

Urenco UK Pension Scheme

Chair's statement regarding the governance of defined contribution arrangements

Scheme year - 6 April 2023 to 5 April 2024

1. Introduction

- 1.1. This statement has been prepared by Urenco UK Pension Trustee Company Limited ("the Trustee"), the Trustee of the Urenco UK Pension Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the Scheme year 6 April 2023 to 5 April 2024.

2. The Scheme's DC arrangements

- 2.1. The Scheme's DC arrangements comprise:
 - 2.1.1. The Defined Contribution Section ("the DC Section"), ignoring additional voluntary contributions (AVCs). The DC Section is administered by Aegon and is open to further contributions.
 - 2.1.2. The AVCs and Shift Pay Plan arrangements related to the Defined Benefit ("DB") section of the Scheme.
- 2.2. It should be noted that during the scheme year, the Trustee has worked with their professional advisers, Barnett Waddingham, and the Company to assess whether the Scheme provides sufficient value to members and to consider the feasibility of moving to another type of arrangement. The outcome of this review led the Trustee to agree that moving to a Master Trust arrangement would provide additional value to members and would offer a number of additional benefits than the current Scheme offers. Following a robust selection process, the Trustee has proposed that Legal & General is appointed as the provider for a new pension Scheme and is currently in the process of obtaining approval from the Company Board. Given the current process to cease all future contributions to the Scheme and transfer all DC benefits out of the Scheme, the Trustee is taking a proportionate approach towards ongoing Scheme governance, with its resources and efforts being focussed in governing and managing the discharge process effectively.

3. Default investment arrangements

- 3.1. For members who are automatically enrolled into the Scheme's DC Section and do not make an alternative selection, contributions are invested in the Urenco Drawdown Path ("the default investment arrangement").
- 3.2. The key features of the default investment arrangement are:
 - 3.2.1. The default investment arrangement uses a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age.
 - 3.2.2. Up until 7 years before a member's retirement age, the default investment arrangement allocates 50% to the Urenco PS Diversified Growth fund and 50% to the Urenco PS Passive Global Equity fund.
 - 3.2.3. Over the 7 years to a member's retirement age, the default investment arrangement automatically and gradually switches some of the investments held in the Urenco PS Diversified Growth fund and the Urenco PS Passive Global Equity fund into the Aegon Standard Life Corporate Bond fund and the Aegon BlackRock Cash fund.

3.2.4. At retirement, a member invested in the default investment arrangement would have a fund split of 40% Urenco PS Diversified Growth, 15% Urenco PS Passive Equity, 20% Aegon Standard Life Corporate Bond and 25% Aegon BlackRock Cash.

Asset allocation of the default

- 3.3. We have provided further details in the table below of the underlying asset allocation of the default investment arrangement. We have provided this information in line with statutory guidance.
- 3.4. Within the default investment arrangement, the underlying assets are static until 7 years prior to retirement. Asset allocations are shown for members aged 55, 60 and 1 day before retirement age, all assuming retirement at age 65.

Default Investment Arrangement

Asset Class	Allocation (%) 55-year-old	Allocation (%) 60-year-old	Allocation (%) 1 day before retirement age (65)
Cash	2.20	15.00	26.70
Bonds	10.80	10.10	28.60
Listed Equities	70.70	59.50	31.60
Private Equity	0.00	0.00	0.00
Infrastructure	3.50	3.30	2.80
Property/Real Estate	0.00	0.00	0.00
Private Debt/Credit	0.00	0.00	0.00
Other	12.80	12.00	10.20

Review of the default investment arrangement

- 3.5. The Triennial Investment Review took place in the previous scheme year and the outcome of the review was delivered to the Trustee at the Investment Sub-Committee meeting on the 22 May 2023.

The outcome of the review was that the current structure of white labelled funds remains suitable for the membership and allows the Trustee to update the underlying asset mix flexibly. Several changes to the investment strategy were also proposed, including:

- Replacing the Insight Broad Opportunities Fund for a Diversified Growth Fund more suited to the investment time horizons for DC members.
- Extending the length of the de-risking glidepath from 7 years to 15 years.
- Replacing equity funds with a single all world passive equity fund that has ESG considerations incorporated into the investment selection process.

Regarding the replacement of equity funds, Aegon were unable to confirm whether they could add a suitable alternative fund and noted that if they did, it would take a while to implement. As an alternative,

it was advised that the existing allocation within the Urenco PS Passive Equity Fund was altered instead. This would still allow for the original Trustee objective to be met, to achieve unhedged equity exposure that is representative of global market capitalisation. The Trustee later approved this change during an investment sub-committee meeting on 16 January 2024. The relevant documents have since been signed and this change has been implemented within the scheme year.

- 3.6. The Trustee monitors the performance of all investment options, including the default investment arrangement, on a quarterly basis. These quarterly reviews are part of the regular governance of the Scheme and do not constitute a formal review of the default investment arrangement, which ordinarily follows a three-year cycle.

Further information on the default investment arrangement

- 3.7. Details of the default investment arrangement are set out in the attached 'Statement of Investment Principles'. This covers the investment policy in relation to the entire Scheme.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
 - 4.2.1. investment of contributions
 - 4.2.2. transfers into and out of the Scheme
 - 4.2.3. investment switches within the Scheme
 - 4.2.4. payments out of the Scheme
- 4.3. Core financial transactions require liaising with the providers and investment managers.
- 4.4. The Trustee has delegated the day-to-day investment management of the DC Section to the underlying provider Aegon.
- 4.5. Core financial transactions for the AVC arrangement are undertaken by Prudential and Clerical Medical.
- 4.6. Core financial transactions for the Shift Plan arrangement are undertaken by Prudential.

Controls and monitoring arrangements

- 4.7. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
 - 4.7.1. The Trustee has a Service Level Agreement (SLA) in place with the administrator. The SLA sets out the timeline standards expected for each step of the Scheme's main administration tasks, including core financial transactions. The Trustee monitors these SLAs on a regular basis, with the provider being asked to account for shortfalls in performance. We provide the core financial transaction SLAs for the DC Section below.
 - 4.7.2. Ensuring that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the sponsoring employer. The Trustee has sight of Aegon's Business Continuity Statement and this is compiled alongside other scheme documents.
 - 4.7.3. Maintaining and monitoring a Risk Register, which outlines the risks to members and the Scheme, including those in relation to financial transactions. The Risk Register considers the impact, likelihood, controls and mitigation steps for each risk and is monitored and reviewed on a regular basis.
 - 4.7.4. Appointing a professional firm to undertake an annual audit to confirm that contributions and benefit payments have been made in a timely manner and in line with the required timescales.

SLA	Target	SLA	Target
Death Claim	95% in 5 days	Switch request	100% in 1 day
Bacs Payment In	100% in 2 days	Transfer out claim	90% in 1 day
Possible claim identified	90% in 1 day	Transaction Reversal	98% in 6 days
Contribution refund	95% in 5 days	Trustee instructed claim	95% in 2 days

- 4.7.5. The Trustee monitors these SLAs on a regular basis, with the provider being asked to account for shortfalls in performance.
- 4.7.6. The Trustee received administration reports produced by Aegon, which are reviewed by the Trustee regularly, enabling it to assess if the requirements for the processing of financial transactions are being met. Aegon is also invited to attend Trustee's meetings and reports are provided to support their attendance.
- 4.7.7. The SLAs with Aegon set out the approach (including timescales) to processing core financial transactions. The Trustee will schedule a high-level review of the SLAs on a periodic basis (with insight from Barnett Waddingham) to ensure they remain appropriate and meet legislative requirements.
- 4.7.8. The Trustee appoints an independent auditor to carry out an annual audit of the Scheme, including the material financial transactions that have taken place during the Scheme year. The auditors carry out spot checks to ensure that contributions to the Scheme or payments made by the Scheme are paid in accordance with the Scheme's rules.
- 4.7.9. The Scheme's Risk Register details the key risks to Scheme members and is monitored and reviewed on at least an annual basis. The risk register sets out controls to mitigate the effects of these risks.

Performance during the scheme year

- 4.8. The Trustee acknowledges the improvement in performance against SLAs for work due in the period covered by this statement, with 98% of work items falling inside their respective SLA target. This has increased from the 91% recorded last year.
- 4.9. Neither the administrator's quarterly reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions. There were four complaints received from members over the period, however all complaints have been upheld or continue to be dealt with.

Assessment

- 4.10. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the scheme year, the Trustee believes that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
- 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Scheme year (data sourced from Aegon as at 28 March 2024):

Investment option	TER (p.a.)	Transaction costs (p.a.)
Urenco Drawdown Path (default investment arrangement) *	0.52%	-0.01%**
Urenco Annuity Path *	0.52%	-0.01%**
Urenco Cash Path *	0.52%	-0.01%**
Aegon BlackRock UK Equity Optimum (BLK)	0.65%	0.21%
Aegon BlackRock Emerging Markets Equity Index (BLK)	0.36%	0.00%
Aegon BlackRock Pacific Rim Equity Index (BLK)	0.19%	0.00%
Aegon BlackRock US Equity Index (BLK)	0.19%	0.02%
Aegon BlackRock Japanese Equity Index (BLK)	0.19%	0.03%
Aegon BlackRock European Equity Index (BLK)	0.20%	0.01%
Aegon Standard Life Corporate Bond (BLK)	0.46%	0.10%
Aegon BlackRock UK Equity Index (BLK)	0.18%	0.08%
Aegon AM Ethical Equity (BLK)	0.92%	0.06%
Aegon LGIM Pre-Retirement (BLK)	0.30%	0.00%
Aegon BlackRock MSCI Currency Hedged World Index (BLK)	0.21%	-0.01%**
Aegon MFS Global Equity (BLK)	0.84%	0.05%
Aegon BlackRock Long Gilt (BLK)	0.18%	0.00%
Aegon BlackRock Index-Linked Gilt (BLK)	0.18%	0.05%

Aegon Property (BLK)	0.80%	0.07%
Aegon BlackRock Cash (BLK)	0.18%	0.02%

* The quoted charges and transaction costs for each lifestyle strategy are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

Charges in relation to AVCs

5.3. The following table provides details of the charges and transaction costs for each of the investment options provided through the AVC arrangement over the Scheme year (data sourced from Prudential and Clerical Medical as at 31 March 2024):

Investment option	TER (p.a.)	Transaction costs (p.a.)
Clerical Medical UK Equity Income (Acc)	0.50%	0.23%
Clerical Medical European	0.50%	0.10%
Clerical Medical Far Eastern Fund	0.50%	0.30%
Clerical Medical UK Property Fund	0.50%	0.00%
Prudential S3 Global Equity Pen	0.77%	0.18%
Prudential Dynamic Global Equity Passive	0.64%	0.02%
Prudential S3 Discretionary Pen	0.77%	0.16%
Prudential S3 UK Equity Pen	0.76%	0.28%
Prudential S3 Cash Pen	0.55%	0.00%
Prudential S3 Index-Linked Pen	0.76%	0.39%
Prudential S3 Long-Term Gilt Passive Pen	0.66%	0.06%
Prudential S3 International Equity Pen	0.78%	0.11%
Prudential Positive Impact	0.76%	0.07%
Prudential With-Profits Cash Accumulation Fund	-	0.17%
Prudential S3 Fixed Interest Pen	0.76%	-0.12%
Baillie Gifford Diversified Growth	1.15%	0.51%

Prudential S3 All Stocks Corporate Bond Pen	0.76%	0.01%
BlackRock Aquila World ex-UK Equity Index	0.73%	0.00%
Prudential Dynamic Growth II	0.73%	-0.08%
Prudential Dynamic Growth IV	0.73%	-0.04%
LGIM Ethical Global Equity Index	0.95%	0.05%

Impact of costs and charges

5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations, and these are set out in the appendix.

6 Net investment returns

6.1. This section states the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the scheme year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The lifestyle strategies

- 6.2. For the arrangements where the investment returns vary with age, such as for the default investment arrangement and for the alternative lifestyle strategies, the investment returns are shown over various periods to the end of the scheme year for a member aged 25, 45 and 55 at the start of the period the returns are shown over.
- 6.3. The strategies were launched on 30 September 2020 and as such, there are only limited performance figures available. Therefore, we have only shown the 1 and 3 year performance figures.
- 6.4. Please note that as all the lifestyle options (Drawdown (the default investment arrangement), Annuity and Cash) have the same underlying funds and investment strategy up to seven years prior to Normal Retirement Age and as such, the returns for all three strategies are shown the same.

The default investment arrangement – the Drawdown Lifestyle Strategy

Age at start of investment period	Annualised returns to 31 March 2024			
	1yr net return	3yr net return	5yr net return	10yr net return
25	16.39%	4.83%	-	-
45	16.39%	4.83%	-	-
55	16.39%	4.83%	-	-

The Annuity Lifestyle Strategy

Age at start of investment period	Annualised returns to 31 March 2024			
	1yr net return	3yr net return	5yr net return	10yr net return
25	16.39%	4.83%	-	-

45	16.39%	4.83%	-	-
55	16.39%	4.83%	-	-

The Cash Lifestyle Strategy

Age at start of investment period	Annualised returns to 31 March 2024			
	1yr net return	3yr net return	5yr net return	10yr net return
25	16.39%	4.83%	-	-
45	16.39%	4.83%	-	-
55	16.39%	4.83%	-	-

Self-Select funds

Description	1 Year (%)	3 Years (% p.a)	5 Years (% p.a)	10 Years (% p.a)
Aegon AM Ethical Equity (BLK) Class P	14.13	0.58	4.48	3.78
Aegon BlackRock Cash (BLK) Class H	5.06	2.33	1.52	0.94
Aegon BlackRock Emerging Markets Equity Index (BLK) Class I5	4.96	-3.32	2.56	-
Aegon BlackRock European Equity Index (BLK) Class K	12.84	8.80	9.77	8.28
Aegon BlackRock Index-Linked Gilt (BLK) Class I5	-6.79	-12.18	-	-
Aegon BlackRock Japanese Equity Index (BLK) Class K	22.34	6.68	8.41	9.96
Aegon BlackRock Long Gilt (BLK) Class I5	-4.79	-14.78	-	-
Aegon BlackRock MSCI Currency Hedged World Index (BLK) Class I4	26.01	9.51	-	-
Aegon BlackRock Pacific Rim Equity Index (BLK) Class K	4.20	0.61	4.77	6.64

Aegon BlackRock UK Equity Index (BLK) Class K	6.83	6.96	4.73	5.38
Aegon BlackRock UK Equity Optimum (BLK) Class T	12.80	8.23	7.13	7.48
Aegon BlackRock US Equity Index (BLK) Class K	28.18	13.76	15.34	15.74
Aegon LGIM Pre-Retirement (BLK) Class G	3.24	-8.27	-3.54	1.67
Aegon MFS Global Equity (BLK) Class I5	9.47	6.78	-	-
Aegon Property (BLK) Class I6	1.77	1.29	-	-
Aegon Standard Life Corporate Bond (BLK) Class J	6.72	-3.68	-0.45	2.54

Performance is for the period to 31 March 2024. Source: Aegon

N.B. Where a value has not been included in the table, the net investment returns are not available for these funds as they have not been in existence for the reported periods.

6.5. In view of the reported net investment returns as well as the more frequent reviews of investment performance against their set benchmarks and objectives which occurred throughout the period, the Trustee is comfortable with the performance of the funds generally, albeit a few of the self-select options have underperformed their benchmark. These will continue to be carefully monitored by the Trustee on an ongoing basis.

Net investment returns in relation to AVCs

Description	1 Year (%)	3 Years (% p.a)	5 Years (% p.a)
Clerical Medical UK Equity Income (Acc)	8.36	3.04	3.95
Clerical Medical European	14.01	8.85	7.87
Clerical Medical Far Eastern Fund	5.66	3.61	6.83

Clerical Medical UK Property Fund	2.26	0.52	3.95
Baillie Gifford Diversified Growth	1.50	-	-
BlackRock Aquila World ex-UK Equity Index	23.0	-	12.20
LGIM Ethical Global Equity Index	21.10	-	12.80
Prudential Dynamic Global Equity Passive	10.50	-	-
Prudential Dynamic Growth II	6.30	-	-
Prudential Dynamic Growth IV	8.10	-	-
Prudential Positive Impact	6.20	-	-
Prudential S3 All Stocks Corporate Bond	-5.90	-	0.20
Prudential S3 Cash	4.50	-	1.10
Prudential S3 Discretionary	9.10	-	4.40
Prudential S3 Fixed Interest	-0.30	-	-3.80
Prudential S3 Global Equity	9.30	-	5.40
Prudential S3 Index Linked	-7.70	-	-6.50
Prudential S3 International Equity	14.80	-	8.50
Prudential S3 Long Term Gilt Passive	-5.40	-	-8.60
Prudential S3 UK Equity	5.90	-	3.30
With Profits Cash Accumulation Fund	2.50	-	1.40

Performance is for the period to 31 March 2024. Source: Clerical Medical and Prudential

Value for members

- 6.6. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 6.7. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP. The Trustee considered this analysis and confirmed assessment of value for members, effective as at 5 April 2024 and this is set out below

- 6.8. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.
- 6.9. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.
- 6.10. Other services paid for by Urenco Limited ("the Company") were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the trustee board, with a duty to act in the best interest of members.

DC Section

- 6.11. In relation to the DC Section, the member-borne charges and transaction costs relate to:
 - 6.11.1. investment services
 - 6.11.2. administration services
 - 6.11.3. communication services
- 6.12. The assessment considered:
 - 6.12.1. in relation to investment services:
 - 6.12.1.1. the investment strategy, e.g. the design of the default investment arrangement and range of alternative options
 - 6.12.1.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy
 - 6.12.1.3. the investment governance arrangements
 - 6.12.2. in relation to administration services:
 - 6.12.2.1. the general administration arrangements
 - 6.12.2.2. arrangements in relation to financial transactions
 - 6.12.2.3. data and record keeping
 - 6.12.3. in relation to communication services:
 - 6.12.3.1. communication strategy
 - 6.12.3.2. pre-retirement communications
 - 6.12.3.3. at/post-retirement communications
- 6.13. The Trustee concluded that the DC Section offers excellent value in relation to the charges and transaction costs borne by members.
- 6.14. In reaching this conclusion, the Trustee recognised:
 - 6.14.1. Members have access to three lifestyle arrangements (including the default investment arrangement), which provide appropriate investment protections for each of the retirement benefit options available. The design of the current default investment arrangement takes into account member analytics and feedback and is formally reviewed on a triennial basis (last completed May 2023).
 - 6.14.2. Members have access to an investment guide and Target Plan, Aegon's online member site, which provides access to fund factsheets, investment market oversight and charting and modelling tools.

- 6.14.3. The charges paid by members are greater than the average of comparable schemes, however this is due to the expense of the active Urenco PS Diversified Growth Fund which should better manage members' volatility exposure.
- 6.14.4. The Trustee has in place a governance structure that allows them to monitor the performance of Aegon against their SLA's and they recognise that improvements have been made in respect of general scheme administration. The Trustee will continue to monitor administration performance and have also agreed that Aegon will attend one governance meeting a year to report back on progress and ensure continued visibility.
- 6.14.5. The Triennial Investment Review was completed during the scheme year in May 2023. The outcome of the review was that the current structure of white labelled funds remains suitable for the membership and allows the Trustee to update the underlying asset mix flexibly.. Several changes to the investment strategy were also proposed, including; replacing the Insight Broad Opportunities Fund for a Diversified Growth Fund, extending the length of the de-risking glidepath and replacing equity funds with a single all world passive equity fund. The final proposal obtained sign off in January 2024 and has since been implemented within the scheme year.

AVCs

- 6.14 In relation to AVCs, the member-borne charges and transaction costs relate to:
 - 6.14.1 investment services
 - 6.14.2 administration services
 - 6.14.3 communication services
- 6.15 The assessment considered the broad value for members of these services, taking a proportionate approach that reflects the relatively low value of the AVC pension savings concerned.
- 6.16 The Trustee concluded that the AVC arrangement offers good value in relation to the charges and transaction costs borne by members.
- 6.17 In reaching this conclusion, the Trustee recognised:
 - 6.17.1 the ranges of investment options are limited and do not provide automatic protection over the years approaching retirement age via a lifestyle strategy
 - 6.17.2 Prudential and Clerical Medical provide basic administration services
 - 6.17.3 communication services are limited and there is no online member access
- 6.18 the costs are broadly in line with AVC arrangements of a similar size and closed nature and there is likely to be limited opportunity for the Trustee to change the service provider or obtain improved terms.

7 Trustee knowledge and understanding

The Trustee Board

- 7.1 The Trustee Board comprises nine trustee directors, two of whom are nominated by Scheme members and three of whom are appointed by the Company.
- 7.2 One of the Company appointed trustee directors, Michael Roberts, is the chair and is a professional trustee.

Trustee knowledge and understanding requirements

- 7.3 Trustees are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 7.4 The Trustee Directors aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the statement of investment principles, the risk register and current policies,

e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Scheme year and access to professional advice.

- 7.5 If there are any ambiguities over the interpretation of the Trust Deed and Rules, the Trustee seeks legal advice from the Scheme's legal advisor.
- 7.6 The Trustee aims to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as a trustee director and chair. The Trustee has sufficient knowledge of investments to be able to challenge its advisors.
- 7.7 There is a structured training programme in place that includes annual self-assessment by the trustee directors to identify knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's business plan. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken and is reviewed at each trustee meeting.
- 7.8 The structured training programme is supplemented with training activities such as attending seminars and conferences and reading pensions-related articles.
- 7.9 An induction process is in place for newly appointed trustee directors. Upon appointment, a trustee director is required to undertake completion of the Pensions Regulator's online training program. The Trustee Toolkit is expected to be completed within six months of appointment.
- 7.10 The Trustee consults with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending trustee meetings and often in the delivery of training at these meetings.

Activities over the scheme year

- 7.11 The Trustee has proposed closing the Scheme to all future contributions, to open a new scheme for new contributions and to transfer the DC Section to this new Scheme. A feasibility report was presented to the Trustee on 22 May 2023, assessing the suitability of the current Scheme and reviewing the feasibility of moving to another type of arrangement. The Trustee agreed that the Scheme should be moved to a Master Trust arrangement. The Trustee then embarked on a provider selection project, as part of which a proposed "Provider Shortlist" report was presented by their advisers, Barnett Waddingham, on 16th January 2024. Following a robust selection process, the Trustee has proposed that Legal & General is appointed as the provider for a new pension scheme and is currently in the process of obtaining approval from the Company Board.
- 7.12 The Trustee reviewed the following Scheme documents:
 - 7.12.1 the risk register
 - 7.12.2 the internal disputes resolution procedure
 - 7.12.3 the payment schedule
 - 7.12.4 annual report and accounts
- 7.13 The structured training programme was followed during the scheme year with annual self-assessments completed by all trustee directors. The training log was reviewed and updated.
- 7.14 The Trustee received training at trustee meetings over the Scheme year on the following topics:

- 7.14.1 Master Trusts and how they work in practice to help with future discussions/projects should the Scheme move to a Master Trust.
- 7.14.2 Scheme Buy In and Buy Outs - understanding the process and practicalities involved to help aid decision making in the journey to Buy Out.
- 7.14.3 DC schemes and the basics of Trustee involvement.
- 7.14.4 The new Value for Money framework.
- 7.14.5 TPR Toolkit to provide a better understanding and knowledge of DC schemes.
- 7.14.6 Scheme valuation training, how it works and why it is carried out.
- 7.15 There was one new trustee director appointed during the Scheme year. This was John Renouf (Pensioner trustee) and he has completed the induction process.
- 7.16 Michael Roberts maintained accreditation for the professional trustee standards, including fitness and propriety, governance skills, ongoing professional development, managing conflicts of interest and the additional standards for professional trustees who act as chair.
- 7.17 During the Scheme year, the Trustee took professional advice on:
 - 7.17.1 the feasibility of discharging the Scheme's DC assets to a master trust arrangement
 - 7.17.2 recommendation of a Master Trust provider to deliver future pension provision and to receive all DC assets currently held in the Scheme.
 - 7.17.3 undertaking the annual Chair's Statement and Value for Members assessment
 - 7.17.4 Triennial Investment Review

Assessment

- 7.18 The Trustee considers that its combined knowledge and understanding, together with its access to professional advice, enables it to properly and effectively exercise its trustee functions in the following ways:
 - 7.18.1 the Trustee is able to challenge and question advisers, service providers and other parties effectively
 - 7.18.2 trustee decisions are made in accordance with the Scheme rules and in line with trust law duties
 - 7.18.3 the Trustee's decisions are not compromised by such things as conflicts or hospitality arrangements

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 Michael Roberts (for PAN Trustees UK LLP)

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 Date

Chair of the Trustee

Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

- A1.2. The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.
- A1.3. Pot size: pot sizes of £14,000, £46,000 and £114,000 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500) of DC Section members.
- A1.4. Illustrations have been provided for active members assuming total regular contributions of 27% of pensionable salary.
- A1.5. Pensionable salary: a starting pensionable salary of £59,000 has been used as this represents the median (rounded to the nearest £1,000) of active DC Section members. Pensionable salary is assumed to grow at 3.5% per year.
- A1.6. Timeframe: the illustrations are shown over a 49-year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

Guidance to the illustrations

- A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.
- A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.0% per year.
- A1.9. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1.
- A1.10. The projected growth rates (gross, i.e. before inflation) and costs and charges used are as follows:

Fund transaction costs and charges total (%)					
	URENCO Drawdown Path	Aegon BlackRock Index-Linked Gilt (BLK)	Aegon BlackRock UK Equity Index (BLK)	Aegon BlackRock US Equity Index (BLK)	Aegon AM Ethical Equity (BLK)
Growth	2.43% to 2.99%	2.40%	3.00%	3.00%	3.00%
AMC	0.15% to 0.65%	0.18%	0.18%	0.18%	0.90%
AAE	0.01% to 0.17%	0.00%	0.00%	0.01%	0.02%
TC	0.00% to 0.19%	0.02%	0.06%	0.02%	0.14%

* As the Lifestyle investment option consists of multiple investment funds we have shown the range of growth and fund costs & charges.

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/01/19 to 31/12/23.

A1.11. Values shown are estimates and not guaranteed.

A1.12. The starting date for the illustrations is 31 March 2024.

A1.13. The illustrations are presented in two different ways:

A1.13.1. For the default investment arrangement, a lifestyle strategy, the illustrations should be read assuming your current age is 16 and retirement age is 65.

A1.13.2. For the self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Illustrations for a starting fund value of £14,000

A1.14. Note on how to read this table: If an active member aged 16 had £14,000 invested in the Urenco Drawdown Path, in 45 years, the savings pot could grow to £1,878,543.50 if no charges are applied but to £1,629,706.85 with charges applied.

Years	URENCO Drawdown Path		Aegon BlackRock Index-Linked Gilt (BLK)		Aegon BlackRock UK Equity Index (BLK)		Aegon BlackRock US Equity Index (BLK)		Aegon AM Ethical Equity (BLK)	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	30406.21	30265.80	30304.91	30258.87	30439.97	30384.46	30439.97	30391.39	30439.97	30195.67
3	65301.51	64557.96	64762.39	64518.68	65481.70	65185.28	65481.70	65222.24	65481.70	64185.19
5	103126.61	101308.67	101802.26	101206.50	103570.47	102840.04	103570.47	102930.97	103570.47	100393.99
10	211801.83	204875.17	206698.16	204429.40	213523.87	210687.48	213523.87	211039.31	213523.87	201360.34
15	343372.38	327088.82	331239.78	325908.98	347493.44	340699.59	347493.44	341539.25	347493.44	318758.20
20	501711.51	470667.11	478323.94	468171.69	509708.68	496513.04	509708.68	498137.93	509708.68	454656.62
25	691298.87	638699.96	651236.46	634053.65	705089.82	682313.82	705089.82	685108.05	705089.82	611367.28
30	917312.45	834700.10	853702.11	826748.27	939357.03	902917.20	939357.03	907371.08	939357.03	791449.60
35	1185734.18	1062660.18	1089940.72	1049843.12	1219156.68	1163859.06	1219156.68	1170592.36	1219156.68	997758.37
40	1503471.38	1327117.79	1364730.30	1307367.52	1552207.26	1471500.22	1552207.26	1481290.08	1552207.26	1233464.33
45	1878543.50	1629706.85	1683478.06	1603844.69	1947467.91	1833145.72	1947467.91	1846959.79	1947467.91	1502089.80
49	2220916.24	1898855.84	1974210.22	1872462.70	2315399.05	2166940.07	2315399.05	2184823.34	2315399.05	1743306.35

Illustrations for a starting fund value of £46,000

A1.15. Note on how to read this table: If an active member aged 16 had £46,000 invested in the Urenco Drawdown Path, in 45 years, the savings pot could grow to £1,987,237.41 if no charges are applied but to £1,714,301.58 with charges applied.

Years	URENCO Drawdown Path		Aegon BlackRock Index-Linked Gilt (BLK)		Aegon BlackRock UK Equity Index (BLK)		Aegon BlackRock US Equity Index (BLK)		Aegon AM Ethical Equity (BLK)	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	63286.21	62946.27	63040.91	62929.47	63367.97	63233.52	63367.97	63250.31	63367.97	62776.46
3	100015.00	98646.15	99021.56	98572.91	100347.22	99800.67	100347.22	99868.79	100347.22	97959.40
5	139776.14	136869.45	137655.48	136702.97	140487.51	139316.72	140487.51	139462.41	140487.51	135405.32
10	253778.68	244422.39	246868.57	243804.38	256113.48	252267.11	256113.48	252743.86	256113.48	239666.36
15	391453.51	371102.07	376247.24	369587.26	396627.27	388096.06	396627.27	389149.47	396627.27	360668.98
20	566787.52	519687.01	528750.88	516621.36	566392.28	550540.09	566392.28	552490.10	566392.28	500513.36
25	754390.73	693336.25	707735.46	687797.16	770483.29	743899.05	770483.29	747156.88	770483.29	661537.13
30	989590.65	895640.85	917004.34	886364.06	1014798.68	973117.98	1014798.68	978206.48	1014798.68	846340.63
35	1268540.70	1130682.20	1160865.36	1115972.80	1306190.51	1243880.66	1306190.51	1251458.57	1306190.51	1057814.87
40	1598344.83	1403098.51	1444195.20	1380722.85	1652614.49	1562716.54	1652614.49	1573607.54	1652614.49	1299172.37
45	1987237.41	1714301.58	1772511.57	1685215.17	2063303.45	1937122.86	2063303.45	1952350.08	2063303.45	1573981.22
49	2341816.69	1990684.19	2071721.76	1960871.41	2445267.40	2282399.69	2445267.40	2301992.68	2445267.40	1820560.87

Illustrations for a starting fund value of £114,000

A1.16. Note on how to read this table: If an active member aged 16 had £114,000 invested in the Urenco Drawdown Path, in 45 years, the savings pot could grow to £2,218,211.96 if no charges are applied but to £1,894,065.39 with charges applied.

Years	URENCO Drawdown Path		Aegon BlackRock Index-Linked Gilt (BLK)		Aegon BlackRock UK Equity Index (BLK)		Aegon BlackRock US Equity Index (BLK)		Aegon AM Ethical Equity (BLK)	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	133156.21	132392.28	132604.91	132354.48	133339.97	133037.79	133339.97	133075.52	133339.97	132010.66
3	173781.16	171083.54	171822.31	170938.16	174436.44	173358.36	174436.44	173492.71	174436.44	169729.58
5	217656.38	212436.10	213843.57	212132.97	218936.22	216829.66	218936.22	217091.70	218936.22	209804.39
10	342979.51	328460.23	332230.70	327476.22	346616.42	340623.82	346616.42	341366.03	346616.42	321066.67
15	493625.89	464630.22	471888.09	462401.49	501036.65	488813.54	501036.65	490321.19	501036.65	449729.37
20	673824.02	623854.28	635908.14	619576.91	686844.95	665347.57	686844.95	667988.47	686844.95	597954.69
25	888460.94	809438.37	827795.86	802002.12	909444.40	874767.67	909444.40	879010.66	909444.40	768148.07
30	1143181.85	1025139.93	1051521.57	1013047.60	1175112.20	1122294.63	1175112.20	1128731.72	1175112.20	962984.07
35	1444504.54	1275228.99	1311580.23	1256498.39	1491137.40	1413926.57	1491137.40	1423299.28	1491137.40	1185434.91
40	1799950.92	1564557.54	1613058.11	1536602.92	1865979.84	1756551.23	1865979.84	1769782.14	1865979.84	1438801.96
45	2218211.96	1894065.39	1961707.78	1858127.44	2309453.99	2158074.30	2309453.99	2176304.43	2309453.99	1726750.50
49	2598730.16	2185819.45	2278933.79	2148739.92	2721237.66	2527751.39	2721237.66	2550977.52	2721237.66	1984726.75