

## **The Protektor UK Ltd Company Pension Plan**

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#### **Governance Statement from the Chair of Trustees**

**Scheme year ended 30 November 2022**

#### **1. Purpose**

As Trustee of the Protektor UK Ltd Company Pension Plan (the "Scheme") we have reviewed and assessed the extent to which our systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's:

- Code of practice 13: Governance and administration of occupational defined contribution trust-based schemes and
- Regulatory guidance for defined contribution schemes.

This statement aims to summarise, proportionate to the size of the Scheme, how those requirements are met by the Trustee.

We are committed to adopting the standards of practice set out in the DC code and DC regulatory guidance which we believe will help deliver better outcomes for members at retirement.

#### **2. Type of Pension Scheme**

The Protektor UK Ltd Company Pension Plan is a defined contribution occupational pension scheme set up under Trust. It was established with effect from 1 December 1987 and is governed by a declaration of trust and rules dated 23 January 1988, as updated from time to time.

A deed of amendment, appointment and retirement was signed on 31 August 2018. From 31 August 2018 Fairfield Pension Trustees Limited became the sole trustee of the Scheme. The Scheme is exempt from the requirement to have a member-nominated trustee.

As at the date of this Statement (30 November 2022) there were 4 active members and 18 deferred members in the Scheme.

On retirement members have the option to transfer their fund from the Scheme, to purchase an annuity policy or to take a one-off taxable lump sum (UFPLS). Where an annuity policy is purchased, it is in the name of the member.

Neither the policy with ReAssure nor any of the investment funds have Guaranteed Annuity Rates (GAR). Therefore, pensions on retirement, should the member elect to purchase an annuity, will be dependent on market terms on offer.

#### **3. Appointed Advisers**

The Scheme is insured with ReAssure Limited ("the Insurer"). The Insurer invests the Scheme assets for each member (under plan number U483001) in a range of funds as set out below and also undertakes the day-to-day administration of the Scheme for the Trustee.

The Trustee has discussed the scope of an investment review with the principal employer during the year.

The Trustee was comfortable with the legal advisers and auditors in place and will review this position next year. ReAssure has provided contacts for the Scheme who have attempted to resolve issues that the Trustee has identified with the administration of the Scheme during the year. More detail is provided on this in Section 11 below.

#### 4. Scheme assets and investments

As at 30 November 2022, the assets of the Scheme were invested in the following funds:

Investment Funds	Asset allocation as at: 31 December 2022 (With-Profits) and 30 November 2022 (Managed Fund)				
	UK Equities	Overseas equities	Property	Bonds	Other
Managed 2 Pension Accumulator (Series 02)	5.3%	51.9%	0.0%	11.0%	31.8%
LG With-Profits Fund	13%	21%	9%	51%	6%

Two members who were over their Normal Retirement Age at 30 November 2022 and who have subsequently retired were invested in the Special Deposit Fund which is wholly invested in short-dated money market instruments and cash deposits. In addition to the above funds, members have the option to invest in a number of other funds. Details about these funds can be requested from the Trustee.

##### 4.1 Lifestyle Investing

The Scheme does not currently operate a lifestyle matrix. There are lifestyle options available under the range of funds offered by ReAssure for this Scheme. Details about these funds can be requested from the Trustee.

##### 4.2 Managed and Special Deposit Funds

The performance of the Managed Fund and Special Deposit Funds are set out in the following table along with the comparative return with the relevant ABI sector.

The Trustee is required to report net investment returns which are the return on the relevant fund minus all transaction costs and charges. The past performance figures provided on the fund fact sheets published by ReAssure from which the figures below have been derived / taken, are described as being “Standardised Performance – 12 months total return (bid to bid)”. The Trustee is of the opinion that the figures provided comply with the requirement to report net investment returns.

Investment Funds	Performance net of annual management charge over the period to 31 December 2022 (the returns are annualised)			
	1 year	3 years	5 years	6 years
Managed 2 Pension Accumulator (Series 02)	-8.94%	1.26%	2.46%	3.73%
ABI UK – Mixed investment 40%-85% shares	-9.77%	1.31%	2.25%	3.40%
Performance relative to ABI sector	0.83%	-0.05%	0.21%	0.33%
Special Deposit 2 Pension Accumulator (Series 02)	1.46%	0.61%	0.63%	0.57%
ABI – Deposit & Treasury (Pen)	0.62%	-0.02%	-0.03%	-0.08%
Performance relative to ABI sector	0.84%	0.63%	0.66%	0.65%

### 4.3 LG With-Profits Fund

Some members have invested their contributions in the LG With-Profits Fund on a unitised basis which is now managed by ReAssure. Under this fund returns are determined by the level of bonuses granted by ReAssure and there are various levels of bonus awarded / reductions that may apply to these investments as follows:

Type of bonus	Rate	Description
Annual Bonus	Variable	The annual bonus is additional units that ReAssure may add to the member's with-profits investments once a year. These increase the guaranteed amount payable from the with-profits fund at certain contractual points, such as the selected retirement date or on death, and cannot be withdrawn once paid. ReAssure have total discretion over the level of annual bonus and may decide to award no annual bonus. Certain members are entitled to a contractual minimum level of annual bonus depending on when contributions started.
Interim Bonus	Variable	An interim bonus may be paid to allow for any period for which an annual bonus has not yet been declared. An interim bonus may be applied to calculate the value of your plan in between annual bonus declarations.
Final Bonus	Variable	A final bonus may be payable when units in a with-profits fund are surrendered by the member. ReAssure have total discretion over the level of annual bonus and may decide to award no annual bonus.
Market Value Reduction	Variable	A Market Value reduction (MVR) may be applied when units invested in the with-profits fund are surrendered by the member other than at certain contractual points, such as the selected retirement date or on death. An MVR ensures that the surrender value is not unfairly higher than the underlying value of the with-profits fund assets, and that the interests of remaining policy holders are protected.

For information the recent performance of the assets which the with-profits fund invests in is shown below. These returns are considered by ReAssure along with a number of other factors, including costs of the with-profits fund, before ReAssure agree the bonuses set out in the table above. The performance is not directly reflected in the members' investments in the with-profits fund. As mentioned above the Trustee is required to report net investment returns. Based on information supplied by ReAssure we understand that investment performance figures for 2020 to 2022 are after deduction of investment expenses but figures for 2017 to 2019 are before the deduction of investment expenses. This means that the 1 year and 3 year figures below are net investment return figures but the 5 and 6 year figures are a combination. ReAssure have not been able to supply net investment return figures for the relevant years.

Investment Funds	Net performance over the period to 31 December 2022 (the returns are after tax and are annualised)			
	1 year	3 years	5 years	6 years
LG With-Profits Fund	-8.00%	-0.10%	1.45%	2.36%

### 4.4 General

The Scheme is not a qualifying scheme for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 as it is not used for auto-enrolment purposes. As such there is no "default arrangement" (as defined in those Regulations).

### 5. Statement of Investment Principles

As the Scheme has fewer than 100 members, a Statement of Investment Principles (prepared in accordance with regulations 2A of the Occupational Pension Schemes (Investment) Regulations 2005) is not required. Furthermore, as the Scheme does not have a "default arrangement" for the purposes of the Occupational Pension Schemes (Investment) Regulations 2005 a Default Investment Statement is not required either,

## 6. Investment Review

The Trustee recognises a number of risks for the members and the main ones are:

- **Inflation risk** – the risk that the purchasing power of their investment account is not maintained.
- **Pension purchase risk** – the risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained.
- **Capital risk** – the risk that the value of the element to provide a tax-free cash sum is not maintained.
- **Communication risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made.
- **Inappropriate member decisions** – the risk that members make inappropriate decisions regarding their investments.

Other risks, in addition to the above, include mismatching risk, manager risk, liquidity risk and concentration risk. The varying nature of the risks faced by a defined contribution investor through time means that no single investment product will adequately meet the needs of the investor throughout the investing period.

## 7. Charges and transaction costs and allocations

The Trustee understands the importance of the charges and transaction costs applicable. The charges for the unitised funds currently used by members are as follows:

Fund	Charge per annum	Type of charge	How deducted
Managed fund	4.5% p.a. on initial units and 0.75% p.a. for accumulation units.	Annual Management Charge (AMC) on product	Reflected in the unit price.
Managed and Special Deposit fund	Managed fund -Varies – latest information from ReAssure 0.0704% p.a. This will vary based on the level of transactions within the fund. This is for the year to 30 November 2021 as ReAssure have stated that the figures are not available for the year to 30 November 2022.  Special Deposit Fund – No information available from ReAssure.	Transaction Costs	Reflected in unit price
Managed and Special Deposit fund	Managed fund -Varies – latest information from ReAssure 0.08% p.a.  Special Deposit fund – 0.0%	Investment Management Charge (IMC)	Reflected in unit price
LG With-Profits, Managed & Special Deposit funds	Charge only on encashment of units of 5% for Managed and Special Deposit funds and 5.03% for LG With-Profits fund	Bid/offer spread	There is a 5% bid/offer spread on the unit price for the Managed and Special Deposit funds and 5.03% for the LG With-Profits fund. This is the difference between the buying and selling price of the units.  This is partially offset by the initial allocation of new contributions that are credited at 101% of their value on initial investment, and the investment return achieved on the additional 1%.
All investment funds	Twenty switches each policy year free  Subsequent switches £10.	Fund switches	Deducted as part of transaction

All investment funds	Maximum charge of £6.30 per month for active and deferred members.	Policy Charge by ReAssure	The policy fee is deducted monthly from the members' account. ReAssure review the level of charge annually. Some members are entitled to a rebate which means that they are charged less than £6.30 per month.
All investment funds	We understand that there is no exit charge, but see below in relation to LG With-Profits Fund.	Exit charge	
LG With- Profits Fund	Varies.	Market Value Reduction - adjustment applied to units in the with-profits fund when realised if not at certain contractual points.	A Market Value Reduction may be deducted from the investment by ReAssure when units in the with- profits fund are surrendered other than at certain points such as the selected retirement date or on death.  As part of the information gathered for this Statement ReAssure have informed us that an MVR is currently being applied

The above annual charges may be limited for some members due to a Stakeholder Charge Cap which ReAssure apply. For Scheme members whose funds were £15,000 or more on 31 July 2012, ReAssure cap the annual charges at a maximum of 1% pa.

The costs associated with the LG With-Profits Fund are allowed for in the bonuses that are granted by ReAssure.

The principal employer directly bears the Trustee's costs, auditor charges and other running costs.

In accordance with regulation 25(1)(a) of the Administration Regulations, the Trustee has calculated the "charges" and, so far as it was able to do so, the "transaction costs", borne by members of the Scheme for the Scheme Year.

Transaction costs are those incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account via the unit price for each of the funds. The Trustee is aware that the Financial Conduct Authority (FCA) has now published its final policy statement on transaction costs which, effective from 3 January 2018, introduced an obligation on asset managers to disclose transaction costs to Trustee Boards as well as a prescribed methodology under which asset managers should do so. The Trustee has corresponded with ReAssure to clarify the various costs but complete information was not provided prior to finalising this Chair Statement.

### ***Allocations – enhancement***

New regular contributions into the Scheme are enhanced on investment. All regular contributions are allocated at 101% of their value. This and the investment return achieved on the additional 1% credited in effect offsets part of the bid/offer spread on sale. One-off contributions are not enhanced and are invested at 100% of their value.

### ***Impact of Charges***

The following table shows illustrations of the potential impact over time of the costs and charges borne by members on projected values of a DC pot at retirement. The DC pots are expressed in today's money to take into account the effects of future inflation. The table represents a starting DC pot of £180,000 for active members and £25,000 for deferred members. Each member's pot size is different.

These are only illustrations and have been produced on a proportionate basis. Actual future values of DC pots will depend on actual future investment returns and charges, the time period considered, and the amounts invested.

The assumptions used in the illustrations are:

- For active members – regular contributions of £4,600 per annum, increasing at 2.5% each year, are paid and invested monthly. For deferred members – no allowance for any new monies being paid into the pot.
- The illustrations below take into account future inflation which is assumed to be 2.5% per annum over the future period, so the numbers are expressed in current day terms.
- An annual management charge of 0.75% per annum is assumed on the managed fund plus transaction charges of 0.0704% per annum and an investment manager charge of 0.074% per annum – a total of 0.8944% per annum. These are the costs and charges for the year to 30 November 2021 as ReAssure have not been able to provide complete information for the year to 30 November 2022.
- A monthly policy charge of £6.30 is assumed.
- The stakeholder charge cap does not bite due to the fund size.
- No switches between funds are carried out.
- Assumed average future growth of 3.9% per annum gross for the with-profits fund (ie annual bonuses of 3.9% pa after allowance for any annual management charge and other charges levied on the unitised with-profits fund but before deduction of the monthly policy charge) and 4.5% per annum gross for the managed fund.
- No allowance for any Market Value Reduction for encashment of the with-profits fund units prior to maturity, or any allowance for any final bonuses.
- No allowance for bid / offer spread on the unit prices except for where there are regular contributions being taken into account, when the enhancement on allocation is also included in the illustration.

Active members – Starting pot size £180,000 & regular annual contributions £4,600				
End Year	Managed Fund		With-Profits Fund	
	Fund value before costs and charges in today's terms	Fund value after costs and charges in today's terms	Fund value before costs and charges in today's terms	Fund value after costs and charges in today's terms
1	£188,101	£186,255	£187,034	£186,777
2	£196,360	£192,579	£194,164	£193,648
5	£222,117	£211,973	£216,143	£214,841
10	£258,506	£245,751	£254,823	£252,170
15	£319,601	£281,426	£296,218	£292,155
20	£375,879	£319,100	£340,517	£334,979
25	£437,866	£358,879	£387,926	£380,838

Deferred members – Starting pot size £25,000 & no new monies				
End Year	Managed Fund		With-Profits Fund	
	Fund value before costs and charges in today's terms	Fund value after costs and charges in today's terms	Fund value before costs and charges in today's terms	Fund value after costs and charges in today's terms
1	£25,488	£25,196	£25,341	£25,268
2	£25,985	£25,396	£25,688	£25,541
5	£27,536	£26,019	£26,755	£26,393
10	£30,329	£27,135	£28,632	£27,927
15	£33,406	£28,350	£30,642	£29,604
20	£36,795	£29,664	£32,792	£31,433
25	£40,258	£31,080	£35,094	£33,418

#### 8. Value for Money

The Scheme is a “specified scheme” for the purposes of Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021. As such, the Trustee is required to carry out a detailed value for members assessment to determine whether members will receive good value for money in the Scheme over the long term or whether they would obtain better value for money in a different scheme. This detailed value for members assessment has to cover three key areas:

- Costs and Charges
- Net Investment Returns
- Administration and Governance

In assessing costs and charges and net investment returns the Trustee is required to compare those in the Scheme with three “comparison schemes” with over £100m of assets. In selecting comparison schemes the Trustee is required to have had discussions with at least one of the schemes. This is to ensure that, should the value for members assessment conclude that members are not obtaining good value from the Scheme one option could be to transfer members to that comparator.

In assessing Administration and Governance, the Trustee is required to assess the value delivered across seven key areas on an absolute basis. These seven key areas are:

- Promptness and accuracy of core financial transactions
- Quality of Record Keeping
- Appropriateness of default investment strategy
- Quality of investment governance
- Level of trustee knowledge understanding and skills
- Quality of communication with scheme members
- Effectiveness of management of conflicts of interest.

The Trustee is required to report the outcome of the value for members assessment in the annual scheme return to the Pensions Regulator and, if the conclusion is that the Scheme does not provide good value for members, the Trustee is also required to report what action they are taking to address matters which can be either by transferring members to another DC scheme, winding up the Scheme or taking steps to improve the value for members offering within the Scheme.

The results and conclusions of the value for members assessment carried out by the Trustee are set out below.

In completing this value for members assessment, the Trustee has followed the Guidance for trustees of relevant occupational defined contribution schemes as published by the Department of Work and Pensions (DWP) on 21 June 2021.

Members should note that the assessment of costs and charges only covers those costs and charges directly levied on members' funds and does not take into account the costs of running the Scheme, that are paid for by the employer such as the Trustee's costs, auditor charges and other running costs for the Scheme.

## **9. Value for members – Costs and Charges**

In view of the fact that the Company had appointed a financial adviser, PD Private Client, to carry out a review of its pension arrangements including the Scheme, that covered investigating the option of transferring members to alternative providers with over £100m of assets, the Trustee concluded that it would use the information on costs and charges obtained by PD Private Client.

The Trustee gave PD Private Client details of the funds in which members were invested and PD Private Client selected the most appropriate comparator fund from the fund range offered by the comparator provider. The Trustee believes that the comparator funds selected are a reasonable comparator to the funds in which members are invested.

The comparison of costs and charges was intended to be carried out for the funds in which members are invested as at the date of production of this Statement which are the Managed 2 Pension Accumulator (Series 02) Fund and LG With-Profit Fund. However, in view of the fact that it is not possible to obtain directly comparable costs and charges figures for with-profits funds due to the nature of this type of investment the comparison has been restricted to the Managed fund. Furthermore, as PD Private Client were unable to obtain any information on transaction costs and ReAssure were unable to provide any information on transaction costs for the year to 30 November 2022 the comparison has been limited to AMC's only.

The results of the assessment are summarised below.

Fund	AMC	Transaction Costs	Total Charges
Managed	0.89%*	Not available	Not available
Comparator 1	0.68%	Not available	Not available
Comparator 2	1.0%	Not available	Not available
Comparator 3	1.0%	Not available	Not available

\*based on 0.75% AMC plus £6.30 monthly charge and average fund size of £56,000 at 1/12/2022

The table shows that the AMC's in the comparator funds are not significantly dissimilar to those in the Scheme. In two of the three schemes the costs and charges are actually higher than in the Scheme and the Trustee has therefore concluded that, in relation to costs and charges, members invested in the Managed fund obtain good value from the Scheme.

The Trustee is aware that the Managed Fund is dual priced whereas the comparator funds are, as far as the Trustee has been able to ascertain, single priced and that members investing in this fund are therefore subject to a bid/offer spread but believes this is not material as other funds will move from a bid to and offer basis or vice versa depending on the net investment flows in and out of the funds.

In relation to the L&G With-Profit fund the Trustee believes that if the costs and charges associated with running the fund were significantly higher than those in the comparator funds then the net investment performance would be significantly lower. As set out in the section below the Trustee does not believe this to be the case and therefore that members invested in the With Profit fund obtain good value from the Scheme in relation to costs and charges.

## **10. Value for members – Net Investment Returns**

PD Private Client were also able to obtain net investment performance figures for the relevant comparator funds provided by the comparator schemes. Comparisons of 1, 3 and 5 year annualised net investment performance figures for the Managed Fund and its comparators up to 8 June 2023 are set out in the table below. The date of 8 June 2023 has been used as one of the comparator funds only launched in May 2018 and so 5 year investment performance figures were not available at the Scheme year end.



Fund	1 year (pa) (2022 to 2023)	3 years (pa) (2020 to 2023)	5 years (pa) (2018 to 2023)
Managed	1.30%	4.22%	3.30%
Comparator 1	0.70%	5.04%	4.54%
Comparator 2	-0.80%	2.34%	2.47%
Comparator 3	1.10%	5.31%	3.73%

The Trustee believes that the performance of the Managed fund is in line with that of the comparator funds and that members do therefore obtain good value from the Scheme in relation to this fund.

In relation to the L&G With-Profit Fund ReAssure have published performance figures for the assets underlying the fund whereas, for the comparator funds, the figures that have been obtained by PD Private Client are the smoothed returns for the fund. The figures are for the period to 31 December 2022.

Fund	1 year (pa) (2021 to 2022)	3 years (pa) (2019 to 2022)	5 years (pa) (2017 to 2022)
L&G With-Profit	-8.0%	-0.10%	1.45%
Comparator 1	2.68%	3.37%	2.64%
Comparator 2	1.74%	2.43%	2.20%
Comparator 3	2.00%	2.42%	2.41%

The Trustee does not believe that the above figures are directly comparable and has therefore worked out what the average return on contractual payments (the amount that would have been paid on death or retirement at normal retirement date) have been in the L&G With-Profit Fund for 1 and 5 year periods. These have been an average of 5.90% p.a. for 1 year and around 5.50% p.a. for 5 years. Again, it is not clear if these figures are directly comparable with the comparator funds as the L&G With Profit Fund figures include final bonus and the comparator figures may only allow for smoothed annual and interim bonuses. The Trustee believes, however, that, in so far as different with profits funds can be compared, the investment performance of the L&G With Profit Fund may not be dissimilar to that of the comparator schemes and that, based on the average return on the contractual payments, the members obtain good value from the Scheme in relation to this fund.

#### **11. Value for members – Administration and Governance**

##### **Promptness and accuracy of financial transactions**

The Trustee is required to ensure that core financial transactions are processed promptly and accurately. In relation to the Scheme the relevant financial transactions will be:

- Payment in and investment of member and employer contributions
- Transfer payments out of the Scheme to alternative arrangements
- Switches between investments
- Payments to beneficiaries.

In the year to 30 November 2022 there have been no transfer payments out of the Scheme, no switches and no payments to beneficiaries.

During the year to 30 November 2022 all member and employer contributions with the exception of the contributions for March 2022 were paid to and invested by ReAssure before the due date required by the Payment Schedule (19<sup>th</sup> of month after the month to which they relate and have been deducted from members' pay or 22<sup>nd</sup> of the month if paid electronically). The contribution for March 2022 was received by ReAssure on 20 April 2022 and as it was paid by cheque it was one day late. This was recorded as a minor, unreported breach as it was considered a one-off occurrence and the Company subsequently switched to making payments by BACS in order to avoid a reoccurrence. The Trustee has concluded that members do receive good value from the Scheme in relation to the processing of core financial transactions.

#### **Quality of record keeping – Security and accuracy**

The Trustee has reviewed the security and accuracy of the Scheme's record keeping policies and processes and have taken into account the following:

- The Scheme has an up-to-date privacy policy.
- The Scheme has up to date GDPR and cyber security policies.
- The Scheme and ReAssure (the Insurer) have business continuity / disaster recovery policies that are regularly tested. No other advisers (Legal or Auditor) hold any member data.
- The Scheme's legal documentation, with the exception of a single deed, is complete and up to date. In relation to the "missing" deed the Trustee holds an unsigned copy of the deed that was executed. This deed does not affect member benefits in any way.
- The quality and accuracy of the Scheme's common and conditional data were reviewed in October 2021 and both were 100%.

The Trustee also has up to date contact details for all members bar one and has undertaken to obtain a contact address for this member.

The Trustee has concluded that in relation to the quality of record keeping the Scheme provides good value for members.

#### **Appropriateness of default investment strategy**

As mentioned above the Scheme is not a qualifying scheme for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 as it is not used for auto-enrolment purposes. As such, there is no "default arrangement" (as defined in those Regulations). There is, therefore, no default investment strategy and an assessment cannot be carried out.

#### **Quality of investment governance**

The Scheme is a wholly insured arrangement with ReAssure and provides members the option to invest in a range of funds offered by ReAssure. Defining fund objectives and determining how the funds should be run is the responsibility of ReAssure.

The Trustee believes that, given the size of the Scheme, the use of a wholly insured arrangement whereby the majority of decision making relating to asset allocation and the long-term financial sustainability of investments including consideration of climate change and ESG factors is effectively delegated to the relevant fund manager is the most cost-effective solution.

The lead and support representatives at the Trustee are Accredited Professional Trustees with the APPT, have both passed the Pensions Regulator's Trustee Toolkit and complete continual professional development (CPD) which includes items relating to investment. The Trustee therefore considers that it has the required knowledge and competence to oversee and monitor the Scheme's investments effectively. The Trustee also considers that it has the depth of knowledge and skills required to challenge investment advice when required.

As part of the preparation of this Statement the Trustee has reviewed the investment performance of all the funds in which members are invested. The Trustee also regularly reminds members of the need to review their pension savings to ensure they remain appropriate for their individual circumstances and to consider what actions, if any, they made need to take in order to prepare for retirement. The Trustee recommends members take Independent Financial Advice before making any changes to their investments.

The Trustee has concluded that members obtain good value from the Scheme in relation to the quality of investment governance.

### **Level of Trustee knowledge and understanding and skills to operate the Scheme effectively**

The Trustee is required to have appropriate levels of trustee knowledge and understanding. This is achieved in a number of ways including:

- The appointment of an independent professional trustee.
- Appropriate training undertaken at or outside of regular Trustee meetings.
- Experience gained from managing other occupational pension schemes.

As Sole Independent Trustee, staff on the Trustee team are required to complete continual professional development (CPD) of at least 25 hours a year, of which only 10 hours can be reading. This will take the form of attending internal and external seminars, training sessions, webinars hosted by various pension services providers and industry bodies, and reading material.

During the year topics included diversity and inclusion, ESG, master trusts, DC offerings, Pension Schemes Act 2021, member options, discretionary decisions, member experience and communication, risk transfer, governance including cyber crime, Single Code of Practice, investment and changes in the economic environment. Training is logged and reviewed annually. In addition, the various pension professional bodies, like the APPT, Pensions Management Institute and Institute and Faculty of Actuaries, have their own CPD requirements that relevant staff adhere to. These CPD requirements were achieved and the lead and support representatives at the Trustee are Accredited Professional Trustees with the APPT.

The Trustee ensures that all members of the Trustee team have knowledge of the Scheme's governing documents and policies in place. The Trustee is supported by the Scheme's advisers and professionally qualified staff of the Principal Employer who have been involved in the Scheme for a number of years.

The Trustee holds regular meetings. Given the size of the Scheme, the Trustee considers that yearly formal meetings are adequate. The Trustee also holds informal catch-up meetings to ensure that issues and actions identified at the yearly Trustee meetings are monitored and progressed and member cases are kept under review. During the year to 30 November 2022 these were held monthly but have subsequently been moved to six weekly as this is considered the most appropriate frequency given the size of the Scheme. Where required training is provided to team members at these meetings and, if required, at the point they undertake actions arising from the meeting. This ensures that sufficient time is devoted to running the Scheme.

The Trustee is supported by the Scheme's insurer and advisers. The performance of the advisers is assessed on an annual basis and was last undertaken at the trustee meeting in April 2022. The performance of the insurer is discussed and reviewed at every trustee meeting and was last considered at the trustee meeting in April 2022, but also discussed at the catch-up calls held since that date.

The Trustee considers that they have an open and constructive relationship with the Employer and are in regular dialogue with key contacts at the Employer.

The Trustee considers that, taking into account the staff employed by Pi Trustee Services (of which Fairfield Pension Trustees is a part) there is sufficient diversity in terms of background, experience and skills to support those undertaking the Trustee role for the Scheme.

The Trustee has concluded that the level of trustee knowledge, understanding and skills that they currently demonstrate enables the Scheme to operate effectively and provides good value for members.

### **Quality of communication with Scheme members**

The Trustee has reviewed the quality of communications with Scheme members and, has noted that there have been no specific member complaints relating to the quality or accuracy of member communications.

The Trustee has noted that due to issues encountered with ReAssure relating to the quality and production of member benefit statements it was not possible to send benefit statements as at 1 December 2021 to the Company for distribution to members until 5 December 2022 which was outside the 12 month deadline for sending them to members under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. This has been recorded as a minor breach as the Trustee has been in regular contact with ReAssure in order to prevent a reoccurrence and benefit statements were sent shortly after the deadline. Should a similar issue arise with benefit statements as at 1 December 2022 then the Trustee will consider reporting the matter to the Pensions Regulator.

The Trustee also ensures that members are communicated with in the most appropriate manner as, for example, benefit statements for active members and deferred members are sent to the Employer for distribution meaning that they can be emailed / sent onto members using internal communication channels. Where the Trustee receives enquiries from members any response will use the same method of communication as the original enquiry with email being used to send any paperwork where possible.

The Trustee ensures that the covering letter used to send annual benefit statements contains appropriate information to members on the following:

- Retirement and transfer options
- Avoiding pension scams
- Signposting to guidance and advice
- The importance of reviewing investment choices and savings levels

The Trustee has also noted that there is no online portal available to members by ReAssure that would enable them to obtain current fund values, check on contributions paid or process switches.

Overall, the Trustee has concluded that, as a result of the failure to issue benefit statements for the Scheme year ended 30 November 2021 within 12 months, the Scheme has not provided good value to members in the Scheme year covered by this Chair's Statement. The action the Trustee is taking to resolve this matter is set out in section 12 below.

### **Effectiveness of management of conflicts of interest**

The Trustee has reviewed the effectiveness of the Scheme's management of conflicts of interest and concluded that, in this area, the Scheme provides good value to members. In arriving at this conclusion, the Trustee took into account the fact that:

- The Scheme has a written conflicts of interest policy that is subject to regular review.
- Processes and procedures are in place requiring any potential conflicts of interest to be declared.
- A conflicts of interest register is in place that is up to date and discussed at each trustee meeting.
- Controls are in place to ensure that conflicts of interest for the Trustee and advisers are declared on appointment.

### ***12. Value for members – Overall assessment***

Overall, the Trustee has concluded that although the Scheme provides good value to members in relation to costs and charges and investment returns the fact that, in the year to 30 November 2022, members did not obtain good value from the Administration and Governance of the Scheme, means that overall members did not get good value from the Scheme. The poor value in relation to Administration and Governance is due to the failure to issue benefit statements within 12 months of the Scheme year end and the Trustee has taken proactive action to prevent future re-occurrences by actively engaging with senior management at ReAssure over the administration service provided. The Trustee has regular meetings with ReAssure at which ReAssure's performance is discussed and the Trustee will ensure that benefit statements as at 1 December 2022 will be issued before the 12 month deadline.

Signed for and on behalf of the Chair of Trustee of the Scheme

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For Fairfield Pension Trustees Limited as Chair of Trustee of the Protektor UK Ltd Company Pension Plan

Date 28/06/2023.....