

THE CHAIR'S STATEMENT REGARDING GENERAL DYNAMICS UNITED KINGDOM RETIREMENT AND DEATH BENEFIT SCHEME: 06 APRIL 2022 – 05 APRIL 2023

This statement is produced pursuant to the governance rules contained in The Occupational Pension Schemes (Charges and Governance) Regulations 2015 which applied to defined contribution pension arrangements from 6 April 2015. These rules include the requirement for trustees to prepare an annual statement of governance. This statement explains how the General Dynamics United Kingdom Retirement and Death Benefit Scheme (“the Scheme”) is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes – DC). The Statement set out details the following in relation to the DC assets within the Scheme:

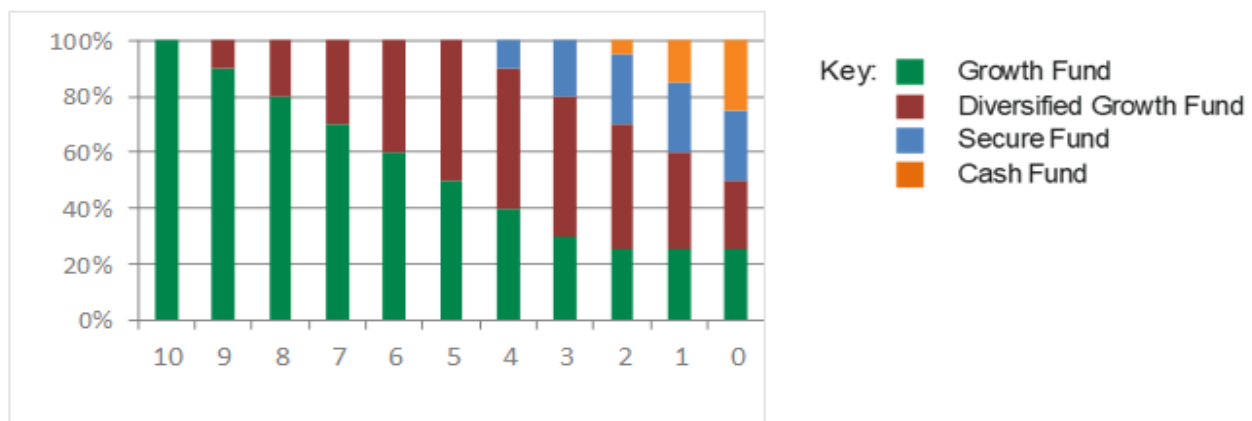
- the current default investment strategy;
- how the Trustees have ensured that core financial transactions have been processed promptly and accurately;
- the report on the charges and transaction costs for the investments used in the default and self-select arrangements and the extent to which the charges and costs represent good value for members;
- return on investments; and
- how the combined knowledge and understanding of the Trustees and their advisers enables the Trustees to properly run the Scheme.

Default arrangement

Members of the Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustees with the advice of their Investment Consultant.

The current default strategy is a lifestyle strategy, whereby members’ savings are gradually moved into lower risk investments as retirement approaches. This strategy is known as the ‘Flexible Glide Path – 10 years’, though an alternative lifestyle called the ‘Flexible Glide Path – 5 years’ is available for members to select, which adopts the same as the default but de-risks over a 5 year period, rather than 10 years. In addition, two other lifestyle strategies named the ‘Annuity Glide Path – 10 years’ and ‘Annuity Glide Path – 5 years’ are also available to members – these lifestyle strategies are aimed at members who intend to purchase an annuity at retirement.

In the default lifestyle strategy, Scheme members are fully invested in the LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged Fund (“Growth Fund”) until they are 10 years away from their target retirement age. This fund aims to expose members’ savings to a relatively high level of potential growth at a time when they can afford to take on more risk. Once members are 10 years from retirement, their assets start to gradually move out of the Growth Fund and into the Columbia Threadneedle Multi-Asset Fund (“Diversified Growth Fund”) so that members are equally invested in both funds 5 years away from retirement. The strategy then de-risks further by moving assets into the LGIM Over 15 Year Gilt Index Fund (“Secure Fund”) and the LGIM Cash Fund (“Cash Fund”), so that at retirement, the investment allocation is equally split between these four funds. This strategy aims to provide a flexible retirement outcome for members. A summary of the default lifestyle strategy investment allocation is shown as follows:



No formal review of the investment strategy was carried out during the period. The last full investment strategy review was carried out on 16 April 2020 and concluded that the Scheme's default strategy (as outlined above) remained fit for purpose and appropriate for the membership. A further review of the Scheme's growth stage of the default arrangement was carried out on 21 April 2021, where it was agreed that no major investment changes should be made to the DC arrangements.

The Trustees review the performance of the default lifestyle strategy (as well as the alternative lifestyle strategies and self-select options) on a quarterly basis and are happy with the performance over the year and have no concerns about the investment funds failing to meet their objectives. The Trustees are aware of their requirements to undertake a review of the investment strategy every three years. In recognition of the imminent transfer of DC assets to a Master Trust arrangement in the second half of 2023, the Trustees did review investments as part of the move, and the Trustees agreed that the current strategy remained suitable for members in the interim.

The default lifestyle strategy is described in further detail in the Scheme's Statement of Investment Principles (SIP) which was last reviewed by the Trustees on 16 September 2020 and a copy of which is submitted alongside this governance statement. As outlined in the SIP, the Trustees' main objective is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement. To this extent, the Trustees feel they have aligned their objectives in line with the SIP over the reporting period. The assets are expected to transfer in September 2023.

In addition, the Trustees have identified that the LGIM Cash Fund is a technical default arrangement due to monies being transferred here without member consent in November 2020 while the LGIM Managed Property Fund was suspended. The Scheme's legal advisors determined that the LGIM Cash Fund should continue to be considered a technical default, even after the redirected Property fund contributions have been transferred out of this fund.

The Trustees have set up processes to publish relevant information on the default arrangement online at the following URL: <https://generaldynamics.uk.com/about/pensionscheme/> and will notify members about this in their annual benefit statements.

Processing Scheme transactions

The Trustees have a specific duty to ensure that core financial transactions relating to DC benefits are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, switches between different investments within the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustees' behalf by the Scheme administrator, Mercer Limited, and its investment manager Legal & General. The Trustees review the processes and controls implemented by those organisations every quarter, and consider them to be suitably designed to achieve these objectives. The Trustees have a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and they receive quarterly reports to monitor the performance against those service levels. The processes adopted by the Scheme administrator to help meet the requirements to process transactions promptly and accurately include; a work management system with in-built service level agreements, processing prompts, and quality validation measures and outputs; capacity planning and prioritising tools with emphasis on the attention given to key processes. These measures are supplemented by the Peer Review policy whereby another colleague, who is at least equally competent to carry out the specific task reviews work before it is sent out to the member or other Scheme stakeholder.

During the period covered by this statement, 94% of core financial transactions were completed within the agreed service levels. There was no systemic issue with processing financial transactions, but the Administrator experienced some delays in core financial transactions as demonstrated by its SLA performance in the first quarter of the reporting period. However, there has been marked improvements and the SLA for the final three quarters were comfortably above the 95% threshold across all core financial transactions. There were no late investment of contributions reported. The introduction of fortnightly calls between the administration team and representatives of the Trustees in the previous reporting period has helped the Administrator meet their targets; and the Trustees continue to discuss any specific member cases. Member complaints did feature during the reporting period, particularly in the first quarter of the reporting period (Q2 2022) and the majority were in relation to timings of payments. However, the amount of complaints reduced as the year progressed; and the Net Promoter Score also improved.

Below are the service standards for the core financial transactions (in **bold**) and other common tasks the administrator completes on behalf of the Trustees:

Work Type	Service Standard
Benefit Quotation	5 Working Days
Benefit Payments	5 Working Days
Death Benefit Quotation	5 Working Day
Investment / Disinvestment Request	5 Working Days
General Member Correspondence	10 Working Days
Invoice Payment	20 Working Days
Member Updates	5 Working Days
NICO Enquires	20 Working Days
Scheme Event Work	As agreed with the Trustees

In addition, the Trustees receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer and perform periodic assessments of methods and efficiency of the Plan's administrators and challenge them where needed. The latest report covers the year to 31 December 2022 and highlighted no major issues. The Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustees to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for members. These transaction costs are not limited to the ongoing charges on member funds, but should also include trading costs incurred within such funds. We have taken account of statutory guidance when preparing this section of the report.

In this context, "charges" means (subject to some specific exemptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Transaction costs have been provided by the Scheme's investment managers and they are calculated using the slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

A change was introduced to the Scheme from 1 April 2019, in that all post 1 April 2019 members are required to pay their own investment charges, pre 1 April 2019 members continue to have their investment charges paid by the Company. All members will incur transaction costs within the units of the Funds invested in.

Details of the Total Expense Ratios (TERs) payable for each fund as well as the transaction costs within the default arrangement are as follows:

Fund	TER (%)	Transaction Cost (%)
Growth Fund (LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged Fund)	0.14	0.062
Diversified Growth Fund (Columbia Threadneedle Multi-Asset Fund)	0.55	0.167
Secure Fund (LGIM Over 15 Year Gilt Index Fund)	0.06	0.189

Cash Fund (LGIM Cash Fund)	0.10	0.042
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Source: LGIM. TERs and Transaction costs shown are for the year to 31 March 2023. TERs are the fees paid by members who joined the Scheme post 1st April 2019. Transaction costs will apply to all members.

The TERs for all funds used in the default lifestyle strategy are lower than the maximum TER allowed of 0.75% for default arrangements.

The Trustees also make available a range of funds which may be chosen by members as an alternative to the default arrangement or alternative lifestyle arrangement (both of which use funds within this range as composites of that strategy). These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

Fund	TER (%)	Transaction Cost (%)
LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged Fund	0.14	0.062
Columbia Threadneedle Multi-Asset Fund	0.55	0.167
LGIM Over 15 Year Gilt Index Fund	0.06	0.189
LGIM Cash Fund	0.10	0.042
LGIM UK Equity Index	0.14	0.029
LGIM UK Smaller Companies Index	0.54	0.315
LGIM Asia Pacific ex Japan Equity Index	0.13	0.037
LGIM Global Emerging Markets Equity Index	0.45	0.043
LGIM World (ex UK) Equity Index	0.12	0.065
LGIM Over 5 Year Index-Linked Gilts	0.06	0.210
LGIM Managed Property	0.80	-0.491

Source: LGIM. TERs and Transaction costs shown are for the year to 31 March 2023. TERs are the fees paid by members who joined the Scheme post 1st April 2019. Transaction costs will apply to all members. Please note, the 0.75% fee cap only applies to the default arrangement.

We are comfortable that the costs for the default arrangement and self-select funds are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies. The Trustees' assessment of value for members is discussed later on in this statement.

Additional Voluntary Contributions (AVCs)

The Trustees also hold assets invested separately from the main DC section in the form of individual insurance policies securing additional benefits on a money purchase basis for members in the Defined Benefit section of the Scheme, electing to pay AVCs. The facility was provided via Equitable Life, who have since been bought by Utmost, and below are the available funds together with associated fees for the 1 year period to 31 March 2023.

Fund	TER (% p.a.)	Transaction Cost (% p.a.)
Utmost Managed Fund	0.75	0.02
Utmost Multi-Asset Moderate Pension Fund	0.75	0.00
Utmost Multi-Asset Cautious Pension Fund	0.75	0.00

Source: Utmost. Data as at 31 August 2023. Transactions costs shown are the 1 year period to 31 March 2022.

Note that this AVC arrangement is closed to new members and, during the year to 5 April 2023 if members wished they could pay AVCs into funds available via the current main DC section itself. Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in a selection of significant funds within the Scheme. The funds we are required to illustrate to represent the fund range (with the specific fund within the Scheme in brackets) are:

- The fund or strategy with the most members invested (*Default Strategy*)
- The most expensive fund (*LGIM Managed Property Fund*)
- The least expensive fund (*LGIM World (ex UK) Equity Index*)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

Average Active Member (post 1st April 2019 membership):

	Default lifestyle		Most expensive fund: LGIM Managed Property Fund		Least expensive fund: LGIM World (ex UK) Equity Index	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£109,182	£108,976	£107,853	£106,988	£109,143	£109,006
3	£128,675	£127,979	£124,213	£121,371	£128,542	£128,080
5	£149,779	£148,474	£141,486	£136,314	£149,530	£148,663
10	£209,676	£206,279	£188,999	£176,262	£209,821	£207,529
15	£263,077	£257,816	£243,414	£220,209	£283,212	£278,737
19	£297,283	£290,616	£292,584	£258,512	£353,249	£346,313

	Technical Default: Cash Fund	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£105,608	£105,445
3	£116,917	£116,400
5	£128,352	£127,443
10	£157,500	£155,440
15	£187,466	£184,000
19	£212,043	£207,263

Youngest Active Member (post 1st April 2019 membership):

	Default lifestyle		Most expensive fund: LGIM Managed Property Fund		Least expensive fund: LGIM World (ex UK) Equity Index	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£13,518	£13,492	£13,368	£13,261	£13,513	£13,496
3	£20,349	£20,250	£19,759	£19,354	£20,332	£20,266
5	£27,745	£27,539	£26,506	£25,684	£27,708	£27,571
10	£49,019	£48,366	£45,066	£42,608	£48,898	£48,464
15	£74,963	£73,526	£66,322	£61,225	£74,692	£73,737
20	£106,602	£103,920	£90,667	£81,706	£106,091	£104,309
25	£145,186	£140,639	£118,548	£104,237	£144,311	£141,292
30	£192,239	£184,998	£150,479	£129,022	£190,836	£186,028
35	£249,621	£238,587	£187,049	£156,289	£247,470	£240,145
40	£317,891	£299,364	£228,932	£186,284	£316,408	£305,609
45	£380,499	£352,347	£276,900	£219,281	£400,325	£384,798

	Technical Default: Cash Fund	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£13,114	£13,094
3	£18,789	£18,715
5	£24,528	£24,382
10	£39,155	£38,747
15	£54,193	£53,403
20	£69,652	£68,353
25	£85,546	£83,605
30	£101,885	£99,164
35	£118,683	£115,037
40	£135,952	£131,230
45	£153,706	£147,749

Assumptions	
<p>The above illustrations have been produced for an “average” member and a “young” member of the Scheme based on the Scheme’s membership data. The “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.</p> <p>The fees used in the above are representative of members who have joined the Scheme after 1st April 2019, however other membership data is representative of the entire Scheme population. Alternative illustrations for the pre-1st April 2019 membership is shown in the appendix.</p>	
Age	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>46 (<i>the average age of the Scheme’s membership</i>)</p> <p>26 (<i>the age of the youngest member</i>)</p>
Scheme Retirement Age	65
Starting Pot Size	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£100,000 (<i>the median pot size of the Scheme’s membership</i>)</p> <p>£10,300 (<i>the median pot size for the youngest 10% of members</i>)</p>
Starting Salary	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£36,000 (<i>the median salary of the Scheme’s membership</i>)</p> <p>£25,000 (<i>the median salary for the youngest member</i>)</p>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
Employer annual contributions	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>7.0% p.a.</p> <p>7.0% p.a.</p>
Employee annual contributions	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>7.0% p.a.</p> <p>4.0% p.a.</p>

Fund	Expected future nominal returns on investment:	Transaction Cost Assumption*
LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged	4.00% above inflation	0.047%
Columbia Threadneedle Multi-Asset Fund*	3.50% above inflation	0.165%
LGIM Over 15 Year Gilt Index Fund	0.50% above inflation	0.079%
LGIM Cash Fund	0.50% above inflation	0.055%
LGIM Over 5 Year Index-Linked Gilts*	0.50% above inflation	0.109%

Note: Based on average transaction costs over the last 5 years where available. *Based on average transactions costs for this Scheme reporting year and the previous Scheme reporting year only.

For illustrations detailing the impact of the costs and charges typically paid by a member who joined the scheme prior to 1st April 2019, please refer to the appendix

Value for members

The Trustees monitor value for members on an ongoing basis and have a good understanding of the membership demographics of the Scheme and what good member outcomes should look like for the Scheme's members in aggregate.

Whether something represents "good value" is not capable of being precisely defined, but for these purposes, the Trustees consider that charges and transaction costs may be viewed as representing "good value" for members where the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market.

We understand that value for members does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for member we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of scheme governance, fund management and performance of the investment options.

All of the investment options used by the Scheme are approved by our investment advisors as having good prospects of achieving their objectives, and the performance of funds is reviewed and discussed at least quarterly. The Trustees also take into account forward looking considerations such as market outlook and the advisor's expectations of manager performance. With this in mind, the Trustees have assessed the fees disclosed above and are satisfied that they have negotiated a good deal for members and that the stated explicit charges for the Scheme's funds represent reasonable value for members in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of schemes with a similar membership profile.

The Trustees carried out a formal value for members' assessment, on 31 August 2023, for the 12-month period covered by this statement. The assessment considered three key areas: Price, Performance and Productivity, covering factors such as investment fees, investment performance and non-investment items such as administration, governance and communications with members. Overall the Scheme was deemed to offer good value for members. Investment charges are reasonable, generally the funds have performed in line with objectives and they remain highly rated by the Trustees' investment advisor, Mercer. We believe wider factors supplement this assessment such as Scheme management and governance, the costs of which are met by the Company, along with investment fees for pre-April 2019 joiners.

Member outcomes were at the heart of the discussions that were held over the year, and the Trustees will formally assess value for members as required, but at least annually.

The Trustees have set up processes to publish relevant information on the costs and charges of the default arrangement, alternate lifestyle strategies and self-select funds online and will notify members about this in their annual benefit statements.

Net returns on investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced requirements for trustees of 'relevant' occupational pension schemes to calculate and state the return on investments from their default lifestyle strategy, alternate lifestyle strategies and self-select funds, net of transaction costs and charges.

The tables below set out annualised net performance for the 1 and 5 year periods for the lifestyle arrangements (for age 25, 45, and 55) and for the self-select fund range.

Lifestyle Investment Strategies

Default strategy: Flexible Glide path: 10yr	Annualised returns to 31.03.23 (%)		
	Pre-1 st April 2019 Members		
	1 Year	3 Year (p.a.)	5 Year (p.a.)
25 year old member	0.0	15.3	6.6
45 year old member	0.0	15.3	6.6
55 year old member	-0.5	14.5	5.9

Alternative Strategy: Annuity Glide path: 10yr	1 Year	3 Year (p.a.)	5 Year (p.a.)
25 year old member	0.0	15.3	6.6
45 year old member	0.0	15.3	6.6
55 year old member	-0.9	10.5	0.8

Source: LGIM

Performance shown is Net of TERs and transaction costs that are incurred through the unit price.

Charges are paid by the Company and as such, the information is for illustrative purposes only.

Default strategy: Flexible Glide path: 10yr	Annualised returns to 31.03.23 (%)		
	Post-1 st April 2019 Members		
	1 Year	3 Year (p.a.)	5 Year (p.a.)
25 year old member	0.0	15.2	*
45 year old member	0.0	15.2	*
55 year old member	-0.5	14.3	*

Alternative Strategy: Annuity Glide path: 10yr	1 Year	3 Year (p.a.)	5 Year (p.a.)
25 year old member	0.0	15.2	*
45 year old member	0.0	15.2	*
55 year old member	-1.0	10.4	*

Source: LGIM

Performance shown net of all charges and transaction costs.

* Denotes that information unavailable for this section of the Scheme

Self-Select Funds (post 1st April 2019 membership):

Self-select funds	Annualised returns to 31 March 2023 (%)	
	1 year	5 year
LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged Fund	0.05	6.62
Columbia Threadneedle Multi-Asset Fund	-4.31	3.97
LGIM Over 15 Year Gilt Index Fund	-29.87	-13.44
LGIM Cash Fund	2.10	0.68
LGIM UK Equity Index	2.39	7.33
LGIM UK Smaller Companies Index	-9.27	-10.82
LGIM Asia Pacific ex Japan Equity Index	-4.81	7.55
LGIM Global Emerging Markets Equity Index	-5.62	0.76
LGIM World (ex UK) Equity Index	-3.69	9.27
Utmost Managed Fund	2.77	2.57
Utmost Multi-Asset Moderate Pension Fund	2.56	0.51*
Utmost Multi-Asset Cautious Pension Fund	-1.37	1.88*

Source: LGIM and Utmost. Utmost 1 and 5yr annualised returns are to 1 September 2023.

*Annualised return shown to inception date of 1 January 2020, not 5yr.

Self-Select Funds (pre 1st April 2019 membership):

Self-select funds	Annualised returns to 31 March 2023 (%)	
	1 year	5 year
LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged Fund	0.05	19.17
Columbia Threadneedle Multi-Asset Fund	-3.78	5.02
LGIM Over 15 Year Gilt Index Fund	-29.82	-6.38
LGIM Cash Fund	2.20	0.74
LGIM UK Equity Index	2.46	5.10
LGIM UK Smaller Companies Index	-9.09	4.98
LGIM Asia Pacific ex Japan Equity Index	-4.70	6.55
LGIM Global Emerging Markets Equity Index	-5.34	2.23
LGIM World (ex UK) Equity Index	-3.58	11.05
LGIM AAA-AA-A Corporate Bond Over 15 Year Index	-24.31	-4.26
LGIM Over 5 Year Index-Linked Gilts	-29.41	-3.91
LGIM Managed Property	-13.52	2.60
Utmost Managed Fund	2.77	2.57
Utmost Multi-Asset Moderate Pension Fund	2.56	0.51*
Utmost Multi-Asset Cautious Pension Fund	-1.37	1.88*

Source: LGIM and Utmost. Utmost 1 and 5yr annualised returns are to 1 September 2023.

*Annualised return shown to inception date of 1 January 2020, not 5yr.

Trustees' knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13 which the Trustees adhere to and is described below.

The Trustees receive professional advice from Mercer and other professional advisors, to support them in reviewing the performance of the Scheme and governing the Scheme in line with the Trust Deed and Rules. The relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. The combined knowledge and experience ensures that the Trustees remain conversant with and hold a working knowledge of the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Trustees' legal advisor, Hogan Lovells.

The Trustees received training on the Pension Regulator's new code at the 21 June 2022 Trustee meeting noting that the Pension Regulator's new code is imminent, and once released, there will be a requirement to carry out a self-risk assessment to prove there is an effective system of governance framework in place for them to follow.

The Trustees have put in place arrangements for ensuring that each Trustee takes personal responsibility for keeping up-to-date with relevant developments, including the monitoring of CPD points, and the Trustee board carries out a self-assessment of training needs on an ongoing basis, following each Trustee meeting. There were no new Trustees appointed during the year, but when a new Trustee is appointed they are informed of the training available, and the ownership they are expected to take, and the Pension Regulator's requirements to ensure that they meet the knowledge expectations within six months of taking office. Independent training and reading undertaken by the Trustees is reported in their individual CPD logs. The Trustees also include legislative updates and Trustee Knowledge and Understanding on the agenda for each of our meetings (four times a year).

The Trustees are encouraged to complete the Pension Regulator's Trustee Toolkit, which all of them have completed. All the Trustees are also required to familiarise themselves with the Scheme's Trust Deed and Rules and Statement of Investment Principles as a key function of their role, as well as other policy documents relating to the administration of the Scheme. This will ensure the Trustees are conversant with Pension and Trust Law when called upon or whilst attending the Trustee meetings undertaken throughout the reporting year. The Trustees demonstrated their knowledge of legislation when carrying out work on the move to Mastertrust such as the relevant investment consideration, discussions with legal advisors, understanding of duties and the drafting of communications with members for the upcoming move.

The SIP, which was updated by the Trustees on 16 September 2020, has been referred to on a number of occasions during the Scheme year with respect to the move to Mastertrust. The Trustees are comfortable with the current fund range from an Environmental, Social and Governance perspective, and reviewed whether any investment changes would be appropriate within the growth phase of the default strategy in 2021.

Throughout the year, the Trustees have demonstrated a working knowledge of the Trust Deed and Rules on a number of occasions. The Trustees have demonstrated a working knowledge of the Plan's Trust Deed and Rules and other documents setting out the Trustees' current policies on Conflicts of Interest, Internal Dispute Resolutions, and GDPR; as well as the Scheme Business Plan and Risk Assessment Register. These took place over four Trustee meetings in June 2022, September 2022, December 2022 and March 2023. The Trustee board also includes one professional independent Trustee and a number of the Trustees have been involved with the Scheme for a relatively long time, with extensive knowledge and experience. The Professional Trustee appointment complies with "fit and proper" requirement for a trustee; will have been recommended from two reputable figures within the industry; have Pensions Management Institute (PMI) award in Pension Trusteeship and have completed a soft skills test designed to assess the 'other professional trustee skills and behaviours' associated with professional trusteeship.

The Trustees have a Business Plan and Risk Register which are kept up to date and discussed at quarterly meetings or when required. There is a Conflicts of Interest policy, and any conflicts are disclosed and discussed at the Trustee meetings. The Trustees also reviewed and updated their Internal Disputes Resolution Procedure on 21 June 2022. In

addition, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour, otherwise trustees cannot be certain that a scheme remains fit for purpose. The Trustees looked at member demographics in order to work with the Employer to prepare better targeted member communications. Finally, the Trustees have demonstrated that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes through their work considering the move to a Mastertrust. They have also continued to consider the performance of the investment strategy throughout the year at Trustee meetings.

Given the extent of the training above, the Trustees believe that they have demonstrated sufficient knowledge of the law relating to pension schemes and trusts, the principles relating to the funding and investment of pension schemes, a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles and all other documents setting out the Trustees' current policies. Taking account of actions taken individually and as a Trustee body, and the professional advice available to us, the Trustees consider that they are enabled properly to exercise their functions as Trustees of the Scheme.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

The Chair's statement regarding DC governance was approved by the Trustees and signed on their behalf by:

Nigel Edwards

Chair of the Trustees

Date: 1 November 2023

Appendix

In order to represent the range of funds available to members, we are required to show the effect on a member's savings of investment in a selection of significant funds within the Scheme. The funds we are required to illustrate to represent the fund range (with the specific fund within the Scheme in brackets) are:

- The fund or strategy with the most members invested (*Default Strategy*)
- The most expensive fund (*Threadneedle Pooled Pension Multi-Asset*)
- The least expensive fund (*LGIM Managed Property*)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

Average Active Member (Pre 1st April 2019 membership):

Year End	Default lifestyle		Most expensive fund: Threadneedle Pooled Pension Multi-Asset		Least expensive fund: Managed Property	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£109,182	£109,130	£108,795	£108,616	£107,853	£107,853
3	£128,675	£128,502	£127,366	£126,763	£124,213	£124,213
5	£149,779	£149,453	£147,326	£146,202	£141,486	£141,486
10	£209,676	£208,826	£204,001	£201,075	£188,999	£188,999
15	£263,077	£261,747	£271,870	£266,248	£243,414	£243,414
19	£297,283	£295,453	£335,699	£327,088	£292,584	£292,584

Year End	Technical Default: Cash Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£105,608	£105,550
3	£116,917	£116,734
5	£128,352	£128,029
10	£157,500	£156,766
15	£187,466	£186,229
19	£212,043	£210,333

Youngest Active Member (Pre 1st April 2019 membership):

	Default lifestyle		Most expensive fund: Threadneedle Pooled Pension Multi-Asset		Least expensive fund: Managed Property	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£13,535	£13,509	£13,474	£13,452	£13,368	£13,368
3	£20,417	£20,318	£20,176	£20,090	£19,759	£19,759
5	£27,890	£27,682	£27,379	£27,202	£26,506	£26,506
10	£49,494	£48,830	£47,832	£47,276	£45,066	£45,066
15	£76,028	£74,560	£72,325	£71,117	£66,322	£66,322
20	£108,618	£105,864	£101,657	£99,433	£90,667	£90,667
25	£148,646	£143,950	£136,782	£133,064	£118,548	£118,548
30	£197,808	£190,288	£178,845	£173,007	£150,479	£150,479
35	£258,190	£246,665	£229,218	£220,447	£187,049	£187,049
40	£313,043	£297,790	£289,541	£276,790	£228,932	£228,932
45	£349,592	£332,000	£361,779	£343,709	£276,900	£276,900

	Technical Default: Cash Fund	
Year End	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£13,114	£13,107
3	£18,789	£18,763
5	£24,528	£24,476
10	£39,155	£39,010
15	£54,193	£53,911
20	£69,652	£69,188
25	£85,546	£84,851
30	£101,885	£100,909
35	£118,683	£117,373
40	£135,952	£134,253
45	£153,706	£151,559

Assumptions	
<p>The above illustrations have been produced for an “average” member and a “young” member of the Scheme based on the Scheme’s membership data. The “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.</p> <p>The fees used in the above are representative of members who have joined the Scheme before 1st April 2019, however other membership data is representative of the entire Scheme population. Alternative illustrations for the post-1st April 2019 membership is shown in the main body of this report.</p>	
Age	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>46 (<i>the average age of the Scheme’s membership</i>)</p> <p>26 (<i>the average age of the youngest member</i>)</p>
Scheme Retirement Age	65
Starting Pot Size	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£100,000 (<i>the median pot size of the Scheme’s membership</i>)</p> <p>£10,300 (<i>the median pot size for the youngest 10% of members</i>)</p>
Starting Salary	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£36,000 (<i>the median salary of the Scheme’s membership</i>)</p> <p>£25,000 (<i>the median salary for the youngest member</i>)</p>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
Employer annual contributions	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>7.0% p.a.</p> <p>7.0% p.a.</p>
Employee annual contributions	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>7.0% p.a.</p> <p>4.0% p.a.</p>
TERs for Pre 1st April 2019 membership assumed to be 0.00% as company pays these fees for all funds.	

Fund	Expected future nominal returns on investment:	Transaction Cost Assumption*
LGIM Global Equity Fixed Weights (50:50) Index GBP Hedged	4.00% above inflation	0.047%
Columbia Threadneedle Multi-Asset Fund*	3.50% above inflation	0.165%
LGIM Over 15 Year Gilt Index Fund	0.50% above inflation	0.079%
LGIM Cash Fund	0.50% above inflation	0.055%
LGIM Asia Pacific ex Japan Equity Index	0.50% above inflation	0.008%

Note: Based on average transaction costs over the last 5 years where available. *Based on average transactions costs for this Scheme reporting year and the previous Scheme reporting year only.