SECTION 8 – ANNUAL STATEMENT BY THE CHAIR OF THE TRUSTEES FOR THE YEAR TO 5 APRIL 2020

What is this Statement for?

It's important that you, the members, can feel confident that your savings in the Volvo Group UK Retirement Plan ("the Plan") are being looked after and give good value.

This Statement sets out how the Trustees have managed the Plan in the last year and what they 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 on-line at https://www.volvogroup.com/en-en/about-us/organization/our-global-presence/volvo-group-uk-ireland.html.

What's in this Statement?

We've included information on the following areas in this Statement:

How we manage your Plan – who the Trustees are and what guides our decision making;

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 arrangements");

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;

Value for Members - how the quality of the Plan's services (including the investment returns on your savings) which you pay for compare to other pension schemes.

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;

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

Our plans for the next year – what key actions the Trustees 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

There have been no changes to the Trustees in the last year.

The Statement of Investment Principles ("SIP"), which sets out the Trustees' policies on how your contributions should be invested, was updated in September 2019 to reflect the Trustees Environmental, Social and Corporate Governance ("ESG") beliefs and changes to the underlying funds of the VGRP Diversified Growth Fund. The first implementation report describing how the Trustees have followed their policies set out in the Statement of Investment Principles will be published in October 2020.

At 31 March 2020 the Plan had 1,151 members and was worth a total of £47.5 million.

Investment options

The Trustees completed a high-level review of the Plan's default arrangements on 22 November 2019. We're satisfied that the default arrangement has performed in-line with our objectives and remains suitable for most members – see section 2 for more details. The next full review of the investment options will be carried out in 2021. A high-level annual review will be undertaken in November 2020.

Over the Plan year, the underlying funds of the VGRP Diversified Growth Fund were altered. No other changes were made to the Plan's investment options.

Cost and charges

The members pay for the Plan's investment management and member administration, while the Company pay for the Plan's governance. Costs relating to the Plan's communications and retirement support are shared between members and the Company.

The Trustees 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 0.40% to 0.60% of the amount invested (or put another way £4.00 to £6.00 for every £1,000 invested) – which is well within the "charge cap" for auto-enrolment in our Plan 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 41 year period, the current level of costs and charges for the Plan 'default arrangement' could reduce the size of a pension pot by £50,481 leaving £307,995 in the pot at age 65.

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.

We determined that the Plan gave good value in the last year. Over the next year our main priority to improve value for you will be to progress the implementation of an Environmental, Social and Corporate Governance based fund into the investment strategy – see section 8 for more details.

Administration

We check that the administration of the Plan is going smoothly at our quarterly meetings and found that:

All the key financial transactions were processed promptly and accurately by Aegon; and

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

The COVID-19 pandemic inevitably affected the Plan between March and April 2020 as follows:

There was some minor initial disruption while Aegon arranged for most of its staff to work from home and dealt with increases in staff absences;

Aegon's member helpline has reduced its opening hours slightly and members have been encouraged to self-serve online;

Trading in the BlackRock DC Property Fund, which is available for self-select purposes, was suspended because of the difficulty in fairly valuing properties, and

There were delays in getting some funds' unit prices because the prices of investments were fluctuating more than normal.

There was a one-off move of members' savings between funds when we altered the underlying funds of the VGRP Diversified Growth Fund. We worked closely with Aegon and our advisers to ensure this took place smoothly and that any costs to the members involved were kept as low as possible.

Trustee knowledge

It's important that we as Trustees keep our knowledge of pension and investment matters up to date and have access to sound professional advice.

All of the Trustees attended training sessions during the year on subjects such as latest governance issues and checked their level of knowledge and understanding by completing an annual DC pensions code review – see section 6 for more details.

There have been no changes to the Trustees' advisers during the year.

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

Our plans for the next year

During the last year the Trustees:

Formalised their investment beliefs including ESG considerations and updated the SIP to reflect the September 2018 Regulations on Responsible investment;

Implemented a change to the underlying funds in the VGRP Diversified Growth Fund following the review in 2018;

Carried out a high-level annual review of the Plan's investment options in November 2019;

Completed a Guided Outcomes review, which analysed whether or not active members of the Plan are likely to achieve a target outcome in retirement (based on the Pensions Commission targets), members projected pot sizes at retirement and the current strategy and contribution rates in force;

Worked with the Company to implement a new contribution structure from 1st July 2019;

Executed a consolidated Trust Deed and Rules, which includes up-to-date legislation and the revised contribution structure;

Set objectives for their investment consultants, Hymans Robertson, in line with the requirements from the Competition and Markets Authority;

Regularly reviewed funds fees, suitability and performance through input from the Plan's DC investment advisor; and

Arranged for the publication of this Statement, together with the SIP, at a publicly searchable location on the internet with a note of this location in the annual benefit statements.

During the next year the Trustees aim to:

- Work with the relevant fund managers to widen their reporting on responsible investing and how they vote at shareholder meetings;
- Consider further how to embed ESG considerations into the Plan's investment strategy following the review in late 2019, which established the Trustees' approach and policy on ESG issues;
- Complete their first Implementation Statement describing how they have followed the policies in the Plan's SIP; and
- Continue to regularly review funds and monitor performance.

We were unable to obtain some information on the Plan – this is set out at the end of section 8. We are chasing Aegon for this missing information.

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: Camilla Romans at Hymans Robertson, 45 Church Street, Birmingham, B3 2RT, T:0121 210 4333. Alternatively, you can contact David Onion, Compensation & benefits Manager, Volvo Group UK Ltd, Wedgnock Lane, Warwick, CV34 5YA.

Introduction

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

This Statement covers the period from 6 April 2019 to 5 April 2020.

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 the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015/879); and

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (SI 2018/233).

Signed on behalf of the Trustees by:

N Wheeler

Nicholas Wheeler

Chair of the Trustees of the Volvo Group UK Retirement Plan

Date: 27 August 2020

1 How we manage your Plan

At 5 April 2020, the Trustees of the Plan were:

- Mr N Wheeler (Chairman)
- Mr S Villanueva
- Mr M Draper
- Mr G Armitt
- Mr S Bourne

The Trustees, with the help of their advisers, review the SIP at least every three years. The last review was carried out and the SIP was updated on 3 September 2019 to reflect the changes to the underlying funds of the VGRP Diversified Growth Fund and to reflect the Trustees' ESG beliefs.

An Implementation Statement setting out how the Trustees complied with the SIP during the year to 5 April 2020 will be published in Q4 2020.

2 Investment options

"Default arrangements"

The Plan's default arrangement is designed for members who join the Plan and who do not choose an investment option. The Trustees are responsible for the governance of the default arrangement which includes setting and monitoring its investment strategy.

The Trustees 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.

The main objective of the default arrangement is to provide good member outcomes at retirement.

The Trustees believe that it is in the best interests of the majority of members to offer a default which:

- Manages the principal investment risks members' face during their membership of the Plan;
- Give good member outcomes at retirement by maximising investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices; and
- Reflects members' likely benefit choices at retirement.

The SIP for the default arrangement is appended to this Statement. Please note that the SIP covers all the Plan's investments – the principles guiding the design of the default arrangement are set out on pages 3 to 4.

The Trustees believe that the default arrangement is appropriate for the majority of the Plan's members because:

- The majority of the Plan's members are expected to have broadly similar investment needs.
- The Trustees chose a lifestyle strategy targeting income drawdown at retirement as it is considered to be appropriate for the majority of members who are unsure what combination of retirement benefits they might take and at different points in time;

- The Trustees have taken into account the age and salary profile of members, the likely size of pension pots at retirement and the level of income that members are likely to need at retirement when designing the default option; and
- The default arrangement is compliant with relevant legislation, regulation and the Trust Deed.

The Trustees 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.

No full review of the performance and suitability of the default arrangement was due to be undertaken during the year. The last full review was completed on 19 January 2018. The next full review is intended to take place by 19 January 2021 or immediately following any significant change in investment policy or the Plan's member profile.

On 14 November 2018 the Trustees reviewed the underlying funds of the VGRP Diversified Growth Fund. The following changes were made as a result of the review:

- The underlying allocation of the VGRP Diversified Growth Fund was updated from being 50% invested in the Insights Broad Opportunity Fund and 50% invested in the Newton Real Return Fund to 50% invested in the Insights Broad Opportunity Fund and 50% invested in the Baillie Gifford Multi Asset Fund. The VGRP Diversified Growth Fund is included in the Plan's default lifestyle strategy and is also a self-select option.

These changes were implemented on 1 May 2019 and were made because:

- The new underlying allocation of the VGRP Diversified Growth Fund should meet the objectives set by the Trustee more effectively than the old allocation; and
- The Trustee believes that this change will provide higher expected returns from the VGRP Diversified Growth Fund over the longer term.

The Trustees undertook a high-level annual review of the default arrangement on 22 November 2019 and did not find any issues requiring attention. Following the formalising of the Trustees investment beliefs, a decision was taken to implement an ESG based fund into the investment strategy. The Trustees have taken an action to implement an allocation to such a fund into the VGRP Equity Fund.

Other investment options

The Trustees 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 self-select funds. The main objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to be more closely involved in choosing where their pension pot is invested;
- Complement the objectives of the default arrangement;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches including responsible investing;
- Help members more closely tailor how their pension pot is invested to their personal needs and attitude to risk;
- Help members more closely tailor how their pension pot is invested to reflect the benefits they intend to take at retirement.

The Trustees carry out an in-depth review of the performance and suitability of these other investment options at least every 3 years. The last full review was completed on 19 January 2018.

In keeping with the Pensions Regulator's guidance, the Trustees also carry out an annual high-level review of the performance and suitability of these other investment options. There were no issues with these investment options last year.

3 Costs and charges

The charges and costs borne by members and the Company for the Plan's services are:

Service	By members	Shared	By the Company
Investment management	✓		
Investment transactions	✓		
Member Administration	✓*		
Governance			✓
Communications		✓	

*Administration costs relating to the running of the Plan, such as those relating to Plan accounting, are paid by the Company.

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.

Charges

The charges quoted in this Statement are the 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.

Transaction costs

The funds' transaction costs 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 time to time when buying or selling units in the provider's funds caused by 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 have been supplied by the Plan's provider, Aegon. It was not possible to obtain the transaction costs for the BlackRock Russell World Equity Fund for the year to 5 April 2020. However, the Trustees have been provided with the transaction costs for this Fund for the year to 31 December 2019.

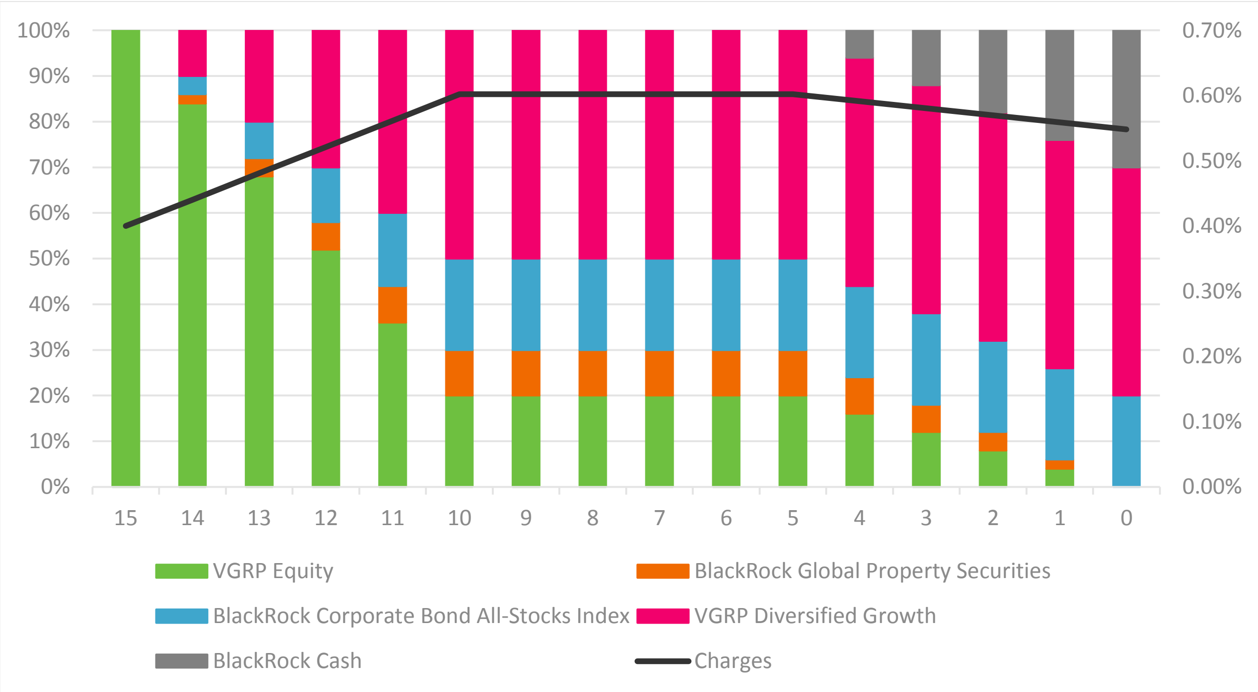
Default arrangements

The default arrangement is a lifestyle strategy which invests contributions in funds according to how far each member is from retirement. 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 charges and transaction costs

a) Default Arrangement (post 1 May 2019)

The glide path for the default arrangement in place from 1 May 2019 (after the underlying allocation of the VGRP Diversified Growth fund was changed) is depicted below:



During the period from 1 May 2019 to 5 April 2020 the member-borne charges for the default arrangement were in a range from 0.40% to 0.60% of the amount invested or, put another way, in a range from £4.00 to £6.00 per £1,000 invested.

The transaction costs borne by members in the default arrangement during the year were in a range from 0.040% to 0.282% of the amount invested or, put another way, in a range from £0.40 to £2.82 per £1,000 invested.

For the period from 1 May 2019 to 5 April 2020, the annualised charges and transaction costs are:

Period to retirement	Charge		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
15+ years (when charges are at their lowest)	0.40%	£4.00	0.04%	£0.40
12 years	0.52%	£5.20	0.19%	£1.90
10-5 years (when charges are at their highest)	0.60%	£6.00	0.28%	£2.80
3 years	0.58%	£5.80	0.27%	£2.70
At retirement	0.55%	£5.50	0.26%	£2.60

Source: Aegon

The average charge for the default arrangement over a 40-year saving period was 0.46% of the amount invested or, put another way, £4.60 per £1,000 invested.

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

The table in Appendix 2a gives the charges and transaction costs for each fund used by the default arrangement and the underlying funds.

b) Default Arrangement (pre 1 May 2019)

The glide path for the default arrangement in place prior to May 2019 (before the underlying allocation of the VGRP Diversified Growth fund was changed) is the same as the glidepath post 1 May 2019. However, as one of the underlying funds within the VGRP Diversified Growth Fund was replaced at this time, the charges pre 1 May 2019 differ to those shown above.

During the period from 6 April 2019 to 1 May 2019 the member-borne charges for the default arrangement were in a range from 0.40% to 0.68% of the amount invested or, put another way, in a range from £4.00 to £6.80 per £1,000 invested.

The transaction costs borne by members in the default arrangement during the period from 6 April 2019 to 1 May 2019 were in a range from 0.04% to 0.13% of the amount invested or, put another way, in a range from £0.40 to £1.30 per £1,000 invested.

For the period from 6 April 2019 to 1 May 2019, the annualised charges and transaction costs are:

Period to retirement	Charge		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
15+ years (when charges are at their lowest)	0.40%	£4.00	0.04%	£0.40
12 years	0.57%	£5.70	0.10%	£1.00
10-5 years (when charges are at their highest)	0.68%	£6.80	0.13%	£1.30
3 years	0.66%	£6.60	0.12%	£1.20
At retirement	0.63%	£6.30	0.11%	£1.10

Source: Aegon

The average charge for the default arrangement over a 40-year saving period was 0.49% of the amount invested or, put another way, £4.90 per £1,000 invested.

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

The table in Appendix 2b gives the charges and transaction costs for each fund used by the default arrangement and the underlying funds.

The following investment options (c, d, e) are for regulatory purposes also considered to be "default arrangements" for some members:

- **During the investment transition in July 2018, members who had previously been invested in the BlackRock DC Aquila 30:70 Global Equity Fund and the LGIM Pre Retirement Fund were transferred to the VGRP Equity Fund and the BlackRock Corporate Bond All Stocks Index Fund respectively.**
- **Due to the coronavirus pandemic the BlackRock DC Property fund was temporarily suspended from 18 March 2020. Contributions received from members previously invested in this fund were redirected to the BlackRock DC Cash Fund. This fund is used for self-select purposes only and is not used within the default arrangement.**

The above are reported as inadvertent defaults for the purpose of this Statement, and further information on the costs and charges for these funds can be found in the Appendices.

c) VGRP Equity Fund – Inadvertent default

During the year covered by this Statement the member-borne charges for the VGRP Equity Fund were 0.40% of the amount invested or, put another way, £4.00 per £1,000 invested.

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

d) BlackRock Corporate Bond All Stocks Index Fund – Inadvertent default

During the year covered by this Statement the member-borne charges for the BlackRock Corporate Bond All Stocks Index Fund were 0.27% of the amount invested or, put another way, £2.70 per £1,000 invested.

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

e) BlackRock DC Cash Fund – Inadvertent default post March 2020

During the year covered by this Statement the member-borne charges for the BlackRock DC Cash Fund were 0.18% of the amount invested or, put another way, £1.80 per £1,000 invested.

The Plan is a qualifying scheme for auto-enrolment purposes and the member borne charges for the default arrangement complied with the 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 12 self-select funds.

Self-select funds

During the year the charges for the self-select funds were in a range from 0.18%% to 0.88% (0.18% to 1.04% before 1 May 2019) of the amount invested or, put another way, in a range from £1.80 to £8.80 per £1,000 invested (£1.90 to £10.40 before 1 May 2019).

The transaction costs borne by members in the self-select funds during the year were in a range from -0.064% to 0.706% of the amount invested or, put another way, in a range from -£0.64 to £7.06 per £1,000 invested.

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
VGRP Equity	0.40%	£4.00	0.040%	£0.40
BlackRock 50/50 Global Equity Index	0.26%	£2.60	0.024%	£0.24
VGRP Diversified Growth	Post 1 May 2019: 0.88% Pre May 2019: 1.04%	Post 1 May 2019: £8.80 Pre 1 May 2019: £10.40	Post 1 May 2019: 0.504% Pre May 2019: 0.203%	Post 1 May 2019: £5.04 Pre May 2019: £2.03
BlackRock Corporate Bond All Stocks Ind	0.27%	£2.70	0.043%	£0.43
BlackRock Over 15 Years Gilts Index	0.26%	£2.60	0.013%	£0.13
BlackRock Over 5 Years Index-Linked Gilt Index	0.26%	£2.60	0.022%	£0.22
BlackRock DC Cash	0.18%	£1.80	0.011%	£0.11
BlackRock Emerging Markets	0.41%	£4.10	0.706%	£7.06
BlackRock LGIM Ethical Global Equity Index	0.50%	£5.00	0.004%	£0.04
BlackRock Russell World Equity	0.98%	£9.80	0.393%	£3.93
BlackRock Property	0.90%	£9.00	-0.064%	-£0.64
BlackRock Standard Life Corporate Bond	0.52%	£5.20	0.031%	£0.31

Source: Aegon

*Transaction costs are provided for the year ending 31 March 2020, apart from the BlackRock Russell World Equity Fund which is provided for the year ending 31 December 2019.

The table in Appendix 2c gives the charges and transaction costs for each self-select fund.

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

The Trustees have asked the Plan's investment adviser to illustrate the impact over time of the costs and charges borne by members.

These illustrations show projected fund values in today's money before and after costs and charges for typical members at stages from joining the Plan at age 24 up to retirement.

The tables in Appendix 3 to this Statement show these figures for the default arrangement as well as a selection of self-select funds with differing levels of investment risk, together with a note of the assumptions used in calculating these illustrations.

The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.

As an example, for a member who joined the default arrangement at age 24 with a member contribution of 4% and an employer contribution of 5%, the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today's money from £358,476 to £307,995.

Notes on illustrations

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

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

4 Value for Members

Plan members pay for investment management and member administration fees and contribute towards communication costs for Aegon services through the Annual Management Charges deducted from their accounts. In addition, members may be required to contribute to the optional annuity broking service provided through Hub Financial Solutions. Members benefit substantially from the additional services to the Plan paid for by the Company which includes communications and an independent Chair of Trustees, together with professional advisory support in the form of investment and governance consultants and Plan secretary.

Each year the Trustees 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 – the Trustees also consider the quality of the services which members pay for. With the help of their advisers the Trustees compare the charges and costs as well as the quality of the services against other similar schemes.

The Trustees adopted the following approach to assessing Value for Members during the last year:

1. Considered the Plan's features in four areas: Investment, Administration, Communications, and Plan management and governance. The Trustees consider that an additional category of Retirement Support should also be considered given the Plan's member characteristics.

2. Considered the Plan's membership characteristics and weighted each of the areas according to its likely impact on member outcomes.

3. Gathered information and evaluated how the services perform against the agreed metrics, taking into account cost, quality and scope of provision against any available external benchmarking assessment.

4. Agreed an action plan with clear timescales where the Trustees believe the Plan is not providing value for members, is missing information, or areas which should be improved.

Overall, the Plan has been assessed as offering **Good** value for members in the year ending 5 April 2020.

Category & Weighting %	Overall category rating	Key rationale
Investment 40%	GOOD	The Plan provides members with suitable investment options that offer the potential for performance growth whilst minimising the charges incurred. A high level review of the default investment strategy was completed on 20 November 2019. Following this review, the Trustees have decided to implement an ESG based fund into the default investment strategy during the next Plan year. The default arrangement (a lifestyle option targeting income drawdown) is under the 0.75% p.a. charge cap requirement and has a charge that moves from 0.40% (during the growth phase), 0.60% (during the consolidation phase) to 0.55% (at the end of the de-risking phase). Over a 40-year saving period the average charge is therefore 0.46%. The Trustees note that this is on the high side in comparison to the DWP pensions survey average charge of 0.37% p.a. for a trust based qualifying scheme with more than 1,000

		members (the Plan has c1,200 members). The additional cost is partly due to the use of actively managed funds within the default strategy which are expected to give better outcomes for members. The transaction costs for the default arrangement were in a range from 0.040% p.a. to 0.282% p.a, considered over an annual period. The Trustees also provide 12 funds for the membership to self-select including an ethical fund. The Trustees consider that this is a suitable range of self-select funds given membership characteristics, and this compares well to the Hymans client average of 11 funds. The total charges for the self-select fund range from 0.18% to 0.88% which is comparable to the Hymans client average of 0.11% to 0.72%. Performance for most funds remains in line with respective benchmarks (after fees). The Trustees and its DC investment advisor continue to monitor charges and receives quarterly detailed investment reports.
Communications 20%	GOOD	Plan members benefit from standard communications, such as Statutory Money Purchase Illustration statements and relevant communications at appropriate points in their pension lifecycle, issued by Aegon as the Plan administrator, and additionally from communications commissioned separately from the Trustees. These include two newsletters per year which keep the membership informed of latest developments in the Plan and wider pensions market. Members also have access to supported retirement services to supplement the service offered through Aegon's TargetPlan website. Online engagement has improved throughout the last 12 months with around 38% of members registered as at 31 March 2020 and over 500 visits to the website.
Administration 20%	GOOD	The Trustees are confident that there is efficient processing of core financial transactions, good record keeping and the Plan provides suitable quality administration support at an appropriate cost. The administrator attends three Trustee meetings a year, reporting on the previous quarter's administration performance, which demonstrate that Aegon are materially adhering to contractual Service Level Agreements around service standards on key administration, claims quotations and settlement processes. Over the year Service Level Agreement performance has been 93%, which is a slight decline compared to the previous year. There were no data protection breaches and member complaints remain very low.
Retirement Support 20%	EXCELLENT	Plan members receive excellent support during retirement. Not only do members have access to the Aegon modelling tools and standard information, but additionally benefit from the annuity service provided by Hub Financial Solutions and guidance service

		provided by Wealth at Work. Plan members have the option to access Uncrystallised Funds Pension Lump Sum payments in the run-up to fully vesting their benefits, giving the Plan members greater flexibility than is seen in many trust-based arrangements of similar size.

Overall Value for Money

The Trustees have also carried out an assessment of the Overall Value for Money offered by the Plan in accordance with good practice in the Pensions Regulator's 2016 DC Code of Practice. It believes the Plan offers overall **Good** value for money.

Key actions to enhance value for members

To improve value for members during the next 12 months the Trustees will:

- Work with Aegon to widen underlying fund managers reporting on Responsible Investing and how the managers vote at shareholder meetings;
- Consider further how to embed ESG considerations into the Plan's investment strategy, following the review in late 2019 which established the Trustees' approach and policy on ESG Governance issues;
- Complete their first Implementation Statement describing how they have followed the policies in the Plan's SIP; and
- Continue to regularly review funds and monitor performance.

5 Administration

The Trustees appointed Aegon UK to administer the Plan on their behalf.

The Trustees monitored core financial transactions during the year including:

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).

The Trustees have a service level agreement in place with Aegon which covers the accuracy and timeliness of all core financial transactions such as:

Provision of retirement pack and quotation of benefits within 5 working days

Provision of illustrations within 5 working days;

Payment of transfer values within 5 working days;

Provision of leaver option pack within 8 working days;

Processing individuals transferring in to the Plan within 5 working days;

Response to member enquiries within 3 working days;

Provisions of statements upon request within 5 working days; and

Processing of investment switches within 24 hours.

The Plan's administrator, Aegon, aims to complete over 90% of its administration work and core financial transactions within these service levels.

The Trustees understand that the administrator monitors its performance against these service levels by:

Maintaining compliance with ISAE 3402;

Monitoring daily transactions;

Monitoring daily workflow items; and

Reviewing the level, causes and resolution of complaints.

The Trustees monitored core financial transactions and administration service levels during the year by:

Checking that contributions deducted from members' earnings have been paid promptly to the Plan by the Employers;

Receiving quarterly reports from the administrator on the processing of financial transactions and other administration processes against the agreed service levels;

Considering the reasons for and resolution of any breaches of service standards;

Considering member feedback including any complaints.

The Plan's administrators, Aegon, have confirmed to the Trustees that there are adequate internal controls to ensure that core financial transactions relating to the Plan are processed promptly and accurately.

The Trustees are satisfied that the service standards are competitive because:

The Trustees undertake a high-level review of their advisors once a year and monitor service levels on a quarterly basis taking into account industry norms.

Overall, the Trustees 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; and
- The majority of the wider administration of the Plan achieved the agreed service standards.

The COVID-19 coronavirus pandemic inevitably affected administration of the Plan between March and April 2020. However, despite some initial expected disruption, Aegon achieved Service Level Agreements of 97% in Q1 2020, which was above target.

As a result of COVID-19, the BlackRock DC Property Fund suspended trading on 18 March 2020. This affected a few Plan members who had chosen to self-select into this fund. As a result of the suspension in trading, contributions into this fund were redirected to the BlackRock Cash Fund from 26 March 2020 onwards. This happened for reasons outside of Aegon's control and the Trustees are satisfied that Aegon took reasonable steps to ensure key financial transactions took place and services were restored as soon as possible.

Bulk Transfer of Assets

During the year there was a small-scale transfer between funds affecting a number of members as a result of the following changes to the Plan's investment options:

Changes to the underlying funds of the VGRP Diversified Growth Fund (which is used in the default arrangement and available as a self-select fund) following the review in 2018.

The transition costs were picked up by members as part of the transition and the Trustees expect that these were in line with normal costs for a transition of this size.

The Trustees are satisfied that this bulk transfer was conducted efficiently to mitigate the costs and risks for members as far as practicable.

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 pension arrangements such as ours have seen their benefits reduced as a result of a financial failure of a provider or fund manager.

The Trustees have reviewed the structure of the funds used within the default arrangement and other investment options. The Trustees believe that the current structures are appropriate for members when compared to other possible structures.

The changes made by the Trustees to the investment options in the last year did not materially affect the security of assets.

The Trustees receive a schedule annually from Aegon confirming the security of assets for the individual funds.

6 Trustee knowledge

The Plan's Trustees are required to maintain appropriate levels of knowledge and understanding, in order to run the Plan effectively. Section 247 and 248 of the Pensions Act 2004 requires that each Trustee 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 the Trustees relating to the administration of the Plan generally;

Have, to the degree that is appropriate for the purposes of enabling the individual to properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

The Trustees' current practices to maintain and develop their level of knowledge and understanding of matters relating to the Plan are:

There is an induction process for newly appointed Trustees, who are asked to complete the Pensions Regulator's "Trustee Toolkit" within 4 months of becoming a Trustee;

Trustees are expected to have a working knowledge of the Plan's Trust Deed and Rules, the Plan's SIP as well as the investment concepts and principles relevant to the Plan, contract documents in relation to administration of the Plan and the law and legislation relating to pension schemes and trusts;

Trustees are encouraged to undertake further study and qualifications which support their work as Trustees;

The Trustees have a plan in place for ongoing training appropriate to their duties;

The effectiveness of these practices and the training received are reviewed annually; and

The Trustees also receive quarterly "hot topics" from their adviser covering technical and legislative/regulatory changes affecting defined contribution schemes in general.

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

All the Trustees have access to copies of and are familiar with the current governing documentation for the Plan, including the Trust Deed & Rules (together with any amendments) and Statement of Investment Principles. The Trustees 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 Trustees 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 and the training programme is reviewed annually to ensure it is up to date.

The Trustees test their familiarity with the Plan's documentation, pensions Law/Regulations and the Pensions Regulator's DC Code of Practice 13 and supporting Guides through regular training from the Plan's advisors and an annual DC Code review undertaken during the Plan year.

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

Date	Topic	Aim/benefit	Trainer
22 May 2019	Latest Value for Money and Chair Statement Training	To enhance the Trustees' knowledge of the current requirements that the Chairs Statements and value for members assessment must meet. Benefiting members by ensuring that Trustees understand best practice.	Hymans Robertson
22 May 2019	The Law relating to Trusts	To help the Trustees understand the latest regulations and legislation that apply to the Plan.	Eversheds Sutherland
28 August 2019	Cyber Risk Training	The Trustees are aware of the cyber risks that the Plan may face and can implement suitable policies to mitigate these risks.	Hymans Robertson
28 August 2019	Latest Issues in Governance	The Trustees are aware of any new regulations relating to governance of the Plan.	Hymans Robertson
11 March 2020	DC Code review	The Trustees have enhanced their knowledge of the requirements of the DC Code which will benefit members by ensuring best practice is achieved.	Hymans Robertson

The Trustees have appointed suitably qualified and experienced actuaries, 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.

The Trustees review the effectiveness of its advisers annually and periodically reviews the appointment of its advisers.

The Trustees undertook the following reviews during the last year:

Date	Review of
Ongoing	The effectiveness of the training programme and training for the coming year
28 August 2019	The effectiveness of the Plan's advisors

The Trustees are satisfied that during the last year they have:

a) Taken effective steps to maintain and develop their knowledge and understanding; and

b) Ensured they received suitable advice.

The Trustees are satisfied that the combination of their knowledge and understanding together with access to suitable advice enabled them to properly exercise their duties during period covered by this Statement.

Our plans for the next year

During the last year the Trustees undertook the following (over and above "business as usual") to improve value for members:

Formalised their investment beliefs including ESG considerations and updated the SIP to reflect the September 2018 Regulations on Responsible investment;

Implemented a change to the underlying funds in the VGRP Diversified Growth Fund following the review in 2018;

Carried out a high-level annual review of the Plan's investment options in November 2019;

Completed a Guided Outcomes review, which analysed whether or not active members of the Plan are likely to achieve a target outcome in retirement (based on the Pensions Commission targets), members projected pot sizes at retirement and the current strategy and contribution rates in force;

Worked with the Company to implement a new contribution structure from 1st July 2019;

Executed a consolidated Trust Deed and Rules, which includes up-to-date legislation and the revised contribution structure;

Set objectives for their investment consultants, Hymans Robertson, in line with the requirements from the Competition and Markets Authority;

Regularly reviewed funds fees, suitability and performance through input from the Plan's DC investment advisor; and

Arranged for the publication of this Statement, together with the SIP, at a publicly searchable location on the internet with a note of this location in the annual benefit statements.

In the coming year (which will be covered by the next Statement), the Trustees intend to carry out the following:

Work with Aegon to widen underlying fund managers reporting on Responsible Investing and how the managers vote at shareholder meetings;

Consider further how to embed ESG considerations into the Plan's investment strategy following the review in late 2019, which established the Trustees' approach and policy on ESG issues;

Complete their first Implementation Statement describing how they have followed the policies in the Plan's SIP; and

Continue to regularly review funds and monitor performance.

The Trustees believe that this work will help you get the best out of our Plan.

Missing information

The Trustees are satisfied that they have obtained the majority of the information required on charges and transaction costs. However, the Trustees note that they have been unable to obtain the transaction cost for the BlackRock Russell World Equity Fund for the year to 5 April 2020. The Trustees requested this information from Aegon who advised that the underlying fund manager only provides transaction costs on a semi-annual basis.

Appendix 1
Statements of Investment Principles

Contents

Introduction

The law requires the Trustees to produce formal "Statements of Investment Principles" for the Plan's default arrangement and its other investment options. These Statements set out what the Trustees aim to achieve with the investment options and their investment policies which guide how members' money is invested.

This document is a compendium of the Statements of Investment Principles for the Volvo Group UK Retirement Plan (the "Plan"). These Statements must cover a number of technical points to comply with legislation as well as meet the expectations of the Pensions Regulator and needs of the Plan's Auditors which, as far as possible, are shown separately in "for the record" boxes.

The Trustees will publish the Statements of Investment Principles, and from 1 October 2020, a report describing how these Statements have been followed in the last year.

Statements of Investment Principles

The Trustees' Statements of Investment Principles contained in this document include the:

1 Statement of the aims and objectives for the default arrangement*;

2 Statement of the aims and objectives for investment options outside the default arrangement*; and

3 Statement of investment beliefs, risks and policies**.

The Statements of Investment Principles for the Plan ** comprises items 1, 2 and 3.

The Statements of Investment Principles for the Plan's default arrangement *** comprises items 1 and 3.

Appendices

A. Investment implementation for the default arrangement;

B. Investment implementation for the investment options outside the default arrangement;

C. Summary of the approach to investment governance; and

D. Summary of the Plan's service providers.

For the record

* In accordance with Regulation 2A(1) of the Occupational Pension Schemes (Investment) Regulations 2005.

** In accordance with Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 as modified by subsequent Regulations and section 35 of the 1995 Act.

*** As required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015

The Trustees have taken proper written advice and consulted the Employer in the preparation of these Statements of Investment Principles.

These Statements will be reviewed at least every three years or more frequently as required by the Regulations.

For and on behalf of the Trustees of the Plan

Name	Signed	Date
NICHOLAS WHEELER	N Wheeler	3 September 2019

July 2019

1 Statement of the aims and objectives for the default arrangement

1.1 Reasons for the Default Arrangement

The Trustees have decided that the Plan should have a default investment arrangement because:

- It should be easy to become a member of the Plan and start building retirement benefits without the need to make any investment decisions; and
- A majority of the Plan's members are expected to have broadly similar investment needs.

1.2 Choosing the default arrangement

The Trustees believe that understanding the Plan's membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.

The Trustees have 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.

1.3 Objectives for the default arrangement

The main objective of the default arrangement is to provide good member outcomes at retirement.

The Trustees believe that it is in the best interests of the majority of members to offer a default which:

- Manages the principal investment risks members' face during their membership of the Plan;
- Give good member outcomes at retirement by maximising investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices; and
- Reflects members' likely benefit choices at retirement.

1.4 The default arrangement

The default arrangement is therefore a lifestyle strategy which:

- Gradually moves investments between different funds to manage the levels of investment returns and principal investment risks at each stage of membership of the Plan; and
- Targets members who are expected to use Flexible Access Income Drawdown during their retirement.

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustees' objectives for the default arrangement. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change are described in Section 3.

Full details of the current default arrangement are given in the document "Investment implementation for the default arrangement".

1.5 Inadvertent Default Arrangement

During the investment transition in July 2018, members who had previously been invested in the BlackRock DC Aquila 30:70 Global Equity Fund and the LGIM Pre Retirement Fund were mapped to the VGRP Equity Fund and the BlackRock Corporate Bond All Stocks Index Fund respectively. These are considered default funds for the members who were mapped into these funds and are reported as "inadvertent default funds" for the Statements of Investment Principles.

The Trustees have considered the members investment choices when mapping these members to similar funds and therefore believe that these funds are most suitable this cohort of the membership. The objective of these funds is to provide a risk and return profile in line with the members' original section.

2 Statement of the aims and objectives for investment options outside the default arrangement

2.1 Reasons for the investment options

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

- While the default arrangement is intended to meet the needs of a majority 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
- Some members will want to be more closely involved in choosing where their contributions are invested.

2.2 Choosing the investment options

Membership analysis

The Trustees believe that understanding the Plan's membership is important to maintaining an appropriate range of investment options and have taken into account a number of aspects including:

- The members' age and salary profile;
- The likely sizes of members' pension pots at retirement;
- Members' retirement dates and likely range of benefit choices at retirement;
- The levels of investment risk and return members may be willing to take;
- The degree to which members are likely to take an interest in where their contributions are invested; and
- The number of members who are likely to want responsible, ethical or faith-based investment.

Costs of investment options

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

2.3 Objectives for the investment options

The Plan offers members a variety of self-select funds to invest in as an alternative to the default arrangement.

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

- Provide a choice of individual funds for members who want to be more closely involved in choosing where their pension pot is invested;
- Complement the objectives of the Default Arrangement;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches including responsible investing, ethical and faith-based funds;
- Help members more closely tailor how their pension pot is invested to their personal needs and attitude to risk;
- Help members more closely tailor how their pension pot is invested to reflect the benefits they intend to take at retirement.

Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

Risk and return

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustees' objectives for these investment options. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change are described in Section 3.

Full details of the current investment options are provided in the documents "Investment implementation for investment options outside the default arrangement" and "Investment implementation for the default arrangement".

3 Statement of investment beliefs, risks and policies

3.1 Introduction

This Statement sets out the investment beliefs and policies which guide the Trustees' decision making.

For the record

This Statement of investment beliefs, risks and policies should be read in conjunction with the Statements of the aims and objectives for both the default arrangement and the investment options outside the default arrangement. Collectively, these respectively form the Statements of Investment Principles for the Plan and the default arrangement.

This Statement of investment beliefs has been prepared in accordance with the Occupational Pension Scheme (Investment) Regulations 2005 as amended by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

3.2 Risks

Principal investment risks

The Trustees believe that the three principal investment risks most members will face are:

1) Inflation risk – investment returns over members' working lives may not keep pace with inflation and, as a result, do not produce adequate retirement benefits.

Further from retirement, this risk should be countered by funds investing in equities and other growth orientated assets which are expected to produce returns well in excess of inflation over the longer term. Approaching retirement, the impact of this risk needs to be balanced against the other main risks members face.

2) Benefit conversion risk – investment conditions just prior to retirement may increase the cost of turning members' fund values into retirement benefits.

For members taking cash at retirement, funds investing in cash deposits and other short-term interest-bearing investments provide a high degree of (but not complete) capital security. Funds investing in a mix of different assets are expected to be broadly suitable for members planning income drawdown during retirement. For members buying an annuity at retirement, the value of funds investing in longer-dated bonds may be expected to broadly follow changes in annuity rates caused by long-term interest rates.

3) Volatility/Market risk – falls in fund values prior to retirement lead to a reduction in retirement benefits.

Funds investing in bonds or a mix of assets or investment techniques intended to manage short-term risks may be expected to be subject to lower levels of short-term fluctuations in values - although there may be occasions when this does not hold good.

Other investment risks

The Trustees believe that other investment risks members may face include:

Active management risk – a fund manager's selection of holdings may not lead to investment returns in line with the fund's objectives and investment markets generally.

Currency risk – changes in exchange rates will impact the values of investments outside the UK when they are being bought or sold.

Interest rate risk – the value of funds which invest in bonds will be affected by changes in interest rates.

Default risk – for bond funds (where money is lent in return for the payment of interest), the company or government borrowing money fails to pay the interest due or repay the loan.

Liquidity risk – funds which invest in assets which cannot be easily bought or sold (such as property) may at times not be able to accept new investments or disinvestments of existing holdings.

Counterparty risk – the financial institutions holding a fund's assets may get into financial difficulties leading to a reduction in a fund's value.

Market risks - Shifts in market sentiment (for example, in response to economic news or geopolitical events) or momentum in general market trading can lead to widespread changes and/or volatility in asset values over the short-term.

This can include short-term changes in the normally expected correlations of the behaviour of risks and returns seen between different asset classes, when standard approaches to mitigating risks such as diversification are temporarily ineffective.

Environmental, Social and Governance (ESG) risks – 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.

Climate risk - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including, but not limited to: policy change, physical impacts and the expected transition to a low-carbon economy.

Managing risks

The Trustees have developed and maintain a framework for assessing the impact of all investment risks on long-term investment returns.

Time horizon

The Trustees monitor the age profile of the Plan's membership to arrive at an appropriate investment horizon when considering all investment risks:

- The Plan is open to new entrants from age 18, by invitation of the employer only;
- As a result, investment risks need to be considered over a multi-decade time horizon.

Principal investment risks

The default lifestyle option manages the three main investment risks as members grow older by automatically switching from funds which are expected to give long-term growth relative to inflation into funds whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement. The self-select fund range provides members with a choice of funds with differing risk and return characteristics.

The Trustees manage the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Plan. The funds used give a good spread of investments which will help manage risks associated with market conditions.

Other investment risks

The Trustees manage the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Plan.

The funds used give a good spread of investments which will help manage risks associated with market conditions, fund manager actions and default. The Trustees believe that the Plan's investment options are appropriate for managing the risks typically faced by members.

At this time, the Trustee has not made explicit allowance for climate change within the development or implementation of its investment strategy. The Trustee do discuss the potential impact of climate risks with its adviser and managers on a periodic basis and will monitor developments in this area.

Financially material considerations

The Trustees recognise that the consideration of financially material considerations, including ESG factors and climate risk, are relevant to the development, selection and monitoring of the Plan's investment options.

Implementation

The Plan uses standard pooled funds offered by investment platform providers and fund managers. This gives access to a range of funds while keeping down costs to members, but means that the Trustees cannot adopt an approach to managing financially material considerations specific to the Plan. The Trustees nevertheless seek to manage financially material considerations to protect long-term returns by:

- Choosing fund managers who have clearly articulated policies for managing financially material considerations including climate change;
- For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations into account when selecting which companies and markets to invest in;
- For passively managed funds, the Trustees recognise that the funds' objectives are to deliver returns in line with its benchmark (which may or may not take into account ESG factors), which the Trustees believe will deliver appropriate risk adjusted returns.
- For all funds, expect fund managers to engage with companies in which the fund invests to encourage business strategies which should improve or protect the value of those investments; and
- Prefer fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.

3.3 Expected returns on investments

The Trustees believe that it is important to balance investment risks with the likely long-term returns from different types of assets used in funds (taking the funds' costs and charges into account).

Asset class	Expected long-term investment returns relative to inflation	Expected shorter- term volatility in fund values
Equities (i.e. company shares)	Strong return relative to inflation	Most volatile in the short-term
Property (e.g. offices, shops and warehouses)	Positive, but lower than equities	Lower than equities
Corporate Bonds (i.e. loan stocks issued by companies)	Positive, but lower than equities and property	Lower than equities or property
Fixed Interest Government Bonds (e.g. UK Gilts)	Positive, but lower than equities, property or corporate bonds	Lower than equities, property or corporate bonds

Index-Linked Government Bonds (e.g. UK Index-Linked Gilts	In line with inflation	Lower than equities, property or corporate bonds
Cash (and other short-term interest-bearing investments)	Return may not keep pace with inflation	Minimal with high degree (but not complete) of capital security

Long-dated Bonds (e.g. UK Gilts and Corporate Bonds with a duration of 15 years or more) – should give fund values which move broadly in line with the financial factors influencing annuity rates.

Multi-asset funds (i.e. investing in a varying mix of asset classes) - should deliver positive returns relative to inflation over the longer-term, with lower short-term volatility than equities.

3.4 Investment beliefs

The Trustees' investment decisions are made in the context of their investment beliefs that:

- The Plan and its liabilities are long-term in nature and the Trustees support long term investing particularly in equities as a means of enhancing returns.
- Diversification between asset classes and regions is expected to provide greater stability to investment returns whilst diversification over many different managers needs to be balanced against the Plan's governance budget.
- Investment costs reduce the value of members' assets but lower cost does not necessarily mean better outcomes will be achieved. Returns net of fees and costs are more important than the absolute level of fees although investment managers' fees should be transparent and reviewed regularly.
- Active management can add value although the performance of active managers should be measured over a sufficiently long investment horizon.
- Fund monitoring should take into account more than just performance and volatility statistics. Performance will be monitored noting that in the context of investment markets that long term means 5 years or more.
- Members will generally be rewarded in the long term by taking investment risk and members should be able to tolerate higher volatility in exchange for higher expected investment returns when they are further from retirement.
- There should be a gradual change in the investment strategy to reduce volatility and preserve capital as a member draws near retirement.
- Most members are expected to want to drawdown their retirement pot over time rather than take it all as cash or buy an annuity. Therefore, a certain, but lower, level of investment return (and hence investment risk) should be maintained in the run up to a member's selected retirement age.
- The Trustees should support members who wish to select their own investments by providing a limited self-select fund range which consider both ethical and religious views.
- Whilst ESG is important, the Trustees will still put more weight on financial considerations than non-financial considerations when determining the strategic and implementation options for DC members.
- The Trustees expect the investment managers to embed non-financial considerations into its investment process on their behalf. Environmental, Social and Governance factors can pose financially material risks and it is incumbent on investment managers, where they have the discretion to do so, to ensure that such risks are reflected in decision making.

- Effective stewardship through informed voting and engagement can positively influence corporate behaviours and success is most likely to be achieved through greater collaboration rather than disinvestment. Disinvestment would be the secondary option, should engagement prove ineffective.
- Decision making can be improved through the greater disclosure of information and the Plan should both support and demonstrate high standards of disclosure.

3.5 Types of funds used

Delegation of investment decisions

The Plan uses funds provided through an investment platform. This investment platform in turn invest its funds in funds provided by 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. It does mean that the Trustees have delegated day to day investment decisions including the management of financially material considerations to the fund managers.

Security of assets

The funds are provided through a policy of insurance issued to the Trustees by the platform provider. As a result, 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 reassurance agreements/unit purchase agreements/segregated investment mandates. In the event of a fund manager getting into financial difficulties, 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.

Additionally, the Trustees receive a schedule confirming the security of assets for individual funds.

Realisation of investments

The Trustees expect that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in property) in some market conditions to protect the interests of all investors in that fund.

Nevertheless, the Trustees recognise that most members' pension pots have a long investment timeframe, during which assets which are 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

Overall, the Trustees believe that the Plan's investment options:

- Provide a balance of investments; and
- Are appropriate for managing the risks typically faced by members.

3.6 Stewardship

The Trustees recognise that stewardship encompasses the exercise of voting rights, engagement by and with investment platform and fund managers and the monitoring of compliance with agreed policies.

Members' financial interests

The Trustees expect that the investment platform provider and fund managers will have the members' financial interests as their first priority when choosing investments.

Voting and engagement

The Trustees believe that engagement with the companies in which the Plan invests, including the proactive use of shareholder voting rights, can improve the longer-term returns on the Plan's investments.

The Plan invests via an investment platform provider, who in turn invest in funds which are pooled with other investors to keep costs down and ensure adequate diversification. As a result, the Trustees have adopted a policy of delegating voting decisions on stocks to the underlying fund 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.

Where appropriate, the Trustees will engage with and may seek further information from the investment platform provider and fund managers on how portfolios may be affected by a particular issue.

The Trustees do not engage directly but believe it is sometimes appropriate for the fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee aim to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

The Trustees expect the investment platform provider to adopt similar practices with regards to the inclusion and ongoing oversight of fund managers on their platform. The Trustees also expect the platform provider to be able to evidence their own governance practices on request.

Monitoring

The Trustees request reports from the investment platform provider on the fund managers voting activity on a periodic basis.

The Trustees review the fund managers' voting activity on an periodic basis in conjunction with their investment adviser and use this information as a basis for discussion with the investment platform provider and fund managers. Where the Trustees deem it appropriate, any issues of concern will be raised with the manager for further explanation.

3.7 Non-financial factors

The Trustees recognise that a number of members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

The Trustees note that a large majority of members have not made active investment choices and so the Trustees believe that most members are unlikely to have strong views on where their savings are invested. The Trustees have therefore decided that it would not be worthwhile surveying members' views on non-financial factors relating to the Plan's investments. The Trustees will instead take into account what, in their reasonable opinion, members' views of non-financial factors are likely to be.

The Plan offers an ethical fund for members who are likely to hold stronger views in these areas than the majority of members.

The Trustees note that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Plan's investment objectives.

For the record

The Trustees obtain and consider proper advice from suitably experienced and qualified persons when choosing investments and preparing the Statements of Investment Principles.

Funds are chosen by the Trustees to give an expected level of return with an appropriate level of investment risk which meets the objectives of each default arrangement and other investment options.

The funds used at each stage of the default arrangement are intended to deliver good member outcomes at retirement from an appropriate balance of investment growth relative to inflation and the then pertinent investment risks.

The investment platform uses a life insurance company based legal vehicle for its funds. The fund managers used by the platform use a variety of different legal vehicles for their funds. The funds may invest in quoted and unquoted securities traded in regulated UK and overseas markets:

- Equities (company shares);
- Fixed interest and index-linked bonds issued by governments and companies;
- Cash and other short-term interest bearing deposits;
- Commercial and residential property;
- Illiquid assets including infrastructure, forestry, private equity and private debt;
- Commodities through collective investment vehicles; and
- Derivatives to facilitate changes in where funds are invested or to help control investment risks.

Funds provided through a life insurance company must comply with the Financial Conduct Authority ("FCA") "Permitted Links" rules, which place limits on the degree of leverage a fund can use. Fund managers using other fund vehicles subject to the European "UCITS IV" and the FCA's 'Non-UCITS' regulations have to meet requirements on the security and concentrations of assets. Exchange Traded Funds may be used directly or indirectly to gain access to less easily traded and illiquid asset classes.

Subject to the funds' benchmarks and guidelines, the fund managers are given full discretion over the choice of securities and, for multi-asset funds, choice of asset classes. Fund managers are expected to maintain well-diversified and suitably liquid portfolios of investments.

The Trustees consider that these types of investments are suitable for the Plan. The Trustees are satisfied that the funds used by the Plan provide adequate diversification both within and across different asset classes.

Appendix A

Investment implementation for the default arrangement

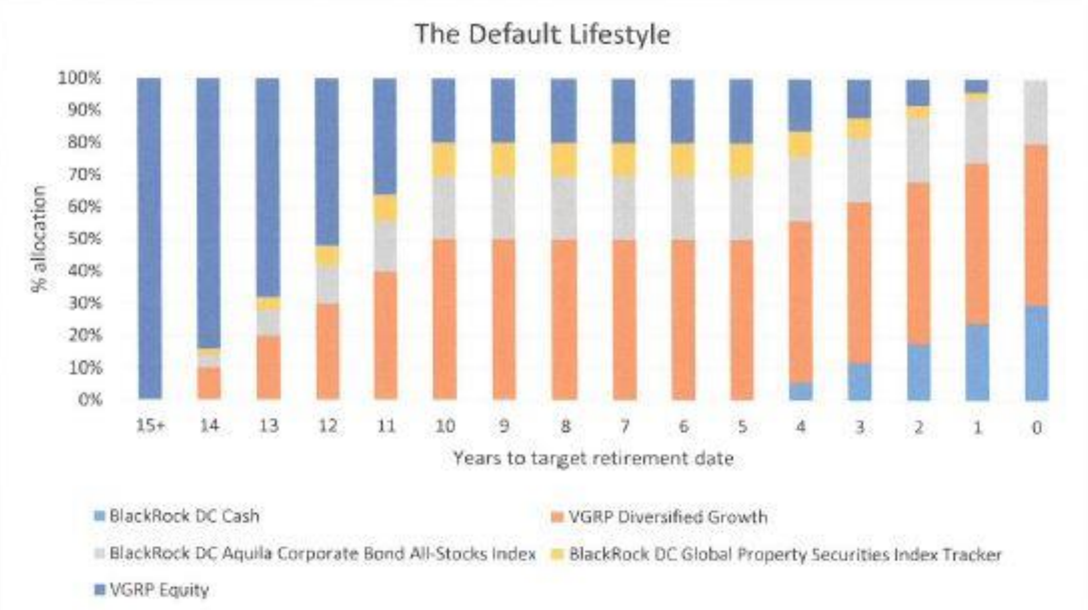
Default arrangement

The default arrangement is a lifestyle strategy which targets income drawdown at retirement.

Members are invested in funds expected to give higher returns relative to inflation up to 15 years before their target retirement date.

Members are gradually switched into funds which are expected to give good returns relative to inflation while consolidating past investment gains between 15 and 5 years before their target retirement date.

Finally, members are automatically switched into funds aligned to their expected benefit choices at retirement during the last 5 years up to their target retirement date.



Fund allocation

The allocation to each fund in the default arrangement at yearly intervals up to a member's target retirement date is:

Years to retirement	VGRP Equity %	Aegon BlackRock Global Property Securities (BLK) %	Aegon BlackRock Corporate Bond All-Stocks Index (BLK) %	VGRP Diversified Growth %	Aegon BlackRock Cash (BLK) %
15	100	0	0	0	0

14	84	2	4	10	0
13	68	4	8	20	0
12	52	6	12	30	0
11	36	8	16	40	0
10	20	10	20	50	0
9	20	10	20	50	0
8	20	10	20	50	0
7	20	10	20	50	0
6	20	10	20	50	0
5	20	10	20	50	0
4	16	8	20	50	6
3	12	6	20	50	12
2	8	4	20	50	18
1	4	2	20	50	24
0	0	0	20	50	30

Rebalancing between these funds takes place on a quarterly basis. "Reverse switching" in the event of marked relative movements between funds causing an overshoot of the target asset allocation is not undertaken.

Funds and charges

The funds used by the default arrangement and their charges (expressed as a percentage annual management charge ("AMC") and Total Expense Ratio ("TER") as at 1 May 2019 are:

Platform Fund	Underlying fund	AMC %	TER %
VGRP Equity	BlackRock DC World Multifactor Equity Tracker Fund	0.35	0.40
BlackRock DC Global Property Securities (BLK)	N/A	0.90	0.92
BlackRock DC Aquila Corporate Bond All-Stocks Index (BLK)	N/A	0.25	0.27
VGRP Diversified Growth	50% - Insights Broad Opportunities Fund 50% - Baillie Gifford Multi Asset Growth Fund	0.72	0.86
BlackRock DC Cash (BLK)	N/A	0.15	0.18

Members in the default option will see TERs range from 0.40% to 0.66%.

Inadvertent Default Funds

Two additional funds are considered to be "default arrangements" for some members. During the investment transition in July 2018, members who had previously been invested in the BlackRock DC Aquila 30:70 Global Equity Fund and the LGIM Pre Retirement Fund were mapped to the VGRP Equity Fund and the BlackRock Corporate Bond All Stocks Index Fund respectively.

These are considered defaults for the members who were mapped into these funds and are reported as inadvertent defaults for the Statements of Investment Principles.

The funds are not lifestyle funds and members are fully invested in them until retirement unless they switch their funds elsewhere.

The funds used by the inadvertent default arrangements and their charges (expressed as a percentage annual management charge ("AMC") and Total Expense Ratio ("TER") as at 1 May 2019 are:

Platform Fund	Underlying fund	AMC %	TER %
VGRP Equity	BlackRock DC World Multifactor Equity Tracker Fund	0.35	0.40
BlackRock DC Aquila Corporate Bond All-Stocks Index (BLK)	N/A	0.25	0.27

Investment costs

Fund charges

The investment platform provider's and fund managers' charges for the investment options are borne by the members.

The Plan is a "qualifying scheme" for auto-enrolment purposes, which means that the Default Option and inadvertent default funds are subject to the charge cap introduced by the government from April 2015.

Transaction costs

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds' unit prices and members' fund values.

Review

The default option was reviewed in early 2018 and the present default option was introduced in July 2018. A high level review will be undertaken each year with a more detailed review every 3 years (next detailed review in 2021).

Appendix B
Investment implementation for investment options outside the default arrangement

Self-select fund range

The Plan offers members a choice of self-select funds options as an alternative to the default option.

Fund range

The choice of self-select funds and their charges (expressed as a percentage annual management charge ("AMC") and Total Expense Ratio ("TER")) as at 1 May 2019 are:

Platform Fund	Underlying fund	AMC %	TER %
VGRP Equity	BlackRock DC World Multifactor Equity Tracker Fund	0.35	0.40
BlackRock 50/50 Global Equity Index	N/A	0.25	0.26
VGRP Diversified Growth	50% - Insights Broad Opportunities Fund 50% - Baillie Gifford Multi Asset Growth Fund	0.72	0.86
BlackRock Corporate Bond All Stocks Index	N/A	0.25	0.27
BlackRock Over 15 Years Gilt Index	N/A	0.25	0.27
BlackRock Over 5 Years Index-Linked Gilt Index	N/A	0.25	0.26
BlackRock Cash	N/A	0.15	0.18
BlackRock Emerging Markets	N/A	0.35	0.41
BlackRock LGIM Ethical Global Equity Index	N/A	0.50	0.50
BlackRock Russel World Equity	N/A	0.90	0.99
BlackRock Property	N/A	0.90	0.92
BlackRock Standard Life Corporate Bond	N/A	0.50	0.51

Investment costs

The investment platform provider's and fund managers' charges for the investment options are borne by the members.

Transaction costs arise when the fund managers buy and sell the assets held by each fund. Costs may also be incurred when units in the funds are bought and sold. These costs are taken into account when calculating the funds' unit prices and members' fund values and are borne by members.

Review

The current self-select fund range was reviewed in early 2018 and the revised options were introduced in July 2018. A high level review will be undertaken each year with a more detailed review every 3 years (next detailed review in 2021).

Additional Voluntary Contributions

For the Additional Voluntary Contribution (AVC) section members may make AVCs to the same fund options as for their DC Plan contributions. The funds are listed above.

Appendix C
Summary of the approach to investment governance

For the record
The Trustees' approach to investment governance complies with the provisions of the Plan's Trust Deed and Rules as well as legislative requirements.

The Plan's investment governance is also intended to meet the expectations set out in the Pensions Regulator's 2016 Code of Practice 13.

Exercising the Trustees' Powers

The Trustees will always act in the best interests of the members.

The Trustees have delegated day-to-day work on the Plan's administration and investments. The current service providers to the Plan together with how they are paid is set out in Appendix D.

Conflicts of interest

In the event of a conflict of interests, the Trustees will ensure that contributions are invested in the sole interests of members and beneficiaries.

Monitoring

The Trustees regularly monitor and review:

Investment Performance - The performance of the funds in which the Plan invests against both the funds' stated performance objectives and the investment objectives of the Plan.

Value for members - The member borne charges for the default option against the charge cap for auto-enrolment purposes and the funds' charges and transaction costs to ensure that they represent value for members.

Suitability - The suitability of the default option and investment options outside the default arrangement at least every three years and without delay after any significant change in investment policy or the demographic profile of the Plan's membership.

The Statements of Investment Principles - at least every three years and without delay after any significant change in investment policy or the demographic profile of the Plan's membership. The Trustees will consult the Employer on any changes.

Compliance with Statements of Investment Principles
The Trustees will monitor compliance with the Statements of Investment Principles annually and publish a report to members with effect from the Plan year ending after 1 October 2020.

Investment process - The processes for investing contributions and taking money from the investment options to pay benefits to ensure that they are carried out promptly and accurately.

Security of assets - The security of funds' assets when choosing a fund provider/manager and thereafter.

Reporting

The Trustees arrange for the preparation of:

- The Plan's audited Annual Report and Accounts (which includes the Annual Governance Statement);

- The Annual Governance Statement by the Chair of Trustees describing the Plan's investment costs, value for members and governance during the previous year;
- Publication of an extract from the Annual Governance Statement by the Chair of Trustees in a publicly searchable location on-line.
- An annual return to the Pensions Regulator.

Appendix D

Summary of the Plan's service providers.

The Plan's current service providers and their basis of remuneration are as follows:

Service	Provider	Remuneration basis
Investment platform provider	Aegon	Percentage of fund value included within funds' Total Expense Ratios
Fund managers	Blackrock Life Limited Insight Investment Baillie Gifford Investment Management	Percentage of fund value included within funds' Total Expense Ratios
Custodians	Selected by the fund managers.	Percentage of fund value included within funds' Total Expense Ratios
Pension administrator	Aegon	Percentage of fund value included within funds' Total Expense Ratios
Auditor	RSM UK Audit LLP	Fixed fee
Investment Consultant	Hymans Robertson LLP	Fixed fee with additional projects at time cost
Legal advisers	Eversheds Sutherland LLP	Agreed ad hoc based on each project

Appendix 2

Table of funds and charges

2a Default arrangement (post 1 May 2019)

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

Fund	ISIN *	Charges **		Underlying Fund	ISIN *	Transaction costs****	
		% p.a. of the amount invested	£ p.a. per £1,000 invested			% p.a. of the amount invested	£ p.a. per £1,000 invested
BlackRock DC Cash	GB00B39WFM42	0.18%	£1.80	N/A		0.011%	£0.11
BlackRock Corporate Bond All Stocks Index	GB00B6179717	0.27%	£2.70	N/A		0.043%	£0.43
VGRP Equity	GB00BFK3L443	0.40%	£4.00	BlackRock DC World Multifactor Equity Tracker Fund	GB00BFK3L229	0.040%	£0.40
VGRP Diversified Growth	GB00B63R3R72	0.88%	£8.80	50% - Insights Broad Opportunities Fund 50% - Baillie Gifford Multi Asset Growth Fund	GB00BG498665 GB00BY9C8991	0.504%	£5.04
BlackRock DC Global Property Securities Index Tracker	GB00BD30N754	0.28%	£2.80	N/A		0.140%	£1.40

Source: Aegon

2b Default arrangement (prior to 1 May 2019)

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

Fund	ISIN *	Charges **		Underlying Fund	ISIN *	Transaction costs****	
		% p.a. of the amount invested	£ p.a. per £1,000 invested			% p.a. of the amount invested	£ p.a. per £1,000 invested
BlackRock DC Cash	GB00B39WFM42	0.18%	£1.80	N/A		0.011%	£0.11
BlackRock Corporate Bond All Stocks Index	GB00B6179717	0.27%	£2.70	N/A		0.043%	£0.43
VGRP Equity	GB00BFK3L443	0.40%	£4.00	BlackRock DC World Multifactor Equity Tracker Fund	GB00BFK3L229	0.040%	£0.40
VGRP Diversified Growth	GB00B63R3R72	1.04%	£10.40	50% - Insights Broad Opportunities Fund 50% - Newton Real Return Fund	GB00BG498665 GB00B4NLZT18	0.2034%	£2.03
BlackRock DC Global Property Securities Index Tracker	GB00BD30N754	0.28%	£2.80	N/A		0.140%	£1.40

Source: Aegon

2c Self-select funds outside the default arrangement

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year for the self-select funds were:

Fund	ISIN *	Charges **		Underlying Fund	ISIN *	Transaction costs****	
		% p.a. of the amount invested	£ p.a. per £1,000 invested			% p.a. of the amount invested	£ p.a. per £1,000 invested
VGRP Equity	GB00BFK3L443	0.40%	£4.00	BlackRock DC World Multifactor Equity Tracker Fund	GB00BFK3L229	0.040%	£0.40
BlackRock 50/50 Global Equity Index	GB00B4MMZK66	0.26%	£2.60	N/A		0.024%	£0.24
VGRP Diversified Growth[1]	GB00B63R3R72	Post 1 May 2019: 0.88% Prior to May 12019: 1.04%	Post 1 May 2019: £8.80 Prior to 1 May 2019: £10.40	50% - Insights Broad Opportunities Fund 50% - Baillie Gifford Multi Asset Growth Fund	GB00BG498665 GB00BY9C8991	Post 1 May 2019: 0.504% Prior to 1 May 2019: 0.203%	Post 1 May 2019: £5.04 Prior to 1 May 2019: £2.03
BlackRock Corporate Bond All Stocks Ind	GB00B6179717	0.27%	£2.70	N/A		0.043%	£0.43
BlackRock Over 15 Years Gilts Index	GB00B4JPX154	0.26%	£2.60	N/A		0.013%	£0.13
BlackRock Over 5 Years Index-Linked Gilt Index	GB00B4KLVJ66	0.26%	£2.60	N/A		0.022%	£0.22
BlackRock DC Cash	GB00B39WFM42	0.18%	£1.80	N/A		0.011%	£0.11
BlackRock Emerging Markets	GB0031369910	0.41%	£4.10	N/A		0.706%	£7.06

BlackRock LGIM Ethical Global Equity Index	GB00B633X971	0.50%	£5.00	N/A		0.004%	£0.04
BlackRock Russell World Equity	GB00B1MDW749	0.98%	£9.80	N/A		0.393%	£3.93
BlackRock Property	GB00B0RXZH34	0.90%	£9.00	N/A		-0.064%	-£0.64
BlackRock Standard Life Corporate Bond	GBooB618QN98	0.52%	£5.20	N/A		0.031%	£0.31

Source: Aegon

[1] The underlying funds of the VGRP Diversified Fund were altered on 1 May 2019, from 50% allocation to the Insights Broad Opportunity Fund and 50% allocation to the Newton Real Return Fund to a 50% allocation to the Insights Broad Opportunity Fund and 50% allocation to the Baillie Gifford Multi Asset Fund.

* 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 are provided for the year ending 31 March 2020, with the exception of the BlackRock Russell World Equity Fund which is provided for the year ending 31 December 2019.

Appendix 3

Tables illustrating the impact of charges and costs

The following tables show the potential impact of the costs and charges borne by a typical member on projected values in today's money at several times up to retirement for a selection of funds and a range of contribution levels. A typical member has been chosen based on analysis of membership data provided by Aegon and is detailed below:

Typical member characteristics	
Age	24
NRA	65
Pot Size	£26,000
Salary	£39,000

3a For the default arrangement

For a typical member in the default arrangement, paying 4% employee contributions with 5% employer contributions.

The tables below show a member who joins the Plan 41 years before their target retirement date. For example, at 20 years before retirement, they have been invested for 21 years and the estimated pot size is shown before and after costs and charges.

Years to retirement	Before costs and charges (£)	After costs and charges are taken (£)
1	350,783	302,979
3	333,534	291,320
5	314,087	277,652
10	267,315	243,987
15	214,252	199,664
20	162,728	153,535

25	119,748	114,392
30	84,047	81,308
35	54,539	53,471
41	26,000	26,000

Source: Hymans Robertson using Aegon costs and charges.

For a typical member in the default arrangement, paying 5% employee contributions with 6% employer contributions.

Years to retirement	Before costs and charges (£)	After costs and charges are taken (£)
1	413,510	358,034
3	392,651	343,762
5	369,231	327,136
10	312,976	286,246
15	249,587	233,026
20	188,270	177,929
25	137,172	131,222
30	94,777	91,787
35	59,783	58,649
41	26,000	26,000

Source: Hymans Robertson using Aegon costs and charges.

For a typical member in the default arrangement, paying 3.5% employee contributions with 10% employer contributions.

Years to retirement	Before costs and charges (£)	After costs and charges are taken (£)
1	491,918	426,852
3	466,547	409,314
5	438,162	388,991
10	370,053	339,069
15	293,756	274,729
20	220,197	208,423
25	158,951	152,259
30	108,188	104,886
35	66,339	65,121
41	26,000	26,000

Source: Hymans Robertson using Aegon costs and charges.

3c For a selection of the self-select funds:

For a typical member in a range of self-select funds, paying 4% employee contributions with 5% employer contributions.

The illustrations below cover the most popular funds, highest and lowest expected returns, and highest and lowest charges.

Years to retirement	Aegon BlackRock Cash (BLK)		VGRP Equity Fund		AGN Russell World Equity (BLK)		AGN 50/50 Global Equity Index (BLK)	
	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £
1	183,621	177,021	417,444	375,604	388,322	282,940	410,419	383,391
3	174,102	168,060	382,085	345,540	356,673	263,684	375,965	352,359
5	164,794	159,285	349,059	317,272	326,977	245,266	343,750	323,218
10	142,396	138,110	275,792	253,840	260,579	202,682	272,149	257,973
15	121,163	117,949	214,252	199,664	204,167	164,681	211,847	202,428
20	100,998	98,705	162,728	153,535	156,388	130,839	161,222	155,288
25	81,809	80,292	119,748	114,392	116,064	100,771	118,877	115,420
30	63,510	62,624	84,047	81,308	82,168	74,126	83,605	81,837
35	46,022	45,624	54,539	53,471	53,808	50,579	54,368	53,679
41	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000

Source: Hymans Robertson using Aegon costs and charges.

Note that the transaction costs used in the illustrations for the AGN Russell World Equity (BLK) Fund are as at 31 December 2019.

For a typical member in a range of self-select funds, paying 5% employee contributions with 6% employer contributions.

The illustrations below cover the most popular funds, highest and lowest expected returns, and highest and lowest charges.

Years to retirement	Aegon BlackRock Cash (BLK)		VGRP Equity Fund		AGN Russell World Equity (BLK)		50/50 Global Equity Index (BLK)	
	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £
1	220,142	212,387	491,788	443,497	458,187	336,127	483,687	452,492
3	208,443	201,360	449,609	407,505	420,341	312,840	442,564	415,368
5	197,001	190,558	410,223	373,672	384,839	290,569	404,123	380,515
10	169,457	164,480	322,887	297,788	305,498	239,099	318,725	302,517
15	143,331	139,631	249,587	233,026	238,141	193,191	246,858	236,167
20	118,504	115,894	188,270	177,929	181,140	152,335	186,577	179,903
25	94,862	93,161	137,172	131,222	133,079	116,060	136,204	132,364
30	72,302	71,329	94,777	91,787	92,726	83,938	94,294	92,365
35	50,725	50,301	59,783	58,649	59,007	55,575	59,601	58,870
41	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000

Source: Hymans Robertson using Aegon costs and charges.

Note that the transaction costs used in the illustrations for the AGN Russell World Equity (BLK) Fund are as at 31 December 2019.

For a typical member in a range of self-select funds, paying 3.5% employee contributions with 10% employer contributions.

The illustrations below cover the most popular funds, highest and lowest expected returns, and highest and lowest charges.

Years to retirement	Aegon BlackRock Cash (BLK)		VGRP Equity Fund		AGN Russell World Equity (BLK)		50/50 Global Equity Index (BLK)	
	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £
1	265,793	256,595	584,717	528,363	545,517	402,611	575,272	538,868
3	251,370	242,985	534,014	484,961	499,925	374,284	525,813	494,129
5	237,259	229,650	486,678	444,173	457,167	347,199	479,590	452,137
10	203,284	197,443	381,757	352,724	361,648	284,619	376,946	358,198
15	171,042	166,734	293,756	274,729	280,609	228,830	290,623	278,339
20	140,386	137,380	220,197	208,423	212,080	179,206	218,270	210,671
25	111,179	109,248	158,951	152,259	154,349	135,171	157,863	153,545
30	83,292	82,210	108,188	104,886	105,923	96,203	107,655	105,525
35	56,603	56,147	66,339	65,121	65,506	61,820	66,143	65,358
41	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000

Source: Hymans Robertson using Aegon costs and charges.

Note that the transaction costs used in the illustrations for the AGN Russell World Equity (BLK) Fund are as at 31 December 2019.

Assumptions

The assumptions provided by Aegon and used in these calculations were:

The opening DC pot size is £26,000;

A contribution in current day terms of either 4% employee and 5% employer or 5% employee and 6% employer or 3.5% employee and 10% employer. A member is assumed to have a salary of £39,000 which is equivalent to contributions of £3,510 p.a. or £4,290 p.a. or £5,265 p.a. respectively, dependent upon the contribution rate.

The gross investment return for each fund above was:

Fund	Return % p.a.
Aegon BlackRock Cash (BLK)	1.24
Aegon BlackRock Corporate Bond All Stocks Index	2.5
Aegon BlackRock Global Property Securities	4.93
VGRP Equity Fund	5
VGRP Diversified Growth	2.65
Aegon Russell World Equity	4.7
50/50 Global Equity Index (BLK)	4.93

The rate of inflation was assumed to be 2.0% p.a.;

Real salary growth was assumed to be 3.50% p.a.;

The rate of increase in cost and charges is 0.00% p.a.;

The growth assumptions as used in the illustrations have been provided by Aegon.

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 as yet unknown, changes to the Plan's investment options;

Are not guaranteed;

Depend upon how far members in the default lifestyle option 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;

Comply with the Technical Actuarial Standards (TAS) 100: Principles for Technical Actuarial Work.