

# DC GOVERNANCE STATEMENT

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## INTRODUCTION

This statement has been prepared by the Trustee of the Scheme (the "Trustee") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the "Regulations"). It covers the Scheme year ended 31 March 2023 (being the period between 1 April 2022 and 31 March 2023 (the "Scheme Year")). The previous statement covered the Scheme Year ended 31 March 2022.

By law, this statement is required to cover:

1. Default arrangements and their governance;
2. Net investment returns;
3. Disclosure of member-borne charges and transaction costs and example illustrations;
4. Assessment of value for members;
5. Processing of core financial transactions;
6. Trustee knowledge and understanding.

The Scheme is a Defined Benefit ("DB") scheme closed to future accrual. There are Defined Contribution ("DC") arrangements within the Scheme which provide supplementary benefits to certain members. The DC arrangements comprise policies with a number of providers in respect of members who made Additional Voluntary Contributions ("AVCs"), funds held for members who have transferred benefits from schemes relating to previous employments and additional contributions made by the employer in respect of senior employees the ("MPS Section"). No contributions have been accepted into these arrangements since 31 October 2009, although where the arrangement contained different investment options, the ability to switch between funds still remains.

The value of the Scheme's DC assets, representing 569 members, amounted to £7.96m as at 31 March 2023 compared to aggregate assets of £1,640m.

The Trustee undertook an exercise to transfer the majority of members' unit linked funds to a new arrangement established with Legal & General ("L&G") in 2021. During Q4 2022, the Trustee moved all remaining unit-linked funds held with Prudential to L&G. This statement reports on the Prudential unit-linked funds that members were invested in prior to the transfer in Q4 2022 and the fund options now provided through L&G, as members were invested in both during the Scheme Year. During the Scheme Year the Trustee also gave members holding with-profits investments with Prudential and Phoenix Life and cash investments with Santander the option to move to unit-linked funds with L&G. A small number of members elected to transfer.

## 1. DEFAULT ARRANGEMENT

The Scheme is not used as a qualifying scheme for automatic enrolment and no contributions have been paid to the DC arrangements since the requirements relating to preparing Chair's statements in accordance with the Regulations came into effect. Furthermore, prior to the closure of the Scheme to future contributions, members were required to select the fund or funds used for their DC investments. As such there is no default arrangement and therefore the requirements of Section 2A of the Occupational Pension Schemes (Investment) Regulations 2005 do not apply. As there is no default arrangement, the Trustee does not maintain a separate Statement of Investment Principles for the DC arrangements to attach or review.

## 2. NET INVESTMENT RETURNS

The Trustee is required to report net investment returns for each investment option that members were invested in during the Scheme Year. Net investment returns are the returns on funds after the deduction of any member-borne charges and transaction costs relating to those investments.

The net investment returns shown in the table below have been prepared having regard to statutory guidance. For arrangements where the net returns vary with age, the guidance states that net investment returns should be shown for a member aged 25, 45 and 55 at the start of the investment reporting period. For the L&G Cash Lifestyle Strategy, the underlying assets change over

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time but these changes take place from 3 years before retirement. If we assume a retirement age of 65, the net returns for this strategy (and all other fund options), are therefore the same, irrespective of whether the member was 25, 45 or 55 at the start of the investment reporting period, so there is no need to show returns for these different age groups in this statement.

The net investment returns for the funds that have now been transferred to L&G are provided at the end of this statement.

It is important to note that past performance is not a guarantee of future performance.

Performance to 31 March 2023	Investment return		
	1 year (%)	3 years (% p.a.)	5 years (% p.a.)
<b>L&amp;G</b>			
Cash Lifestyle Strategy (member aged 25, 45 or 55 at start of investment reporting period)	-5.8	5.8	3.7
World Equity Index	-8.1	7.5	Not available
UK Equity Index	2.1	13.9	4.9
Global Real Estate Equity Index	-18.3	6.3	Not available
Multi-Asset	-5.8	5.8	3.7
Future World Multi-Asset	-5.7	Not available	Not available
Future World Annuity Aware	-20.6	-8.9	-3.5
All Stocks Index-Linked Gilts	-26.1	-9.0	-3.4
Cash	1.9	0.5	0.5
<b>Phoenix Life</b>			
With Profits	3.0	2.6	2.5
<b>Prudential</b>			
With Profits	1.5	1.1	1.2
<b>Santander</b>			
Deposit Account	2.3	0.9	0.8

Source: Providers and Financial Express Analytics

## Notes

For the Phoenix Life With Profits Fund and the Prudential With Profits Fund, the net investment returns shown above are the bonus rates declared on these funds over the relevant period. Whilst in practice we would expect a terminal bonus to increase returns to close to the returns achieved by the underlying assets of these funds over the period held (after all costs of running the funds, including the costs of any guarantees), these amounts are unknown and are not guaranteed. A market value reduction, which can reduce the return delivered to investors, may be applied on exit from these funds at any time other than at maturity date, or in the event of death before retirement.

Investment returns for some funds are not shown for all periods as the funds were launched less than 3 or 5 years ago.

## 3. MEMBER-BORNE CHARGES AND TRANSACTION COSTS

The Trustee monitors the level of costs and charges borne by members through the DC arrangements annually. In accordance with the Regulations, the Trustee has disclosed the “charges” and “transaction costs” borne by members of the Scheme during the Scheme Year covered by this statement.

### Charges

For these purposes, “charges” means administration charges other than transaction costs, costs relating to certain court orders, charges relating to pension sharing under the Welfare Reform and Pensions Act 1999, winding up costs and costs associated with the provision of death benefits.

For the unit-linked funds invested in by members, the charges set out below are made up of the annual management charge, the fund management charge and additional expenses that are taken by adjustment of the daily unit price for the fund. These charges make up the total expense ratio (“TER”) which represents the costs associated with operating and managing an

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investment fund. For with profits funds, typically the charges are not explicit; the cost of operating and managing the fund is reflected in the annual bonus rate declared on the fund.

## Transaction costs

In the context of this statement, the transaction costs are those costs incurred as a result of buying, selling, lending or borrowing investments.

The Trustee has set out the charges, or TER, and transaction costs that have been incurred by members in the table below. The member-borne costs and charges for the investment options members no longer invest in are reported at the end of this statement.

All costs and charges have been supplied by the providers. Any negative transaction costs have been set to zero by the Trustee, in accordance with the relevant guidance to avoid potentially understating costs.

None of the providers have been able to provide transaction costs for the Scheme Year in time to be included in this statement. The latest transaction costs available from the providers are therefore shown in the table below. These are for the 12-month period to 31 December 2022 for L&G and Phoenix Life, and for the 12-month period to 30 June 2022 for Prudential. The Trustee hopes that the providers will become quicker at calculating transaction costs in future, so that the transaction costs for the Scheme Year can be included in future statements. However, there is no certainty that this will happen.

Provider/Fund	TER (%)	Transaction costs (%)
<b>L&amp;G</b>		
Cash Lifestyle Strategy	0.38 – 0.42 (depending upon term to retirement)	0.00 – 0.05 (depending upon term to retirement)
World Equity Index	0.41	0.07
UK Equity Index	0.39	0.04
Global Real Estate Equity Index	0.48	0.07
Multi-Asset	0.42	0.05
Future World Multi-Asset	0.45	0.07
Future World Annuity Aware	0.41	0.08
All Stocks Index-Linked Gilts	0.37	0.18
Cash	0.38	0.00
<b>Phoenix Life</b>		
With Profits	0.57 <sup>1</sup>	0.07
<b>Prudential</b>		
With Profits (series 1 and Series 3)	1.04 <sup>2</sup>	0.17
<b>Santander</b>		
Deposit Account	0.00	0.00

Source: Providers

<sup>1</sup> The TER shown is for pre-1990 benefits. Phoenix Life has confirmed the TER for post-1990 benefits is 0.65%.

<sup>2</sup> For the Prudential With Profits Fund, the costs of running the fund are taken into account when the bonus rate is declared. Prudential currently expects this to be 0.80% p.a. assuming future investment returns in the With Profits Fund are 5.00% p.a. plus additional expenses of 0.24% p.a.

## Example illustrations of the impact of fund costs and charges on members' DC fund values

The Trustee is required to illustrate the effect of the costs and charges typically paid by members on the value of their fund or funds at retirement (as a "pounds and pence figure").

The Regulations allow the Trustee to exercise its discretion with regards to the illustrative examples provided to show the effect of costs and charges over time, as long as they are realistic and representative of the Scheme's membership.

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The Trustee has taken account of the statutory guidance when preparing these illustrations. Illustrations have been provided to demonstrate the effect of costs and charges for more than one investment strategy in the L&G arrangement, in order to show the effect of different charges for the funds (including those with the highest and lowest charges). The growth assumptions used for funds are consistent with those used by the providers in annual benefit statements. Transaction costs have been averaged over a two-year period in line with statutory guidance to reduce the level of volatility. Wherever transaction costs were reported to be negative, they have been set to zero for the purposes of these illustrations.

These illustrations are based on a number of assumptions about the future which are set out in the notes under the tables below. Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

The Trustee has not provided illustrations for the Santander Deposit Account as there are no costs or charges associated with this policy.

### For the L&G arrangement:

- Example member 1: the youngest member (age 41) who is therefore 24 years from their retirement age of 65 with a current fund of £970;
- Example member 2: a member of average age (age 57) who is therefore 8 years from their retirement age of 65 with a current fund of £5,850.

The effect of costs and charges on the Cash Lifestyle Strategy (which is the strategy within which members are invested unless they self-selected investment funds), the Global Real Estate Equity Index Fund (the fund with the highest charges) and the Cash Fund (the fund with the lowest level of charges) have been illustrated.

The examples below illustrate the effect of the costs and charges on example members' projected retirement pots over time.

### Example member 1:

For the youngest member, the estimated impact of costs and charges on the accumulated fund values is shown in the table below.

Years to retirement	Cash Lifestyle Strategy			Global Real Estate Equity Index Fund (highest cost)			Cash Fund (lowest cost)		
	Fund value		Impact of charges	Fund value		Impact of charges	Fund value		Impact of charges
	Before charges	After charges		Before charges	After charges		Before charges	After charges	
24	£970	£970	£0	£970	£970	£0	£970	£970	£0
20	£1,120	£1,100	£20	£1,130	£1,110	£20	£1,000	£980	£20
15	£1,350	£1,300	£50	£1,370	£1,310	£60	£1,030	£1,000	£30
10	£1,610	£1,520	£90	£1,660	£1,540	£120	£1,070	£1,010	£60
5	£1,940	£1,790	£150	£2,010	£1,820	£190	£1,100	£1,030	£70
0	£2,250	£2,040	£210	£2,430	£2,150	£280	£1,140	£1,050	£90

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### Example member 2:

For the member of average age, the estimated impact of costs and charges on the accumulated fund values is shown in the table below.

Years to retirement	Cash Lifestyle Strategy			Global Real Estate Equity Index Fund (highest cost)			Cash Fund (lowest cost)		
	Fund value		Impact of charges	Fund value		Impact of charges	Fund value		Impact of charges
	Before charges	After charges		Before charges	After charges		Before charges	After charges	
8	£5,850	£5,850	£0	£5,850	£5,850	£0	£5,850	£5,850	£0
5	£6,530	£6,440	£90	£6,560	£6,460	£100	£5,970	£5,900	£70
0	£7,590	£7,340	£250	£7,950	£7,630	£320	£6,180	£6,000	£180

### For the Phoenix Life and Prudential arrangements:

The representative members for which illustrations are shown are based upon the members of the Prudential arrangements, as Phoenix Life has not provided updated member data in time to be included in this statement.

- Example member 3: the youngest member (age 42) who is therefore 23 years from their retirement age of 65 with a current fund of £854;
- Example member 4: a member of average age (age 59) who is therefore 6 years from their retirement age of 65 with a current fund of £2,109.

The effect of costs and charges on the Phoenix Life and Prudential With Profits Funds have been illustrated, as these are the only funds members of these arrangements invested in at the end of the Scheme Year.

### Example member 3:

For the youngest member, the estimated impact of costs and charges on the accumulated fund values is shown in the table below.

Years to retirement	Phoenix Life With Profits Fund (pre-1990 benefits)			Prudential With Profits Fund		
	Fund value		Impact of charges	Fund value		Impact of charges
	Before charges	After charges		Before charges	After charges	
23	£854	£854	£0	£854	£854	£0
20	£870	£850	£20	£940	£910	£30
15	£890	£840	£50	£1,110	£1,020	£90
10	£910	£840	£70	£1,310	£1,140	£170
5	£930	£830	£100	£1,540	£1,270	£270
0	£960	£820	£140	£1,810	£1,410	£400

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## Example member 4:

For the member of average age, the estimated impact of costs and charges on the accumulated fund values is shown in the table below

Years to retirement	Phoenix Life With Profits Fund (pre-1990 benefits)			Prudential With Profits Fund		
	Fund value		Impact of charges	Fund value		Impact of charges
	Before charges	After charges		Before charges	After charges	
6	£2,109	£2,109	£0	£2,109	£2,109	£0
5	£2,120	£2,110	£10	£2,180	£2,160	£20
0	£2,170	£2,090	£80	£2,570	£2,410	£160

## Notes

- Fund values shown are estimates and are not guaranteed (they have been rounded to the nearest £10);
- Representative members are based upon the Scheme's membership as at 2 May 2023 for the L&G arrangement, 1 April 2022 for the Prudential Series 1 arrangements and 31 March 2023 for the Prudential Series 3 arrangements. No membership data was available for the Phoenix Life arrangement;
- The illustrations assume no further contributions are paid;
- The illustrations are shown in today's terms, and do not need to be reduced further for the effect of inflation, which is assumed to be 2.50% p.a.;
- A floor of 0.00% p.a. has been used for transaction costs if these were negative so as not to potentially understate the effect of charges on fund values over time;
- The projected growth rates and costs and charges assumed in the illustrations are as follows:

Fund / Strategy	Growth rate	Costs and charges
L&G Cash Lifestyle Strategy	3.2% to 6.3% p.a. depending upon term to retirement	0.38% to 0.45% p.a. depending upon term to retirement
L&G Global Real Estate Equity Index Fund	6.5% p.a.	0.54% p.a.
L&G Cash Fund	3.2% p.a.	0.38% p.a.
Phoenix Life With Profits Fund	3.0% p.a.	0.66% p.a.
Prudential With Profits Fund	5.9% p.a.	1.125% p.a.

## 4. VALUE FOR MEMBERS

The Trustee's value for members assessment framework considers both the costs and benefits of membership of the DC arrangements. The costs and charges on all strategies and funds in which members are invested over the period are considered in order to evaluate the costs of membership.

In relation to the benefits of membership, the Trustee has identified five core benefit categories of value for members as follows:

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- **Scheme governance** – The Trustee believes that good governance is important to ensuring that a framework exists and is actively in use to help deliver better member outcomes. Only strong and stable providers should be appointed as this is important for the long-term outcome of members' benefits. The use of safeguards and controls to manage operational risk is important and the number of errors should be minimised and any impact from errors should be corrected to put members back in the position they should have been in.
- **Investments** – The Trustee considers a well-designed investment portfolio, which is subject to regular monitoring, and a varied range of investment funds, with appropriate charging structures, to be important to delivering better member outcomes. The Trustee believes it is important that performance of funds, over the long term, is in line with their market sector.
- **Administration** – The Trustee considers good administration and record keeping play a crucial role in ensuring that Scheme members receive the fund or income that is due to them. In addition, the type and quality of service experienced by members has a bearing on the level of member engagement.
- **Member communications** – The Trustee considers effective member communications, and delivery of the right support and tools to help members improve their outcomes, to be essential to aid member understanding.
- **Retirement options** – The Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement.

The Trustee has reviewed the above five core benefit categories and its assessment is summarised as follows:

**Scheme governance:** The Trustee has suitable governance monitoring in place. Core financial transactions and other key governance metrics are monitored quarterly. Regular meetings are held with the administrator to discuss and progress areas of the administration that require input from the Trustee. The adequacy and effectiveness of governance and control over Data Protection, Information Security and Cyber Security is periodically reviewed by Smiths Pensions. The Trustee also reviews the risks relating to the DC arrangements annually, as part of the Scheme's risk assessment framework. The Trustee has an Investment Committee in place which spends time discussing the Scheme's DC arrangements. Any decisions that need to be taken by the full Trustee board are considered accordingly. An annual review, using professional advisers, is undertaken which assesses the financial strength of providers and the suitability and relevance of the DC arrangements and whether they represent value for members.

**Investments:** The Scheme offers an appropriate range of investment options to members which have been agreed, following advice from the Scheme's investment adviser, with the specific needs of members in mind. The Trustee has pro-actively consolidated unit-linked funds where possible, to improve value for members. With Profits and Deposit Funds have been retained as the Trustee believes members are likely to value the guarantees they provide.

**Administration:** The Trustee monitors the administration of members' DC benefits. The Trustee is satisfied that the Scheme administrator and the DC providers have robust systems and the capability to process financial transactions promptly and accurately in line with the agreed service levels and relevant regulatory requirements. The Scheme's administration procedure manuals are regularly reviewed and updated. Mercer provides a member helpline and the member experience is monitored through call statistics, complaint details and surveys that members are asked to complete after contacting the helpline.

**Member communications:** The Scheme website ([pensions.smiths.com](https://pensions.smiths.com)) hosts a variety of information and documents and L&G provides a Scheme-specific website for members of the L&G arrangement ([legalandgeneral.com/workplace/s/smiths-group](https://legalandgeneral.com/workplace/s/smiths-group)). The Trustee includes reminders for members to monitor their DC funds in the annual newsletter and, where concerns are raised regarding a particular fund or provider, these concerns are communicated to affected members and alternative available options are set out.

**Retirement options:** The Trustee allows the proceeds arising from the DC arrangements to be taken as part of the tax-free cash sum or, in certain circumstances, to purchase a pension in the Scheme at retirement. The conversion factors are such that, in many cases, they are expected to be more favourable than annuity rates available elsewhere in the market, which enhances

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member outcomes at retirement. The Trustee provides access to a Scheme Independent Financial Adviser to support members in understanding the options available to them (with the member being required to meet the subsidised cost).

Costs and charges: In evaluating the costs and charges borne by members against the benefits of the DC arrangement, the Trustee has undertaken a benchmarking exercise to compare costs and charges against expectations. The table below sets out the current TERs for each of the unit-linked funds held at the end of the Scheme Year along with the Trustee's adviser's expected range for each asset class considering structure, investment style and assets under management.

A Red/Amber/Green ("RAG") rating based on the following methodology is assigned to each fund.

**GREEN** – Lower 50th percentile    **AMBER** – Upper 50th percentile    **RED** – Outside of expected range.

L&G Fund	TER (% p.a.)	Expected range (% p.a.)	RAG
World Equity Index	0.41	0.40 – 0.70	GREEN
UK Equity Index	0.39	0.40 – 0.70	GREEN
Global Real Estate Equity Index	0.48	0.40 – 0.70	GREEN
Multi-Asset	0.42	0.55 – 1.60	GREEN
Future World Multi-Asset	0.45	0.55 – 1.60	GREEN
Future World Annuity Aware	0.41	0.50 – 0.90	GREEN
All Stocks Index-Linked Gilts Index	0.37	0.40 – 0.70	GREEN
Cash	0.38	0.40 – 0.70	GREEN

Santander Fund	TER (% p.a.)	Expected range (% p.a.)	RAG
Deposit Account	0.00	0.40 – 0.70	GREEN

**Based on the information and the circumstances outlined above, the Trustee has concluded that, during the Scheme Year, the Scheme's DC arrangements represented good value for members.**

Further information is available in respect of the DC arrangements and investments on request by contacting Mercer as follows:

Online: [contact.mercer.com](http://contact.mercer.com)

Phone: 0121 452 3748

By Post: Mercer  
Maclaren House  
Talbot Road  
Stretford  
Manchester  
M32 0FP

Information can also be obtained by visiting [pensions.smiths.com](http://pensions.smiths.com) where further details of the value for member assessment can be found.

## 5. CORE FINANCIAL TRANSACTIONS

As no contributions are made into the Scheme's DC arrangements, core financial transactions include (but are not limited to):

- Transfers out of individual DC funds to other registered pension schemes;
- Transfers of individual DC funds into other policies within the Scheme;
- Switches of assets between funds in the same policy;
- Payments of benefits in the policy to, or in respect of, members.

The Trustee has overall responsibility for such transactions, which are administered by the Scheme's appointed administrator ("Mercer") and the providers of the Scheme's DC arrangements.



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## Controls and processes

Mercer and the DC providers process benefits in accordance with their internal processes and controls.

Mercer operate a peer review process to ensure the accuracy of financial transactions and that the transactions are approved by appropriately authorised individuals. These controls are independently audited and reported on in Mercer's AAF 01/06 internal controls and assurance report, which is periodically reviewed by the Trustee.

## Transaction timescales

The Trustee has service level agreements in place with Mercer and L&G which include timescales in which to undertake all core financial transactions. Depending on the type of transaction being processed, the service level is between one and ten days.

The Trustee monitors Mercer and the DC providers to ensure that core financial transactions have been processed promptly and accurately by:

- Reviewing the respective AAF 01/06 reports;
- Obtaining quarterly administration reports from Mercer, which include reporting on service level standards (noting that these service levels cover both DB and DC benefits);
- Obtaining annual updates from the DC providers on service level standards;
- Maintaining a close working relationship with Mercer and obtaining feedback from them regarding the DC providers.

In summary, the Trustee is satisfied that the Scheme administrator and the DC providers have robust systems and the capability to process financial transactions promptly and accurately, in line with the agreed service levels where relevant, and requirements of regulation 24 of the Regulations. If timescales are missed, Mercer monitor any impact on the members to make sure there is no financial loss.

## 6. TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Scheme is a DB scheme with the DC arrangements making up a small proportion of the benefits being provided. The Trustee Board's knowledge and understanding requirements are met with this in mind.

The requirement under sections 247/248 of the Pensions Act 2004, for the Trustee to demonstrate appropriate knowledge and understanding, has been met during the Scheme Year by:

- Providing induction training to new directors of the trustee company;
- Maintaining a working knowledge of the Scheme's Trust Deed & Rules, Statement of Investment Principles, and documented Trustee's policies, as well as pension and trust law and funding and investment principles. During the Scheme Year, the directors have received updates and training during formal Trustee Board meetings relating to current investment matters, including the Taskforce for Climate-Related Financial Disclosures. Policies and risk assessments are reviewed on a rolling basis and all directors have been involved in the review of these documents during Trustee Board meetings during the Scheme Year;
- Encouraging all directors to complete and keep up to date with the Pension Regulator's trustee toolkit, which is a series of online learning modules developed to help trustees meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004. All directors have been encouraged to undertake the updated Scams module and to review the trustee toolkit on a regular basis;
- Identifying knowledge gaps that directors have and arranging for training to be provided;
- Providing appropriate tailored training to directors, such as investment-related training to the investment committee. Whilst all directors have received general investment-related training as set out above no specific training relating to DC investments was received during the Scheme Year;

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- Providing regular updates to all directors on current developments (for example, on developments relating to DC arrangements from both legal and investment advisers at Trustee meetings); the directors received and reviewed an update on current developments during Trustee Board meetings during the Scheme Year;
- Maintaining training logs which are reviewed annually;
- Carrying out an annual review of the suitability and appropriateness of the DC arrangements in the Scheme in the light of advice from an investment consultant.

The Trustee also carries out ad-hoc evaluations of the performance and effectiveness of the Board as a whole with the support of an independent adviser. A log of all training undertaken by the directors is maintained by Smiths Pensions and is reviewed in detail on an annual basis, usually during the March Trustee Board meeting, to ensure it is up to date and that knowledge gaps are identified by each director carrying out a self-evaluation.

The Trustee is satisfied that, through the above, it meets the requirements for having, or having access to, sufficient knowledge and understanding to manage the Scheme, including the DC arrangements, effectively.

Through the above, the combined knowledge and understanding of the directors of the trustee company, together with the advice which is available to them, enables the Trustee to properly exercise its functions.

## **CONCLUSION**

The Trustee of the Scheme has reviewed and assessed the systems, processes and controls across key governance functions and concluded that they are consistent with those set out in the Regulations, the Pensions Regulator's Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes; and the regulatory guidance for DC schemes.

Based on its assessment, the Trustee believes that it has adopted the standards of practice set out in the DC code and DC regulatory guidance.

This statement regarding DC governance was approved by the Trustee and is signed on its behalf by

Nicholas Godden

Chair of S.I. Pension Trustees Limited

Date: 22 August 2023

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## INFORMATION FOR FUNDS IN WHICH MEMBERS NO LONGER INVEST

During Q4 2022, the Trustee moved all remaining unit-linked funds held with Prudential to L&G. The tables below report the net investment returns and costs and charges for the Prudential unit-linked funds that members were invested in prior to the transfer in Q4 2022. Note transaction costs are for the 12-month period to 30 June 2022, not for the Scheme Year, these are the most recent transaction costs available from Prudential.

### Net investment returns

Performance to 31 March 2023	Investment return		
	1 year (%)	3 years (% p.a.)	5 years (% p.a.)
<b>Prudential (legacy series 1 funds)</b>			
International Equity	1.60	15.00	6.40
Global Equity	0.00	13.20	4.60
UK Equity	-1.20	12.10	3.40
Discretionary	-4.60	8.70	3.50
Fixed Interest	-16.60	-9.10	-3.40
Index-Linked	-30.70	-8.90	-4.20
Cash	1.30	0.00	0.00

Provider/Fund	TER (%)	Transaction costs (%)
<b>Prudential (legacy series 1 funds)</b>		
International Equity	0.78	0.03
Global Equity	0.76	0.07
UK Equity	0.76	0.06
Discretionary	0.77	0.08
Fixed Interest	0.76	0.19
Index-Linked	0.76	0.00
Cash	0.75	0.00