equities, fixed-interest and index-linked bonds, cash, commercial and residential property;
- Infrastructure and commodities through collective investment vehicles;
- Exchange-traded funds (ETF) to gain access to less easily traded and illiquid asset classes; and
- Derivatives to facilitate changes in the fund's portfolio of assets or help mitigate investment risks or to enhance investment returns.

The Funds used are provided through an insurance-based platform and so must comply with the FCA's "Permitted Links" rules, which place limits on the degree of leverage which a fund can use.

Realisation of investments

Funds need to be sold to make payments of benefits and to undertake fund switches either in accordance with the Default and Lifestyle investment strategies, or as requested by the member.

The Trustee expects the platform provider to be able to realise the Plan's funds within a reasonable timescale. The Trustee recognises that the investment managers may at times need to impose restrictions on the timing of purchases and sales of funds (most notably investing in property) in some market conditions to protect the interests of all investors in a fund.

Nevertheless, the Trustee recognises that most members' pension pots have a long investment timeframe, during which assets less easily traded, such as property or infrastructure, can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

Balance of investments

The Trustee will review the nature of the Plan's investment options on a regular basis, with particular reference to suitability and diversification. The Trustee considers written advice from a suitably qualified person when determining the appropriateness of each investment manager and fund for the Plan, particularly in relation to diversification, risk, expected return and liquidity.

2.6 Member benefit choices at retirement

Members have a choice of:

- Taking 100% cash at retirement;
- Taking Uncrystallised Funds Pension Lump Sums (“UFPLS”) for several years into retirement;
- Using Flexible Access Income Drawdown (“FAD”) during their retirement; or
- Buying an annuity at retirement or several years into their retirement.

Currently cash and annuity purchase, together with one UFPLS payment (which can be accessed from age 55 or in the early years of retirement), are provided within the Plan. Members who wish to use FAD, buy an annuity at a later date, or spread UFPLS withdrawals over a number of years, must transfer their fund to an arrangement outside the Plan on a full transfer or partial transfer basis.

The Trustee believes that members’ choices of benefits at retirement will be strongly influenced by:

- The value of their DC pot in the Plan;
- The value of their deferred benefits from previous occupational pension schemes (especially defined benefits) and workplace group personal pension plans; and
- Replacement income, and other income including non-pension savings and partner’s pension provision.

In practice, the Trustee can only reliably consider the likely size of members’ DC pot in the Plan.

The Trustee believes that a typical member, without significant sources of income outside the Plan, could be expected to act mostly as follows:

- Small pots would be taken as cash.
- Medium-sized pots would be taken as cash or Flexible Access Income Drawdown (FAD).
- Larger pots would be taken partly as cash at retirement and FAD during retirement, although some may use part of their DC Pot to buy an annuity at, or some years into, retirement.

The Trustee believes that it is in the best interests of members to have a default arrangement that targets the method by which most members are expected to take retirement benefits.

3 Investment Objectives

3.1 Overall objectives

The Trustee‘s overall objective is to invest contributions in the best interests of members and their beneficiaries. The Trustee believes that understanding member demographics and likely risk-reward attitudes is essential to developing and maintaining an appropriate investment strategy.

3.2 Default Arrangement

Reasons for Default Arrangement

The Plan has a default arrangement because the Trustee believes that:

- Most members are either not able or not willing to decide where their pot should be invested;

- It should be easy to become a member of the Plan and start building retirement benefits without the need to make these decisions;
- Most members are expected to have broadly similar investment needs;
- The presence of an effective default arrangement will help deliver good outcomes for members at and into retirement. In addition,
- The Plan is a qualifying scheme for auto-enrolment purposes and is required by Regulation to have a default arrangement.

Choosing the Default Arrangement

The Trustee believes that understanding the Plan's membership is essential to designing and maintain a default arrangement which meets the needs of the majority of members.

The Trustee has taken into account a number of aspects of the Plan's membership including:

- The members' age and salary profile;
- The likely sizes of pension pots at retirement;
- The level of income in retirement that members are likely to need; and
- Members' likely benefit choices at and into retirement.

Objectives of the Default Arrangement

The principal objectives of the Plan's default arrangement are:

- To manage the principal investment risks faced by an average member during membership;
- To target the majority of members who are expected to use FAD during their retirement and take their maximum allowable tax-free cash lump sum at retirement;
- To invest in funds which are expected over the long-term to deliver strong returns relative to inflation for most of the time members are in the Plan;
- In the years leading up to retirement, to increasingly invest in funds which will deliver good returns relative to inflation while helping to mitigate the risk of major market downturns and fluctuations in the costs of turning fund values into retirement income; and
- In the years leading up to retirement, to increasingly invest in cash to a target allocation of 25%, recognising the 25% tax-free cash allowance available to members at retirement, whilst also helping to mitigate fluctuations in fund values.

Drawdown Lifestyle Strategy

The Drawdown Lifestyle Strategy has been set as the Plan's default arrangement (full details in are in a separate Investment Operation Document). The rationale is summarised as follows:

- The expected contribution levels, levels of investment returns (after deduction of charges), and risks for the funds within, are all consistent with the Trustee's objectives for a Default;
- Based on member analysis carried out in early 2019, the Trustee believes that most members at retirement are likely to take cash or drawdown most of their benefits over time through Flexi Access Drawdown (FAD). It also believes that most members will take their maximum allowable tax-free cash lump sum at retirement;
- It is designed to have a portfolio of assets at retirement that maintains a proportion in return-seeking assets, with most members being expected to access FAD post-retirement.

The Trustee will continue to monitor members' choices at retirement to ensure that the current default arrangement remains appropriate, via high-level annual review of member behaviour.

Inadvertent or temporary Default Arrangements

From time to time the platform provider or fund manager may suspend trading in a fund due to market conditions or decide to close a fund commercial or regulatory reasons. This would be outside the Trustee's control. Should these circumstances occur, it may be necessary for the Trustee to redirect contributions to an investment option which differs from some members' original choice. The Trustee will ensure that any alternative investment option adopted in this manner is consistent with the charge cap for default arrangements.

For example, in the event that buying or selling units in a fund chosen by members is suspended for any reason, the Trustee may decide that it is in the members' best interests to temporarily redirect contributions to another investment option. Once such as suspension has been resolved, the Trustee will arrange for the re-investment of contributions into the investment option originally chosen by members.

In all such circumstances, the Trustee and/or platform provider will notify members of the issue and steps being taken to resolve it. Where necessary, these will be described in the separate investment implementation document. Full details of the current default arrangement are provided in the separate "Investment Operation Document" for the default arrangement and other investment options. Any inadvertent or temporary default arrangements will also be detailed in the same document.

3.3 Objectives for investment options outside the default arrangement

Reasons for the investment options

In addition to the Default, the Plan offers members a choice of investment options because:

- While the default arrangement is intended to meet the needs of most of the Plan's members, it may not meet the needs of a wider cross-section of members;
- Attitudes to investment risks and the need for investment returns will vary from member to member and will also vary for each member over time and, in particular, as they approach retirement;
- Members have differing investment needs and these needs change during their working lives; and
- In addition, some members will wish to be more involved in choosing where their contributions are invested.

Costs of investment options

The investment costs are borne by members and so a balance needs to be struck between choice and costs.

Choosing the investment options

The Trustee believe that understanding the Plan's membership is important to maintaining an appropriate range of investment options.

The Trustee has taken into account a number of member aspects including:

- Age and salary profile;
- Likely sizes of pension pots at retirement;

- Level of income in retirement that members are likely to need; and
- Likely benefit choices at and into retirement.

Objectives for the investment options

The Plan offers members a choice of investment options as an alternative to the default arrangement. The Trustee believes that the following investment options are appropriate in addition to the default arrangement to achieve the overall objectives of the Plan:

Alternative Lifestyle Options

The main objective of the alternative lifestyle options is to give good member outcomes at retirement.

Alternative lifestyle options are offered for those members who believe that the target retirement benefits of the default investment strategy are not appropriate to their needs, but otherwise do not want to take an active part in selecting where contributions are invested.

The alternative lifestyle options manage the principal risks faced by members during their membership, but target taking their retirement benefits as cash at retirement or purchasing an annuity (and taking 25% tax-free cash) at retirement.

Full details of the investment options are provided in the Investment Operation Document.

The Trustee believes that it is in the best interests of members in the alternative lifestyle options to:

- Manage the principal investment risks members' face during their membership of the Plan; and
- Maximise investment returns relative to inflation while taking an appropriate level of risk during membership of the Plan for members who do not otherwise make investment choices.

The alternative options give members a choice compared to the default arrangement of targeting cash at retirement or buying an annuity at retirement.

Self-select funds

The objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to take an active part in choosing where their DC pension pot is invested;
- Complement the default arrangement and the alternative lifestyle options;
- Provide a broader choice of investment approaches and risk levels;
- Help members more closely tailor how their pension pot is invested to reflect the benefits they intend to take at retirement; and
- Help members tailor the investment of their pension pot more closely to their personal needs and risk attitude, although it cannot be expected to cover all the investment needs of all members.

Full details of the self-select investment options are provided in the Investment Operation Document.

4 Governance

4.1 Trustee's Powers

The Trustee will always act in the best interests of the members and will assess the suitability of different types of investments to meet the needs of members.

4.2 Responsibilities

The key responsibilities in connection with the governance of the Plan are set out in the Investment Operation Document.

4.3 Communication

The Trustee communicates regularly with all stakeholders to ensure that they are aware of the Trustee's responsibilities in relation to investment. This includes the following:

- Consulting the Principal Employer on the content of this Statement;
- Providing communications to Plan members;
- Producing the Annual Report and Accounts (which includes a Chair's Statement as required by Regulation);
- Completing an annual return to the Pensions Regulator;
- Meeting regularly with the platform provider, which provides both the fund platform and the administration of the Plan; and
- Providing a range of literature to assist members in making their investment decisions. In addition, members are provided with access to factsheets for each fund showing the latest asset allocation and where adequate historic performance exists, past performance.

4.4 Service Providers

Details of the Plan's current service providers and investment managers are set out in the Investment Operation Document.

4.5 Fees

Details of the current fees for the Plan's service providers and funds are set out in the Investment Operation Document.

5 Monitoring

5.1 Investment Performance

The Trustee regularly reviews the performance of each fund in which the Plan invests against its stated performance objective. The Trustee receives an independent investment performance monitoring report on a quarterly basis.

5.2 Investment arrangements

Default Arrangement

The Trustee monitors the suitability of the default arrangement at least every three years and without delay after any significant change in: (i) investment policy; or (ii) the member demographic.

Lifestyle Options

The Trustee monitors the suitability of the alternative Lifestyle Options at least every three years and without delay after any significant change in: (i) investment policy; or (ii) the member demographic.

5.3 Charges

The charges for the investment options borne by members (expressed in terms of each fund's "Total Expense Ratio") are monitored and formally assessed by the Trustee annually to ensure that they represent "value for members" relative to the needs of the membership.

The Plan is a qualifying scheme for auto-enrolment purposes. The Trustee monitors the compliance of the default arrangement with the charge cap introduced by the Pensions Act 2014, which applies from April 2015. Information on the total charges paid by members is provided by AEGON on a quarterly basis. Members do not pay administration charges.

Details of the current charges are set out in the Investment Operation Document.

5.4 Transaction costs

As part of the annual Chair's Statement, the Trustee monitors the funds' transaction costs, to ensure that they are reasonable and represent value for money to members.

5.5 Investment process

The Trustee monitors the processes whereby contributions in respect of members are invested in and money is disinvested from the investment options to pay benefits.

5.6 Chair's Statement

The Chair's Statement confirms the results of the monitoring during the preceding year.

6 Responsible Investment

The Trustee recognises that having a formal Responsible Investment policy will better allow the Trustee to prioritise investment decisions.

Financially material considerations

The Trustee recognises that financially material considerations, including ESG factors and climate risk, are relevant to the development, selection and monitoring of the Plan's investment options. The Trustee further recognises that the financial materiality of any factor, including ESG factors, is context specific and that whilst some factors may be relevant to certain stocks/assets, they may not be relevant to others. The Trustee will consider such factors in the development and implementation of their investment arrangements, for the purposes of determining the selection, retention and realisation of investments, where there is sufficient data or evidence to allow them to systematically do so. The Trustee expects that the investment platform provider will engage with their investment managers to ensure they take such considerations into account within their decision making.The Trustee has explicitly acknowledged the relevance of ESG factors including climate change in framing their investment beliefs set out below and the broader implementation of these beliefs.

Strategic considerations: The Trustee acknowledges the risks of climate change, especially given the longer time horizon of the Plan, but given the inherent uncertainty of its timing and impact, the Trustee has not, at this stage, made explicit allowance for the risks of climate change in setting the Plan's investment strategy.

- The Trustee has reviewed the Plan's fund range and will continue over time to consider the suitability of incorporating ESG considerations directly into the default strategy and/or the range of self-select funds. The Trustee will discuss the importance of climate risk with its adviser and will monitor developments in this area with formal updates on at least an annual basis.

Structural considerations: Given the discretion delegated to the platform provider and investment managers, the Trustee expects that the managers will consider all financially material factors including the potential impact of ESG factors in the implementation of their mandates.

Investment manager selection: Within active mandates, the Trustee has delegated responsibility for the consideration of stock-specific issues to the individual investment managers.

In passive mandates, the Trustee recognises that the choice of benchmark dictates the assets held by the manager and that the manager has minimal freedom to take account of factors deemed financially material.

- The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark and will on a regular basis review the choice of benchmarks to deliver appropriate risk-adjusted returns.

The Trustee is satisfied that the platform provider and investment managers are following an approach which takes account of all financially material factors.

In selecting new investment managers, where relevant to the investment mandate the Trustee will explicitly consider the potential managers' approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.

Non-financially material considerations

The Trustee does not currently impose restrictions or exclusions on the investments based on non-financially material factors but may consider doing so in the future, while acknowledging the difficulty of such implementation. The Trustee recognises, however, that some members may have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

The Trustee notes that most members have not made active investment choices. The Trustee has thus decided at this stage not to formally survey members' views on non-financial factors relating to the Plan's investments but will re-visit this over time. The Trustee will consider what, in their reasonable opinion, members' views of non-financial factors are likely to be, given this approach to engagement with members. The Pensions Team will continue to update the Trustee on any feedback from members specifically in relation to ESG issues.

Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment managers and the platform provider, and the monitoring of compliance with agreed policies.

The Plan offers members the default arrangement and a choice of alternative lifestyle options and self-select funds. The Trustee's stewardship activities are focused mainly on the default arrangement which is used by the largest number of members and accounts for the majority of the DC assets.

Voting and engagement

The Trustee believes that engagement with the companies in which the Plan invests through pooled investment funds, including the proactive use of shareholder voting rights, can improve the longer-term returns on the Plan's investments.

The Trustee's policy is to delegate responsibility for the voting decisions on stocks to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

As part of broader monitoring activity, the Trustee will review engagement policies and actions, including voting, undertaken by the Plan's investment managers.

The investment managers should engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments to improve corporate behaviours, improve performance, and mitigate financial risks. The platform provider and investment manager should notify the Trustee of any issue on which it may be beneficial for the Trustee to undertake further engagement.

Monitoring

The Trustee expects the platform provider to monitor adherence of their investment managers to stated voting and engagement policies, engage with managers where concerns are identified and to report on these issues. The investment manager is required to provide periodic stewardship reporting to the Trustee and where the Trustee deems it appropriate, any issues of concern will be raised with the manager for further explanation.

Members' financial interests

The Trustee has requested that the platform provider and investment managers have the financial interests of the members as their priority when choosing investments.

Conflicts of interest

When appointing platform providers and choosing investment managers' funds on the provider's platform, the Trustee will seek to establish that the platform provider and each investment manager has an appropriate conflicts of interest policy in place. This includes any provisions to disclose any potential or actual conflict of interest (in writing) to the Trustee.

When given notice the Trustee will consider the impact of any conflicts of interest arising in the management of the funds used by the Plan.

Responsibility for investment decisions has been delegated to the investment managers which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are investing in new issuance, the Trustee expects the investment manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee will consider any conflicts of interest arising in the management of the funds used by the Plan and has ensured that the platform provider and each investment manager has an appropriate conflicts of interest policy in place. Platform providers and investment managers are required to disclose any potential or actual conflict of interest (in writing) to the Trustee.

In the event of a conflict of interests, the Trustee will need to ensure that contributions for the default option are invested in the sole interests of members and beneficiaries.

Appendix 2

Table of funds and charges

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the default arrangement and lifestyle options are:

Fund	Lifestyle Strategy	ISIN *	Charges ** % p.a. of the amount invested	Charges ** £ p.a. per £1,000 invested	Underlying Fund	ISIN *	Transaction costs % p.a. of the amount invested	Transaction costs £ p.a. per £1,000 invested
Long Term Growth Fund	Drawdown (default), Annuity, Cash, Self-select	GB00B4XBXG49	0.17	1.70	BlackRock Aquila 30:70 Currency Hedged Global Equity Fund	GB00BYX7SL22	0.06	0.60
Diversified Assets Fund	Drawdown (default), Annuity, Cash, Self-select	GB00B4WMLJ71	0.50	5.00	60% BlackRock DC Dynamic Allocation Fund	GB00BVYJ4075	0.40	4.00
					40% Insight Broad Opportunities Fund	IE00B4ZSNV82		
Managed Cash Fund	Drawdown (default), Annuity, Cash, Self-select	GB00B5027X21	0.13	1.30	BlackRock DC Cash Fund	IE00B52L4369	0.01	0.10
Managed Defensive Fund	Annuity, Self-select	GB00B4XHDX95	0.14	1.40	50% BlackRock Aquila Over 15 Year Gilt Fund	GB00B5B12Z56	0.02	0.20
					50% BlackRock Aquila Over 15 Year Corporate Bond Fund	GB00BFBFX764		
Managed Inflation-linked Defensive	Self-select only	GB00B4VBJQ88	0.14	1.40	BlackRock Aquila Over 5 Year Index-Linked Gilt Fund	GB00B83RX604	-0.01	-0.10

Source: Aegon, as at 31 March 2021.

* ISIN = the International Securities Identification Number unique to each fund.
** Charge = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses ("OCE").
*** Underlying Fund = the fund in which the Plan's top-level Fund invests.

Transaction costs arise when the fund manager buys, sells lends or borrows investments. These costs are allowed for within the unit prices of the funds, which means they are not readily visible. In 2017, the Financial Conduct Authority (FCA) published its policy on how fund managers must disclose transactions costs. Due to the way they are calculated, these may be negative, meaning the price of a trade when transacted was lower than when the instruction to make the trade took place.

Appendix 3

Illustrating the impact of charges and costs

The following table shows the potential impact of the costs and charges borne by a typical member on projected values in today's money, i.e. in real terms given inflation, at several time points up to retirement, as illustrated by the platform provider Aegon. Table 3a(i) covers the three lifestyle strategies. Table 3a(ii) covers the funds with the highest and lowest growth rate assumptions (also the highest and lowest expected returns respectively), the funds with the highest and lowest costs, and the fund used by most members.

For a model member of age 17 with an existing fund value of £19,000 (opening DC pension pot size) the projections are as follows:

3a(i) Member illustrations – Lifestyle strategies

Years of employment	Default arrangement (Drawdown Lifestyle)		Annuity Lifestyle Strategy		Cash Lifestyle Strategy	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	25,741	25,698	25,741	25,698	25,741	25,698
3	40,093	39,918	40,093	39,918	40,093	39,918
5	55,669	55,297	55,669	55,297	55,669	55,297
10	100,528	99,319	100,528	99,319	100,528	99,319
15	155,029	152,361	155,029	152,361	155,029	152,361
20	220,862	215,917	220,862	215,917	220,862	215,917
25	299,992	291,711	299,992	291,711	299,992	291,711
30	393,438	380,123	393,438	380,123	393,438	380,123
35	486,799	462,095	486,799	462,095	486,799	462,095
40	570,056	525,453	568,288	524,367	570,056	525,453
45	656,838	587,708	630,622	572,030	656,838	587,708
48	707,573	623,919	655,510	593,136	691,371	613,587

Source: Aegon

3a(ii) Member illustrations – Key self-select funds

Years of employment	Long-Term Growth Fund		Diversified Assets Fund		Managed Cash Fund		Managed Inflation-linked Defensive Fund	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	25,741	25,698	25,318	25,143	24,804	24,774	24,827	24,798
3	40,093	39,918	38,416	37,738	36,455	36,340	36,539	36,431
5	55,669	55,297	52,150	50,758	48,169	47,939	48,336	48,121
10	100,528	99,319	89,427	85,248	77,790	77,148	78,259	77,658
15	155,029	152,361	131,228	122,681	108,009	106,782	108,909	107,756
20	220,862	215,917	177,980	163,284	138,976	136,998	140,432	138,567
25	299,992	291,711	230,151	207,299	170,845	167,955	172,979	170,246
30	394,703	381,731	288,246	254,989	203,775	199,819	206,707	202,954
35	507,649	488,265	352,814	306,637	237,932	232,758	241,780	236,857
40	641,909	613,946	424,453	362,545	273,490	266,947	278,372	272,128
45	801,060	761,808	503,807	423,040	310,630	302,568	316,663	308,949
48	910,196	862,602	555,413	461,683	333,752	324,706	340,533	331,865

Source: Aegon

- The fund used by the greatest number of members is the Long-Term Growth Fund.
- The fund with the highest expected return (before costs)/growth rate assumption is the Long-Term Growth fund.
- The fund with the lowest expected return (before costs)/growth rate assumption is the Managed Cash Fund.
- The fund with highest annual member-borne costs is the Diversified Assets Fund.
- The fund with lowest annual member-borne costs is the Managed Cash Fund within the default and alternative strategies.
- The fund with lowest annual member-borne costs is the Managed Inflation-linked Defensive Fund available outside of the lifestyle strategies.

3b Assumptions

The assumptions used in these calculations were as follows:

Data Item	Assumption	Reason
Existing Account value	£19,000	Median existing account value across scheme (rounded to nearest £1,000) (Last year £15,000)
Member salary	£41,000	Median salary across scheme (rounded to nearest £1,000) (Last year £38,000)
Illustration term	48 years	Age of youngest member (17) to scheme NRA (65) (Last year age 18 to 65 (46 years))
Contribution rate	6%EE 9%ER (Total 15%)	Median contribution rates across scheme for employee and employer (last year 6% EE 12%ER)
Default Fund Option	Drawdown Lifestyle Strategy	Default investment option and most popular investment option
Alternative Fund 1	Annuity Lifestyle Strategy	Alternative strategy
Alternative Fund 2	Cash Lifestyle Strategy	Alternative strategy
Alternative Fund 3	Managed Cash	Fund with the lowest assumed growth/ fund with lowest annual member-borne costs (within Default)
Alternative Fund 4	Long Term Growth	Fund with the highest assumed growth/ fund used by the greatest number of members
Alternative Fund 5	Diversified Assets	Fund with highest annual member-borne costs
Alternative Fund 6	Managed Inflation Linked Defensive	Fund with the lowest annual member-borne costs (self-select only)
Fund growth rates (pre-inflation) for the selected funds above	Managed Cash 0.70% p.a. Long Term Growth 5% p.a. Diversified Assets 3.09% p.a. Managed Defensive 1.27% p.a. Managed Inflation Linked Defensive 0.80% p.a.	Our fund growth rate assumptions currently used for FCA illustrations (permitted under the guidance and the only basis we can illustrate on as the 'reduction in yield' values required are only produced for FCA illustrations). Note: our 'Equity' asset class growth assumption is currently capped at 5% (FCA maximum) for FCA illustrations.
Price inflation	2.0%	Standard price inflation assumption for FCA illustrations (in line with the guidance and only basis we can currently illustrate on).
Earnings inflation	3.5%	Standard earnings inflation assumption for FCA illustrations (in line with the allowable range in the guidance and only basis we can currently illustrate on).

Please note that these illustrated values:

- Are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice;
- The assumptions used may be differ in the future to reflect changes in regulatory requirements or investment conditions;
- Will be affected by future, and yet unknown, changes to the Plan's investment options;
- Are not guaranteed;
- Are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Depend upon how far members in the lifestyle options are from retirement as the funds used change over time;
- May not prove to be a good indication of how your own savings might grow.

Appendix 4

Investment performance (net of fees)

Fund	1 year %	3 years % p.a.	5 years % p.a.*
Long Term Growth Fund	42.9	9.5	10.4
Diversified Assets Fund	15.5	4.5	4.3
Managed Cash Fund	0.0	0.4	0.3
Managed Defensive Fund	-0.4	5.3	3.2
Managed Inflation-linked Defensive	-1.6	3.4	2.1

Source: Aegon as at 31 March 2021. *5-year performance is since inception.

We note that the Plan year end is 5 April 2021. However, the platform provider Aegon provides performance data to each quarter end. Therefore, the most recent performance to 31 March 2021 has been sourced for this Statement.