

A.S. Watson (Health & Beauty UK) Pension Plan

Chair of Trustee's Statement

September 2020

Chairman of Trustee's Statement

Introduction

This statement has been prepared by the Trustee to report on compliance with governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 and amended by the Occupational Pension Scheme (Administration and Disclosure) (Amendment) Regulations 2018 ("the Regulations").

These governance standards relate to defined contribution ("DC") benefits, also commonly referred to as money purchase benefits, and are designed to help members achieve good outcomes from their pension savings. The period covered by this statement is 1 April 2019 to 31 March 2020 ("the Plan year").

The Plan's DC arrangements

The DC benefits provided through the Plan comprise the following:

- The Defined Contribution Section ("the DC Section"). These benefits are administered by Barnett Waddingham LLP ("the administrators") and investment services are provided by Legal & General Investment Management Limited and Baillie Gifford Life Limited.
- Additional voluntary contribution ("AVC") benefits for members of both the DC Section and the Plan's Defined Benefit Section ("the DB Section"), which are invested and administered in the same way as the DC Section, and are subject to the same member charges.
- AVCs provided through a 'bundled' arrangement (administration, investment and communication services) with Prudential. This provides additional benefits for members of the DB Section.

The Plan is not being used for automatically enrolling new members and was closed to future service contributions with effect from 30 September 2012.

Default investment arrangements

The Plan has no default investment arrangements for the purposes of the Regulations, as it has never been used to automatically enrol new members. There are however two lifestyle investment strategies which broadly function as default investment strategies (and the Trustee treats them as such) as members' funds have been invested in these without a choice being made.

The first of these strategies (Annuity Lifestyle Investment Strategy) was in place before the Plan closed to new contributions and was designed to be suitable for members who wish to purchase an annuity at retirement. In March 2018, the Trustee introduced a second lifestyle strategy (Cash Lifestyle Investment Strategy) which is designed to be suitable for members who wish to take their DC benefits from the Plan via cash withdrawal. At this time, the funds of all members of the Annuity Lifestyle Investment Strategy who were more than 5 years from their target retirement age were transferred into the Cash Lifestyle Investment Strategy. As these two strategies effectively function as defaults, the Trustee undertakes regular performance monitoring with assistance from their investment advisers, Barnett Waddingham LLP, and undertake strategic reviews on a triennial basis.

The Trustee started a strategic review of the investment options during the Plan year, and considered a report prepared by Barnett Waddingham LLP at the Trustee meeting in September 2019, which was designed to review the current investment strategy and identify areas for further focus.

The review considered whether the default strategies remained suitable for members' circumstances and were consistent with the Trustee's objectives in relation to the DC Section. The Trustee considered membership demographic analysis that indicated that a cash-targeting lifestyle strategy was still appropriate as a default option based on the relatively small average pot size of DC members, and recent experience of members taking DC benefits from the Plan showed that cash withdrawal was by far the most popular option. The Trustee also considered whether changes were required to the components of the growth stage or the length of the de-risking glidepath of the Cash Lifestyle Investment Strategy, however decided that this was not the right time to make any changes as there were more immediate concerns to address.

In addition to the lifestyle strategies, DC Section members have access to 9 self-select funds, and the Trustee also considered the suitability of this range as part of the review. The Trustee identified that it may be appropriate to add a diversified growth fund or a fund that invests with reference to ethical or Environmental, Social or Governance ("ESG") factors to the fund range, and asked Barnett Waddingham to provide further information on each of these types of funds. However before this could be discussed further, the Trustee decided to put this review on hold after receiving a proposal from the Plan's sponsoring employer on the future of the Plan's DC arrangements, judging that it would now not be appropriate to make any changes to the investment strategy until their response to the proposal had been delivered. Should this transfer not go ahead, the Trustee intends to continue the strategic investment review during the next Plan year.

In addition to the strategic review, the Trustee monitored the performance of all investment options on a quarterly basis throughout the Plan year with assistance from Barnett Waddingham LLP, who provided quarterly reporting on the performance of each investment option and any developments or changes with the fund managers.

Further details of the investment options available are set out in the attached Statement of Investment Principles ("SIP"). This document covers the investment policy in relation to the entire Plan.

Core financial transactions

The Trustee has a specific duty to ensure that 'core financial transactions' are processed promptly and accurately.

Core financial transactions for the Plan comprise investment switches and payments out of the Plan (for example, in the instance of a transfer or a retirement). As the Plan is closed to further benefits, there will be no further contributions or transfers into the DC arrangements.

The administration functions of the DC Section are carried out by Barnett Waddingham LLP. The Trustee has also delegated administrative oversight of the Prudential AVC benefits to Barnett Waddingham LLP, who are responsible for processing AVC-related queries and the payment of AVC benefits.

Controls in place and monitoring arrangements

The Trustee has established comprehensive procedures to monitor both the promptness and accuracy of the Plan's core financial transactions.

The Trustee has Service Level Agreements (SLAs) in place with the administrators, who aim to complete 95% of all core financial transactions with the service levels set out below:

Core financial transactions	SLA
Investment switches	5 working days
Transfer out payments	5 working days
Other payments out of the Plan	5 working days

The Trustee receives quarterly administration reports from the administrators that assess performance against the SLA for each type of transaction, that identify any issues that have occurred over each period in relation to accuracy, or that relate to the AVC arrangement with Prudential. These reports are considered in detail at each Trustee meeting. Over the Plan year, the administrators completed the vast majority of cases within the agreed service levels, well above the 95% target as set out by a quarterly breakdown below:

Reporting Period	Service levels
1 April 2019 to 30 June 2019	99%
1 July 2019 to 30 September 2019	98%
1 October 2019 to 31 December 2019	99%
1 January 2020 to 31 March 2020	99%

In addition, as a measure to enhance the accuracy of the processing of core financial transactions, and the administration function as a whole, the Trustee monitors the quality of the data held by Barnett Waddingham on an ongoing basis. Both common data and scheme-specific data scores are produced quarterly, and the Trustee will take action to improve data quality wherever possible. As at 31 March 2020, the common data score for the DC Section was 98.57%, and the scheme-specific data score for the DC Section was 86.62%. Under the methodology used, both of these scores indicate “very good data with minimal cleansing requirements”.

Barnett Waddingham LLP operates a pooled banking facility. The Barnett Waddingham LLP pension administration system is updated daily to show reconciled balances to the pooled banking system. Financial Conduct Authority regulations for holding client monies mean that Barnett Waddingham LLP must carry out an internal and external reconciliation every day. Barnett Waddingham LLP’s internal controls are audited annually and this is evidenced to the independent auditor.

Furthermore, the administrator works to pre-set controls and processes, including checking by a senior member of the team. A stringent payment authorisation process is in place, whereby payments out of the Plan under £200k must be authorised by two separate authorised signatories within Barnett Waddingham. If a payment out of the Plan is valued at over £200k, two Barnett Waddingham partners and one Trustee Director must give authorisation.

The administrators’ processes are subject to internal controls procedures and adhere to AAF standards. Information about Barnett Waddingham LLP’s administration procedures and controls can be found in its AAF report which is published online: www.barnett-waddingham.co.uk/aaf-0106-report/

In addition, Crowe U.K. LLP have been appointed as an independent auditor to the Scheme by the Trustee to undertake an annual external audit of the report and accounts.

There were no issues reported to the Trustee in connection to either the promptness or accuracy of core financial transactions processed during the scheme year.

In view of the controls and monitoring arrangements, together with an absence of issues experienced during the year, the Trustee believes that core financial transactions have been processed promptly and accurately.

Member-borne charges and transaction costs

Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested.

- **Charges:** these are expressed as a percentage of the value of each 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).

- 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.

Charges in relation to the DC Section

The following table provides details of the explicit and implicit costs applied to each of the investment options provided through the DC Section, together with the DB Section AVC benefits that are invested in the same way, over the Plan year. The data has been sourced from each relevant fund manager.

These charges cover the cost of investment management services. All administration, communication and governance costs in respect of these benefits are met by the sponsoring employer.

Investment option	TER (p.a.)	Transaction costs (p.a.)
Cash Lifestyle Investment Strategy *	0.137% - 0.184%	0.005% - 0.012%
Annuity Lifestyle Investment Strategy *	0.107% - 0.184%	0.012% - 0.093%
Baillie Gifford Managed Fund B Accum	0.420%	0.115%
Baillie Gifford UK Equity Core Fund B Acc	0.440%	0.052%
Baillie Gifford UK and Worldwide Equity Fund B Acc	0.480%	0.045%
LGIM AAA-AA Fixed Interest Over 15 Year Targeted Duration	0.151%	-0.099%
LGIM Cash	0.125%	0.003%
LGIM Global Equity Fixed Weights (50:50) Index	0.184%	0.012%
LGIM Multi-Asset (formerly Consensus)	0.257%	0.042%
LGIM Over 5 Year Index-Linked Gilts Index	0.100%	0.122%
LGIM UK Equity Index	0.131%	-0.019%

* The 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 the charges will vary depending on 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 depresses the price of the asset being traded whilst the transaction was in progress, resulting in the asset being purchased for a lower price after the trade was initiated.

Charges and transaction costs for DB Section AVC benefits

DB Section members with benefits invested in the same investment range as used for the DC Section have incurred a TER and transaction costs over the previous year as outlined in the preceding table.

Some DB Section members have benefits invested in an external AVC arrangement with Prudential. The charges applied by Prudential cover the cost of administration, communication and investment management services. Trustee governance costs in respect of these benefits are met by the Sponsoring Employer.

Investment option	TER (p.a.) *	Transaction costs **
Prudential With-Profits Cash Accumulation Fund	0.80%	0.09%

* The with-profits nature of the fund means that the TER levied on this fund is implicit and is deducted from regular bonuses applied to the fund by Prudential. In relation to the TER, Prudential stated that "this is currently expected to be 0.8% per year assuming future investment returns in the With-Profits Fund are 5% a year. Charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Over time if returns are higher, then we would expect to increase the charge and if investment returns are lower, we would expect to reduce the charge."

** The Transaction costs quoted are for the period 1 January 2019 to 31 December 2019. The Trustee requested costs for the Plan year but Prudential have not been able to provide these in time for production of this statement. The Trustee in conjunction with its advisers will continue to exert pressure on Prudential to supply this information (as they are required to do) and will include relevant transaction cost information in future statements.

Demonstrating the impact of costs and charges

To demonstrate the impact of the member-borne costs and charges on the value of members' pension savings, the Trustee has produced illustrations in line with the September 2018 guidance from the Department for Work & Pensions entitled "Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes". These illustrations show the impact of member-borne charges and transaction costs for representative cross-sections of the Plan's DC membership and investment options.

Parameters used for the illustrations

1. The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.
2. Starting pot sizes of £5,000, £11,000 and £22,000 have been selected as they reflect the 25th percentile, median and 75th percentile of pot values (rounded to the nearest £1,000) as at 31 March 2020.
3. All illustrations assume that no future contributions are made as the Plan is closed to new contributions
4. The illustrations are shown over a 35 year time frame as this covers the approximate duration that the youngest DC section member would take to reach normal retirement age.
5. The investment options selected for the illustrations include the most popular by number of members, the highest charged fund, the lowest charged fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return, as outlined in the table below:

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost**
Cash Lifestyle Investment Strategy	Most popular choice	-1.00% to 4.50%	0.137% - 0.184%	-0.006% - 0.000%
LGIM Global Equity Fixed Weights (50:50) Index	(Joint) Highest assumed investment return	4.50%	0.184%	-0.006%
LGIM Cash	Lowest assumed investment return	-2.38%	0.125%	0.001%

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost**
Baillie Gifford Managed Fund	Highest charged	2.50%	0.420%	0.070%
LGIM AAA-AA Fixed Interest Over 15 Year Targeted Duration	Lowest charged	-1.00%	0.151%	-0.110%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2019 Statutory Money Purchase Illustrations (SMPIs).

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have data for the last three years only, the figures are three year averages.

Guidance to the illustrations

- 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.
- 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 2.5% per year.
- Values shown are estimates and are not guaranteed.
- The starting date for the illustrations is 31 March 2020
- The illustrations are presented in two different ways:
 - For the Cash Lifestyle Investment Strategy, the illustrations should be read based on the number of years until the member reaches retirement age. This is because the underlying funds used and therefore the costs and charges change over time and this is reflected in the illustrations.
 - For the individual funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Cash Lifestyle Investment Strategy

The Cash Lifestyle Investment Strategy is the most popular investment option by number of members invested. The illustrations below assume the member is wholly invested in this strategy throughout one's period of membership.

Years from Normal Retirement Date	Starting pot size: £5,000		Starting pot size: £11,000		Starting pot size: £22,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£11,000	£11,000	£22,000	£22,000
5	£5,314	£5,275	£11,691	£11,605	£23,382	£23,210
10	£6,588	£6,485	£14,493	£14,267	£28,986	£28,534
15	£8,166	£7,973	£17,966	£17,540	£35,932	£35,080
20	£10,123	£9,802	£22,272	£21,564	£44,543	£43,128
25	£12,550	£12,050	£27,609	£26,511	£55,218	£53,022
30	£15,557	£14,815	£34,226	£32,592	£68,451	£65,185
35	£19,285	£18,213	£42,428	£40,069	£84,856	£80,139

Note on how to read this table: If a member had £5,000 invested in this strategy on 31 March 2020, when they came to retire in 20 years, the fund could be worth £10,123 if no charges are applied but £9,802 with charges applied.

LGIM Global Equity Fixed Weights (50:50) Index

The LGIM Global Equity Fixed Weights (50:50) Index Fund is an investment option with the highest assumed return (gross of charges). The illustrations below assume the member is wholly invested in this fund throughout one's period of membership.

Years of membership	Starting pot size: £5,000		Starting pot size: £11,000		Starting pot size: £22,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£11,000	£11,000	£22,000	£22,000
5	£6,198	£6,147	£13,636	£13,523	£27,272	£27,047
10	£7,684	£7,557	£16,904	£16,626	£33,808	£33,252
15	£9,525	£9,291	£20,955	£20,440	£41,910	£40,880
20	£11,808	£11,422	£25,977	£25,129	£51,954	£50,258
25	£14,638	£14,043	£32,203	£30,894	£64,405	£61,787
30	£18,145	£17,264	£39,920	£37,981	£79,840	£75,962
35	£22,494	£21,224	£49,487	£46,694	£98,974	£93,388

Note on how to read this table: If a member had £5,000 invested in this fund on 31 March 2020, after 20 years of membership, the fund could be worth £11,808 if no charges are applied but £11,422 with charges applied.

LGIM Cash Fund

The LGIM Cash Fund is the investment option with the lowest assumed return (gross of charges). The illustrations below assume the member is wholly invested in this fund throughout one's period of membership.

Years of membership	Starting pot size: £5,000		Starting pot size: £11,000		Starting pot size: £22,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£11,000	£11,000	£22,000	£22,000
5	£4,447	£4,419	£9,783	£9,722	£19,567	£19,443
10	£3,955	£3,905	£8,701	£8,592	£17,402	£17,184
15	£3,518	£3,452	£7,739	£7,593	£15,478	£15,187
20	£3,129	£3,050	£6,883	£6,711	£13,766	£13,422
25	£2,783	£2,696	£6,122	£5,931	£12,243	£11,862
30	£2,475	£2,383	£5,444	£5,242	£10,889	£10,484
35	£2,201	£2,106	£4,842	£4,633	£9,684	£9,265

Note on how to read this table: If a member had £5,000 invested in this fund on 31 March 2020, after 20 years of membership, the fund could be worth £3,129 if no charges are applied but £3,050 with charges applied.

Baillie Gifford Managed Fund

The Baillie Gifford Managed Fund was the highest charged investment option over the Plan year. The illustrations below assume the member is wholly invested in this fund throughout one's period of membership.

Years of membership	Starting pot size: £5,000		Starting pot size: £11,000		Starting pot size: £22,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£11,000	£11,000	£22,000	£22,000
5	£5,640	£5,510	£12,409	£12,122	£24,817	£24,243
10	£6,362	£6,072	£13,997	£13,358	£27,995	£26,715
15	£7,177	£6,691	£15,790	£14,720	£31,579	£29,440
20	£8,096	£7,373	£17,812	£16,221	£35,623	£32,442
25	£9,133	£8,125	£20,092	£17,875	£40,184	£35,750
30	£10,302	£8,953	£22,665	£19,698	£45,330	£39,395
35	£11,621	£9,866	£25,567	£21,706	£51,134	£43,412

Note on how to read this table: If a member had £5,000 invested in this fund on 31 March 2020, after 20 years of membership, the fund could be worth £8,096 if no charges are applied but £7,373 with charges applied.

LGIM AAA-AA Fixed Interest Over 15 Year Target Duration Fund

The LGIM AAA-AA Fixed Interest Over 15 Year Target Duration Fund was the lowest charged investment option over the Plan year. The illustrations below assume the member is wholly invested in this fund throughout one's period of membership.

Years of membership	Starting pot size: £5,000		Starting pot size: £11,000		Starting pot size: £22,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£11,000	£11,000	£22,000	£22,000
5	£4,761	£4,751	£10,474	£10,452	£20,948	£20,905
10	£4,533	£4,515	£9,973	£9,932	£19,945	£19,864
15	£4,316	£4,290	£9,496	£9,438	£18,991	£18,875
20	£4,110	£4,076	£9,041	£8,968	£18,083	£17,936
25	£3,913	£3,873	£8,609	£8,521	£17,218	£17,043
30	£3,726	£3,681	£8,197	£8,097	£16,394	£16,195
35	£3,548	£3,497	£7,805	£7,694	£15,610	£15,388

Note on how to read this table: If a member had £5,000 invested in this fund on 31 March 2020, after 20 years of membership, the fund could be worth £4,110 if no charges are applied but £4,076 with charges applied.

Value for members

The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings were set out in a report issued to the Trustee in July 2020. The Trustee considered the analysis and its assessment of value for members is outlined in this statement.

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. 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.

Other services paid by the sponsoring employer were excluded from the assessment 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.

The Trustee's assessment concluded that the Plan's DC Section and DB Section AVCs (other than Prudential AVCs) provide excellent value for members in relation to the charges and transaction costs borne by members. The Trustee concluded that some of the key factors that led to this assessment are:

- The Plan has an appropriate investment governance structure, where investment matters are considered by the Trustee at quarterly meetings with the help of professional advisers, with the governing documentation reviewed and updated when necessary.
- The Trustee has made available a range of investment options of sufficient size and scope that should allow the majority of members to achieve their investment objectives within the Plan.
- The Trustee regularly monitors the DC Section investment options, taking into account both short and long-term performance and long-term market conditions, and commenced work on a strategic review of the DC investments during the Plan year to determine whether any changes could be made to improve value for members.

The Trustee also concluded that the AVC arrangement with Prudential offers reasonable value for members. In reaching this conclusion, the Trustee recognised that:

- Prudential provides basic administration and communication services, however these are supplemented by services from Barnett Waddingham LLP, the Plan administrators, for which the member does not pay the cost.
- The range of investment options is standardised and has not been specifically created to be suitable for Plan members. However, it gives members access to a reasonable range of funds and some lifestyle options which would provide automatic protection over the years approaching retirement age.
- Members may consider that they receive value from the extra features of the with-profits fund predominantly used by members, such as the smoothing of investment returns and the underlying capital guarantee, however this assessment is dependent on the circumstances and investment beliefs of individual members.
- 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 for these AVCs in isolation.

A considerable focus for the Trustee over the Plan year was the relative value members of the DC arrangements were receiving in the Plan against what they could receive elsewhere. The merits of a transfer of the DC benefits

to a particular external scheme was considered in depth following a proposal from the sponsoring employer and should this result in any changes to the Plan, the Trustee intends to communicate with affected members to explain what this would mean for their benefits.

Trustee knowledge and understanding

The Trustee is a trustee company which comprises five Trustee Directors, two of whom are nominated by the members and three of whom have been appointed by the Sponsoring Employer. The three Trustee Directors appointed by the Sponsoring Employer are all ex-employees. The Chair of the Trustee has no preserved benefits in the Plan and is one of the ex-employees. Four Trustee Directors have more than 15 years' trustee experience and one has 5 years' experience. There have been no changes to the Trustee Directors throughout the period covered by this statement.

Knowledge and understanding requirements

The Trustee Directors are required to be conversant with the Plan'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 to enable them to properly exercise their functions.

The Trustee Directors aim to remain conversant with the Plan's trust deed & rules, as well as all other Plan documents such as the Statement of Investment Principles, the risk register and current policies, e.g. conflicts of interest policy. They do so through their experience in governing the Plan, as well as specific activities over the Plan year and access to professional advice. In particular, during the year the Trustee Directors:

- Reviewed and updated the Statement of Investment Principles to document the Trustee's policy on the financial materiality of ESG factors
- Formally considered and documented objectives for their investment advisers.
- Reviewed the GDPR policies of the Plan's advisers and updated the Business Continuity Plan
- Regularly reviewed and updated the Business Plan, Risk Register and Conflicts of Interest Policy

The Trustee Directors aim 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 and taking professional advice.

Trustee training

The Trustee Directors maintain a training log in relation to training undertaken and this is reviewed and updated at each Trustee meeting. In addition, the Trustee Directors review their knowledge and understanding on an annual basis and use this to form training objectives for the following year. In this period, the Trustee Directors carried out a self-assessment of their knowledge and understanding prior to the December 2019 meeting, and it was determined that there were no areas of concern. The outcome of this assessment formed the basis for the training objectives for the 2020 calendar year, which are documented in the training log.

All Trustee Directors have completed the Trustee Toolkit modules provided by the Pension Regulator, and one of their training objectives is to annually refresh their knowledge of these.

The Trustees Directors receive the majority of their training, including content on DC related matters, from their professional advisers at Trustee meetings, and supplement this with activities such as attending seminars and conferences, and reading pensions-related articles. Training delivered at meetings included a session considering the ESG approaches of the Plan's investment managers (including in-person presentations from LGIM and Baillie Gifford representatives), the regulatory requirements on trustees and the development of the Trustee's ESG policy. Throughout the Plan year, the Trustee received training on key features of a Master Trust, the advantages and disadvantages of a Master Trust relative to the Plan's DC arrangements, and how the Trustee might facilitate a transfer of the Plan's DC arrangements to a Master Trust without disadvantaging members. The Trustee also received regular updates from their advisers on new legislative and regulatory requirements, and developments in the defined contribution pensions market.

For any newly appointed Trustee Director, an induction process is in place which involves the provision of introductory documents and completion of TPR's Trustee Toolkit modules. No new Trustee Directors were appointed during the year, so the induction process was not required. The Trustee intends to review this process by the time the next new Trustee Director is appointed.

Access to professional advice

The Trustee consults with professional advisers as and when required, for example on consultancy, governance and legal matters. Its professional advisers alert the Trustee, and where appropriate, provide training on relevant changes to pension and trust law.

The Trustee's professional advisers provide support in relation to understanding and application of the Plan's documents, e.g. Trust Deed and Rules and Statement of Investment Principles.

During the period covered by this statement, the Trustee received professional advice on:

- The suitability of transferring the Plan's DC benefits to a Master Trust
- Assessing the Plan's DC arrangements against the Pensions Regulator's Code of Practice 13 ("DC Code"). This is monitored on an ongoing basis;
- Undertaking the assessment of annual value for members;
- Completion of the annual governance statement;
- Reviewing the suitability of the Plan's DC investment strategy;
- Monitoring the performance of the Plan's investment options.

Assessment

The Trustee Directors consider that their combined knowledge, skills and understanding, together with the advice which is available to them from their advisers, enable them to properly exercise their trustee functions in relation to the Plan's DC arrangements.

Phillip Ashforth

Chair of the Trustee

September 2020