

Belleek Pottery Limited Retirement and Death Benefit Scheme

Chair's Statement

1 April 2023 to 31 March 2024

01 Introduction

This is the Chair's Statement for the Belleek Pottery Limited Retirement and Death Benefit Scheme ('the Scheme') covering the period 1 April 2023 to 31 March 2024.

As the Chair of the Trustee Board ('the Trustee'), I provide you with a yearly statement ("the Statement") which explains the steps taken by the Trustee, with help from our professional advisers, to meet the required governance standards. The law sets out what information has to be included in the Statement, and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a trust based occupational pension scheme which commenced on 1st March 2004 and provides Defined Contribution (DC) benefits to members.

The Scheme is being used as a qualifying scheme to comply with the workplace pensions (auto-enrolment) legislation in the UK, in relation to current employees. Accordingly, the DC Section of the Scheme has a default investment option, and this is explained further in Section 2.

01.01 Queries

If you have any questions about anything that is set out below, suggestions about what can be improved, or queries about your Scheme's benefits, please do contact the Trustee using the details below:

The Trustees of Belleek Pottery Limited Retirement and Death Benefits Scheme
3 Main Street
Belleek
Enniskillen
BT93 3FY

02 Default Investment Strategy

Statement of Investment Principles (SIP)

A copy of the SIP, which sets out the objectives for the Scheme's investment strategy, can be found in Appendix A

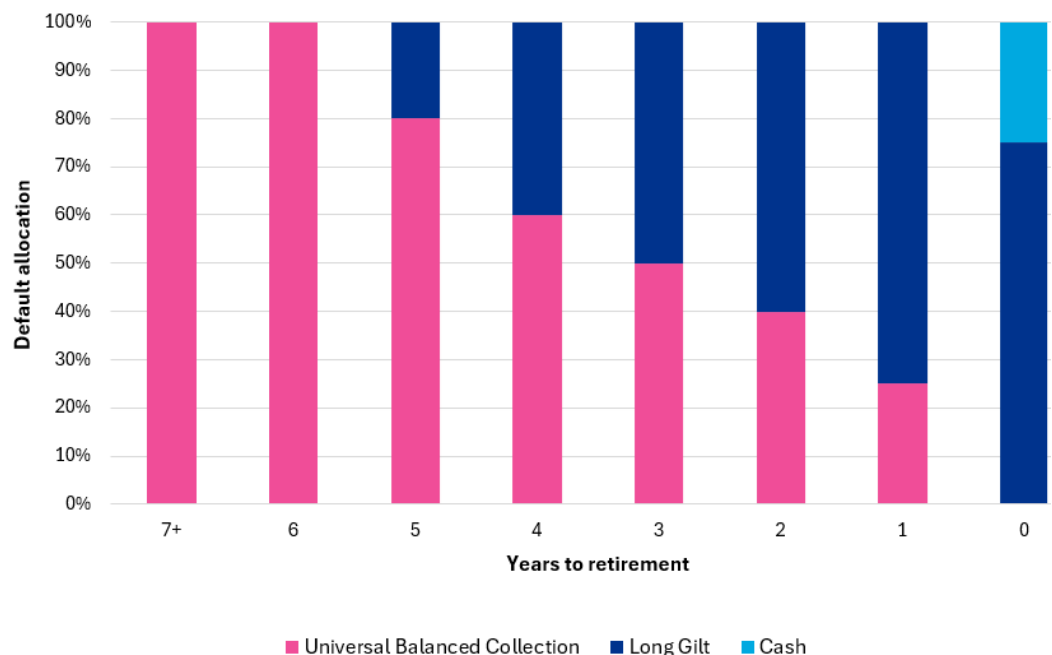
02.01 The default investment arrangement

If members do not make their own investment choices in the Scheme, their funds are invested in the default investment strategy.

The Scheme's default investment option is called the "Universal Lifestyle Collection." This is what is known as a "lifestyle" strategy, which seeks to switch investments gradually into less volatile funds as members approach retirement to match their retirement choice and reduce the impact of any unforeseen market fluctuations that might affect members benefits.

The lifestyle strategy comprises two multi asset funds invested with Aegon. A multi-asset fund invests across different types of assets like stocks, bonds and property to try to provide growth with less volatility. Members with more than five years until retirement will be full invested in the **Universal Balanced Collection**, which is designed to suit members who are further from retirement to generate growth whilst also reducing volatility.

The lifestyle arrangement then gradually reduces the allocation to the multi-asset fund as members approach retirement, with a 75% allocation to long-dated-gilts and 25% allocation to cash at retirement because the Trustee expects members to take a tax-free lump sum and buy an annuity with the balance.



The Fund allocations in the default investment option have been selected to be consistent with members taking a proportion of their fund as tax free cash (25% the maximum permitted tax-free cash sum) and accessing their remaining benefits in the form of an annuity.

Members may opt out from the default investment option and invest in one of the other lifestyle profiles, or any other of the self-select funds offered by the Trustee.

Default Investment Strategy continued

02.02 Reviewing the default investment arrangement

Legislation requires the default strategy and performance to be reviewed at regular intervals but at least every three years, or immediately following any significant change in investment policy or in the Scheme's member profile.

The Trustee has monitored the strategy but has not undertaken a review of the default strategy in recent years. The Trustee is working with the Scheme's investment advisers to review the strategy to ensure the required governance standards are adhered to and will report on the outcome in the next Statement.

02.03 Investment Performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this Statement is intended to help members understand how their investments are performing.

02.04 Fund Performance

Aegon provides the Trustee with investment performance information to monitor the Default strategy,

The table below shows how the Default strategy has performed for members at three different ages over the last one year, three years (annualised) and five years (annualised) based on a normal retirement age of 65.

	1 year (01/04/2023 – 31/03/2024)	3 years (p.a.) (01/04/2021- 31/03/2024)	5 years (p.a.) (01/04/2019 – 31/03/2024)
Current default - Universal Balanced Collection	% p.a.	% p.a.	% p.a.
Age 25	13.00	4.10	6.30
Age 45	13.00	4.10	6.30
Age 55	13.00	4.10	6.30

Source: Aegon.

Default Investment Strategy continued

02.05 Self-Select Funds

For Self-Select funds, performance is shown for 5-years (annualised), 3-years (annualised) and for the last Scheme Year:

Self-select funds	1 year (01/04/2023 – 31/03/2024)	3 years (p.a.) (01/04/2021 – 31/03/2024)	5 Years (p.a.) (01/04/2019- 31/03/2024)
	% p.a.	% p.a.	% p.a.
Aegon Cash Fund	4.10	1.50	0.70
Aegon UK Fixed Interest	2.80	-5.80	-2.30
Aegon Scottish Equitable Retirement	-3.00	-11.20	-6.30
Aegon Property	-3.00	-2.50	-2.20
Aegon Universal Lifestyle Collection	13.00	4.10	6.30
Aegon Universal Balanced	13.00	4.10	6.30

Source: Aegon.

Figures are net of fees.

Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

03 Charges and transaction costs

Members may self-select their investment strategy, investing in any of these funds in whatever proportions they so choose.

03.01 Investment Manager Charges

The Trustee has selected a range of funds which it believes to be appropriate for members of the Scheme. Each of these the funds are provided by Aegon. Members may self-select their investment strategy, investing in any of these funds in whatever proportions they choose, or select the default investment option. Alternatively, if they do not make a choice, their funds will be invested in the default investment option.

Irrespective of the funds they are invested in, members will pay charges annually in respect of their DC pension benefits. These are split into two types as follows:

Ongoing Charges Figure

Members meet what is known as the Ongoing Charges Figure ('OCF') in respect of their individual pension pots. This is comprised of a Fund Management Charge ('FMC') and other indirect fees which are incurred, and for administration services of Aegon. The OCF is a measure of the total annual cost of running a fund and is calculated as a percentage of all applicable assets under management.

The OCF does not include other costs of running the Scheme including governance, professional advisor costs and communication costs - the Employer pays these charges.

Transaction costs

Transaction costs are costs associated with the buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs may be incurred both within the investment funds and when contributions are invested, on switching between funds and when selling investments to take benefits.

The OCF and transaction costs are detailed below for the year to 31 March 2024.

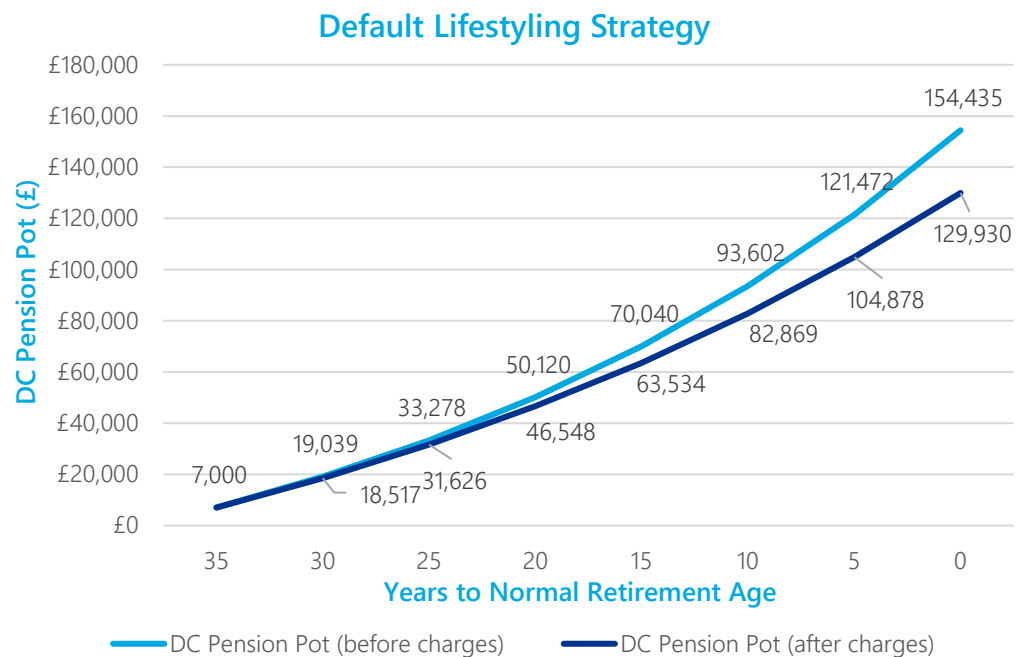
	AMC (% p.a.)	Additional expenses (%)	Transaction costs (%)
Default Strategy			
Aegon Universal Lifestyle Collection	0.75	0.03	0.06
Self-select funds			
Aegon Cash Fund	0.75	0.01	0.00
Aegon UK Fixed Interest	0.75	0.01	0.01
Aegon Scottish Equitable Retirement Fund	0.75	0.01	0.01
Aegon Property Fund	0.75	0.56	0.01
Aegon Universal Balanced Collection	0.75	0.03	0.06

Source: Aegon. Scheme fund charges include a rebate of 0.25%.

Charges and transaction costs continued

03.02 An illustration of the charges levied on members.

Below you can find an illustration of the effect of the OCF and transaction costs met by active members on an example pension pot in the default investment option over time.



This is for illustration purposes only. The actual returns received are likely to differ over time as will individual member's pension pot sizes. This illustration is based on the following assumptions given by Aegon:

- > The Scheme's default investment option
- > Member is 35 years from retirement.
- > Total contributions of 8% p.a. on an annual salary of £25,000
- > An initial pension pot of £7,000
- > Net (after charges and inflation) returns estimated as 6.00% p.a. for the Universal Balanced Collection
- > Inflation of 2.5%
- > Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- > Projections are estimated values only and are not guaranteed.

Comparison figures if members were invested in the lowest or highest charging funds are shown in Appendix B.

Charges and transaction costs continued

03.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to:

- > The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of relevant occupational schemes' – effective from 1 October 2021;
- > Actuarial Standards Technical Memorandum 1 (AS TM1) issued by the Financial Reporting Council;
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20; and
- > The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018).

03.04 Asset allocation disclosure requirements

The new 2023 regulations require Trustees of relevant occupational pension schemes with a scheme year end of 1 October 2023 onwards to disclose and explain the percentage of assets allocated in the default arrangement(s) to specified asset classes.

The regulator believes that publication of asset allocation data will be an important step towards transparency, standardisation and comparability across the pensions market and that it is important that members have access to all relevant information surrounding the investments being made using their savings and the outcomes these investments could have on their future retirement.

Charges and transaction costs

continued

03.05 Asset allocation

The Trustee receives reports on how the Scheme's default investment strategy is invested and, in light of these new regulations, and we have provided a breakdown of the default strategy's asset allocation at ages 25, 45 and 55 and one day before State Pension Age (SPA).

	Percentage allocation: Age 25 (%)	Percentage allocation: Age 45 (%)	Percentage allocation: Age 55 (%)	Percentage allocation: Day before SPA (%)
Universal Balanced Collection				
Cash	2.89%	2.89%	2.89%	2.89%
Bonds	23.96%	23.96%	23.96%	23.96%
<i>Corporate bonds</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>
<i>Govt bonds</i>	<i>1.61%</i>	<i>1.61%</i>	<i>1.61%</i>	<i>1.61%</i>
<i>Other bonds</i>	<i>22.34%</i>	<i>22.34%</i>	<i>22.34%</i>	<i>22.34%</i>
Listed equities	68.8%	68.8%	68.8%	68.8%
Private equity	0.00%	0.00%	0.00%	0.00%
<i>Venture capital/Growth equity</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>
<i>Buyout funds</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>
Property	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Private debt	0.00%	0.00%	0.00%	0.00%
Other	4.35%	4.35%	4.35%	4.35%

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- > Having an agreement in place with Aegon (as "Scheme Administrator" or "Administrator"), committing them to defined service level agreements ("SLAs"). Alongst other matters, this covers the accuracy and timeliness of all, core financial transactions;
- > Having Aegon report on their performance against the SLAs above as a means of monitoring that the SLA requirements are being met and to cover what they do to ensure no issues arise. This was done on an annual basis but is looking to receive this on a more regular basis;
- > The administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- > There have been no material administration errors in relation to processing core financial transactions; and
- > All core financial transactions have been processed promptly and accurately during the Scheme year.

The core financial transactions include:

- > **The investment of contributions** - The Scheme Administrator monitors the payment of contributions to the Scheme and that the settlement of all DC funds is actioned promptly by the Administrator and the Trustee monitors the service standards of the Administrator.
- > **The transfer of assets relating to members into and out of the Scheme** - The Administrator maintains and reconciles comprehensive records of individual member's contributions and fund values. Contributions are usually invested within 5 working days of receipt. Any investments withdrawn or transferred to another scheme are processed within 12 working days following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a pensions scam.
- > **The transfer of assets relating to members between different investments within the Scheme** – Transfers between Scheme investments are accomplished as quickly as possible usually in a matter of days.
- > **Monitoring of bank accounts** – There is a dedicated contribution processing team, checking investment and banking transactions.
- > **Payments to members** – All payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and complies with HMRC rules and guidance. In addition, every effort is made to check for possible pensions scams.

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustee is taking steps to continually review the member data which is held by the Scheme Administrator. This is reported each year to the Pensions Regulator in the online scheme return.

The Trustee reviews the service received from providers including the administration function to ensure good value for members. As part of this review, we have appointed XPS to help assess the quality and levels of service to ensure that the financial transactions, which are important to members, are dealt with promptly and accurately.

05 Value for Members

05.01 Assessment of Value

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which the investment options and the benefits offered by the Scheme represent good value for members when compared to other options available in the market.

The Trustee has concluded that the charges and transaction costs shown in the Statement broadly represents good value for members based on the investment returns and costs and charges related to the Scheme's funds. This was based on a pragmatic view of the Scheme size. However, it was noted that this may be improved any the Trustee is looking at ways to improve this.

In addition to this, the Trustee considered the following elements:

- the **processes that are in place** to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee's sections of this Statement). The Trustee does not have any concern regarding these processes, and that the Scheme has successfully met its requirements on these in the year;
- the **returns achieved by the investment funds** compared to the charges and transaction costs that are met by members (as set out in this Statement). The Trustee acknowledges that some of the members may pay lower charges than others due to the funds in which they have decided to invest, however the prices of different funds reflect their different structures and targets, and the Trustee believes they all provide value in this context. Having undertaken analysis, the Trustee is also satisfied that the Scheme's net investment returns compare reasonably well to other arrangements on the market. The returns covered by this statement have been consistent with our stated investment objectives;
- the **type and range of investment options** that are offered, provides members with an adequate range of self-select funds, covering the main asset types, are available for those who wish to manage their own investment approach. The Trustee monitors the investment returns of all funds on an annual basis. As set out above, the Trustee plans to undertake a full review of the funds included in the default investment and consider if the self-select range of funds remains suitable. This includes whether to remove or make any new funds available to members;
- the **quality of communications** and other services provided to members on an annual and ad-hoc basis which are provided by the Scheme's administrator within the legal timescales. These are designed to provide members with important information that they will find useful throughout their membership. This is also supported by the availability of a member portal which allows members to access key Scheme documentation and amend their investments;

Charges and transaction costs continued

05.02 Communications

In addition to written communication, members have access to the following support provided by Aegon:

- > Benefit statements are issued annually to all members by post and provide a summary of the benefits they have. The benefit statements also signpost members to the Scheme's publicly available website where they can access the DC Chair's Statement.
- > A publicly available website hosts a range of documents, including the SIP and the DC Chair's Statement. Member can access these documents without log-on details.

05.03 Conclusion

Assessment of value for members is an ongoing process and the Trustee undertakes a review each year to assess whether the Scheme is offering good value, and that any changes in legislation, market conditions or member views are reflected for the benefit of members.

The Trustee considered the size of the Scheme, each individual aspect including whether members pay for directly these or share the costs. The conclusion was that overall, the investment performance net of these charges broadly offers value. However, the assessment has highlighted areas which can be improved, and the Trustee is considering options to address these to enhance member value.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The Trustee is satisfied that it has complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustee has knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by the Trustee interaction with its advisers as shown in the Trustee meetings minutes, and the governance framework established by the Trustee.

The Trustee has access to key Scheme documentation.

The Trustee has exercised their discretions and powers in line with the Trust Deed and Rules, current legislation and, where required, legal advice has been taken, demonstrating its working knowledge of the Scheme's Trust Deed and Rules.

06.02 Trustee Training

In-house training is offered, use of the Pensions Regulator's (TPR's) online Trustee Toolkit is encouraged, and Trustee Directors attend external seminars and updates. Any new Trustee would be expected to undertake this training and be fully conversant with the Scheme's documentation within six months.

The Trustee also makes use of a team of expert advisers. Including investment advisers, representatives from the third-party administrator, and other experts including legal advisors regularly attend meetings of the Trustee.

06.03 Trustee Training

As a result of the training activities completed by the Trustee (both individually and collectively), and considering the professional advice available, I am confident that the combined knowledge and understanding of the Trustee has enabled us to properly exercise its function.

07 Conclusion

07.01 Conclusion

The annual production of this Statement provides members with a narrative of how the Trustee looks after members' interests, especially in the areas of the five key elements within this Statement listed below.

- > Default investment strategy
- > Charges and transaction costs
- > Core financial transactions
- > Providing value for Members
- > Trustee Knowledge and Understanding

The Trustee will continue to monitor these key areas and report to members both via the annual Chair's Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements. I believe that the Scheme was operated and governed appropriately during the reporting period and the Scheme provided good value to members.

Signature

Date

Name

Martin Sharkey

Qualification

Chair of the Trustee Board

Appendix A Projections

The table shows in money terms the accumulative effect of charges taken from a member's fund over time.

Assumes that:

- i) That the member is currently 35 years from Normal Retirement Date;
- ii) Inflation is assumed at 2.50% p.a.
- iii) Projected pot values are shown in today's terms
- iv) Assumed starting pot of £7,000
- v) Total contributions of 8% p.a. and an annual salary of £25,000

	Default strategy		Aegon Cash Fund (Lowest charging fund)		Aegon Property Fund (Highest charging fund)	
Inv. return	6.00%		2.00%		2.00%	
Charges	0.00%	0.81%	0.00%	1.01%	0.00%	1.57%
Years to Normal Retirement age	DC Pension Pot	DC Pension Pot	DC Pension Pot	DC Pension Pot	DC Pension Pot	DC Pension Pot
	before charges	after charges	before charges	after charges	before charges	after charges
35	7,000	7,000	7,000	7,000	7,000	7,000
30	19,039	18,517	16,589	16,019	16,589	15,711
25	33,278	31,626	25,947	24,393	25,947	23,578
20	50,120	46,548	35,078	32,169	35,078	30,681
15	70,040	63,534	43,989	39,388	43,989	37,096
10	93,602	82,869	52,684	46,090	52,684	42,889
5	121,472	104,878	61,170	52,314	61,170	48,119
0	154,435	129,930	69,450	58,092	69,450	52,843

Appendix B Statement of Investment Principles



Belleek Pottery Limited Retirement and Death Benefit Scheme

Statement of Investment Principles

July 2024

Statement of Investment Principles

The Trustees of Belleek Pottery Limited Retirement and Death Benefit Scheme ("the Scheme") have prepared this Statement of Investment Principles ("the SIP") in accordance with the Pensions Act 1995¹ ("the Act") as amended and the Occupational Pension Scheme (Investment) Regulations 2005 as well as the principles recommended by the Myners Code.

It supersedes any previous SIP and reflects the investment policy agreed by the Trustees in respect of assets covering Defined Contribution assets.

This SIP will be reviewed at least every three years or immediately after any significant change in investment policy.

Before preparing this SIP the Trustees have:

- Obtained and considered the written advice from an investment consultant, XPS Pensions Group, who is suitably qualified through ability and experience and has appropriate knowledge.
- Consulted the Employer, Belleek Pottery.

Choosing investments

The Trustees set the investment policies for the Scheme and the fund range made available to members.

The Trustees rely on Investment Managers for the day-to-day management of the Scheme's assets but retain control over all decisions made about the investments in which the Scheme invests.

Where Investment Managers are delegated discretion under Section 34 of the Act, the Investment Manager will exercise their investment powers in accordance with the Act, relevant and subsequent regulations, and this SIP.

The Investment Managers are authorised and regulated to provide investment management services to the Scheme. Within the UK, the authorisation and regulation of the Investment Managers falls under the Financial Conduct Authority (FCA). Specific products in which the Scheme invests may also be regulated by the Prudential Regulatory Authority (PRA). For non-UK Investment Managers, authorisation and regulation is undertaken by the home state regulator.

The Investment Managers will ensure that suitable internal operating procedures are in place to control individuals making investments for the Scheme.

The Trustees rely on the Investment Managers to appoint appropriate Custodians for pooled funds who are responsible for the safekeeping of the assets of the Scheme. The Trustees rely on the Investment Managers to appoint appropriate Administrators or Registrars for pooled funds who are responsible for keeping records of the Scheme's entitlement within the pooled funds.

¹ As amended 31st March 2019

Investment objective and strategy

Investment objective

The Trustees have set the following objectives:

- To ensure members are given an appropriate range of investment options and guidance on the suitability of those options.
- To give members investment options that enable them to maximise their returns at acceptable levels of risk.
- To ensure members' funds represent appropriate value for money; this may include looking at areas such as performance, volatility of returns, transaction costs and management charges incurred. The Trustees will assess the value for money on a regular basis and understand the contributing factors.
- To ensure that the default strategy is suitable for most members throughout their membership of the Scheme. This includes measures to reduce the level of investment risk as they approach retirement. To ensure that any core financial transactions undertaken by the administrator are completed accurately, promptly and effectively.
- To provide flexible investment choices to members and ensure that members are able to switch their investment choices easily.
- To ensure that members have access to enough information about the investment options available and the process of switching investment choices, to enable them to make informed decisions about their investment choices and to understand the potential impact of those decisions on their pension savings.
- To adhere to the provisions contained within this SIP.
- To adhere to the Pension Regulator's DC code and DC regulatory guidance.

Investment strategy

The Trustees intend to meet the investment objective by:

- Providing members with an appropriate range of investment options to enable them to reasonably expect to meet their retirement aspirations, together with guidance on those options, allowing members to make informed decisions on their pension savings. This will include a range of different choices with different return and risk characteristics.
- Periodically reviewing the funds made available to members.
- Regularly reviewing the performance and charging structure of funds available, as well as the value for money of available funds.

The investment funds made available to Scheme members are set out in the Appendix.

Investment restrictions

The Trustees intends to adhere to the following restrictions:

- No more than 5% of Scheme assets can be held in investments related to the Employer.
- Whilst borrowing on a temporary basis is permitted, this option will only be utilised where absolutely necessary or where it is expected to reduce overall risk (e.g. for very short time periods during an asset transfer).
- Investment in derivative instruments may only be made where they contribute to risk reduction or facilitate efficient portfolio management.
- Stock lending is permitted at the discretion of the Scheme's Investment Managers in line with their overall investment objectives, policies and procedures.

Expected returns

The Trustees anticipate that the investment options, including both the default strategy and self-select options, and the associated future absolute investment returns will allow members to maintain or increase the real value of their fund whilst at the same time providing them with the opportunity to invest in assets which are closely aligned to the way in which they expect to convert their fund at retirement.

The Trustees expect the long-term return on investment options that invest predominantly in equities to exceed price inflation. The long term returns on bond and cash options are expected to be lower than returns on predominantly equity options. Cash funds provide protection against changes in short-term capital values and may be appropriate for members wishing to take part or all of their DC benefits in the form of a cash lump sum.

Investment risks

The Trustees have identified a number of risks affecting the default strategy and self-select funds which include (but are not limited to):

- Asset risks: Equity risk, Property risk, Currency risk, Credit risk, Interest rate risk, Inflation risk.
- Strategy risks: Asset allocation risk, Liquidity risk, Annuity risk, Sequencing risk, Growth asset risk
- Implementation risks: Investment manager risk, Custodian risk, Counterparty risk, Operational risk, Liquidity risk, Administration risk.

These risks are measured and managed by the Trustees as follows:

- The Trustees have set an investment policy that adheres to the contents of this SIP.
- The Trustees delegate the day-to-day management of some of these risks to the appointed Investment Managers.
- The Trustees consider the Investment Managers' role and approach to managing risk is considered when selecting appropriate Investment Managers.
- The Trustees utilise custodian relationships to ensure Scheme assets are held securely.
- The Trustees assess whether appropriate controls are put in place by themselves, an investment adviser, Investment Managers and Custodians (where there is a direct relationship).
- The risk of exposure to volatile markets, which may be less acceptable to some members, particularly near retirement, is addressed through the availability of non equity-orientated funds.
- The Trustees recognise that ESG factors represent financially material risks to meeting long-term investment objectives, and factor this into the selection, retention and strategy design.

In addition to the risks described above, there is the risk that the default strategy does not meet a particular member's needs or risk appetite. The Trustees mitigate this risk through regular communications to engage members with their retirement savings and the options available.

Policy on Illiquid Assets

The role of illiquid assets within all aspects of the strategy has been considered by the Trustees. The Trustees' policy is to consider the benefits of all available asset classes when constructing the investment strategy of the Default Arrangement. This is to seek to improve member outcomes through improved risk-adjusted returns. At present, the Default Arrangement has no allocation to illiquid assets and the Trustees do not currently have a policy to invest in illiquid assets. This is due to the need to better understand the risk and reward profile of that asset class, and the implementation

costs of introducing the asset class onto the investment platform used by the Trustees. The Trustees will monitor the asset class and will, in conjunction with training and research from an investment adviser, determine whether there are suitable, future opportunities to invest in illiquid assets.

Kind of investments held and the balance between them

The Trustees have made available a range of self-select funds to cater for a wide range of individual needs and risk appetites of members. The Trustees have made available a default strategy that automatically changes the balance of a diversified portfolio of assets, in line with a pre-determined strategy as members approach retirement.

Based on the structure set out in the Appendix, the Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time. Such variation will be within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Scheme is invested.

The Trustees invest in a wide range of assets including equities, bonds, cash, property and other alternative assets. The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to improve their security.

Arrangements with asset managers

For both the default strategy and self-select funds, Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expects engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, on the basis that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns. As covered in the responsible investment sub-section, the Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

Investment Manager review process

For both the default strategy and self-select funds, appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies.

The Trustees do not currently receive any investment governance reports from an investment adviser to consider fund performance or any notable changes from the investment manager. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers may also attend Trustee meetings as requested.

Fund manager remuneration is considered as part of the manager selection process.

How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

For both the default strategy and self-select funds, the Trustees require the investment managers to report or facilitate reporting on actual portfolio turnover periodically, including details of the costs associated with turnover, how turnover compares with the range that the underlying manager expects and the reasons for any divergence.

The ability to monitor the level and appropriateness of these costs may be limited by the availability of data.

The duration of the arrangement with the asset manager

For both the default strategy and self-select funds, appointments of the underlying managers are expected to be long-term, and the Trustees will from time to time review the appointment of each in accordance with its responsibilities. Such reviews will include analysis of each underlying managers' performance and processes and an assessment of the diversification of the assets held. The review will include consideration of the continued appropriateness of the underlying managers within the framework of the Trustees' investment policies.

Responsible investment

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Scheme's default strategy and self-select funds and believes there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustees require the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from an investment adviser on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager or platform selection exercises.

As the Scheme invests in pooled funds, the Trustees acknowledge that it cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments in both the default strategy and self-select funds to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their investment managers to discuss engagement which has taken place. If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, in doing so, the Trustees may make funds available that take into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.

Realisation of investments

For both the default strategy and the self-select fund range, day-to-day selection of investments is delegated to the underlying managers, and so they have responsibility for buying and selling investments. The Trustees are aware of the risk of illiquidity and how this may be mitigated. The Trustees are aware that sometimes underlying managers may have the ability to suspend redemptions in certain circumstances. In such circumstances, the Trustees will communicate with affected members and outline their alternative options for contributions or withdrawals. The Trustees' administrator will instruct the realisation of investments following member requests. The Trustees will consider how easily investments can be realised for any new investments considered.

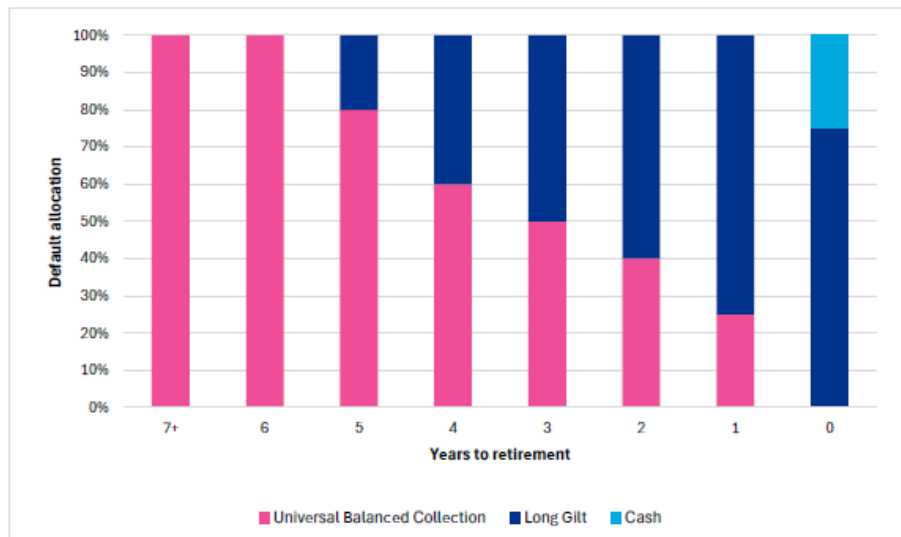
Approved and adopted by the Trustees in July 2024

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Appendix – Investment Strategy

Default Strategy

By default, members' funds are invested in a lifestyling strategy (graphically shown below). Members over five years from retirement will be fully invested in the Universal Balanced Collection, which is a multi-asset fund that is expected to be in most members' best interests as it provides a diversified asset class exposure while members are further from retirement to generate growth whilst also reducing volatility. The lifestyle arrangement then gradually reduces the allocation of the multi-asset fund as members move towards a 75% allocation to long-dated gilts and 25% allocation to cash at retirement as the Trustees expect members to take a tax-free lump sum and buy an annuity with the balance.



The funds on the Aegon platform have an annual management charge of 1% p.a., with a rebate of 0.3% p.a. on members' plans which reduces the effective fund management fee to 0.70% p.a. - as such, fund manager remuneration has been considered as part of the onboarding to the Aegon investment platform. This is below the cap on Default fees of 0.75% p.a.

Self-Select Funds

Individual members may elect to follow their own investment strategy by investing in a range of funds. There are 100+ funds available to members on the Aegon investment platform from the following asset classes

- Equities (both actively and passively managed);
- Credit (corporate bonds, government bonds, absolute return strategies etc.);
- Multi-asset funds (of varying risk tolerances);
- Cash;
- Property.

The funds offered are managed by over 30 reputable investment managers. Furthermore, Aegon has provided members with access to a range of funds with different retirement targets (Annuity, Cash, Flexible) that members can switch into. This can be beneficial for members that do not wish to lifestyle into an annuity-target style strategy, which is the current default investment strategy.



Registration

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All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).