Volvo Group UK Retirement Plan

Annual Statement (the Statement) by the Chair of the Trustees for the year to 5 April 2022

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/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:

1. How we manage your Plan – who the Trustees are and what guides our decision making;
2. Investment options – what we have done to check the suitability of the Plan's investment options;
3. Investment performance - what returns have the investment options given over the last year;
4. Cost and charges – what costs and charges you have paid in the last year and how these might impact the size of a typical member's savings in the Plan over time;
5. Value for Members – we undertook a detailed Value for Members assessment which considers the quality of the Plan's services which you pay for and how they compare to a selection of other pension schemes;
6. Administration – how well the Plan has been administered including how promptly and accurately key transactions (such as the investment of your contributions) have been processed;
7. Trustee knowledge – what we as Trustees have done to maintain our level of knowledge and obtain the professional advice we need to look after the Plan for you;
8. Our key actions last year and plans for the next year – what key actions 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?

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 reviewed and updated in May 2021 to reflect the Trustees' latest policies on responsible investment and the current fund range and charges. The implementation report describing how the Trustees have followed their policies set out in the Statement of Investment Principles is being published at the same time as this Statement.

At 5 April 2022 the plan had 1,040 members and was worth a total of c£67 million.

2 Investment options

The Trustees completed a review of the Plan's default investment arrangement on 25 November 2021. We are satisfied that the default arrangement has performed broadly in-line with our objectives (over the medium and longer-term) 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 2023.

There have been no changes to the default investment strategy in the last year.

3 Investment performance

2021 proved to be a positive year for equity markets thanks to the unprecedented global monetary and fiscal support provided in response to the COVID 19 pandemic. Bond markets, however, did not fare as well, as the spectre of rising inflation and therefore the anticipation of tighter monetary conditions (higher interest rates) took its toll.

The Russian invasion of Ukraine has caused greater than usual volatility in the values of many investments since February 2022. The sanctions imposed on Russia may also have longer-term economic impacts which could affect future investment returns.

The Trustees, with support from their advisers, consider the impact of investment performance on the ability to deliver a good retirement outcomes.

Over the year to 31 March 2022 the funds used in the Plan default arrangement saw investment returns between a rise in value of 20.59% or, put another way, a rise of £205.90 for every £1,000 invested for to a fall in value of -5.45%, or a fall of £54.50 for every £1,000 invested.

The investment returns produced by the funds in the Plan's other investment options were generally in line with the funds' objectives, with the exception of the BlackRock Emerging Markets Fund which underperformed and is being monitored.

4 Cost and charges

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

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

The charges in the last year for the "default arrangement" were 0.44% to 0.59% of the amount invested (or put another way £4.40 to £5.90 for every £1,000 invested) – which is 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's default arrangement could reduce the size of a pension pot by £63,008 leaving £378,646 at age 65.

5 Value for Members

This year the Trustees were required to carry out a more detailed assessment of Value for Members.

We looked at the costs and charges as the range and quality of the services you pay for and see how they compare with a selection of pension schemes. We found that the Plan gave good value in the last year.

The Trustees intend to work with Volvo to consider its proposal to move pension provision to a Master Trust arrangement, and in particular to address areas where Value for Members could be improved.

6 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 for the year ending 5 April 2022.

The COVID 19 pandemic inevitably affected the Plan's administration over parts of the year to 5 April 2022.

- Aegon arranged for most of its staff to return to the office while they began to adjust to working in a hybrid working environment; and
- Trading in BlackRock DC Property Fund remained suspended for part of the year due to difficulty in fairly valuing properties.

7 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 The Pensions Regulators Code of Practice, Master trust training and Value for Member requirements and checked our level of knowledge and understanding by undertaking a Trustee effectiveness self-assessment– 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.

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

During the last year the Trustees:

- Undertook a review of member communications issued by Aegon following further discussions on the results of the Guided Outcomes review;
- Assessed compliance against The Pension Regulator's (TPR's) DC Code of Practice;
- Worked further with the relevant fund managers to widen their reporting on responsible investing and how they vote at shareholder meetings;
- Carried out a high-level review of the Plan's investment options in November 2021;
- Regularly reviewed funds' fees, suitability and performance through input from the Plan's DC investment adviser;
- Regularly reviewed the Plan's risk register and took mitigating action where appropriate;
- Removed the BlackRock DC Property Fund as a self-select option due to potential future disruption for members;
- Monitored the impact of the Russian invasion of Ukraine on Investment markets; and
- Arranged for the publication of last year's 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:

- Review the Plan’s cyber security arrangements;
- Consider the government initiative to help protect members against pension scams;
- Continue to monitor the impact of the Russian invasion of Ukraine on investment markets;
- Assess compliance against The Pension Regulator’s (TPR’s) DC Code of Practice and the new consolidated Code of Practice;
- Review Value for Members’ in further detail and take action where we feel this is not being achieved; in particular the Trustees intend to work with Volvo to consider its proposal to move pension provision to a Master Trust arrangement;
- Work further with the relevant fund managers to widen their reporting on responsible investing and how they vote at shareholder meetings. This will be reported on in the next implementation statement; and
- Continue to regularly review funds and monitor performance.

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 Wheeler 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, to help members achieve a good outcome from their pension savings. The Trustees of the Volvo Group UK Retirement Plan are required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 6 April 2021 to 5 April 2022.

For the record

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

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

Nicholas Wheeler Date: 15th September 2022

Nicholas Wheeler

Chair of Trustees of the Volvo Group UK Retirement Plan

1 How we manage your Plan

At 5 April 2022, the Trustees of the Plan were:

- Mr N Wheeler (Chairman)
- Mr M Draper
- Mr G Armitt
- Mr S Bourne
- Ms J Moore

The SIP sets out the Trustees' investment policies which the Trustees, with the help of their advisers, review at least every three years. The last full review was carried out in August 2020 and the SIP was subsequently updated to reflect the Trustees' latest policies on Responsible Investment. The SIP was further updated in May 2021, to reflect the changes to the current fund range and the latest charges.

An Implementation Statement setting out how the Trustees complied with the SIP during the year to 5 April 2022 will be published in Q4 2022.

Over the year to 5 April 2022 the number of members fell from 1,088 to 1,040, while the total value of members' pension pots grew from £60.9 million to £67.0 million.

2 Investment options

Default arrangements

The Plan's default arrangement is designed for members who join the Plan and 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 investment objectives for the default arrangement are in outline:

- 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 Statement of Investment Principles covering the default arrangement is appended to this Statement.

The Trustees believe that the default arrangement is appropriate for the majority of the Plan' 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. The investment performance of these funds during the last year is shown in section 3 below and Appendix 4.

A full review of the performance and suitability of the default arrangement was completed on 25 November 2020. A high-level annual review of the default arrangement and investment strategy was completed on 25 November 2021.

The Trustees are satisfied that the default arrangement remains appropriate for the majority of the Plan's members because:

- Its investment performance has been consistent with its investment objectives;
- Its design continues to meet its principal investment objectives;

- The demographic profile of the membership has not changed materially; and
- Members' needs and likely benefit choices at retirement have not changed materially.

As a result, there were no changes to the default arrangement as a result of this review. It is intended that the next full review will take place by 25 November 2023 or immediately following any significant change in investment policy or the Plan's membership profile.

Other default arrangements

The following investment options are for regulatory purposes also considered to be default arrangements for some members over the Plan year to 5 April 2022:

- 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 trading in the BlackRock DC Property fund was suspended from 18 March 2020. Contributions received from members previously invested in this fund were redirected to the BlackRock DC Cash Fund. The BlackRock DC Property fund was used for self-select purposes only and is not used within the default arrangement.

The above are reported as an inadvertent default for the purpose of this Statement, and further information on the costs and charges for these funds can be found in section 4.

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 other investment options including a choice of self-select funds. The main objectives of these investment options are:

- 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 25 November 2020.

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 option, this was completed in November 2021. Following the review, the Trustees decided to remove the BlackRock DC Property Fund as a self-select investment option (once it unsuspended in May 2022), due to uncertainty around possible future suspensions and inconvenience this causes for Plan members.

3 Investment performance

The presentation of the investment performance takes into account the statutory guidance issued by the Department for Work and Pensions. The Trustees have followed the statutory guidance in all areas.

The Plan is a “specified scheme” as described by The Occupational Pension Schemes Regulations 2021 which means that the Trustees have carried out a detailed assessment of Value for Members. As part of this the Trustees have compared the investment performance for the Plan against a selection of other pension schemes. Results of this assessment can be found in Section 5 and in Appendix 5.

Default arrangement

Over the year to 31 March 2022 the funds used in the Plan’s default arrangement saw investment returns of between a rise in value of 20.59% or, put another way, a rise of £205.90 for every £1,000 invested to a fall in value of -5.45%, or a fall of £54.50 for every £1,000 invested.

Fund	1 year	3 year (p.a.)	5 year (p.a.)
VGRP Equity	*13.10%*	-	-
Blackrock DC Global Property Securities Index Tracker	*20.59%*	*6.22%*	*6.04%*
BlackRock Corporate Bond All-Stocks Index	*-5.45%*	*0.85%*	*1.48%*
VGRP Diversified Growth	*1.98%*	*2.99%*	*2.62%*
BlackRock DC Cash	*-0.03%*	*0.20%*	*0.27%*

Source: Aegon. Note that 3-year and 5-year performance is not available for all funds, due to when they were introduced into the strategy.

As the default arrangement uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

Age of member in years (assuming selected retirement age of 65)	1 year	3 year (p.a.)	5 year (p.a)
30	*13.10%*	-	-
54	*6.28%*	-	-
60	*4.58%*	-	-

Source: Aegon. Note that 3-year and 5-year performance is not available for all funds, due to when they were introduced into the strategy.

The Trustees also monitor the potential outcomes at retirement for members in the default arrangement.

Inadvertent Defaults

Over the year to 31 March 2022 the funds classed as inadvertent default arrangements saw investment returns of between a rise in value of 13.10% or, put another way, a rise of £131.00 for every £1,000 invested for the fund to a fall in value of -5.45%, or a fall of £54.50 for every £1,000 invested.

The Trustees are satisfied that all of the inadvertent default funds have performed broadly in line with their benchmarks over the year to 31 March 2022.

Self-select funds

The most popular funds among the self-select options rose in value by between 10.37% to 11.52% during the year to 31 March 2022.

The Trustees are satisfied that most funds used by the other investment options have performed in line with their objectives, with the exception of the BlackRock Emerging Markets Fund which is being monitored closely.

More information

Investment returns for all funds over several periods of time to 31 March 2022 are shown in Appendix 4.

Further information on the funds, how they are invested and their investment performance during the year, can be found on the Plan's website at TargetPlan at https://lwp.aegon.co.uk/targetplan

4 Charges and transaction costs

As part of their detailed Value for Members assessment, the Trustees have compared the Plan's costs and charges against a selection of pension schemes. Results of this can be found in Section 5 and in Appendix 5.

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

Service	By members	Shared	By the Employer
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, but exclude transaction 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 Aegon'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

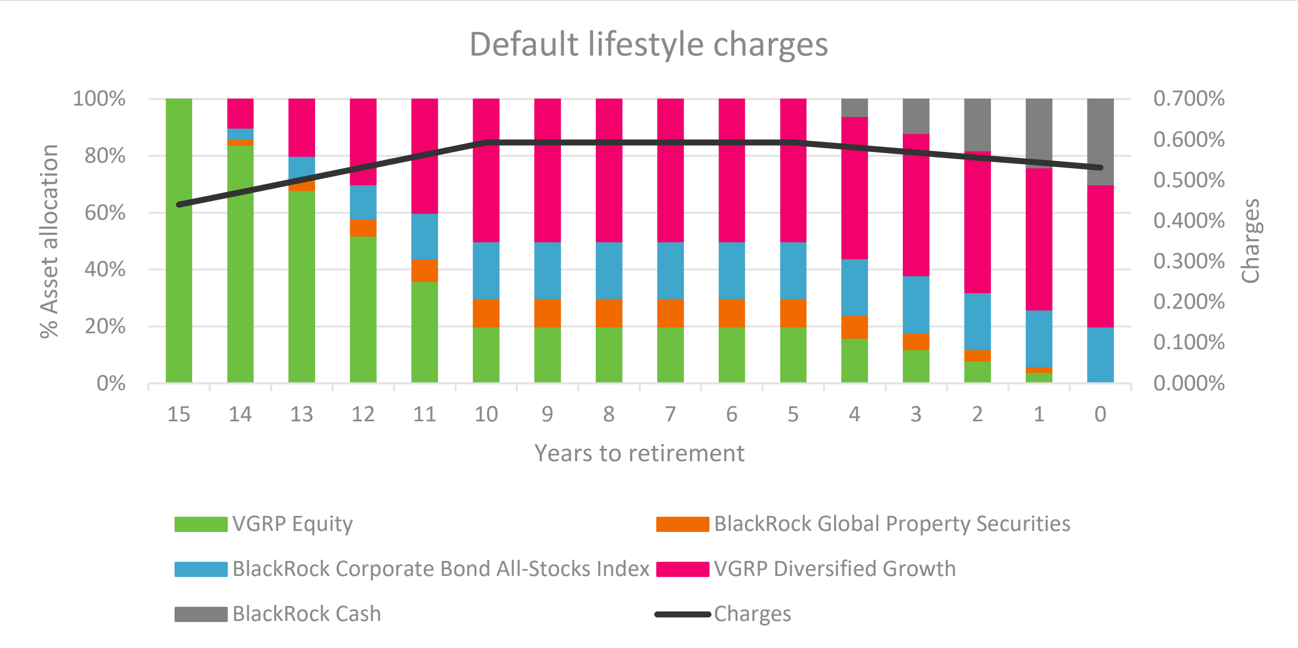
The charges and transaction costs have been supplied by the Plan's investment provider, Aegon.

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.

Full details of the annualised charges and transaction costs, for all funds, for the period covered by this statement can be found in Appendix 2.

a) Default arrangement

The default investment arrangement is the "Default Lifestyle", a "lifestyle strategy" which invests contributions in funds according to how far each member is from retirement. The default arrangement has been set up as a "lifestyle strategy", which means that members' assets are automatically moved between different funds as they approach their target retirement date. 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.



During the year covered by this Statement the member-borne charges for the default arrangement were in a range from 0.44% to 0.59% of the amount invested or, put another way, in a range from £4.40 to £5.90 per £1,000 invested.

The transaction costs borne by members in the default arrangement during the year were in a range from 0.112% to 0.174% of the amount invested or, put another way, in a range from £1.12 to £1.74 per £1,000 invested. For the period covered by this statement, annualised charges and transaction costs are set out in the table below.

Period to selected retirement date	**Charge**		**Transaction costs**	
	% p.a.	**£ per £1,000**	**% p.a.**	**£ per £1,000**
15+ years (when charges are at their lowest)	0.44%	£4.40	0.174%	£1.74
12 years	0.53%	£5.30	0.159%	£1.59
10-5 years (when charges are at their highest)	0.59%	£5.90	0.149%	£1.49

3 years	0.57%	£5.70	0.134%	£1.34
At retirement	0.53%	£5.30	0.112%	£1.12

Source: Aegon

The average charge for the default arrangement was 0.48%.

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

The following investment options (c, d, e) are for regulatory purposes also considered to be "default arrangements" for some members over the year to 5 April 2022. They 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.

b) VGRP Equity Fund – Inadvertent default

The member-borne charges for the VGRP Equity Fund were 0.44% of the amount invested or, put another way, £4.40 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.

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

The member-borne charges for the BlackRock Corporate Bond All Stocks Index Fund were 0.26% of the amount invested or, put another way, £2.60 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.

d) BlackRock DC Cash Fund – Inadvertent default

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 arrangements

Self-select funds

In addition to the default arrangement, members also have the option to invest in 14 self-select funds.

During the year the charges for the self-select funds were in a range from 0.18 % to 0.90 % of the amount invested or, put another way, in a range from £1.80 to £9.00 per £1,000 invested.

The transaction costs borne by members in the self-select funds during the year were in a range from -0.027% to 1.09% of the amount invested or, put another way, in a range from -£0.27 to £10.90 per £1,000 invested.

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

Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. These illustrations show projected fund values in today's money before and after costs and charges for a typical member at stages from joining the Plan at age 26 up to retirement

The tables in Appendix 3 to this Statement show these figures for:

- The default arrangements; as well as
- 4 funds from the Plan's self-select fund range:
  - The fund used by the greatest number of members – BlackRock 50/50 Global Equity Index
  - The fund with the highest before costs expected return – Blackrock Russell World Equity
  - The fund with the lowest before costs expected return – Blackrock Cash
  - The fund with highest annual member borne costs – BlackRock Emerging Markets
  - The fund with lowest annual member borne costs – Blackrock Cash

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

As an example, for a member who joined the default arrangement at age 26 the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today's money from £378,646 to £315,638.

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

The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

5 Value for Members

Each year, with the help of their advisers, the Trustees carry out an assessment of whether the Plan represents good Value for Members.

Approach

The Plan is a "specified scheme" as described by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') which means that the Trustees must carry out a more detailed assessment of Value for Members. Results of this assessment can be found below and further information can be found in Appendix 5.

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

- Costs and charges – considered the costs and charges of the Plan's investment funds and compared these with 3 other "comparator schemes"
- Net investment returns – considered the net investment returns of the Plan's investment funds, and compared these with 3 other "comparator schemes"
- Plan governance and administration – assessed the Plan on an absolute basis against 7 key governance and administration criteria
- Rating – each factor was rated on the below basis

Results for the year ending 5 April 2022

The Plan provided "Good" Value for Members in the year ending 5 April 2022.

The rating criteria used in the assessment were:

Rating	Definition
Good	The Trustees consider that the Plan offers good value for members, with net investment returns and costs & charges that are similar to / better than the average of the 3 comparator schemes, as well as providing administration and governance services that are of sufficient or excellent quality.
Average	The Trustees consider that the Plan offers average value for members, with net investment returns that are similar to / worse than the average of the 3 comparator schemes. The Plan's costs & charges are similar to / worse than the average of the 3 comparator schemes (and there are no mitigating factors). The Plan's administration and governance services are generally of a sufficient quality, but could do with some improvements on certain prescribed metrics.
Poor	The Trustees consider that the Plan offers poor value for members, with net investment returns and costs & charges that are worse than the average of the 3 comparator schemes with no mitigating factors, as well as providing administration and governance services that are of insufficient quality.

Overall detailed assessment of Value for Members

Factor	Value for Member weighting	Value for Member assessment	Overall assessment of Value for Members
Costs and charges	30%	Average	Good

Net investment returns	35%	Good	
Governance and administration	35%	Good	

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

Factor and weighting	Rating	Rationale
Costs and charges 30%	Average	The charges in the default arrangement were lower than that of the average of the comparator schemes within the growth phase of the investment strategy. Charges were slightly higher for the default investment option than the average of the comparator schemes in the consolidation and pre-retirement phase. The Trustees recognise the charges are higher for the Plan than the comparator schemes in some phases of the glidepath and are addressing this. Transaction costs were more than that of the average of the comparator schemes across all stages of the glidepath. The charges offered for a range of self-select funds from the Plan are similar or lower than the average of the comparator schemes. Taken together, it is therefore reasonable to deduce that the Plan offers average value for members from the standpoint of costs and charges. In line with the statutory guidance, the total charges and transaction costs of the default arrangement have been given greater weight than self-select funds in which smaller numbers of members are invested.
Net investment returns 35%	Good	The net investment returns in the default arrangement were broadly higher than that of the average of the comparator schemes within the growth phase of the investment strategy. The net investment returns in the default arrangement are broadly similar to those of the comparator schemes within the consolidation phase of the investment strategy. The net investment returns in the default arrangement are lower than those of the comparator schemes within the pre-retirement phase of the investment strategy. However, the Trustees believe that this is reasonable given the aim of protecting member pots from high volatility in the run up to retirement. Performance for the VGRP self-select funds is mixed vs the comparator schemes, with some performing higher than the average of the comparator schemes and some below. It is therefore reasonable to deduce that the Plan offers good value for members from the standpoint of net investment returns. In line with the statutory guidance, the net investment returns of the default arrangement

		have been given greater weight than those of the self-select funds where smaller numbers of members are invested.
Plan governance and administration 35%	Good	All of the metrics for administration and governance are satisfied. In particular: • Core financial transactions have mostly been processed promptly and accurately. • The Plan holds reliable, accurate and secure data. • The default investment strategy is appropriate for each stage of the member journey and the risk and return is suitable for the objectives of the Plan, and demographic profile of the members. • Documented and robust investment governance procedures are in place and are adhered to. • The Trustee board as a whole has the necessary knowledge, understanding and skill to operate the pension scheme effectively. • Communication with Plan members is clear, accurate, timely and of good quality. • Robust conflicts of interest policies and controls are in place.

The Trustees have agreed an action plan for the following year to improve value for members where necessary and obtain any missing information. This action plan, along with details of the missing information and value assessment limitations, are detailed in section 8 of this Chair's Statement.

6 Administration

As part of the detailed assessment of Value for Members, the Trustees considered the value delivered by their governance and administration offering. Effective scheme governance is essential for the operational and financial sustainability of pension schemes, for good outcomes from investment, and for the trust and confidence of members.

There are 7 key metrics of administration and governance which were considered and assessed:

1. Promptness and accuracy of core financial transactions
2. Quality of record keeping
3. Appropriateness of the default investment strategy
4. Quality of investment governance
5. Level of trustee knowledge, understanding and skills to operate the pension scheme effectively
6. Quality of communication with scheme members
7. Effectiveness of management of conflicts of interest

Having considered the above within the theme of governance and administration, the Trustees have determined that the overall governance and administration of the Plan provides Good Value for Members since all 7 metrics have been satisfactorily met.

Core financial transactions

The Trustees have 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).

Service levels

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 packs 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 packs within 8 working days;
- Processing individuals transferring into 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 Employer;
- 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; and
- 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 during the year.

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

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

Data quality

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

The last data quality audit was undertaken in March 2022. This showed that common data was present for 93% of membership data as at March 2022 – this is broadly unchanged from the previous assessment.

Over the next year the Trustees will continue to monitor the quality of the Plan's common data.

Cyber security

The Trustees are conscious of the growing threat of cyber-attacks on pension scheme information. Each year the Trustees ask the Plan's administrator to confirm that their cyber security arrangements are effective and up to date. The Trustees expect that the Plan's administrator will report any security breach immediately and ensure that members are notified as soon as possible.

Overall

The Trustees are satisfied that over the period covered by this Statement:

- The administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- All core financial transactions were processed promptly and accurately;
- There have been no material administration errors in relation to processing core financial transactions;

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

The COVID 19 pandemic inevitably affected the Plan’s administration over parts of the year to 5 April 2022.

- Aegon arranged for most of its staff to return to the office while they began to adjust to working in a hybrid working environment; and
- Trading in BlackRock DC Property Fund remained suspended for part of the year due to the difficulty in fairly valuing properties. 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. At the time of writing, the Fund has unsuspended and has been removed from the self-select fund range.

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. The Trustees take the security of assets into account when selecting and monitoring the funds used by the Plan.

7 Trustee knowledge

The Plan's Trustees are required to maintain appropriate levels of knowledge and understanding 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; and
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly to exercise his or her functions as trustee director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

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 6 months of becoming a Trustee;
- Training is provided to ensure that Trustees maintain a working knowledge of the Plan's Trust Deed and Rules, the Plan's Statement of Investment Principles 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;
- The Trustees carry out regular assessments to confirm and identify any gaps in their knowledge and skills; and
- The Trustees also receive quarterly "hot topics" from their adviser covering technical and legislative/regulatory changes affecting defined contribution (and additional voluntary 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.

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

Date	Topic	Aim/benefit	Trainer
2 June 2021	The Pensions Regulator's Draft Code of Practice (CoP) and latest regulatory developments training by Hymans Robertson	To enhance the Trustees' knowledge of the current and forthcoming legislative requirements and Code of Practice requirements.	Hymans Robertson

		Benefiting members by ensuring that Trustee understand best practice and effectively monitor the Plan.	
22 September 2021	Trustee Effectiveness training including self-evaluation	To assess and evaluate the Trustees knowledge.	Hymans Robertson
25 November 2021	Master Trust Training	To refresh the Trustees on the current structure of the Plan and developments in the market.	Hymans Robertson
18 March 2022	Value for Members requirements	To enhance the Trustees' knowledge of Value for Members and regulatory requirements in this area.	Hymans Robertson

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 ("SIP"). The Trustees refers to the Trust Deed and Rules as part of deciding to make any changes to the Plan, and, where relevant, deciding individual member cases, 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 Directors have completed the Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law). A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Plan has a structured induction process for new trustees.

The Trustees test their familiarity with the Plan's documentation, pensions Law/Regulations and the Pensions Regulator's DC Code of Practice 13 /Consolidated Code of Practice and supporting Guides using The Pensions Regulator's self-assessment template.

The Trustees have considered the diversity of the board in relation to core characteristics such as gender, age and ethnicity and to the mix of skills, experience and cognitive diversity, as part of their annual effectiveness review. Where vacancies on the board arise, the Trustees, where it is in their gift, will seek to recruit new trustees who enhance the diversity of the board and its overall effectiveness.

A questionnaire is used to carry out an annual evaluation of the Trustees' knowledge to help to identify training needs and effectiveness of the Trustee Board as a whole, measured against the objectives in the Plan's business plan.

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

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

The Trustees undertook the following reviews during the last year:

Date	**Review of**
Ongoing	The practices to maintain and develop Trustee knowledge and understanding
Ongoing	The effectiveness of the training programme and training for the coming year

22 September 2021	Assessments to identify any gaps in the Trustees' knowledge and skills and evaluate the effectiveness of the Trustee Board

Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (e.g. investment consultants, legal advisers), the Trustees believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively.

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

During the last year the Trustees:

- Undertook a review of member communications issued by Aegon following further discussions on the results of the Guided Outcomes review;
- Assessed compliance against The Pension Regulator's (TPR's) DC Code of Practice;
- Worked further with the relevant fund managers to widen their reporting on responsible investing and how they vote at shareholder meetings;
- Carried out a high-level review of the Plan's investment options in November 2021;
- Regularly reviewed funds' fees, suitability and performance through input from the Plan's DC investment adviser;
- Regularly reviewed the Plan's risk register and took mitigating action where appropriate;
- Removed the BlackRock DC Property Fund as a self-select option due to potential future disruption for members;
- Monitored the impact of the Russian invasion of Ukraine on Investment markets; and
- Arranged for the publication of last year's 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:

- Review the Plan's cyber security arrangements;
- Consider the government initiative to help protect members against pension scams;
- Continue to monitor the impact of the Russian invasion of Ukraine on investment markets;
- Assess compliance against The Pension Regulator's (TPR's) DC Code of Practice;
- Review Value for Members' in further detail and take action where we feel this is not being achieved; in particular the Trustees intend to work with Volvo to consider its proposal to move pension provision to a Master Trust arrangement;
- Work further with the relevant fund managers to widen their reporting on responsible investing and how they vote at shareholder meetings. This will be reported on in the next implementation statement; 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 transactions costs. The Trustees note that the transaction costs used in the detailed Value for Members assessment for one of the comparator schemes are as at 31 December 2021, due to availability at the time of writing.

Appendix 1

Volvo Group UK Retirement Plan Statements of Investment Principles

May 2021

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 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:

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

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

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	14th June 2021

Statement of the aims and objectives for the default arrangement

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.

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.

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.

The intended default arrangement

The intended 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".

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.

In the event that members are unable to invest their contributions in a particular fund, contributions will be directed into an alternative fund agreed by the Trustees (unless the member selects otherwise) and will be redirected into the original fund(s) once restrictions are lifted. For example, this situation could occur in the event of significant economic uncertainty impacting on the ability for fund managers to value the underlying assets. Under current regulations, this creates a temporary default arrangement. The objective of the temporary default arrangement is to provide:

A very high level of liquidity, such that funds can be diverted back into the original fund once it is allowed.

Protection on the capital value of contributions and low volatility so that members can divert contributions back into their chosen fund at the value that they would have gone in originally.

A fee level (total expense ratio) that is lower than the current charge cap.

The Trustee believes that, under these circumstances, contributions should be directed into the BlackRock Cash Fund, as this fund carries the lowest volatility amongst the Plan's self-select funds, has a low likelihood of having trading suspended and is the most liquid (meaning funds can be invested and disinvested promptly).

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.

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

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.

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.

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".

Statement of investment beliefs, risks and policies

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 and the Occupational Pension Schemes (Investment and Disclosure) Regulations 2019.

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.

Ability to invest/disinvest promptly

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

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.

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.

Responsible Investment (i.e. funds selecting assets to mitigate ESG and/or climate change risks) – the strategy of these funds is expected to give a better risk adjusted return over the long-term than the broader market for the type of assets involved (e.g. equities).

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.

Types of funds used

Delegation of investment decisions

The Plan uses funds provided through an investment platform. This investment platform in turn invest 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.

Manager incentives

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

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

In accordance with the 2015 Regulations, the Trustees conduct an annual Value for Members assessment and will take action should the platform provider be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustees will periodically review the Plan's choice of platform provider to ensure their charges and services remain competitive. The Trustees believe that these steps are the most effective way of incentivising the platform provider to deliver Value for Members, of which investment management charges and investment performance are key considerations.

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

The Trustees monitor the investment managers against a series of metrics on a quarterly basis over a long-term time horizon of 3 years including:

- Performance of the Plan's underlying funds relative to their respective benchmarks;
- Relative tracking error where appropriate;
- The exercise of stewardship responsibilities (including engagement with issuers and corporates); and
- The management of risks.

The platform provider or investment managers are expected to provide explanations for any significant divergence from a fund's objectives. A material deviation from performance and risk targets or approach to portfolio management is likely to result in the fund being formally reviewed.

Portfolio turnover

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

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

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

Whilst the Trustees expect performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustees will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within fund with details of any transactions and turnover costs incurred over the Plan's reporting year. The Trustees will seek to compare portfolio turnover and the resultant costs against peer groups or against an appropriate index.

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

Portfolio duration

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

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

Security of assets

The funds are provided through a policy of insurance issued to the 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.

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.

The Plan offers members the default arrangement and a choice of self-select funds. The Trustees' stewardship activities are to be focused on the default arrangement which is used by the largest number of members and accounts for the majority of the assets.

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.

Conflicts of interest

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

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

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

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

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.

While the Trustees are not in a position to engage directly, the Trustees believe it is sometimes appropriate for the fund managers directly or through the platform provider 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 Trustees will request, where appropriate and practicable, that the platform provider or investment managers notify the Trustees of any issue on which it may be beneficial for the Trustees to undertake further engagement. The Trustee will seek 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 expect the investment platform provider to monitor adherence of their investment managers to stated voting and engagement policies, engage with managers where concerns are identified and to report on these issues. The 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 a 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.

The Trustees aim to meet with all fund managers on a periodic basis. The Trustees will provide the fund managers with an agenda for discussion, including issues relating to individual holdings voting record and, where appropriate, ESG issues. Managers will be challenged both directly by the Trustees and by their investment advisers on the impact of any significant issues including shareholder voting record, conflicts of interests and, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

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

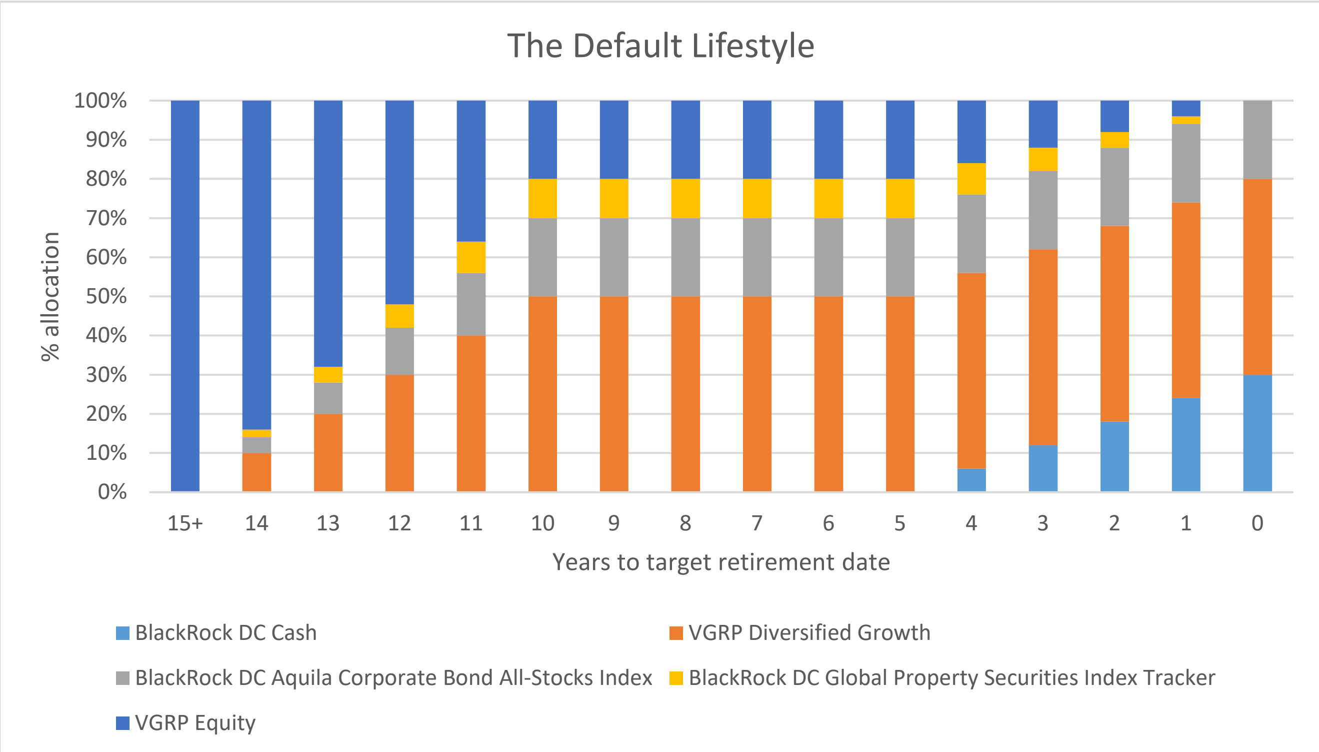
Default arrangement

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 5 April 2021 are:

Platform Fund	Underlying fund	AMC %	TER %
VGRP Equity	50% Aegon BlackRock DC World Multifactor Equity Tracker Fund 50% Schroder Sustainable Multi-Factor Equity Fund	0.41	0.47
BlackRock DC Global Property Securities (BLK)	N/A	0.27	0.28
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 0.47% to 0.61%.

Inadvertent Default Funds

Three 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.

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.

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 5 April 2021 are:

Platform Fund	Underlying fund	AMC %	TER %
VGRP Equity	50% Aegon BlackRock DC World Multifactor Equity Tracker Fund 50% Schroder Sustainable Multi-Factor Equity Fund	0.41	0.47
BlackRock DC Aquila Corporate Bond All-Stocks Index (BLK)	N/A	0.25	0.27
BlackRock DC Cash (BLK)	N/A	0.15	0.18

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 late 2020. A high level review will be undertaken each year with a more detailed review every 3 years (next detailed review in 2023).

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 5 April 2021 are:

Platform Fund	Underlying fund	AMC %	TER %
VGRP Equity	50% Aegon BlackRock DC World Multifactor Equity Tracker Fund 50% Schroder Sustainable Multi-Factor Equity Fund	0.41	0.47
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	0.26
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	0.40
BlackRock LGIM Ethical Global Equity Index	N/A	0.50	0.51
BlackRock Russel World Equity	N/A	0.90	0.96
Aegon Schroder Sustainable Multi-Factor Equity	N/A	0.45	0.48
BlackRock Standard Life Corporate Bond	N/A	0.50	0.52
BlackRock DC Global Property Securities (BLK)	N/A	0.27	0.28
BlackRock Property	N/A	0.88	0.89

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 late 2020 and the revised options were introduced in early 2021. A high level review will be undertaken each year with a more detailed review every 3 years (next detailed review in 2023).

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.

This will also include monitoring the levels of portfolio turnover in the event that significant under or out-performance occurs.

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.

Voting – The fund managers' records of exercising shareholder voting rights and engaging with equity and bond issuers on matters which may materially affect the value of investments.

Conflicts of Interest – Instances where the actions of the platform provider or fund managers may be in conflict with the best interests of the Plan's members.

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;

An annual Implementation Statement describing how the policies and practices described in the Statement of Investment Principles have been followed 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 Schroders Asset 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

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		0.016%	£0.16
BlackRock Corporate Bond All Stocks Index	GB00B6179717	0.26%	£2.60	N/A		0.033%	£0.33
VGRP Equity	GB00BMP3M231	0.44%	£4.40	50% - BlackRock DC World Multi-Factor Equity Tracker Fund; 50% - Schroder Sustainable Multi-Factor Equity Fund	GB00BFK3L229 GB00BN092907	0.174%	£1.74
VGRP Diversified Growth	GB00B63R3R72	0.85%	£8.50	50% - Insights Broad Opportunities Fund 50% - Baillie Gifford Multi Asset Growth Fund	GB00BG498665 GB00BY9C8991	0.201%	£2.01

BlackRock DC Global Property Securities Index Tracker	GB00BD30N754	0.28%	£2.80	N/A		0.071%	£0.71

Source: Aegon

Other investment options

2b Self-select funds outside the options

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the self-select lifestyle option 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	0.44%	£4.40	50% - BlackRock DC World Multi-Factor Equity Tracker fund; 50% - Schroder Sustainable Multi-Factor Equity fund	GB00BFK3L229 GB00BN092907	0.174%	£1.74
BlackRock 50/50 Global Equity Index	GB00B4MMZK66	0.26%	£2.60	N/A		0.012%	£0.12
VGRP Diversified Growth	GB00B63R3R72	0.85%	£8.50	50% - Insights Broad Opportunities Fund 50% - Baillie Gifford Multi Asset Growth Fund	GB00BG498665 GB00B4NLZT18	0.201%	£2.01

BlackRock Corporate Bond All Stocks Index	GB00B6179717	0.26%	£2.60	N/A		0.033%	£0.33
BlackRock Over 15 Years Gilts Index	GB00B4JPX154	0.26%	£2.60	N/A		-0.027%	-£0.27
BlackRock Over 5 Years Index-Linked Gilt Index	GB00B4KLVJ66	0.26%	£2.60	N/A		0.057%	£0.57
BlackRock DC Cash	GB00B39WFM42	0.18%	£1.80	N/A		0.016%	£0.16
BlackRock Emerging Markets	GB0031369910	0.39%	£3.90	N/A		1.090%	£10.90
BlackRock LGIM Ethical Global Equity Index	GB00B633X971	0.51%	£5.10	N/A		0.000%	£0.00
BlackRock Russell World Equity	GB00B1MDW749	0.90%	£9.00	N/A		0.400%	£4.00
Aegon Schroder Sustainable Multi-Factor Equity	GB00BN092907	0.48%	£4.80	N/A		0.339%	£3.39
BlackRock Standard Life Corporate Bond	GB00B618QN98	0.52%	£5.20	N/A		0.034%	£0.34
BlackRock Property	GB00B0RXZH34	0.88%	£8.80	N/A		0.107%	£1.07

BlackRock DC Global Property Securities Index Tracker	GB00BD30N754	0.28%	£2.80	N/A		0.071%	£0.71

Source: Aegon

*   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").

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	26
NRA	67
Pot Size	£65,000
Salary	£51,000

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	£377,226	£315,727
3	£371,092	£313,324
5	£360,619	£307,486
10	£332,370	£290,570
15	£285,510	£255,227
20	£231,745	£211,323
25	£184,084	£171,245
30	£141,833	£134,658
35	£104,378	£101,260
41	£65,000	£65,000

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	£431,448	£362,767
3	£423,718	£359,335
5	£411,115	£351,953
10	£376,981	£330,815
15	£321,929	£288,739
20	£259,285	£237,101
25	£203,752	£189,962
30	£154,523	£146,930
35	£110,881	£107,648
41	£65,000	£65,000

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	£499,225	£421,567
3	£489,501	£416,849
5	£474,144	£407,537
10	£432,745	£381,121
15	£367,453	£330,630
20	£293,710	£269,323
25	£228,337	£213,358
30	£170,385	£162,269
35	£119,011	£115,632
41	£65,000	£65,000

Source: Hymans Robertson using Aegon costs and charges.

3b 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	AGN BlackRock Cash (BLK)		AGN BLK Emerging Mkts (BLK)		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	£142,371	£136,692	£424,709	£287,110	£444,998	£314,158	£475,560	£441,095
3	£139,995	£134,584	£399,018	£274,708	£417,133	£299,372	£444,332	£413,652
5	£137,503	£132,365	£374,344	£262,452	£390,457	£284,859	£414,573	£387,364
10	£130,731	£126,291	£316,845	£232,441	£328,643	£249,738	£346,158	£326,384
15	£123,108	£119,387	£264,866	£203,307	£273,215	£216,216	£285,510	£271,621
20	£114,526	£111,538	£217,878	£175,026	£223,513	£184,221	£231,745	£222,440
25	£104,864	£102,616	£175,400	£147,572	£178,946	£153,683	£184,084	£178,272
30	£93,987	£92,472	£137,000	£120,921	£138,983	£124,536	£141,833	£138,607
35	£81,743	£80,940	£102,286	£95,049	£103,149	£96,716	£104,378	£102,986
41	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000

Source: Hymans Robertson using Aegon costs and charges.

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	AGN BlackRock Cash (BLK)		AGN BLK Emerging Mkts (BLK)		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	£168,410	£161,891	£486,703	£332,597	£509,327	£362,999	£543,368	£504,977
3	£165,234	£159,041	£456,584	£317,654	£476,744	£345,314	£506,982	£472,872
5	£161,903	£156,042	£427,658	£302,888	£445,553	£327,956	£472,308	£442,119
10	£152,853	£147,834	£360,249	£266,731	£373,274	£285,950	£392,594	£370,782
15	£142,664	£138,504	£299,312	£231,632	£308,463	£245,858	£321,929	£306,716
20	£131,193	£127,896	£244,225	£197,559	£250,347	£207,591	£259,285	£249,182
25	£118,280	£115,837	£194,427	£164,482	£198,235	£171,067	£203,752	£197,512
30	£103,743	£102,128	£149,409	£132,373	£151,507	£136,207	£154,523	£151,110
35	£87,378	£86,542	£108,712	£101,203	£109,607	£102,934	£110,881	£109,438
41	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000

Source: Hymans Robertson using Aegon costs and charges.

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	AGN BlackRock Cash (BLK)		AGN BLK Emerging Mkts (BLK)		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	£200,959	£193,389	£564,195	£389,454	£589,738	£424,050	£628,128	£584,829
3	£196,783	£189,613	£528,542	£371,337	£551,259	£402,742	£585,295	£546,897
5	£192,404	£185,639	£494,300	£353,434	£514,423	£381,828	£544,477	£510,563
10	£180,505	£174,763	£414,505	£309,594	£429,064	£331,216	£450,639	£426,278
15	£167,109	£162,399	£342,370	£267,037	£352,523	£282,910	£367,453	£350,586
20	£152,028	£148,343	£277,160	£225,724	£283,890	£236,804	£293,710	£282,609
25	£135,050	£132,363	£218,210	£185,620	£222,347	£192,797	£228,337	£221,562
30	£115,938	£114,197	£164,920	£146,688	£167,163	£150,795	£170,385	£166,738
35	£94,421	£93,546	£116,745	£108,895	£117,679	£110,705	£119,011	£117,503
41	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000

Source: Hymans Robertson using Aegon costs and charges.

Assumptions

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

- The opening DC pot size is £65,000;
- 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 £51,000 which is equivalent to contributions of £4,590 p.a. or £5,610 p.a. or £6,885 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)	0.10%
Aegon BlackRock Corporate Bond All Stocks Index	1.00%
Aegon BlackRock Global Property Securities	5.00%
VGRP Equity Fund	5.00%
VGRP Diversified Growth	2.27%
Aegon Russell World Equity	4.76%
50/50 Global Equity Index (BLK)	5.00%
Aegon Blackrock Emerging Markets	4.59%

- The rate of inflation was assumed to be 2.5% p.a.;
- Real salary growth was assumed to be 2.5% p.a.;
- The rate of increase in costs 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:

- Take account of both the Total Expense Ratios and transaction costs of the funds;
- 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.

Appendix 4

Investment performance

This appendix shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options that members are able, or were previously able, to select and in which members were invested during the scheme year.

For the arrangements where returns vary with age, such as for the default strategy, net returns are shown over various periods for a member aged 25, 55 and 60 at the start of the period the returns are shown below.

These net returns make an approximate allowance for the basis on which Aegon collects its charges specific to our Plan.

Default arrangement

The investment performance of the funds used in the default arrangement during periods up to 31 March 2022 net of all costs and charges expressed as an annual geometric compound percentage were:

Age of member at the start of the period	1 year (% p.a.)	3 years(% p.a)	5 years (% p.a.)
25	13.10	-	-
55	4.58	-	-
60	-0.11	-	-

Source: Aegon

Note that 3-year and 5-year performance is not available for all funds, due to when they were introduced into the strategy.

Inadvertent default funds

The investment performance of the inadvertent default funds up to 31 March 2022 net of all costs and charges expressed as an annual geometric compound percentage are outlined below.

Fund	1 year	3 years	5 years
VGRP Equity	13.10	-	-

BlackRock Corporate Bond All-Stocks Index	-5.45	0.85	1.48
BlackRock DC Cash	-0.03	0.20	0.27

Source: Aegon

Self-select funds

Fund	1 year	3 years	5 years
VGRP Equity	13.10	-	-
BlackRock 50/50 Global Equity Index	10.37	8.34	6.77
VGRP Diversified Growth	1.98	2.99	2.62
BlackRock Corporate Bond All Stocks Ind	-5.45	0.85	1.48
BlackRock Over 15 Years Gilts Index	-8.10	-1.00	0.70
BlackRock Over 5 Years Index-Linked Gilt Index	3.40	2.60	2.76
BlackRock Cash	-0.03	0.20	0.27
BlackRock Emerging Markets	-16.12	6.40	7.61
BlackRock LGIM Ethical Global Equity Index	16.52	15.38	11.72
BlackRock Russell World Equity	11.52	13.20	10.34
BlackRock Property	21.37	7.06	6.55

BlackRock Standard Life Corporate Bond	-5.84	0.96	1.52
Aegon Schroder Sustainable Multi-Factor Equity	14.45	-	-
BlackRock DC Global Property Securities Index Tracker	20.59	6.22	6.04

Source Aegon

The underlying funds of the VGRP Equity Fund were altered on 23 November 2020, from a 100% allocation to the BlackRock DC World Multifactor Equity Tracker Fund to a 50% allocation to the BlackRock DC World Multifactor Equity Tracker Fund and a 50% allocation to the Schroder Sustainable Multi Factor Equity Fund, so we are unable to provide the 3 year and 5 year returns.

Appendix 5

This appendix shows the results of the detailed Value for members assessment.

The tables below provide an overview of the costs and charges incurred in the Plan over the year to 5 April 2022 and benchmarks these against the three comparator schemes (denoted A, B and C). The Plan uses a lifestyling approach for its investment strategy, meaning different funds are used throughout each member's saving journey. As a result, the charges vary over time. Therefore, to provide a proportionate comparison, the tables show the charges at different points in the glidepath, where relevant. The sources for all the below tables are: Aegon and anonymous comparator schemes.

Costs and Charge

Default investment strategy

Scheme	Charge (% p.a.)	Transaction costs (% p.a.)	Total of charges and costs (% p.a.)
15 Years to Retirement			
Plan default	0.44%	0.174%	0.614%
Comparator A	0.22%	0.064%	0.284%
Comparator B	0.37%	0.101%	0.471%
Comparator C	0.85%	0.033%	0.883%
Comparator Average	0.48%	0.066%	0.546%
Scheme	**Charge (% p.a.)**	**Transaction costs (% p.a.)**	**Total of charges and costs (% p.a.)**
5 Years to Retirement			
Plan default	0.59%	0.149%	0.739%
Comparator A	0.22%	0.051%	0.271%

Comparator B	0.49%	0.139%	0.504%
Comparator C	0.80%	0.049%	0.849%
Comparator Average	0.503%	0.080%	0.541%
Scheme	**Charge (% p.a.)**	**Transaction costs (% p.a.)**	**Total of charges and costs (% p.a.)**
1 Year to Retirement			
Plan default	0.54%	0.120%	0.660%
Comparator A	0.22%	0.062%	0.282%
Comparator B	0.49%	0.130%	0.620%
Comparator C	0.76%	0.064%	0.824%
Comparator Average	0.49%	0.085%	0.575%

Note the transaction costs for comparator scheme C are as at 31 December 2021

Self-select funds

Scheme	Charge (% p.a.)	Transaction costs (% p.a.)	Total of charges and costs (% p.a.)
Plan self-select 1	0.26%	0.012%	0.272%
Comparator A	0.21%	0.019%	0.224%
Comparator B	0.32%	0.058%	0.378%
Comparator C	0.85%	0.041%	0.891%
Comparator Average	0.46%	0.039%	0.498%

Scheme	Charge (% p.a.)	Transaction costs (% p.a.)	Total of charges and costs (% p.a.)
Plan self-select 2	0.26%	-0.027%	0.233%
Comparator A	0.19%	-0.027%	0.172%
Comparator B	0.32%	0.007%	0.327%
Comparator C	0.60%	0.022%	0.622%
Comparator Average	0.37%	0.001%	0.374%
Scheme	**Charge (% p.a.)**	**Transaction costs (% p.a.)**	**Total of charges and costs (% p.a.)**
Plan self-select 3	0.39%	1.090%	1.480%
Comparator A	0.41%	-0.034%	0.376%
Comparator B	1.32%	0.234%	1.554%
Comparator C*	-	-	-
Comparator Average	0.87%	0.100%	0.965%

**There is no comparable fund from comparator scheme C, the comparator average is an average of comparator A and B only*

Net investment returns:

Default net investment returns

This section provides an overview of the net investment returns of the Plan and benchmarks these against the three comparator schemes (denoted A, B and C). As the Plan uses a lifestyling approach for its investment strategy, net returns vary over time depending on the stage of each member's saving journey. Therefore, to provide a proportionate comparison, the tables show the charges at different points in the glidepath, where relevant. The sources for all the below tables are: Aegon and anonymous comparator schemes.

The following table shows net investment returns for the default strategy of the Plan and comparator schemes over the year to 31 March 2022.

Scheme	30 years from retirement	5 years from retirement	1 year from retirement
Plan default	13.10%	4.58%	0.82%
Comparator A	11.16%	6.55%	1.02%
Comparator B	13.10%	5.80%	5.50%
Comparator C	7.50%	4.78%	3.02%
Comparator Average	10.59%	5.71%	3.18%

The following table shows net investment returns for a range of self-select funds and their nearest comparable funds within the comparator schemes over the year to 31 March 2022.

Scheme	Fund 1	Fund 2	Fund 3
Plan self-select fund	10.37%	-8.10%	-16.12%
Comparator A	15.41%	-7.48%	-7.53%
Comparator B	10.58%	-7.42%	-11.22%
Comparator C*	3.50%	-5.55%	-

Comparator Average	9.83%	-6.82%	-9.38%

**There is no comparable fund 3 from comparator scheme C, the comparator average for Fund 3 does not include Comparator C*