

# GE Pension Plan

## Annual statement of Governance by the Chair of the Trustee for the year to 31 March 2022

### What is this Statement for?

It's important that you can feel confident that your defined contribution (DC) savings in the Plan ("the Plan") are being looked after and give good value.

This Statement sets out how the Trustee has managed the Plan in the last year and what it aims to do in the coming year.

A copy of this Statement, together with other key Statements about how the Plan is managed are posted online at <https://www.mygepension.com/chairs-statement>.

### What's in this Statement?

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

- 1 **How we manage your Plan** – who the Trustee Directors are and what guides our decision making as a Trustee;
- 2 **Investment options** – what the Trustee has done to review the performance, strategy and suitability of the Plan's investment options, especially those used by members who don't want to make an investment choice (known as the "default arrangement");
- 3 **Investment performance** – what returns the investment options have given over the last year;
- 4 **Cost and charges** – what costs and charges you have paid in the last year and how these charges might impact the size of a typical member's savings in the Plan over time;
- 5 **Value for Members** - how the quality of the Plan's services which you pay for (including the investment returns on your savings) compare with other pension plans.
- 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 the Trustee has done to maintain its level of knowledge and obtain the professional advice it needs to look after the Plan for you; and
- 8 **Our key actions last year and plans for the next year** – what key actions the Trustee took in the last year and what we aim to do in the coming year to continue to improve the Plan for all our members.

### What were the highlights from the last 12 months?

We can confirm to you that:

#### 1 **How we manage your Plan**

Over the year to 31 March 2022, James Heenan and Ian Chadwick ceased being Trustee Directors, and were replaced by Ailsa Beaton and Douglas Hill. Stuart Bage also ceased as a Trustee Director during the year, however he was reappointed to the board on 28 June 2022.

The Statement of Investment Principles, which sets out the Trustee's policies on how your contributions should be invested, was updated in March 2022 to include the 2 new ESG funds from the self-select fund range review.

## **2 Investment options**

We completed an in-depth review of the Plan's default arrangement on 14 November 2019. We're satisfied that the default arrangement has performed in-line with our objectives and remains suitable for most of our members – see section 2 for more details. The next full review of the investment options will be carried out in 2022.

Following a review of the self-select fund range from May to September 2021, the Trustee added two new ESG funds, which have a specific climate change focus, from 1 January 2022.

## **3 Investment performance**

2021 was a challenging year for investment markets because of the uncertainty created by the COVID 19 pandemic. 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. While no changes to how the Plan is invested are planned at present, the Trustee is monitoring the situation with the help of its advisers.

Over the year to 31 March 2022, the funds used in the Plan's default arrangement saw investment returns rise in value by approximately 11% for the L&G PMC Global Equity Fixed Weights 50:50 Index 3 fund used in the growth phase and 4% for the L&G PMC Multi-Asset 3 fund used in the consolidation phase, with very little change in the value of the L&G PMC Cash 3 fund used in the pre-retirement phase. The investment returns produced by the funds were generally in line with the funds' objectives.

The Trustee, with support from its advisers, considers the impact of investment performance on the ability to deliver a good retirement outcomes. After allowing for performance over the year to 31 March 2022, it is expected that most members are either on track or ahead of progress towards good retirement outcomes.

## **4 Costs and charges**

You pay for the Plan's investment, administration and communications while the Company pays for part of the Plan's communications and all of the governance (i.e., the way in which the Plan is run).

The Trustee 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 between 0.21% to 0.25% of the amount invested (or put another way £2.10 to £2.50 for every £1,000 invested) depending on how far members were from their selected retirement age. Although the Plan is not subject to the "charge cap" for auto-enrolment required by the Government, these charges are well within the cap.

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. As an example, for a 36-year-old member in the default arrangement with pension savings of £23,000 now, the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today's money from £38,388 to £35,837.

## **5 Value for Members**

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

The Trustee found that the Plan gave good value in the last year. Over the next year, the main priority in order to make sure you continue to be offered good value is to transfer the DC benefits in the Plan to the Legal & General Master Trust. See section 8 for more details.

## **6 Administration**

We checked that the administration of the Plan was going smoothly at our quarterly meetings by reviewing reports and updates from your pension provider and administrator, Legal & General (“the Provider”), and found that:

- All the key financial transactions (e.g., the investment of your contributions and the processing of retirements) were processed promptly and accurately by the Provider; and
- The wider administration of the Plan was generally completed within the service standards we agreed with Legal & General except for on a few occasions. These were not considered to be material failings and steps have been taken to ensure service standards are met in future (see Section 8 for more details).

## **7 Trustee knowledge**

It's important that the Trustee Directors and Trustee board as a whole keep our knowledge of pension and investment matters up to date and have access to sound professional advice.

During the last year the Trustee Directors attended training sessions on subjects such as cyber security and climate change, received administration and legal updates and checked our level of knowledge and understanding by carrying out regular assessments to confirm and identify any gaps – see section 7 for more details.

There have been no changes to the Trustee's advisers during the year. We regularly review our advisers and are comfortable that they continue to do a good job.

Hymans Robertson are the Plan's DC investment adviser and Eversheds Sutherland are the Plan's legal advisers.

Overall, the Trustee believes that the Trustee Directors 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 Trustee:

- Carried out a review of the self-select arrangement to ensure it remains suitable for you;
- Added two new climate focussed funds to the self-select fund range;
- Reviewed their professional advisers to ensure they are receiving the best advice;
- Regularly assessed the fund fees, suitability and performance through input from the Plan's DC investment adviser; and
- Obtained training for reporting on climate related investment issues in keeping with the recommendations of the Task Force on Climate related Disclosure.

During the next year the Trustee will:

- Continue to monitor value for members during the next 12 months;
- Move the Plan in to the Legal & General Master Trust; and
- Develop our arrangements for reporting on climate related investment issues in keeping with the recommendations of the Task Force on Climate related Disclosure.

The remainder of this Statement provides you with more detail - please read on if you'd like to find out more about how we have managed your Plan in the last year.

We hope this Statement is of help to you planning for your future. If you have any questions, please contact the Plan Secretary on [ge.secretarial@aon.com](mailto:ge.secretarial@aon.com).

## Introduction

Governance requirements apply to DC pension arrangements like the Plan, to help members achieve a good outcome from their pension savings. The Trustee is required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 1 April 2021 to 31 March 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 the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015/879); and

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

DocuSigned by:

*Mark Elborne*

Date: Sep 20, 2022

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Signed by the Chair of Trustee of the GE Pension Plan

## 1 How we manage your Plan

The Trustee of the Plan is GE Pension Trustees Limited, at 31 March 2022, the Trustee Directors of the Plan were:

- Mark Elborne (Chair of Trustee)
- Kerrie Rowland
- Martin Bath
- Jane Snelling
- Harshal Chaudhari
- Scott Hodgson
- Ailsa Beaton
- Douglas Hill

James Heenan and Ian Chadwick ceased being Trustee Directors on 6 April 2021 and 31 December 2021 respectively.

Following the year end, Stuart Bage ceased to be a Trustee Director from 31 December 2021, however he was re-appointed to the Board on and from 28 June 2022.

The Statement of Investment Principles ("SIP") sets out the Trustee's investment policies which the Trustee, with the help of its advisers, reviews at least every three years. The last review was carried out in September 2020 to reflect the Trustee's policy on how it incentivises investment managers to align their investment strategy with the Trustee's policies. The SIP was last updated in March 2022 to include the 2 new ESG funds from the self-select fund range review.

## 2 Investment options

### Default arrangement

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

The Trustee decided that the default arrangement should be a lifestyle strategy, which means that our 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:

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

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

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

- the Trustee has taken into account a number of factors including members' projected pot sizes at retirement, contribution levels, and the likely return on investment after the deduction of charges payable on the funds used by the default strategy; and
- based on this analysis, the Trustee believes that most members will want to take their retirement benefits as cash, as members have saved their DC benefits in order to top up their defined benefit pension.

The Trustee regularly monitors the investment performance of the default arrangement and formally reviews 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, strategy and suitability of the default arrangement was conducted on 14 November 2019, with the help of the Trustee's investment adviser. The next full review should take place by November 2022 or immediately following any significant change in investment policy or the Plan's membership profile. It is anticipated that the DC benefits will have transferred to the Legal & General Master Trust by this date and so the Master Trust Trustees will carry out this review.

Following the November 2019 review, the Trustee is satisfied that the default arrangement performance and strategy are consistent with its objectives and 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.

Therefore, there were no changes to the default arrangement as a result of this review.

### Other investment options

The Trustee recognises 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 self-select funds. The main objectives of these investment options are:

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

The Trustee carries 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 14 September 2021, where two new self-select funds were added to the range from 1 January 2022:

- L&G Future World Multi-Asset Fund
- L&G Future World Global Equity Index Fund

Additionally, Legal & General have changed the name of L&G Property Fund to the L&G Sustainable Property Fund, which now targets net-zero operational carbon by 2030. The Trustee and their advisors are comfortable with the Property Fund changes which address liquidity issues and added ESG considerations, but note potential increased volatility due to use of Real Estate Investment Trusts ("REITS"). The Trustee will continue to monitor the fund over the next 12 months to ensure it still provides a property like return.

## 3 Investment performance

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

### Investment conditions

When looking at the following figures it should be borne in mind that Global Equities and UK Equities rose by 12.7% and 13.0% respectively over the year to 31 March 2022.

### 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 11.0% or, put another way, a rise of £110 for every £1,000 invested for the L&G Global Equity 50:50 fund to a fall in value of -0.1%, or a fall of £-1 for every £1,000 invested for the L&G Cash fund.

Fund	1 year	3 year (p.a.)	5 year (p.a.)
L&G Global Equity 50:50	11.0	8.8	7.0
L&G Multi-Asset Fund	4.0	5.9	5.2
L&G Cash	-0.1	0.1	0.2

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

Age of member in Plan (years)	1 year	3 year (p.a.)	5 year (p.a.)
25	11.0	8.8	7.0
55	7.7	7.3	6.3
64	2.8	4.5	4.4

The Trustee is satisfied that all funds used by the default arrangement have performed broadly in line with their objectives.

#### Self-select funds

The most popular fund apart from the default funds, the L&G World ex UK Equity fund, rose in value by 14.6% during the year to 31 March 2022.

The Trustee is satisfied that all funds used by the other investment options have performed in line with their objectives over the 5-year period.

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

## 4 Costs and charges

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

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

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

#### 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.

The investment-based charges borne by members include 0.12% p.a. towards the costs of the Plan's administration. The charges are deducted by the Provider before the funds' unit prices are calculated.

The Plan is not a qualifying scheme for auto-enrolment purposes, however the member borne charges for the default arrangement complied with the charge cap during the year covered by this Statement.

#### 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 here do not include any costs members may incur from time to time when buying or selling units in the provider's funds caused by the fund manager's unit price for a fund moving from a "bid" to "offer" basis (or vice versa) or any other "dilution levy" when units in that fund are bought or sold to protect the value of the fund for other investors.

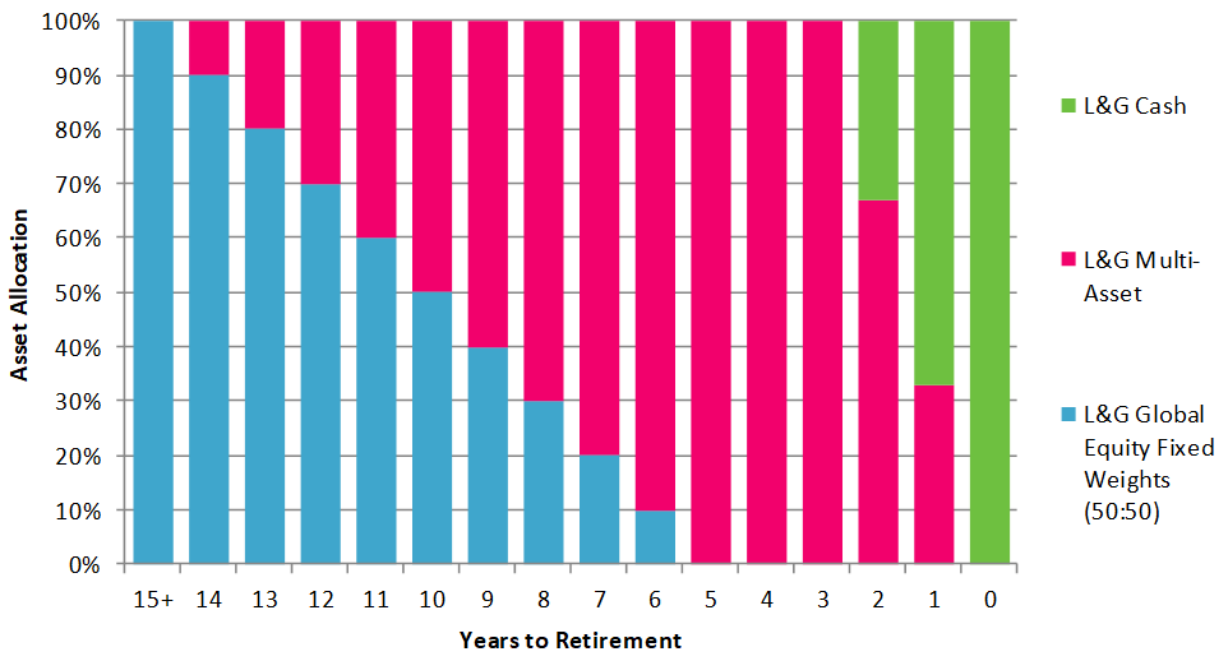
**Member-borne charges and transaction costs**

The charges and transaction costs have been supplied by the Plan's provider, Legal & General.

**Default arrangements**

The default arrangement is a "lifestyle strategy" which invests contributions in funds according to how far each member is from their selected 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.

**Default arrangement charges and transaction costs**



During the year covered by this Statement the member-borne charges for the default arrangement were in a range from 0.21% to 0.25% of the amount invested or, put another way, in a range from £2.10 to £2.50 per £1,000 invested.

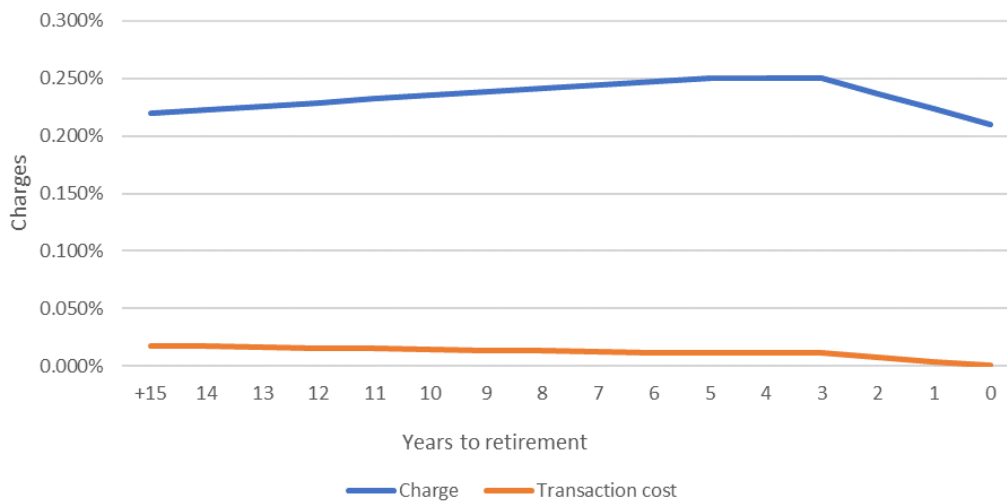
The transaction costs borne by members in the default arrangement during the year were in a range from a cost of 0.00% to a cost of 0.02% of the amount invested or, put another way, in a range from a cost of £0.00 to a cost of £0.20 per £1,000 invested.

The member borne charges in the default arrangement vary gradually over the course of a member's journey to retirement, the table below shows the charges and transactions costs at set points in the lead up to retirement. For the period covered by this Statement, the annualised charges and transaction costs are:

Period to retirement	Charge		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Up to 15 years	0.220%	£2.20	0.018%	£0.18 cost
10 years	0.235%	£2.35	0.014%	£0.14 cost
5 years	0.250%	£2.50	0.011%	£0.11 cost
At retirement	0.210%	£2.10	0.001%	£0.01 cost

Source: Legal & General

The following chart also shows graphically how these charges vary from year to year:



The average charge for the default arrangement over a 40-year saving period was 0.23%.

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

The Plan is not a qualifying Plan for auto-enrolment purposes and so the default arrangement is not subject to the charge cap. However, the charges are still well within the charge cap.

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

In addition to the default arrangement, our members also have the option to invest in 15 self-select funds.

#### Self-select funds

During the year the charges for the self-select funds were in a range from 0.20% to 1.28% of the amount invested or, put another way, in a range from £2.00 to £12.80 per £1,000 invested.

The transaction costs borne by members in the self-select funds during the year were in a range from a cost of 0.00% to a cost of 0.13% of the amount invested or, put another way, in a range from a cost of £0.00 to a cost of £1.30 per £1,000 invested.

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

Fund	Charge		Transaction cost	
	% p.a.	£ p.a. per £1,000 invested	% p.a.	£ p.a. per £1,000 invested
L&G Global Equity Fixed Weights (50:50) Index	0.22%	£2.20	0.01%	£0.10 cost
L&G World ex UK Equity	0.24%	£2.40	0.00%	£0.00 cost
L&G UK Equity	0.22%	£2.20	0.02%	£0.20 cost
L&G World Emerging Markets Equity	0.37%	£3.70	0.03%	£0.30 cost
L&G Ethical Global Equity	0.42%	£4.20	0.00%	£0.00 cost
L&G Future World Global Equity Fund	0.27%	£2.70	0.01%	£0.10 cost
L&G HSBC Islamic Global Equity Index	0.47%	£4.70	0.13%	£1.30 cost
L&G Over 15 Year Gilts	0.20%	£2.00	0.05%	£0.50 cost
L&G Over 5 Year Index Linked Gilts	0.20%	£2.00	0.02%	£0.20 cost
L&G AAA-AA-A Corporate Bonds All Stocks	0.24%	£2.40	0.00%	£0.00 cost
L&G Pre-Retirement Inflation Linked	0.25%	£2.50	0.01%	£0.10 cost
L&G Cash Fund	0.21%	£2.10	0.00%	£0.00 cost
L&G Sustainable Property	1.28%	£12.80	0.00%	£0.00 cost
L&G Multi-Asset Fund	0.25%	£2.50	0.01%	£0.10 cost
L&G Future World Multi-Asset Fund	0.28%	£2.80	0.01%	£0.10 cost

Source: Legal & General

#### Additional Voluntary Contributions (“AVCs”)

The Plan offers members in the defined benefit section a choice of the same range of funds for their AVCs as for their other DC benefits. The costs and transactions charges are therefore the same as those above and set out in Appendix 2b.

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

The Trustee has asked the Plan’s provider (Legal & General) to illustrate the impact over time of the costs and charges borne by members.

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 typical members aged 36 and 54, at stages up to retirement

The illustrations are included in Appendix 3 to this Statement and show these figures for the funds below, together with a note of the assumptions used in calculating these illustrations:

- The default arrangement; as well as 3 funds from the Plan’s self-select fund range:
- The fund used by the greatest number of members and with some of the lowest annual member borne costs – the L&G (PMC) Cash Fund 3

- The fund with highest annual member borne costs –the L&G (PMC) Property Fund 3
- The most popular, by value of assets invested, and one of the highest risk funds – the L&G (PMC) Global Equity Fixed Weights (50:50) Index Fund 3

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 36-year-old member in the default arrangement with pension savings of £23,000 now, the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today’s money from £38,388 to £35,837.

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.

#### Notes on illustrations

- These illustrated values are not guaranteed and may not prove to be a good indication of how your own savings might grow;
- The transaction cost figures used in the illustrations are based on the average yearly costs incurred, measured over a period of up to the last five years; and
- Projected pension pot values are shown in today’s terms, and do not need to be reduced further for the effect of future inflation.

Further notes on the illustrations, along with the assumptions used, are contained within the illustrations in Appendix 3.

## 5 Value for Members

Each year, with the help of its advisers, the Trustee reviews the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members and carries out an assessment of whether they represent good Value for Members. Value is not simply about low cost – the Trustee also considers the quality and scope of provision (for example the quality of administration and the communications provided) compared against similar plans and available external benchmarks.

### Approach

The Trustee adopted the following approach to assessing Value for Members in the year ending 31 March 2022:

- **Services** – considered the investment management, administration and communication services where members bear or share the costs;
- **Outcomes** – weighted each service according to its likely impact on outcomes for members at retirement and the value the Trustee thinks members will place on each;
- **Comparison** – the cost and quality of each service were compared against similar plans and available external comparisons;
- **Rating** – each service was rated on the basis outlined in the following section.

### Results for the Year ending 31 March 2022

The Trustee, in conjunction with its advisers, concluded that the Plan gave **Good** Value for Members in the year ending 31 March 2022. The Trustee also decided that the Plan gave **Good** Overall Value for Money (a wider rating of value including aspects paid for by the Company) in the year ending 31 March 2022.

The ratings and weightings used for the assessment were:

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

### Rating rationale

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

Value for Money Service and weighting (Overall Value for Money weightings)	Rating	Rationale
Investment 65% (62.5%)	Good	<p>The Plan's default arrangement is a "lifestyle" strategy that changes the assets in which members are invested through their pension savings journey and which de-risks as they approach retirement. The charges for the Plan's default arrangement move from 0.22% (during the growth phase) to 0.25% (during the consolidation phase) and to 0.21% (at the end of the de-risking phase). Over a 40-year saving period the average charge is 0.23% p.a. The Trustee notes that this is in line with the 2020 DWP pensions survey average charge of 0.22% p.a. for a trust based non-qualifying Plan with more than 1,000 members and is reasonable compared to the Hymans Robertson client average of 0.38% to 0.48% for a default offered by peer Plans.</p> <p>The transaction costs for the default funds range from 0.00% p.a. to 0.02% p.a. Whilst little comparative information is currently available, the Trustee believes this range is reasonable for the type of funds offered to members.</p> <p>The Trustee also provides 15 funds for members to self-select, which include 2 additional ESG funds which were added following a review of the self-select range carried out from May to September 2021. Performance for most funds remains competitive against respective benchmarks (after fees). The Trustee and their DC investment advisor continue to monitor charges and the Trustee receives bi-annual detailed investment reports.</p>

		<p>The Trustee is satisfied that the investment options are suitable for the Plan's membership. The last review of the default investment strategy was carried out in November 2019; this included analysis of membership demographics and projected pot sizes. No changes were made to the investment strategy following this review. A review of the self-select fund range and RI options within the range was carried out from May to September 2021 and the Trustee added 2 new ESG fund options which have specific climate change overlays.</p> <p>The Statement of Investment Principles ("SIP") was last updated in March 2022 to include the 2 new ESG funds from the self-select fund range review.</p>
<p>Administration 10% (7.5%)</p>	<p>Average</p>	<p>There is efficient and accurate processing of core financial transactions, good record keeping, and the Plan provides suitable quality administration support at an appropriate cost. This ensures members are informed about the Plan and their instructions are carried out within appropriate timeframes. Quarterly reports are produced for the Trustee, detailing performance against the service level agreements and to support the Plan's governance. These showed that the Provider met their service level agreements for core financial transactions on all occasions but missed these on other processes on a number of occasions. The Provider has taken steps to rectify this, including recruitment of new staff and further automation of some processes. The Trustee is monitoring the situation through quarterly updates from the Provider and have seen a notable improvement from the previous year. Over the course of the year there were no complaints from members, which the Trustee considers to be good, considering the size of the membership.</p> <p>Administration at retirement has been improved to avoid delays in processing members benefits. A leaver notification form gives the administration team advance notice of leavers and AVCs are disinvested ahead of the retirement date to speed up the end process, although members can opt out of this if they wish.</p>
<p>Communication 25% (22.5%)</p>	<p>Good</p>	<p>Members pay for communications provided by Legal &amp; General through the annual management charge, these are limited to annual benefit statements and communications at retirement and are of a similar quality or better to typical communications for similar schemes. Legal &amp; General were early adopters of the PLSA standards and have built these into their communications and tools. Members also have access to the Manage Your Account portal, through which they can carry out most transactions and access Plan documents, fund information and a Retirement Planner tool.</p> <p>The Company communications are managed in partnership with the Trustee and the employer, GE. This allows the Trustee to fulfil its obligations and gives it easier access to active members. GE offers fully funded pre-retirement seminars to all members and their spouses, and releases communications at appropriate times, such as the tax year end and the flexible benefits enrolment window, to encourage engagement and informed decision making. The Trustee has received feedback from members to say that the pre-retirement</p>

		<p>seminars are of good quality, provide value to members in their retirement decision making process and that it is helpful that they are inclusive of spouses. These seminars also cover matters outside of pensions, but which can be influential in terms of determining expected expenditure in retirement, such as tax, health, and travel costs.</p> <p>A Company website is available to members and provides a range of appropriate guides, modelling tools and other relevant information for those building their pension or those nearing retirement. All core communications provided by the Company, including a member guide, newsletters, summary funding statements and benefit statements comply with the Plain English Campaign's Crystal Mark standard.</p>
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Governance and Plan management is not included in the Value for Members assessment as it is paid for by the Company, but it can be included in the Overall Value for Money assessment.

Service and weighting	Rating	Rationale
Governance (7.5%)	Good	<p>The Trustee governs the Plan to a high standard. The Plan is subject to supervision by the Pensions Regulator, who has been satisfied with their standards of governance, including the business continuity planning and Board resilience in the face of the pandemic situation.</p> <p>The Trustee Board met four times during the last year and reviewed their own and their advisers' effectiveness during the year. The Governance &amp; Compliance Committee of the Trustee, responsible for the Plan's governance, including in relation to DC benefits, also met eight times during the last year.</p>

## 6 Administration

The Trustee appointed Legal & General to administer the Plan on their behalf.

### Core financial transactions

The Trustee monitored core financial transactions during the year including (but not limited to):

- 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 Trustee has a Service Level Agreement in place with the provider, which covers the accuracy and timeliness of all administration work such as:

- The investment of contributions;
- Switching investment options
- Providing quotations of benefits to members who are retiring or leaving the Plan;
- Payments of benefits;

- Producing annual benefit statements; and
- Responding to ad hoc enquiries from members.

The provider aims to complete 95% of its administration work and core financial transactions within these service levels.

The Trustee understands that the provider monitors its performance against these service levels by:

- Monitoring daily (by at least two individuals) investment and banking transactions;
- Daily monitoring of bank accounts;
- Monitoring daily workflow items;
- Regular internal audits of administration procedures;
- A dedicated contribution processing team; and
- Reviewing the level, causes and resolution of complaints.

The Trustee monitored the accurate and timely processing of core financial transactions, and administration service levels, and ensured no issues arose during the year by:

- Checking that contributions deducted from members' earnings have been paid promptly to the Plan by the Company;
- Receiving quarterly reports from the provider 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 Provider has confirmed to the Trustee that there are adequate internal controls to ensure that core financial transactions relating to the Plan are processed promptly and accurately.

The Trustee is satisfied that the service standards are competitive because:

- The Trustee conducted a review of the provider in 2021, when they were found to be competitive with other providers.
- Feedback from the Plan's advisers suggests that the standards compare competitively with other possible options

The Trustee has asked their advisers to formally compare service levels against other similar providers next year as part of the formal review.

Overall, the Trustee is satisfied that during the year:

- Core financial transactions were processed accurately, promptly and efficiently;
- There were no material administration errors in relation to processing core financial transactions; and

The Trustee identified the following issue with the administration service levels during the year:

- Over the 12-month period, the provider achieved an average performance against service levels of 87%, which is below the target service level of 95% and is below average compared to the DC market.

The provider has provided assurance to the Trustee that they have taken appropriate steps to improve this performance level through a concerted effort in the second half of 2020 and 2021 and a notable improvement in service standards has been achieved. They have invested heavily in improving standards, including recruiting more staff and the introduction and integration of automation, robotics and straight through processing solutions. The service levels for core financial transactions were met on all occasions. The Trustee



receives updates on administration performance, including any improvement or deterioration, on a quarterly basis to allow them to monitor this.

### **Data quality**

The Trustee works closely with the Plan's Defined Benefits administrator, Willis Towers Watson, and the Plan's DC administrator, Legal & General, to continuously cross-check and improve data quality, including conducting regular data cleansing exercises on the Plan's common data to ensure that it remains as accurate and up to date as possible. With respect to the DC benefits, Legal & General are able to carry out an in-depth audit on the Plan's DC common data at the request of the Trustee.

Each year the Trustee ask the Plan's administrator to undertake 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 error free for 98.38% of membership data as at 31 March 2022.

### **Cyber Security**

The Trustee is conscious of the growing threat of cyber-attacks on pension plan information. The Trustee takes this threat seriously and ensures that their policies and standards with regard to cyber security are upheld and has undergone a simulation of a "real life" War Game Scenario to helped them understand how to respond in the event of a cyber incident on the Plan.

The Trustee also holds the Plan's provider to this standard, and each year the Trustee asks the Plan's provider to confirm that their cyber security arrangements are effective and up to date. The Trustee expects that the Plan's provider will report any security breach immediately and ensure that members are notified as soon as possible.

### **Own Risk Assessment (ORA)**

Each year the Trustee carries out an assessment of the effectiveness of the controls which are in place to manage the risks faced by the Scheme. The Trustee is currently preparing the Plan's first ORA.

### **Overall**

The Trustee is 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 Plan's common data is accurate and up to date;
- The Plan's cyber security arrangements are effective.

### **Security of assets**

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

The funds are provided through a policy of insurance issued to the Trustee by Legal and General Assurance Society Limited. As a result, the value of the funds may be affected in the event of Legal & General getting into financial difficulties.

The Plan's DC and AVC assets held under the policy with Legal and General Assurance Society Limited are covered by the Financial Services Compensation Scheme ("FSCS") in the event of Legal and General Assurance Society Limited getting into financial difficulties. However, losses would not be covered by the FSCS if the fund managers used by Legal & General get into financial difficulties.

The Trustee will continue to keep this under review. The Trustee takes the security of assets into account when selecting and monitoring the funds used by the Plan.

## 7 Trustee knowledge

The Plan's Trustee is required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Sections 247 and 248 of the Pensions Act 2004 require that the Trustee must:

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

The Trustee has 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 Trustee's current practices to maintain and develop Trustee Directors' level of knowledge and understanding of matters relating to the Plan are:

- there is an induction process for newly appointed Trustee Directors, who are asked to complete the Pensions Regulator's "Trustee Toolkit", which is a free online learning programme aimed at Trustees of occupational pension schemes and is designed to help Trustees meet the minimum level of knowledge and understanding required by law. Trustee Directors appointed during the Plan year completed this and also received bespoke training from each of the Plan's legal, actuarial and investment advisers. They are also provided access to the Plan documentation which they are encouraged to read;
- the Plan's governing documentation was consolidated and re-written with a "plain English" approach in 2016 to assist the Trustee in maintaining a good working knowledge of the Plan's Trust Deed and Rules. The Trustee receives training when they are amended or updated and refers to the Deed and Rules in relation to all decisions in relation to the Plan. By way of example, the Trustee referred to them this year to confirm members' right to take their AVC benefits as tax free cash;
- the Plan's investment advisers provide training to ensure that the Trustee has a working knowledge of the Plan's Statement of Investment Principles as well as funding and investment principles (including the investment concepts relevant to the Plan). The Statement of Investment Principles was formally reviewed by the Trustee following its update in 2020;
- the Plan's legal advisers provide regular training to ensure that the Trustee has working knowledge of the law and legislation relating to pension schemes, the Trustee's current policies and the Plan's governing documentation and to identify where developments may require changes to policies, processes and/or documentation;
- the Trustee is encouraged to undertake further study and qualifications which supports the work of the Trustee Directors;
- the Trustee has a plan in place for ongoing training appropriate to their duties and this includes inclusion and diversity training;
- the effectiveness of these practices and the training received are reviewed at least quarterly;

- the Trustee carries out regular assessments to confirm and identify any gaps in their knowledge and skills;
- the Trustee also receive quarterly “hot topics” from their adviser covering technical and legislative/regulatory changes affecting DC (and additional voluntary contribution) schemes in general; and
- a weekly horizon scanning document is available for Trustee directors which lists upcoming legal and regulatory developments by sub-committee relevance.

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps. The Trustee’s investment advisers raise any changes in governance requirements and other relevant matters as they become aware of them, by updates at quarterly meetings or by sending articles and updates of relevance. The Trustee’s advisers typically deliver training on such matters at Trustee meetings if they are material.

Post year end, the Trustee received training on 15 June 2022 on climate metrics and targets and climate scenario analysis, with regard to guidance issued by the Department for Work and Pensions. Following this training, the Trustee considered and agreed a range of climate metrics and targets and will consider the impact of potential climate scenarios on the Scheme, and report on the findings as part of the first TCFD report covering the year to 31 March 2022.

All of the Trustee Directors 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 Trustee refers to the Trust Deed and Rules as part of deciding to make any changes to the Plan, and the SIP is formally reviewed at least every three years and as part of making any change to the Plan’s investments.

A training log is maintained in line with best practice and the training programme is reviewed quarterly to ensure it is up to date.

In addition to the training set out above, the Trustee Directors are encouraged to attend external training courses and a monthly schedule of opportunities is distributed on a monthly basis. The Trustee Directors are asked to update their training logs on a quarterly basis and are asked to complete a Knowledge and Understanding questionnaire on an annual basis in order to identify gaps of knowledge within the Trustee Board.

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

<b>Date</b>	<b>Topic</b>	<b>Aim/benefit</b>	<b>Trainer</b>
26 April 2021	Responsible Investing / ESG / Climate Change	The Trustee was provided with an Educational, Philosophical and Strategic session with regards to climate change and responsible investing.	Aon Eversheds Sutherland Penfida
22 September 2021	Taskforce for Climate Related Financial Disclosures (TCFD)	The Trustee was kept up to date on the TCFD requirements which are set to come into effect for the year ending 31 March 2022.	Aon
22 September 2021	Cyber Incident Response Plan	The Aon Cyber Team provided the Trustee with a simulation of a “real life” War Game Scenario, which helps the Trustee understand how to respond in the event of a cyber-attack on the Plan.	Aon Cyber Team

			Willis Towers Watson
19 October 2021	TPRs Single Code and other TPR News	The Trustee was kept up to date on tPR's Single Code of Practice which will replace 10 of the 15 current codes.	Eversheds Sutherland  Aon
19 October 2021	DC Proposal - the future of the DC benefits	In light of increasingly onerous regulations, the Trustee engaged in training and discussion regarding the direction of the Plan in the near future.	Hymans Robertson  Eversheds Sutherland
Ongoing	RI and climate change	The Plan's DC advisers provide the Trustee with regular updates on developments in Responsible Investments, including updates on government policy, L&G's quarterly ESG impact reports, the adviser's Quarterly RI news and views update and ad hoc publications such as their Climate Change guide. This increases the Trustee's understanding of how Scheme's pension investments impact climate change action.	Hymans Robertson
Quarterly	Legal training	The Plan's legal advisers provide training and updates to the Trustee at each Board meeting, which increases the Trustee's understanding of legal matters concerning the Plan including a working knowledge of the Plan's Trust Deed and Rules. Training and updates are also provided regularly to committees of the Trustee.	Eversheds Sutherland
Quarterly	DC update	The Plan's DC advisers provide updates to the Trustee at each Board meeting on developments in the DC market and regulatory and legislative changes, which increases the Trustee's understanding of DC pensions and requirements and helps them to effectively manage the Plan's DC benefits.	Hymans Robertson

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

The Trustee review the effectiveness of its advisers annually and provides feedback to the advisers, and periodically reviews the appointment of its advisers.

The Trustee undertook the following reviews during the last year:

Date	Review of
Q2 2021	Administrator (3-year review)
Q3-Q4 2021	Fiduciary manager (5-year and CMA review)
Q4 2021	Strategic investment adviser (5-year review)
Q4 2021	Auditor (6-year review)

Q4 2021	Covenant (3-year review)
Q1 2022	Legal advisers (informal review)
Q1 2022	Secretariat (informal review)

The Trustee is satisfied that during the last year they have:

- a) Taken effective steps to maintain and develop their knowledge and understanding; and
- b) Ensured they received suitable advice.

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

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

During the Plan year ending 31 March 2022 the Trustee undertook the following (over and above “business as usual”):

- Carried out a review of the self-select arrangement to ensure it remains suitable for you;
- Added in two new climate funds in the self-select fund range;
- Reviewed their professional advisers to ensure they are receiving the best advice;
- Regularly assessed the fund fees, suitability and performance through input from the Plan’s DC investment adviser; and
- Obtained training for reporting on climate related investment issues in keeping with the recommendations of the Task Force on Climate related Disclosure.

In the coming Plan year (which will be covered by the next Statement), the Trustee intends to carry out the following:

- Continue to monitor Value for Members during the next 12 months;
- Transfer the DC benefits in the Plan into the Legal & General Master Trust; and
- Develop our arrangements for reporting on climate related investment issues in keeping with the recommendations of the Task Force on Climate related Disclosure.

The Trustee believes that this work will help you get the best out of our Plan.

### Information

The Trustee is satisfied that it has obtained full information on charges and transaction costs.

The Trustee notes the following limitations:

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

The Trustee understands that these issues currently affect many pension plans and pension providers. The amount of comparative information available should improve over the next few years.

## **Appendix 1**

### **Statement of Investment Principles**

*[Insert Statement of Investment Principles covering the default arrangement]*

## Appendix 2

### Table of funds and charges

Please note that the charges in the table below include the 0.12% charge for administration services, which is also borne by members.

#### 2a Default arrangements

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

Fund	Fund ID *	Charges **		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
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	NDZ3	0.22%	£2.20	0.01%	£0.10 cost
L&G PMC Multi-Asset 3	NTW3	0.25%	£2.50	0.01%	£0.10 cost
L&G PMC Cash 3	EAB3	0.21%	£2.10	0.00%	£0.00 cost

Source: Legal & General

#### 2b Self-select funds outside the default arrangement

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

Fund	Fund ID *	Charges **		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
L&G Global Equity Fixed Weights (50:50) Index	NDZ3	0.22%	£2.20	0.01%	£0.10 cost
L&G World ex UK Equity	NED3	0.24%	£2.40	0.00%	£0.00 cost
L&G UK Equity	NBC3	0.22%	£2.20	0.02%	£0.20 cost
L&G World Emerging Markets Equity	NQM3	0.37%	£3.70	0.03%	£0.30 cost

L&G Ethical Global Equity	NEB3	0.42%	£4.20	0.00%	£0.00 cost
L&G Future World Global Equity Fund	B1D3	0.27%	£2.70	0.01%	£0.10 cost
L&G HSBC Islamic Global Equity Index	BB43	0.47%	£4.70	0.13%	£1.30 cost
L&G Over 15 Year Gilts	NBR3	0.20%	£2.00	0.05%	£0.50 cost
L&G Over 5 Year Index Linked Gilts	NEC3	0.20%	£2.00	0.02%	£0.20 cost
L&G AAA-AA-A Corporate Bonds All Stocks	NEM3	0.24%	£2.40	0.00%	£0.00 cost
L&G Pre-Retirement Inflation Linked	NES3	0.25%	£2.50	0.01%	£0.10 cost
L&G Cash Fund	EAB3	0.21%	£2.10	0.00%	£0.00 cost
L&G Sustainable Property	B5N3	1.28%	£12.80	0.00%	£0.00 cost
L&G Multi-Asset Fund	NTW3	0.25%	£2.50	0.01%	£0.10 cost
L&G Future World Multi-Asset Fund	BT63	0.28%	£2.80	0.01%	£0.10 cost

Source: Legal & General

#### **Additional Voluntary Contributions for members in the defined benefit section**

The Plan offers members in the defined benefit section the same range of funds for their AVCs as for their other benefits. The costs and transactions charges are therefore the same as those above.

\* Fund ID = a unique fund identifier for the fund on the Legal and General platform.

\*\* Charge = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses ("OCE").

\*\*\* Underlying Fund = the fund in which the Plan's top level Fund invests.



## **Appendix 3**

### **Legal & General costs and charges sample illustrations**

*[Insert L&G's illustrations]*

## 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, returns are shown over the Plan year for a member up to 15 years, 10 years, 5 years, and 0 years from retirement.

Period to retirement	Performance		
	1 year (%)	3 years (%)	5 years (%)
Up to 15 years	11.04	8.76	7.04
10 years	7.74	7.34	6.25
5 years	4.27	5.88	5.31
At retirement	1.24	3.13	3.52

When looking at these figures it should be borne in mind that Global Equities and UK Equities rose by 12.7% and 13.0% respectively over the same period.

#### Default arrangement

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

Fund	1 year (%)	3 years (%)	5 years (%)
L&G PMC Global Equity Fixed Weights 50:50 Index Fund 3	11.04	8.75	7.04
L&G PMC Multi Asset Fund 3	4.03	5.88	5.17
L&G PMC Cash Fund 3	-0.09	0.09	0.15

Source: Legal and General

### Other investment options

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

Fund	1 year (%)	3 years (%)	5 years (%)
L&G PMC Global Equity Fixed Weights 50:50 Index Fund 3	11.04	8.75	7.04
L&G PMC World (Ex-UK) Equity Index Fund 3	14.53	14.98	11.60
L&G PMC UK Equity Index Fund 3	12.90	5.14	4.54
L&G PMC World Emerging Markets Equity Index Fund 3	-3.92	5.14	4.96
L&G PMC Ethical Global Equity Index Fund 3	16.60	15.47	11.78
L&G PMC Future World Global Equity Index Fund 3*	N/A	N/A	N/A
L&G PMC HSBC Islamic Global Equity Index Fund 3	21.05	20.78	15.83
L&G PMC Over 15 Year Gilt Index Fund 3	-7.422	-0.98	0.67
L&G PMC Over 5 Year Index Linked Gilts Fund 3	4.64	3.06	3.02
L&G PMC AAA-AA-A Corporate Bond All Stocks Index Fund 3	-5.37	0.14	0.91
L&G PMC Pre-Retirement Inflation Linked Fund 3	-1.13	1.84	2.31
L&G PMC Cash Fund 3	-0.09	0.09	0.15
L&G PMC Sustainable Property Fund 3	11.24	4.48	6.78
L&G PMC Multi Asset Fund 3	4.03	5.88	5.17
L&G PMC Future World Global Multi-Asset Fund 3*	N/A	N/A	N/A

Source: Legal and General

\*The L&G Future World Global Equity Index and Future World Global Multi-Asset funds do not have investment performance data as it was included in the Plan only in the past year.