ANNUAL DC GOVERNANCE STATEMENT BY THE CHAIRMAN OF TRUSTEES

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

Annual governance statement by the Chairman of Trustees for the year ending 5 April 2024

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

Certain governance standards apply to Defined Contribution ('DC') pension arrangements namely the DC section of the Plan, together with the Additional Voluntary Contribution ('AVC') arrangements attached to the Defined Benefit ('DB') section. These are designed to help members achieve good outcomes from their pension savings. The Trustees are committed to having high governance standards and met three times during the Plan year to monitor the controls and processes in respect of the administration relating to the Plan's funds. This statement covers the period 6 April 2023 to 5 April 2024.

The Plan is predominantly a DB arrangement. In November 2022 the Trustees in collaboration with the Employer purchased a buy-in policy from Aviva. This policy covers all DB Section members and provides an income which matches the pension outgo, removing all financial risks from the Trustees. As part of this purchase the Trustees took professional advice on all relevant aspects (including actuarial, administrative, investment, legal and covenant). The Plan triggered wind-up on 16 January 2024, starting the process of winding up the trust. The Trustees are now taking steps to transfer the responsibility for paying benefits to Aviva. Once that process is complete for all members the Plan can be wound up and will cease to exist.

The Plan also has the following DC elements:

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

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

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

We welcome this opportunity to explain the steps the Trustees have taken to ensure the DC section and AVC arrangements are run as effectively as possible. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please write to the Trustees of the Marshall Group Executive Pension Plan, Airport House, the Airport, Cambridge CB5 8RX.

DEFAULT INVESTMENT ARRANGEMENT

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

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

Setting an appropriate default investment strategy
Details of the strategy and objectives of the default investment arrangement amongst other things are also recorded in the Statement of Investment Principles (SIP). The SIP contained within this document was updated in March 2023. A copy of the SIP is appended to this statement.

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

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

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

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

The default option has been designed having taken due regard to the membership profile of the Plan, including consideration of:
- The size of members' retirement savings within the Plan;
- Members' current level of income and hence their likely expectations for income levels post retirement;
- The fact that members may have other retirement savings invested outside of the Plan; and
- The way members may choose to use their savings to fund their retirement.

These factors have also been considered when setting the range of alternative investment options from which members can choose. The Trustees are comfortable that the Marshall Options Open Lifestyle option remains appropriate when considering the Plan as a standalone entity.

Reviewing the default investment arrangement
The Trustees are expected to review the strategy and objectives of the default investment arrangement regularly, at least once every three years, and take into account the needs of the remaining Plan members when designing it.

No review of the default investment arrangement was undertaken during the Plan year as the Plan is winding up. The last formal review was carried out on 20 July 2021 which considered at a high level the membership profile of the Plan as part of the review, along with the risk profile and number of investment funds offered to members and, as a result, the Trustees:

- Introduced a more diversified approach during the 'growth phase', with a broad spread of investments to modestly increase higher returns on average, incorporating allocations to a high yield bond fund (the SL M&G Global High Yield Bond Pension Fund) and a listed infrastructure

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fund (the SL WS Macquarie Global Infrastructure Securities Pension Fund), and therefore reduce the total expense ratio over the different stages of the default;

- Increased the de-risking period from seven to ten years, to reduce the risk to members of a protracted market downturn in the final years before retirement age;
- Reduced exposure on diversified growth funds, to reflect the investment adviser's moderately pessimistic outlook on this asset class;
- Replaced the SL Stewart Investors Global Emerging Markets Leaders Pension Fund with a passive emerging market equity fund (the SL iShares Emerging Markets Equity Index Pension Fund).

During the year, Standard Life closed the Invesco Perpetual Global Targeted Returns Pension Fund which comprised 50% of the Marshall Diversified Growth Fund. The Trustees agreed to re-allocate the funds to the Standard Life Deposit and Treasury Fund which offers a similar return and provides a flexible investment given the forthcoming transition of the Plan to buy-out.

Asset allocation of the default investment arrangement

We are required to provide the percentage of assets allocated in the default arrangement to specified asset classes and show how the asset allocations change at different ages. This is to show members the different asset allocation phases that take place as pension savings accumulate in the default arrangement up to and at retirement.

We have prepared the below table and graph having taken account of the statutory guidance effective from 30 January 2023 issued by the Department of Work and Pensions[1] in preparing this section of our statement.

Asset class	Percentage allocation-average 25 year old (%)	Percentage allocation-average 45 year old (%)	Percentage allocation-average 55 year old (%)	Percentage allocation-one day prior to State Pension Age (%)
Cash	0.05	0.05	0.05	0.40
Bonds	0.00	0.00	0.00	0.00
Corporate bonds	0.15	0.15	0.15	0.21
Government bonds	0.00	0.00	0.00	0.18
Other bonds	0.00	0.00	0.00	0.00
Listed equities	0.65	0.65	0.65	0.14
Private equity	0.00	0.00	0.00	0.00
Venture capital / growth equity	0.00	0.00	0.00	0.00
Buyout funds	0.00	0.00	0.00	0.00
Property	0.10	0.10	0.10	0.02
Infrastructure	0.00	0.00	0.00	0.00
Private debt	0.00	0.00	0.00	0.00
Other	0.05	0.05	0.05	0.05

[1] https://www.gov.uk/government/consultations/broadening-the-investment-opportunities-of-defined-contribution-pension-schemes/outcome/statutory-guidance-disclose-and-explain-asset-allocation-reporting-and-performance-based-fees-and-the-charge-cap#:~:text=Where%20a%20scheme%20has%20more,end%20of%20the%20scheme%20year

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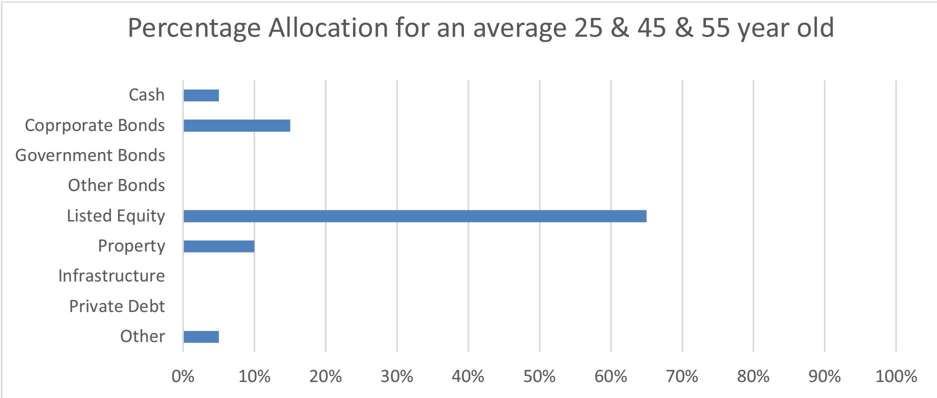

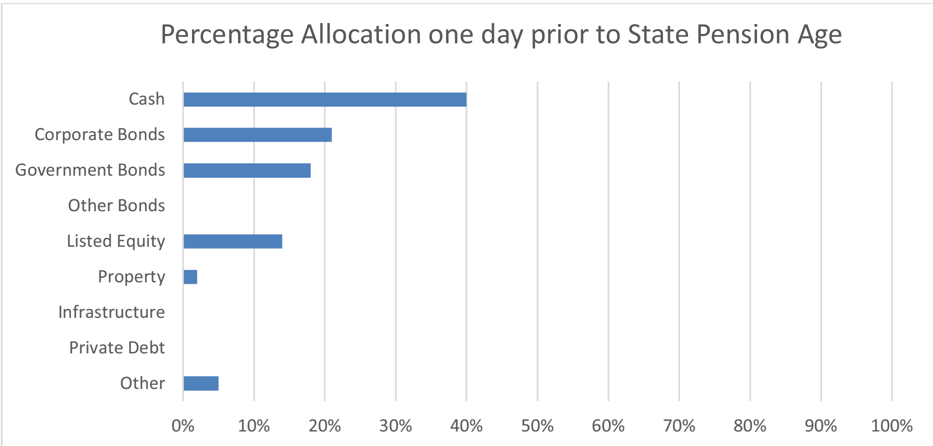

Self-select investment choices
In addition to the default investment arrangement, the Trustees have made available three alternative lifestyle strategies under the Standard Life arrangement (Marshall Lump Sum Lifestyle, Marshall Drawdown Lifestyle and Marshall Annuity Lifestyle). The Trustees also allow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

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

Standard Life (closed to new entrants and future contributions)	SL Vanguard FTSE Developed World ex UK Pension Fund SL iShares UK Equity Index Pension Fund SL Stewart Investors Global Emerging Markets Leaders Pension Fund SL HSBC Islamic Global Equity Index Pension Fund SL Vanguard ESG Developed World All Cap Equity Index Pension Fund SL BNY Mellon Real Return Pension Fund Standard Life Marshall Growth Pension Fund Standard Life Marshall Diversified Growth Pension Fund Standard Life Marshall Pre-Retirement Pension Fund SL iShares Emerging Markets Equity Index Pension Fund SL iShares UK Gilts All Stocks Index Pension Fund SL Vanguard UK Inflation Linked Gilt Index Pension Fund Standard Life Long Corporate Bond Pension Fund Standard Life Deposit and Treasury Pension Fund Standard Life Property Pension Fund

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

Members are encouraged to take independent financial advice before choosing between these alternative lifestyle strategies and any of the funds above. Free impartial guidance is also available from MoneyHelper – their website can be found at https://www.moneyhelper.org.uk/en/pensions-and-retirement/ and they can provide guidance through live webchat or over the telephone on 0800 011 3797 (Mon-Fri, 9am to 5pm).

Further explanation of the With-Profit arrangements

For members with Aviva funds under policy F40389 invested in the pre-demutualisation series of the Aviva FP With-Profits (Main Series 1) fund, any policies commencing before 9 July 2001, where With-Profits investment began before 26 November 2001, will have no explicit management charge but Aviva allows for an implicit charge when reviewing the regular bonus rates each year. For any policies which started after 8 July 2001, or older policies for which the first with-profits investment was after 25 November 2001, will be invested in a post-demutualisation series of the fund, which has a management charge of 0.75% a year.

For members with Aviva funds in the Conventional With-Profits (1982 policy) (policy F8381), there is no explicit scheme charge, but Aviva assume an investment expense and administration cost. These costs are Aviva's current view of the costs which are reflected in the With-Profits declared bonuses.

The Trustees note that Aviva has a With-Profits Committee for their With-Profits funds, who consider matters affecting the interests of the policyholders within each fund respectively, including fair pay-outs.

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

CHARGES AND TRANSACTION COSTS PAID BY MEMBERS

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

The investment management and transaction costs can be explained as follows:

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

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The level of ongoing charges applicable to the constituent funds within the Plan's default investment arrangement during the last Plan year were confirmed by Standard Life as being:

	Total charges		Transaction costs for the period 1 April 2023 to 31 March 2024	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested	£ p.a. per £1,000 invested
Standard Life Marshall Growth Pension Fund	0.63%	£6.30	0.05%	£0.50
Standard Life Marshall Diversified Growth Pension Fund	0.83%	£8.30	0.17%	£1.70
Standard Life Marshall Pre-Retirement Pension Fund	0.49%	£4.90	0.05%	£0.50
Standard Life Deposit and Treasury Pension Fund	0.49%	£4.90	0.08%	£0.80

Source: Standard Life

The level of ongoing charges and transaction costs applicable to the Plan's self-select funds under the Standard Life and Aviva arrangements during the last Plan year were confirmed by the providers in the table below.

	Total charges		Transaction costs for the period 1 April 2023 to 31 March 2024[2]	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested	£ p.a. per £1,000 invested
Standard Life				
SL Vanguard FTSE Developed World ex UK Equity Index Pension Fund	0.50%	£5.00	(0.01%)	(£0.10)
SL iShares UK Equity Index Pension Fund	0.49%	£4.90	0.07%	£0.70
SL Stewart Investors Global Emerging Markets Leaders Pension Fund	1.28%	£12.80	0.14%	£1.40
SL HSBC Islamic Global Equity Index Pension Fund	0.78%	£7.80	0.01%	£0.10
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	0.50%	£5.00	0.00%	£0.00
SL BNY Mellon Real Return Pension Fund	1.17%	£11.70	0.26%	£2.60
Standard Life Marshall Growth Pension Fund	0.63%	£6.30	0.05%	£0.50
Standard Life Marshall Diversified Growth Pension Fund	0.83%	£8.30	0.17%	£1.70
Standard Life Marshall Pre-Retirement Pension Fund	0.49%	£4.90	0.05%	£0.50
SL iShares UK Gilts All Stocks Index Pension Fund	0.49%	£4.90	0.04%	£0.40
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	0.50%	£5.00	0.05%	£0.50
Standard Life Long Corporate Bond Pension Fund	0.49%	£4.90	0.14%	£1.40
Standard Life Deposit and Treasury Pension Fund	0.49%	£4.90	0.08%	£0.80

[2] A charge in (brackets) is a negative transaction cost.

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	Total charges		Transaction costs for the period 1 April 2023 to 31 March 2024[2]	
	% p.a. per the amount invested	£ p.a. per £1,000 invested	% p.a. per the amount invested	£ p.a. per £1,000 invested
Standard Life Property Pension Fund	0.51%	£5.10	0.23%	£2.30
SL iShares Emerging Markets Equity Index Pension Fund	0.68%	£6.80	0.17%	£1.70
Aviva				
Aviva FP With Profits Fund (Main Series 1) Pensions (Policy 40389)	0.25%*	£2.50	0.09%	£0.90
Aviva FP With Profits Fund (Main Series 1) Pensions (Policy 40389)	0.75%**	£7.50	0.09%	£0.90
Conventional With-Profits (1982 policy) (Policy F8381)	0.65%***	£6.50	0.09%	£0.90

Source: Standard Life and Aviva

* There is no explicit scheme charge for pre 8 July 2001 policies or older policies for which the first with-profits investment was before 26 November 2001 but the above is a notional administration cost. Aviva allows for an implicit charge when reviewing the regular bonus rates each year, which can vary. The notional administration cost is regularly reviewed and subject to change. Policies are invested in the pre demutualisation series of the with-profits sub fund.

** Explicit scheme charge applies to post 8 July 2001 policies only or older policies for which the first with-profits investment was after 25 November 2001. Policies are invested in the post demutualisation series of the with-profits sub fund. .

*** There is no explicit scheme charge but the above is an assumed investment expense and administration cost. These costs are Aviva's current view of the costs which are reflected in the With-Profits declared bonuses.

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

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

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

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

Examples of the impact of costs and charges

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

Aviva and Standard Life have prepared examples of the cumulative effect over time of the impact of the charges and transaction costs on the value of a member's retirement savings, having taken account of the updated statutory guidance effective from 1 October 2021 issued by the Department of Work and Pensions[3] in preparing this section of our statement.

[3] https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes/reporting-of-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-schemes-effective-from-1-october-2021

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Aviva has confirmed the tables show how different costs and charges can impact the pension benefits over certain periods of time. Table 1 shows the with-profits sub fund under policy F40389. There are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two it can be seen how much the charges over the years will impact an individual's pension fund. So, for example, if an individual is currently age 40 and expected to retire at 65, the figures at the end of year 25 would give an idea of the individual's pension fund.

Table 1 (Policy 40389)

Illustration of effect of cost and charges for your scheme: Marshall Group Executive Pension Plan		
Assumed current pension pot value		£20,000
	Av FP With Profits Fund (Main Series 1)	
	Assumed growth rate of 4% a year	
	Assumed costs and charges of 0.339% a year	
At end of year	Projected value assuming no charges taken	Projected value with charges taken
1	£20,200	£20,200
3	£20,800	£20,600
5	£21,500	£21,100
10	£23,100	£22,300
15	£24,800	£23,600
20	£26,700	£25,000
25	£28,700	£26,500
30	£30,900	£28,000
35	£33,200	£29,600
40	£35,700	£31,300

Source: Aviva

For this illustration, Aviva has assumed:

1. A starting pot representative of a typical member in the Plan. It does not assume any ongoing pension contributions into the pension pot.
2. The figures illustrate the pension pot value in 'today's money' which means Aviva take inflation into account by reducing values at 2.5% a year. This shows what the figures could be worth today, but actual inflation could be more or less than this. It is important to note inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.

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Table 2 below shows the effect of the costs associated with administering the policy and professionally investing the Plan's money in the FP With-Profits Sub Fund under policy F8381 in which members are invested. The table shows pension benefits with and without costs over a range of projection periods to illustrate the cumulative effect of costs over time. Projections have been provided showing a range of notional investment pots.

For this illustration, Aviva has assumed:

1. With-Profits Fund Management Costs of 0.739% a year.
   - Investment expenses and administration costs: 0.65% a year.
   - Transaction Cost: 0.089% a year.
   - The With-Profits management costs represent the assumed cost of administering a member's policy and professionally investing their monies in the FP With-Profits Sub Fund in which they are invested. Aviva have assumed the current costs continue to apply throughout the projections. These costs are Aviva's current view of the costs applicable to a member's policy which are reflected in the with-profits declared bonuses each year.
2. Aviva have assumed a starting pot representative of a typical member in the Plan. It does not assume any ongoing contributions into the pension pot.
3. The projected fund is assumed to grow at 4% a year, which is the assumed growth rate of the FP With-Profits Sub Fund in which members under policy F8381 are invested.
4. The pension pot values are shown in 'today's money' which means Aviva take inflation into account by reducing values at 2.5% a year. This way shows what the figures could be worth today, but actual inflation could be more or less than this.

Table 2 (policy F8381)

Illustration of effect of cost and charges for your scheme: Marshall Group Executive Pension Plan		
Assumed current pension pot value		£20,000
At end of year	Projected value assuming no charges taken	Projected value with charges taken
1	£20,200	£20,100
3	£20,800	£20,400
5	£21,500	£20,700
10	£23,100	£21,500
15	£24,800	£22,300
20	£26,700	£23,100
25	£28,700	£24,000
30	£30,900	£24,900
35	£33,200	£25,900
40	£35,700	£26,800

Source: Aviva

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

- The median starting age and pot size as at 5 April 2024; and
- The 'Before charges' column shows the projected fund without any transaction costs and charges being applied. The 'After all charges' column shows the projected fund after transaction costs and charges have been applied.

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

'Typical' member of the Standard Life arrangement

Year	Marshall Options Open Lifestyle		SL Marshall Diversified Growth Pension Fund		Standard Life Deposit and Treasury Pension Fund	
	The default lifestyle option, revised over 2021, with a 10 year lifestyle period		The highest charging fund		The lowest charging fund	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£135,000	£135,000	£136,000	£135,000	£134,000	£134,000
NRD	£142,000	£140,000	£144,000	£140,000	£138,000	£136,000

Source: Standard Life

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

- Values shown are estimated and are not guaranteed, the actual fund values could be higher or lower;
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Inflation is assumed to be 2.0% each year;
- The starting pot size is assumed to be £133,000 for a 'typical' member and no further contributions are made;
- Starting age is assumed to be 62 for a 'typical' member; and
- The projected growth rate provided by Standard Life for each fund (before inflation, total expense ratio and transaction costs over the year to 31 March 2024 are deducted) are as follows:
  - o Marshall Options Open Lifestyle 'growth' phase (the default investment strategy) (Standard Life Marshall Growth Pension Fund: 5.0%, Standard Life Marshall Diversified Growth Pension Fund: 5.0%, Standard Life Marshall Pre-Retirement Pension Fund: 4.5%, Standard Life Deposit and Treasury Pension Fund: 3.5%)
  - o Standard Life Marshall Diversified Growth Pension Fund Pension Fund (the highest charging fund): 5.0%
  - o Standard Life Deposit and Treasury Pension Fund (the lowest charging fund): 3.5%.

Past performance of the investment options

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

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The net returns to 31 March 2024 are shown in the tables below and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance. Standard Life has prepared the following tables, in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and having taken account of the statutory guidance issued by the Department of Work and Pensions[4].

Source: Aviva

Annualised net returns (%) for the default investment arrangement (the Marshall Options Open Lifestyle) over periods to 31 March 2024

Age of member at the start of the period**	1 year	5 years (annualised)	10 years (annualised)	15 years (annualised)	20 years (annualised)
Time period (start date – end date)	31/03/2023–31/03/2024 (%)	31/03/2019–31/03/2024 (%p.a.)	31/03/2014–31/03/2024 (%p.a.)	31/03/2009–31/03/2024 (%p.a.)	31/03/2004–31/03/2024 (%p.a.)
Age 25	12.24	6.75	7.54	n/a*	n/a*
Age 45	12.24	6.75	7.54	n/a*	n/a*
Age 55	12.24	6.75	7.54	n/a*	n/a*

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

Annualised net returns (%) for the self-select funds over periods to 31 March 2024

Standard Life

Duration	1 year	5 years (annualised)	10 years (annualised)	15 years (annualised)	20 years (annualised)
Time period (start date – end date)	31/03/2023–31/03/2024 (%)	31/03/2019–31/03/2024 (%p.a.)	31/03/2014–31/03/2024 (%p.a.)	31/03/2009–31/03/2024 (%p.a.)	31/03/2004–31/03/2024 (%p.a.)
SL Vanguard FTSE Developed World ex UK Pension Fund	23.62	12.86	12.70	n/a*	n/a*
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	-5.78	-6.03	0.98	n/a*	n/a*
SL iShares Emerging Markets Equity Index Pension Fund	4.40	2.83	5.60	n/a*	n/a*
SL iShares UK Gilts All Stocks Index Pension Fund	-0.47	-4.23	0.34	n/a*	n/a*

[4]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994897/completing-the-annual-value-for-members-assessment-and-reporting-of-net-investment-returns.pdf

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Duration	1 year	5 years (annualised)	10 years (annualised)	15 years (annualised)	20 years (annualised)
Time period (start date – end date)	**31/03/2023–31/03/2024 (%)**	**31/03/2019–31/03/2024 (%p.a.)**	**31/03/2014–31/03/2024 (%p.a.)**	**31/03/2009–31/03/2024 (%p.a.)**	**31/03/2004–31/03/2024 (%p.a.)**
SL SLI Global High Yield Bond Pension Fund	9.49	1.24	1.58	n/a*	n/a*
SL BNY Mellon Real Return Pension Fund	7.79	3.63	3.00	n/a*	n/a*
Standard Life Deposit and Treasury Pension Fund	4.65	1.16	0.56	0.39	n/a*
Standard Life Marshall Pre-Retirement Pension Fund	1.55	-2.96	1.62	n/a*	n/a*
Standard Life Marshall Growth Pension Fund	12.98	7.24	8.15	n/a*	n/a*
Standard Life MMH Diversified Growth Pension Fund	5.59	2.38	2.05	n/a*	n/a*
SL Vanguard ESG Developed World All Cap Equity Index Pension Fund	24.45	11.80	11.52	n/a*	n/a*
Standard Life Long Corporate Bond Pension Fund	6.02	-2.58	n/a*	n/a*	n/a*
SL iShares UK Equity Index Pension Fund	7.78	4.90	5.20	8.94	n/a*
Standard Life Property Pension Fund	2.51	1.08	3.61	5.03	3.78
SL HSBC Islamic Global Equity Index Pension Fund	31.48	16.68	15.12	14.00	n/a*
SL WS Macquarie Global Infrastructure Securities Pension Fund	-1.24	6.21	7.68	9.20	n/a*

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

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

1. All returns are cumulative performance using an annual geometric average, with gross income reinvested unless otherwise stated. Fund returns are net of all transaction costs.
2. Past performance is not a guide to future returns.

ANNUAL DC GOVERNANCE STATEMENT BY THE CHAIRMAN OF TRUSTEES

3. The charging structure applicable to Standard Life's schemes mean that the above Net Investment Returns are applicable to a saving profile of a one off lump sum of £10,000 (as suggested in the guidance).

Annualised net returns (%) for the legacy investment arrangements over periods to 31 March 2024

As at the time of preparing this Statement, we have not received net return figures for the legacy investment arrangements in which members are invested in with Aviva, although we understand it has been requested by our investment advisers. We will periodically chase Aviva via our investment advisers to obtain this information.

Annualised returns net of charges for a single investment of £10,000 in the Plan					
Duration	**1 year**	**5 years (annualised)**	**10 years (annualised)**	**15 years (annualised)**	**20 years (annualised)**
Time period (start date – end date)	**31/03/2023–31/03/2024 (%)**	**31/03/2019–31/03/2024 (%p.a.)**	**31/03/2014–31/03/2024 (%p.a.)**	**31/03/2009–31/03/2024 (%p.a.)**	**31/03/2004–31/03/2024 (%p.a.)**
Aviva FP With Profits Fund (Main Series 1) Pensions (Policy F40389)	Not available*	Not available*	Not available*	Not available*	Not available*
Conventional With-Profits (1982 policy) (Policy F8381)	Not available*	Not available*	Not available*	Not available*	Not available*

* Aviva was unable to provide the net returns for these funds in time for inclusion in this statement.

ASSESSING VALUE FOR MEMBERS

Trustees of schemes with under £100 million of assets under management that have been operating for at least three years ordinarily must provide an explanation of the more detailed value for members assessment that they have carried out in line with the Department for Work and Pensions' updated statutory guidance dated October 2021 on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns"[5].

Trustees of specified schemes will not be required to carry out the value for member assessment or report its outcome, if they have notified TPR under section 62(4) or (5) of the Pensions Act 2004 that the winding up of the scheme in question has commenced, before the date by which they are required to prepare a chair's statement under regulation 23(1) of the Administration Regulations. Trustees must instead publish an explanation of their assessment of the extent to which member-borne costs and charges, including any performance-based fees, and transaction costs represent good value for members along with an explanation that this is because the scheme is winding up.

The Trustees have notified The Pensions Regulator that the Plan commenced winding up on 16 January 2024 and therefore are not required to carry out a detailed value for members assessment. Instead, as part of our assessment of the charges and transaction costs, the Trustees are required to consider the extent to which member-borne costs and charges within the Standard Life and Aviva arrangements represent good value for members when comparing this to other options available in the market.

[5] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994897/completing-the-annual-value-for-members-assessment-and-reporting-of-net-investment-returns.pdf

ANNUAL DC GOVERNANCE STATEMENT BY THE CHAIRMAN OF TRUSTEES

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

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

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

As indicated, the costs that are paid by members are not only fund management charges and transaction costs for the investment funds used within the Plan but also the costs of the services provided to members by Standard Life and Aviva such as:

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

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

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

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

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

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

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

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

There are areas where overall 'value for member' could be improved for members, however given the imminent wind-up of the Plan, there is limited time to make changes. If the wind-up is delayed, then the Trustees will consider whether changes should be made.

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

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

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

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

Explanation of the results of the assessment
Based on our assessment, we conclude that the Standard Life arrangement offered satisfactory 'value for members' over the year to 5 April 2024, when measured against the definition required by legislation.

Our conclusion that the Standard Life arrangement offers satisfactory value for members over the year to 5 April 2024 is based on aspects such as:

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

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

- The financial stability of Aviva's With-Profits Fund gives Aviva greater flexibility in setting the Fund's investment strategy;
- It is diversified and has delivered reasonable gross investment returns over the long term (which drives long term bonus returns);
- There are guaranteed minimum regular bonuses of 4% a year to normal retirement date on the Aviva With-Profits fund, whilst the Aviva 1982 benefits have an annuity conversion guarantee attaching to the Aviva arrangement;
- However, there is a lack of transparency/influence on how With-Profits funds are run;
- The platform, compared with the Standard Life arrangement offering access to a more modern platform, does not provide online access that enables members to view and manage their own funds;
- Members do not have the same level of flexibility around accessing or using With-Profits funds as they would do in other unitised DC funds in the market (for instance, due to the potential for the

funds being reduced by a Market Value Adjustment should savings be accessed other than, for example, normal retirement date, that is to say the amount may be reduced to reflect the current market value of the current underlying assets); and

- The value that members may place on the smoothing of returns and any guarantees may differ from member to member and from year to year for each member, particularly when compared against the value they may receive from unitised funds.

Steps taken to improve value for members during the Plan year

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

- have ensured a timely move to Plan wind-up;
- have communicated with members about the Plan wind-up and explained their options clearly especially to those members with both DB and DC Section benefits;
- have adhered to legislative updates as well as appropriate standards of governance and compliance during the Plan wind-up.

Follow-on actions and investigations

The Trustees' focus is on maintaining the value for members and identifying if further improvements can be made. Over the year to 5 April 2025 or Plan wind-up completion if earlier, the Trustees plan the following:

- continue to review and (where appropriate) improve member communications/engagement to ensure members are aware of how the Plan operates and the decisions they need to take;
- continue to communicate with members when necessary, during the Plan buy-out and wind-up process;
- to ensure the member data held by the providers is reviewed, any gaps are known, and strategies are in place to improve this;
- to liaise with Standard Life and Aviva to ensure records are updated and SLAs are improved;
- to work towards full buy-out of the Plan and complete the Plan wind-up. A small number of DC Section members' funds will either remain linked to their DB benefits and be moved across to the insurer, or the link will be broken and the DC fund will be with the current provider, Aviva, and reassigned into the name of the member.

TRUSTEE KNOWLEDGE AND UNDERSTANDING

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

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

The Trustees meet all the knowledge and understanding requirements and understand the Plan and its documents. The Trustees are aware that we must have a working knowledge of the Trust Deed and Rules of the Plan, the Statement of Investment Principles and the documents setting out the Trustees' current policies.

The Trustees are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustees do this by regularly reviewing the relevant Plan documents and seeking advice from the Plan's legal advisers.

The Trustees have assessed the Plan against the standards set out in the relevant modules in the general code of practice relating to pension schemes providing money purchase benefits and related guides and have established an action plan to ensure we can demonstrate that we are offering a quality scheme.

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

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

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

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

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

- Residual risks and trustee protections following Plan termination;
- Pension scheme winding-up and buy-out;
- Topical digest of various legal and regulatory matters.

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

CORE FINANCIAL TRANSACTIONS

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

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

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

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

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

In order to monitor this service, the Trustees take a proactive approach to questioning the administrators about their service level reports and receive these on a quarterly basis from Standard Life and Aviva providing statistics on the level of service that is provided in comparison to agreed targets and timescales. The Trustees monitor transactions made via the Trustees' bank account on a regular basis. Standard Life and Aviva have in place a service standard of 10 working days. Over the 12 months to 5 April 2024, the administrators in the main achieved the SLAs for the Plan, however, it has been noted that in some instances performance against agreed service levels has been below expectations and will be kept under review.

The Trustees also maintain and monitor a risk register which includes risks in relation to core financial transactions, along with details of mitigation strategies adopted by the Trustees. In particular, over the period to February 2024 the Trustees have considered the potential impact on the sponsor's financial strength, the implications for investment strategy and cashflow, and the impact on administration and services to members. They concluded that no adjustments were needed for the time being but will monitor the position on an ongoing basis. Since the buy-in has been completed, the Trustees have monitored risks relating to the buy-in.

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

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

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