CHAIRMANS ANNUAL GOVERNANCE STATEMENT
For the year ended 30 September 2022

Konica Minolta Business Solutions (UK) Pension Plan

Defined Contribution (DC) Section and Additional Voluntary Contribution (AVC) arrangements

Annual governance statement by the Chair of Trustees for the year ending 30 September 2022

Introduction

Governance standards apply to defined contribution pension arrangements like the Defined Contribution Section (DC Section) of our pension scheme. These standards are designed to help members achieve a good outcome from their pension savings.

As Chair of the Trustees of the Konica Minolta Business Solutions (UK) Pension Plan, I have to provide you with a yearly statement which explains what steps the Trustees (with guidance from our professional advisers) have taken to meet these standards. The information included in my statement is set out in law and regulation.

The Trustees are committed to having high governance standards and we meet regularly to monitor the controls and processes in place in connection with the DC Section's investments and administration.

This year, the Trustees have included the return on investments (after the deduction of any charges and transaction costs paid for by the members). We have done this for the default investment arrangement and for each self-select fund which members are now able to select and in which members have been invested during the year. The net returns to the year ending 30 September 2022 have been included to help members understand how their investments are performing.

I welcome this opportunity to explain what the Trustees do to help to ensure the DC Section is run as effectively as it can be.

Feedback

If you have any questions about anything that is set out in this statement, or any suggestions about what can be improved, please do let us know.

Signed for and on behalf of the Trustees of the Konica Minolta Business Solutions (UK) Pension Plan by Eric Green, Chair of Trustees

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Date ……………………………………..

Default investment arrangement

The Trustees have selected and provide a default investment arrangement for members who do not choose an investment option for their contributions, although members can also choose to invest in this default investment arrangement.

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the default arrangements. We take professional advice from regulated investment advisers.

Setting an appropriate investment strategy
Details of the strategy and objectives of the default investment arrangement are recorded in a document called the statement of investment principles. A copy of the latest statement of investment principles is attached to this statement.

The Plan gives members two main forms of investment strategy options:

Lifestyle investment strategy: The Lifestyle strategy is for members who do not wish to continually review the investments they hold and do not want to individually select the funds in which their contributions are invested. There are three different Lifestyle options available, Drawdown, Cash and Annuity, and the choice will depend on how a member thinks they will take their benefits when they retire.

Self-Select investment strategy: Alternatively, members can choose from the range of funds offered by the Trustees. There are a number of funds available.

We have chosen the Drawdown Lifestyle strategy as the default investment strategy. As the majority of assets are held in the default investment strategy, this statement is mainly concerned with the Drawdown Lifestyle investment strategy.

When deciding on the Drawdown Lifestyle option as the default investment strategy, the Trustees recognise that the majority of members do not take active investment decisions and instead invest in the default option. The Trustees’ primary objective in deciding on a default investment strategy is to ensure that the strategy is appropriate for a typical member, taking into account factors such as the average size of members’ pension savings within the DC Section, members’ current level of income and likely expectations for income post-retirement. When choosing the default investment strategy, it is the Trustees’ policy to consider a range of asset classes, together with their expected returns and the expected volatility of those returns, the suitability of styles of investment management, and the need for diversification. The Trustees also recognise that there are various investment and operational risks; and give qualitative and quantitative considerations to such risks.

The default investment strategy is designed for members who do not want to individually select the funds in which their contributions are invested. It is a predefined strategy which targets a chosen retirement age and aims to invest in the most appropriate assets as members’ needs change.

The default investment strategy’s objective is to target higher returns whilst members are younger, through investing their Pension Account in a diversified fund (this fund consists of a broad spread of asset classes and is intended to achieve strong returns over the longer term but with less volatility than a higher-risk asset class such as equities). As retirement age is approached, part of the Pension Account assets are switched to cash (to provide greater stability to capital accumulated as members near their target retirement age).

Contributions are initially invested 100% in the diversified fund. Over the last seven years before the member's chosen retirement date (this will be age 65 unless they inform the Trustees otherwise) the Pension Account's underlying investments will gradually be moved so that at the chosen retirement date the Pension Account will be invested 75% in the diversified fund and 25% in the cash fund. Switches between the investment funds are made on an annual basis.

The default investment strategy means that, as members proceed through their working life and their investment priorities and attitudes to risk alter, the distribution of investments is automatically adjusted to take this into account.

Reviewing the default investment
The Trustees are expected to review the strategy and objectives of the default investment arrangement regularly, and at least once every three years, and take into account the needs of the DC Section membership when designing it.

The Trustees reviewed the default investment arrangement in November 2020. The default investment strategy assumes that members will target taking 25% of their Pension Account as tax-free cash at retirement, with the balance being drawdown over a period of years. The review took into consideration the membership profile and projections of member benefits. The review concluded that the default investment strategy remained appropriate. The next formal review is planned to be carried out in 2023.

The Trustees review the investment objectives and the performance of the default investment strategy on a quarterly basis, taking advice from the Trustees' investment consultant.

The Trustees considered that the funds in the default investment strategy had performed well in relation tp the benchmarks and delivered members reduced risk as they approach retirement. The default arrangement therefore remains consistent with the aims and objectives of the statement of investment principles.

Charges and transaction costs paid by members

The Trustees are required to explain the charges and transaction costs (i.e. the costs of buying and selling investments in the DC Section of the Plan that are paid by members rather than the Company).

As well as meeting the general running costs of the Plan, the Company meets the members' record keeping costs and the Plan's benefit settlement costs.

Currently, the majority of members are only required to meet the annual cost of investing their Pension Accounts. These costs are taken by the investment managers from the funds held. The investment management fees are clearly communicated to members in the investment note "Your Investment Choices" issued with the annual benefit statements.

The investment management and transaction costs can be explained as follows:

- The total ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge (direct charges) and any additional fund expenses (indirect charges). The charges for the default investment strategy are compared against the 0.75% charge cap set by legislation.

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- Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments within each fund. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and the costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. These costs will vary between members depending on the funds invested in, the transactions that took place within each fund and the date at which the transactions took place. Unlike the ongoing charges figures, transaction costs are not compared against the 0.75% charge cap set by legislation – instead, the reported performance of the fund is typically net of these transaction costs.

- In addition, there can be switching costs incurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching their investment arrangements) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.

As at 30 September 2022, the annual investment charge for the default investment arrangement for members more than seven years from retirement was 0.32% pa. The transaction costs applicable to the default investment arrangement were confirmed by Legal & General as being 0.01%.

The level of charges and transaction costs applicable to the DC Section's other investment funds during the last plan year were:

Investment Fund	**Total Expense Ratio (TER)**	**Transaction costs during period 1/10/2021 – 30/09/2022**
UK Equity Index Fund	0.18%	0.03%
Global Equity (60:40) Index Fund	0.21%	0.03%
Global Equity (50:50) Index Fund	0.21%	0.03%
World (ex UK) Equity Index Fund	0.22%	0.02%
Diversified Fund	0.32%	0.01%
Managed Property Fund	0.79%	-0.15%
Pre-Retirement Fund	0.15%	0.00%
AAA-AA Fixed Interest Over 15 Year Fund	0.15%	-0.08%
AAA-AA-A Corporate Bond Over 15 Year Index Fund	0.15%	0.00%
Over 15 Year Gilts Index Fund	0.10%	0.16%
Over 5 Year Index-Linked Gilts Index Fund	0.10%	0.06%
Cash Fund	0.13%	0.03%

In terms of switching costs, the funds used by the DC Section operate on a single-swinging price basis with no explicit switching costs charged to members. However, members may experience implicit switching costs whenever assets are sold (as is the case throughout the lifestyling phase).

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These costs will vary between members depending on what switches took place for each member and the date at which these occurred. The Trustees are not able to track what costs have been incurred in practice for particular members.

Completeness of transaction cost information

Where information about the member costs and charges is not available, we have to make this clear to you together with an explanation of what steps we are taking to obtain the missing information.

We confirm that there was no information about costs or charges that could not be obtained from Legal & General

We have been unable to obtain the transaction charges from the legacy AVC providers for the DB Section. The Trustees will continue to liaise with the providers for the information.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on the value of a member's pension savings.

We have prepared the following example, having taken account of the statutory guidance issued by the Department of Work and Pensions in preparing this section of the statement.

Projected pension savings/pot in today's money								
	Default fund		UK Equity Index		Property		Pre-Retirement	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
25	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
26	35,406	35,306	35,644	35,587	35,247	34,794	34,984	34,937
27	40,974	40,755	41,501	41,374	40,627	39,640	40,053	39,951
28	46,711	46,352	47,578	47,369	46,142	44,540	45,209	45,043
29	52,620	52,100	53,883	53,578	51,796	49,494	50,451	50,214
30	58,707	58,003	60,425	60,009	57,592	54,502	55,783	55,464
35	92,009	90,001	97,014	95,790	88,839	80,385	83,831	82,966
40	130,641	126,562	141,018	138,452	124,224	107,726	114,343	112,668
45	175,455	168,337	193,937	189,317	164,297	136,608	147,535	144,746
50	227,442	216,071	257,579	249,965	209,678	167,118	183,643	179,391
55	287,749	270,613	334,116	322,277	261,070	199,346	222,923	216,807
60	357,346	332,619	426,161	408,494	319,269	233,391	265,653	257,217
65	429,608	396,200	536,857	511,293	385,177	269,355	312,137	300,860

Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £30,000.
4. Inflation is assumed to be 2.5% each year.
5. Contributions are assumed from age 25 to 65 and increase in line with assumed earnings inflation of 2.5% each year, starting salary is assumed to be £45,000.
6. The projected growth rate for each fund are as follows:
   Default fund (growth stage): 3.01% pa above inflation
   UK Equity Index: 3.76% pa above inflation
   Property: 2.52% pa above inflation
   Pre-Retirement: 1.70% pa below inflation
7. Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based schemes.

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Deferred member

Projected pension savings/pot in today's money								
	Default fund		UK Equity Index		Property		Pre-Retirement	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
48	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
49	29,874	29,784	30,090	30,038	29,731	29,320	29,492	29,450
50	30,774	30,589	31,221	31,114	30,479	29,643	29,993	29,907
55	35,699	34,951	37,547	37,097	34,517	31,313	32,628	32,299
60	41,371	39,898	45,155	44,232	39,089	33,078	35,494	34,883
65	47,004	44,712	54,305	52,738	44,266	34,942	38,612	37,674

Notes
1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £29,000.
4. Inflation is assumed to be 2.5% each year.
5. No contributions are expected given the illustration is in relation to a deferred member.
6. The projected growth rate for each fund are as follows:
   Default fund (growth stage): 3.01% pa above inflation
   UK Equity Index: 3.76% pa above inflation
   Property: 2.52% pa above inflation
   Pre-Retirement: 1.70% pa below inflation
7. Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based schemes.

Past performance of the investment options

We have calculated the return on investments (after the deduction of any charges and transaction costs paid for by the members). We have done this for the default investment arrangement and for each self-select fund which members are able to select and in which members have been invested during the year.

The net returns to the year ending 30 September 2022 are shown in the tables below and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance.

We have prepared the following tables, having taken account of the statutory guidance issued by the Department of Work and Pensions.

Annualised net returns (%) for the default investment arrangement over periods to the scheme year ending 30 September 2022

Age of member at the start of the period*	**5 years (2017-2022)**	**1 year (2022)**
Age 25	3.0	-9.0
Age 45	3.0	-9.0
Age 55	3.0	-9.0

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*The default investment strategy invests 100% in the diversified fund. Over the last seven years before the member's chosen retirement date, defaulted at 65, the investments will gradually be moved to be invested 75% in the diversified fund and 25% in the cash fund. We have shown the returns at three example ages in line with regulatory guidance.

Annualised net returns (%) for the self-select investment options over periods to the scheme year ending 30 September 2022

Investment Fund	5 years (2017-2022)	1 year (2022)
UK Equity Index Fund	2.2	-4.0
Global Equity (60:40) Index Fund	4.0	-5.6
Global Equity (50:50) Index Fund	-4.5	-6.0
World (ex UK) Equity Index Fund	9.4	-3.4
Diversified Fund	3.0	-9.0
Managed Property Fund	6.0	13.9
Pre-Retirement Fund	-4.2	-30.4
AAA-AA Fixed Interest Over 15 Year Fund	-5.7	-35.9
AAA-AA-A Corporate Bond Over 15 Year Index Fund	-5.7	-37.4
Over 15 Year Gilts Index Fund	-5.7	-35.6
Over 5 Year Index-Linked Gilts Index Fund	-2.9	-29.4
Cash Fund	0.3	0.6

Notes for both tables:
1. The default lifestyle performance is calculated from net of fees underlying manager performance figures minus switching costs incurred from de-risking the default lifestyle strategy as members approach retirement. Switching costs are calculated from the spreads applicable to the funds.
2. Figures shown for the self-select investment options are calculated based on underlying investment manager performance.
3. Composite performance figures for the default lifestyle strategy assume allocations are in line with the switching matrix at each year end. We have not allowed for deviations due to market movements in the preceding period.

Core financial transactions

The Trustees are required to report the processes and controls in place in relation to 'core financial transactions'. The law specifies that these include the following:

- investing contributions paid into the DC Section;
- transferring assets relating to members into and out of the DC Section;
- transferring assets between different investments within the DC Section; and
- making payments from the DC Section to, or on behalf of, members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the Plan's administrator, Buck.

There is a service level agreement in place between the Trustees and Buck which provides for Buck to ensure accurate and timely processing of the core financial transactions for which it is responsible. Buck is required to carry out services in accordance with good industry practice and, more specifically, payments in respect of members must reach the recipients as agreed with the Trustees and in accordance with the Plan's Trust Deed and Rules. Any mistakes or delays are investigated thoroughly and action is taken to put things right as quickly as possible.

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For the year ended 30 September 2022 (continued)

This administration service includes key financial tasks such as managing the investment of contributions, paying benefits (or making transfers) and keeping track of changes in members' circumstances.

In order to monitor this service the Trustees receive quarterly reports confirming the payment and allocation of contributions, together with statistics on the level of service that is provided in comparison to agreed targets and timescales. The Trustees monitor transactions made via the Trustees bank account on a regular basis.

Task	Transaction Type	Transaction Target (working days)
Death	Benefit Settlement (from receipt of all information required)	5
Leaver	Leaving service benefit statement	10
Retirement	Wake up pack	10
	Flexible benefits illustration	10
	Payment of Benefits (from receipt of all information required)	10
Transfer Out	Quotation	15
	Benefit Settlement (from receipt of all information required)	15

The Plan Auditor tests a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

I am pleased that in the last Plan year there have been no material administration service issues which need to be reported here by the Trustees.

Overall, the Trustees are confident that the processes and controls in place with the administration service provider are robust and will ensure that the financial transactions, which are important to members, are dealt with properly.

Trustee knowledge and understanding

The law requires the Trustees to be conversant with the Plan’s documents and to possess, or have access to, sufficient knowledge and understanding of the law relating to pensions and trusts, and the principles relevant to funding and investment, to be able to run the Plan effectively.

The Trustees meet all the knowledge and understanding requirements and understand the Plan and its documents. The Trustees are aware that they must have a working knowledge of the Trust Deed and Rules of the Plan, the statement of investment principles and the documents setting out the Trustees’ current policies. They are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustees do this by regularly reviewing the relevant Plan documents via the Plan’s online portal and during the Plan year have sought advice from the Plan’s legal advisers on the powers of the Trustees and Company under the Trust Deed and Rules.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee Board.

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During the Plan year the following training and development activities have taken place:

Training description	Date
Employer Covenant update	November 2021
The future of defined contribution schemes	November 2021
TM1 Assumptions	November 2021
Building an effective system of governance	November 2021
Statement of Investment Principles	June 2022
Employer Covenant update	November 2021

- The training log is reviewed at each Trustee meeting to identify any gaps in the knowledge and understanding across the Trustee Board as a whole.

- All of the Trustees have completed The Pensions Regulator's on-line trustee toolkit. New trustees are required to complete the toolkit within 6 months of becoming a member of the Trustee Board. Trustees must review the toolkit on an on-going basis to ensure their knowledge remains up to date.

- The Trustees receive "on-the-job" training. This means that as new topics arise their professional advisers attending the Trustee meetings will provide wider briefing notes and topical digests, as well as training during the meeting so that the Trustees may engage on such topics in an informed manner.

- The Trustees have assessed the DC Section against the standards set out in the code of practice for trustees of pension schemes providing money purchase benefits (the DC code) and related guides and have established an action plan to ensure we can demonstrate that we are offering a quality scheme.

Relevant advisers are in attendance at meetings and in frequent contact with the Trustee Board to provide information on topics under discussion, either specific to the Plan or in respect of pension or trust law.

As a result of the training activities which have been completed by the Trustee Board individually and collectively, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the Trustees enables us to properly exercise our functions as Trustees.

Assessing value for members

As part of our assessment of the charges and transaction costs, the Trustees are required to consider the extent to which the member-borne costs, and charges within the DC Section, represent good value for members compared to other options available in the market.

This section sets out the approach that the Trustees have taken, the conclusions we have reached and an explanation of how and why we have reached those conclusions.

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Categorising costs/charges and how these impact on our assessment
There is no legal definition of 'good value' and so the process of determining good value for members is a subjective one. We note that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has been taken into account in the assessment of value to members.

In line with our legal duties and guidance issued by The Pensions Regulator, our first step has been to identify the services that members directly pay for, either through costs that only members pay, or costs that are shared with the Company.

As indicated, the costs that are paid by members are fund management charges and transaction costs for the investment funds used within the DC Section.

The Company bears the full cost of all other costs and charges. This covers such areas as:

- wider investment support and governance (e.g. the costs of regularly reviewing and updating funds available to members, etc);
- administration of the DC Section (e.g. the costs of updating and maintaining member records, processing contributions and payments, dealing with member queries, producing annual financial statements, etc);
- member communications (e.g. the costs of producing and issuing member booklets, annual benefit statements, etc); and
- the management and governance of the DC Section (e.g. the costs of legal/actuarial advisers and annual audit, etc).

For members of the Defined Benefit Section (the DB Section) with legacy AVC money purchase arrangements, the total charge pays for fund management charges, transaction costs, platform costs and the costs of administering the policies.

For the legacy AVC DB arrangements, the Trustees have applied a pragmatic approach to assessing value for members given the value of their holdings relative to their overall benefits in the Plan.

The Trustees have undertaken two analyses:

1. First, we have assessed the 'value for members' arising from the benefits that members receive from the charges and transaction costs that they directly pay. This assessment is required by legislation. For the DC Section, this is mainly limited to the performance and volatility of investment returns from funds within the DC Section versus the charges members pay for holding those funds.

2. We have also assessed the overall 'value for money' offered to members of the DC Section, with the aim of capturing not only the value from member-borne costs but also the broader elements of value that members receive from the employer-financed costs, as well as wider factors such as the generosity of the employer contribution rates above the automatic enrolment minimum contribution levels.

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Overall approach and conclusion
Assisted by our advisers and in line with The Pensions Regulator's guidance, we have taken the following approach:

1. We have collated information on services that members receive and the total costs that members pay, including transaction costs (where available).
2. We have assessed the scope and quality of the services that members receive, in line with criteria agreed by the Trustees in advance.
3. We have compared the value members receive from the services against the cost of those services.
4. We have reflected on our key findings and suggested courses of action to maintain areas of good value and improve areas where value could be better.

Overall, the above approach ensures that we are comparing the level of charges in each fund with the levels of return they have delivered to members, as well as comparing the costs of membership (i.e. the charges) against the benefits of membership (i.e. the services provided).

In attempting to compare these against other options available in the market, the Trustees have found that there are limited industry-wide benchmarks for each service area and so the Trustees have relied on the market knowledge of its advisers.

Based on our assessment, we conclude that:

- Good 'value for members' has been provided over the year to 30 September 2022, when measured against the definition required by legislation; and
- when we take into account wider elements of value that members receive as a result of costs paid by the Company, including employer contributions, we have concluded that the DC Section offered good 'value for money' overall over the Plan year.

There are areas where overall 'value for money' could be improved for members and the Trustees plan to perform further investigations into these areas, taking action in some, over the year to 30 September 2023 – details are included later in this section.

Based on the assessment of the legacy AVC arrangements for members in the DB Section, it was concluded that these may no longer offer value to members in the long term in the year to 30 September 2022. It is noted that members with legacy AVC funds under the DB Section are regularly reminded of the opportunity to move these AVC funds to the DC Section.

Preparation for the assessment
The Trustees received support from advisers around how to undertake a value for members' assessment and also considered the statutory guidance.

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A number of key decisions were made as part of these preparations:

- The Trustees will use different approaches for the different sections, with the assessment for the members of the DB Section with legacy AVC funds being of a smaller scale than the assessment for the members of the DC Section, proportionate to the members' fund holdings relative to their overall benefits in the Plan;
- For the DC Section:
  - The Trustees will use a scoring system for each of the 'value for members' and 'value for money' assessments.
  - Individual elements of service were given scores by considering the scope and quality of the services under those areas.
  - Two overall weighted scores ranging from 0% to 100% were produced, one for 'value for member' and one for 'value for money'.
  - The Trustees agreed that any score between 50% to 75% represented satisfactory value and a score of 75% or over represented good value.
  - Scores will be compared from year to year from now on, with a view to measuring and monitoring changes to the 'value for members' and wider 'value for money'.

Process followed for the assessment, including key factors considered
The Trustees, assisted by their advisers, then considered the services provided by the Plan in the areas where costs are borne (whether by members or by the employer), such as investment, communications, scheme management and governance, and administration. The scores for these areas were assessed by considering the scope and quality of the services in each area.

This assessment was performed separately for members in the DC Section and members with legacy AVC funds under the DB Section.

For the members with legacy AVC funds under the DB Section, the Trustees have performed a high-level review of these arrangements against other arrangements available in the market and similar funds available, for instance, within the DC Section. In particular, the Trustees considered the following:

- The types of funds used by members, the methods that these funds generate returns and the recent performance of these funds.
- The level of charges paid for the funds.
- The ways that members can access their pension savings at retirement and how this compares to other options available in the market.

For members within the DC Section, for each of the 'value for members' and wider 'value for money' assessments, different weighting factors were applied to reflect the different services being assessed.

For the 'value for members' analysis, we have assessed the historic return and volatility of the default fund versus benchmark, and the charges and transaction costs of that fund.

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For the wider 'value for money' analysis, the assessment covers a larger set of services paid for by both members and the Company, including (but not limited to) the following:

Area	Examples
Investments / charges	The quality / governance of the default fund and alternative choices, the historic return and volatility of the default fund, charges and transaction costs versus benchmark, etc
Communications / member support	Whether bespoke / tailored or event-driven communications are used, at-retirement communications / guides / modellers / support, access to pension freedoms, etc
Scheme management and governance	Understanding of membership characteristics / attitudes / needs, compliance with The Pensions Regulator's Codes of Practice, Trustee Knowledge and Understanding practices, use of expert advisers, etc
Administration / online services	Online fund values / switching, use of service level agreements, core administration team / helpline, etc
Employer contribution to member funds	The generosity of the employer contributions over and above the automatic enrolment minimum.

While all of the factors above contribute to whether the Plan is well run, the Trustees believe that two of the biggest factors that can influence retirement outcomes are the level of contributions paid into the Plan and the level of investment performance net of fees.

As a result, 40% of the overall 'value for money' score is allocated to the benefits members received including the level of contributions; 40% of the score is allocated to investments and 20% to the competitiveness of fees and transaction costs.

Explanation of the results of the assessment
Our conclusion that the DC Section offered good value for members over the year to 30 September 2022 is based on aspects such as:

- The default investment strategy broadly matched the benchmark being used for 'value for members / money' assessments over the year to 30 September 2022 but has had lower volatility of return over the 1 year and 3-year periods to 30 September 2022

- The default investment strategy had a maximum Total Expense Ratio of 0.32% over the year to 30 September 2022, which compares favourably to the 0.46% average charge for default funds within trust-based defined contribution pension schemes that feature in surveys that are available within the market.

Our conclusion that the DC Section offers good value for money over the year to 30 September 2022, taking into account employer-borne costs, is based on aspects such as:

- The default investment strategy was designed with reference to the membership profile of the DC Section, and has its performance reviewed on a regular basis.
- Members are able to receive a wide range of administration / online services (e.g. a dedicated helpline manned by a ring-fenced administration team, etc), which compares well to other options in the market.
- Members receive communications that aid member decision-making (including section-specific member booklets, a bespoke annual benefit statement, etc).
- The Trustees meet at least twice a year, discussing DC-related matters at each meeting, with a trustee training plan in place and ad-hoc training received before major decisions, as well as clear contracts with external advisers, whose fees are reviewed regularly.

CHAIRMANS ANNUAL GOVERNANCE STATEMENT
For the year ended 30 September 2022 (continued)

The Trustees concluded that the legacy AVC arrangements for members in the DB Section may no longer offer value to members in the long term in the year to 30 September 2022 The Trustees' conclusion was based on factors such as:

- The charges, particularly as some of the self-select funds have a charge of 0.75% meaning that these do not compare favourably in the main to the charges for the Legal & General funds;
- The range of unit-linked funds brings a flexibility advantage about investment choice; and
- The platforms do not provide online access that enables members to view and manage their own funds and access other additional information to help them better understand their benefits and options (unlike that for the DC Section).

Follow-on actions and investigations
The Trustees' focus is on maintaining the value for members and identifying if further improvements can be made. During the year to 30 September 2022 the Trustees and Company focused on ensuring that the Plan operated on a business as usual basis.

Over the year to 30 September 2023, the Trustees plan the following, noting that these actions are the same as the previous year and will be continuously reviewed on a regular basis:
For the DC Section:

- Review the at-retirement tools / guidance / advice provided to members, as well as the options available within or outside the Plan.
- Review how analysis or understanding of members (and their views) feeds into Trustee decision-making.
- Review whether to tailor communication messages / approaches to different segments of the membership, utilise alternative media, etc.
- Share this analysis with the Company to obtain their views.

For the members with legacy AVC funds in the DB Section:

- Communicate with members annually to remind them to review their AVC funds to ensure that their investment fund choices remain appropriate for their circumstances. The communications will also provide details for members to consider transfer their legacy AVC funds to the DC Section.
- Liaise with providers to ensure that complete and accurate disclosure of charges and transaction costs is provided, in line with FCA rules.