

**Abbey Life Assurance Company Limited  
Staff Pension Scheme**

**Chairman's Statement  
for the year to 31<sup>st</sup> March 2021**

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

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## CHAIRMAN'S STATEMENT

### Annual Chairman's Statement for the Abbey Life Staff Pension Scheme – AVC arrangements

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee to prepare an annual statement regarding governance, which should be included in the annual Trustee report and accounts.

This statement issued by the Trustee covers the period from 1 April 2020 to 31 March 2021 and is signed on behalf of the Trustee by the Chairman.

This statement covers governance and charge disclosures in relation to the following:

1. The default arrangement;
2. Processing of core financial transactions;
3. Member borne charges and transaction costs;
  - i. Default arrangement and self-select funds
  - ii. Illustrations of the cumulative effect of these costs and charges
4. Value for Members; and
5. Trustee knowledge and understanding.

In view of the size of the Scheme, the Trustee has taken a pragmatic and proportionate approach on governance. The Scheme is not used as a Qualifying Scheme for auto-enrolment purposes.

#### 1. The Default Arrangement

A default investment arrangement is provided for Members who have made no specific investment instruction or for whom the Trustee may hold unallocated funds from time to time. Members can also choose to invest in the default investment arrangement which is set up by the Trustee.

The objective of the Default Investment Vehicle is defined in the Scheme's Trust Deed and Rules as "*an Investment Vehicle with an investment objective which aims to preserve capital whilst aiming to provide a return on investments similar to that which might be achieved on cash deposits in a bank or building society or money market funds*".

The Trustee's objectives regarding the default arrangement are therefore to broadly aim to provide capital preservation whilst achieving cash deposit returns before the application of charges.

The default arrangement for the Scheme during the period was the Standard Life Deposit and Treasury Fund. The Statement of Investment Principles for the default arrangement (Default Arrangement SIP) has been in place since October 2015, and is appended to this statement. No changes were required to be made during the year to the SIP for the default arrangement, which sets out the Trustee's aims and objectives specifically in relation to the default arrangement.

The Trustee undertakes a review of the funds available to members every three years, which includes a review of the performance of the default arrangement to ensure that the Standard Life Deposit and Treasury Fund is performing in line with its intended objective. If the Standard Life Deposit and Treasury Fund is not meeting its objective, then this would be highlighted and, depending on the cause, may trigger the Trustee to conduct an out-of-cycle review of the default arrangement.

## CHAIRMAN'S STATEMENT (continued)

A formal review of the default arrangement strategy and performance was completed as part of the 2020 AVC review. Following the review of the default arrangement, which took account of the aims and objectives of the fund, the fund's performance against Sector and Benchmark, the costs and charges of the fund, and consideration of the Scheme's membership, the Trustee concluded that the default arrangement is consistent with the Trust Deed and Rules and continued to be appropriate for the Scheme based on the objectives and past performance of the fund, and the Scheme's membership profile. The next formal review of the default arrangement will be carried out in the Scheme year 2023/24. It is worth noting that no members were invested in the default arrangement during the Scheme year.

The Trustee undertook a wider review of the Scheme's fund range in 2020. It was concluded that the range of open funds provide good value for Members. The Trustee will keep the fund range under review and take appropriate action in the event that any funds are deemed no longer suitable. The Trustee is set to review the Scheme's fund range in the 2023/24 Scheme year.

## 2. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of Member assets into and out of the Scheme, transfers between different investments within the Scheme, and payments to and in respect of Members), are processed promptly and accurately. The Trustee includes, but does not limit to, the following as the Scheme's core financial transactions:

- *transfer of Member assets into and out of the Scheme;*
- *transfer of assets between different investments within the Scheme; and*
- *payments to and in respect of Members.*

The core financial transactions are undertaken on the Trustee's behalf by Equiniti, who provide the administration services for the DC Section of the Scheme (this includes AVCs).

A Service Level Agreement (SLA) with Equiniti is included in the contract with them and is updated as needed to ensure it is fit for purpose and reflects the Trustee's needs. The SLA covers the accuracy and timeliness of all core financial transactions, including time-critical processes (claims and non-claims) and manual administration activities. The turnaround times set within the service level agreement vary depending on the nature of the activity, ranging from 2 business days to 10 business days. The trustee regularly monitors the performance via the quarterly administration reports prepared by Equiniti. For the four quarters from 1 April 2020 to 31 March 2021, Equiniti reported that SLA achievements averaged over 99.8%.

As part of their checking process, Equiniti carry out monthly checks, in addition to daily reconciliation of the Trustee's bank account. All investment and banking transactions are also checked and verified before being processed. All work processes are documented and subject to a peer review process, with work being calculated and independently checked by another member of the team. A regular review process also involves Equiniti providing quarterly core financial transaction metrics to the Trustee to review at its regular meetings, compared to target processing times.

The Trustee has reviewed the processes and controls implemented by Equiniti and consider them to be suitably designed and meeting required levels. Controls around administration and the processing of transactions are documented in the Scheme risk register, which is regularly reviewed.

## CHAIRMAN'S STATEMENT (continued)

There have been no administration service issues, with respect to core financial transactions, which need to be reported. The service levels reported by Equiniti were at a level deemed acceptable by the Trustee and there were no concerns raised.

The fund platform and AVC providers used by the Scheme interact with the administrator in relation to core financial transactions and provide additional information on their processes and transactions as required. The Trustee expects to be notified by Equiniti of any delays or errors encountered in the processing of core financial transactions relating to AVCs.

In light of the above, the Trustee is satisfied that there are processes in place to ensure that all core financial transactions for the DC arrangements are processed in an accurate and timely manner.

### 3. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;
- Transaction costs: these are not explicit and are incurred when the Scheme's fund manager buys and sells assets within investment funds, but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustee is also required to confirm that the charges on the default arrangement have not exceeded 0.75% pa (the charge cap), and produce an illustration of the cumulative effect of the costs and charges over time on members' fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

#### (i) Default arrangement and self-select investment funds

The default arrangement has levied a TER of 0.61% pa of assets under management, which is well below the statutory charge cap of 0.75% pa, for all members invested in this arrangement during the period. In addition, members are invested in a range of self-select funds with varying risk profiles and charges that are available to members as alternatives to the default arrangement. These funds attracted TERs of between 0.00% p.a. and 0.62% pa of assets under management.

The transactions costs for the default arrangement amounted to 0.07% p.a. of assets under management. The self-select funds, which members are invested in, attracted transaction costs of between 0.00% p.a. and 0.24% p.a. of assets under management. A full list of the TERs and applicable transaction costs is contained in Appendix 1.

## CHAIRMAN'S STATEMENT (continued)

### (ii) Illustrations of the cumulative effect of costs and charges

In order to assist members to understand the impact that costs and charges can have on their retirement savings, the Trustee have provided 2 illustrations of their cumulative effect on the value of typical scheme members savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future, which are set out in the appendix.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual statements.

### The illustrations provided

Each of the tables below illustrate the potential impact that costs and charges might have on different investment options provided by the Scheme. Not all investment options are shown in the illustrations.

The Trustee has chosen to illustrate the potential impact that costs and charges might have if the 2 example members were invested in the Standard Life Deposit and Treasury Fund (the default arrangement), a higher risk profile fund that has a lower level of costs and charges compared to the default arrangement (Scottish Widows Abbey Retirement Fund), and a higher risk profile fund that has a higher level of costs and charges compared to the default arrangement (Standard Life Managed Fund).

The Trustee has determined the example members for whom illustrations have been provided as (1) the youngest deferred member, and (2) a deferred member of average age (ages determined using data for the Scheme). The fund values chosen for the illustrations were based on actual member pot sizes.

Members are advised to consider both the level of costs and charges, and the expected return on assets (ie the risk profile of the strategy), in making investment decisions and not in isolation.

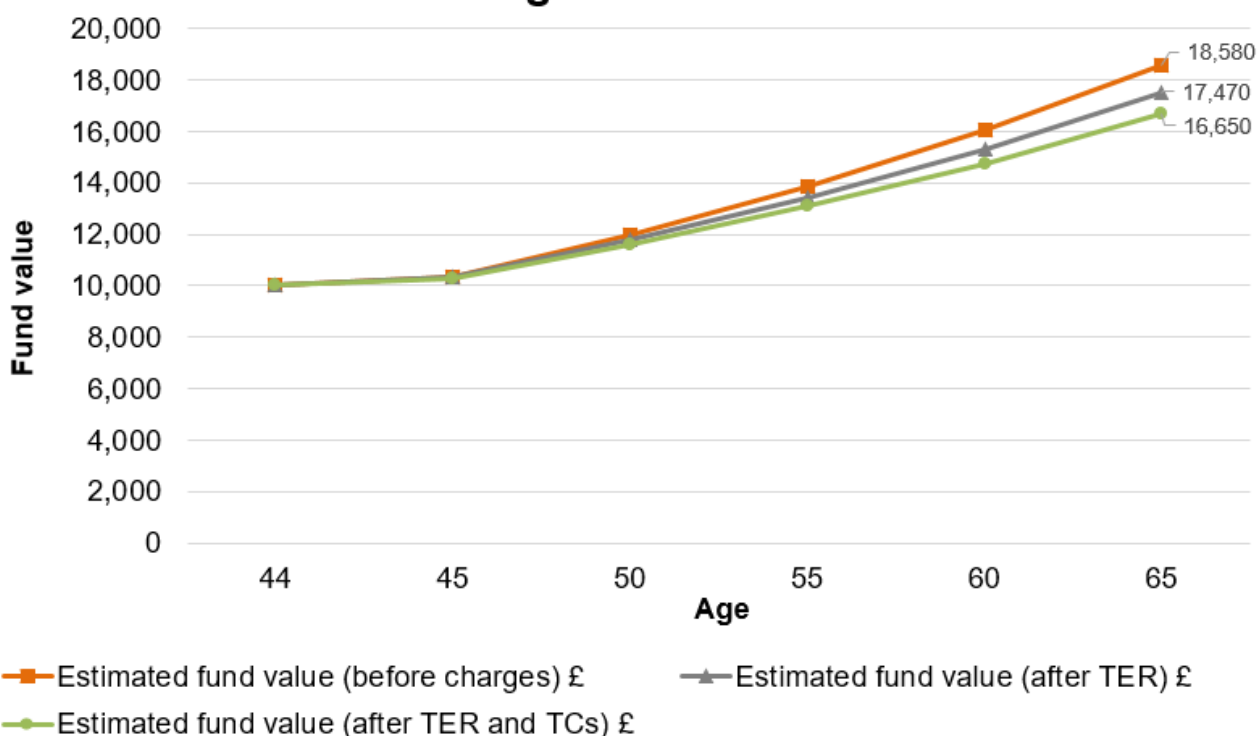
### Example member 1

The illustration below is based on a deferred member, 21 years from normal retirement at age 65, with a current fund value of £10,040 and no further contributions. The table highlights, the cumulative effect of costs and charges on the member's fund value for an investment in the default arrangement (the Standard Life Deposit and Treasury Fund), the Scottish Widows Abbey Retirement Fund (higher risk profile, and lower level of costs and charges than the default arrangement), and the Standard Life Managed Fund (higher risk profile than the default arrangement).

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

## CHAIRMAN'S STATEMENT (continued)

### Youngest Deferred Member - ARF



Age	Standard Life Deposit and Treasury Fund (Default Arrangement)			Scottish Widows Abbey Retirement Fund			Standard Life Managed Fund		
	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
44	10,040	10,040	0	10,040	10,040	0	10,040	10,040	0
45	9,960	9,890	70	10,340	10,280	60	10,340	10,270	70
50	9,570	9,190	380	11,970	11,600	370	11,970	11,470	500
55	9,190	8,540	650	13,860	13,090	770	13,860	12,820	1,040
60	8,830	7,930	900	16,050	14,760	1,290	16,050	14,320	1,730
65	8,490	7,370	1,120	18,580	16,650	1,930	18,580	16,000	2,580

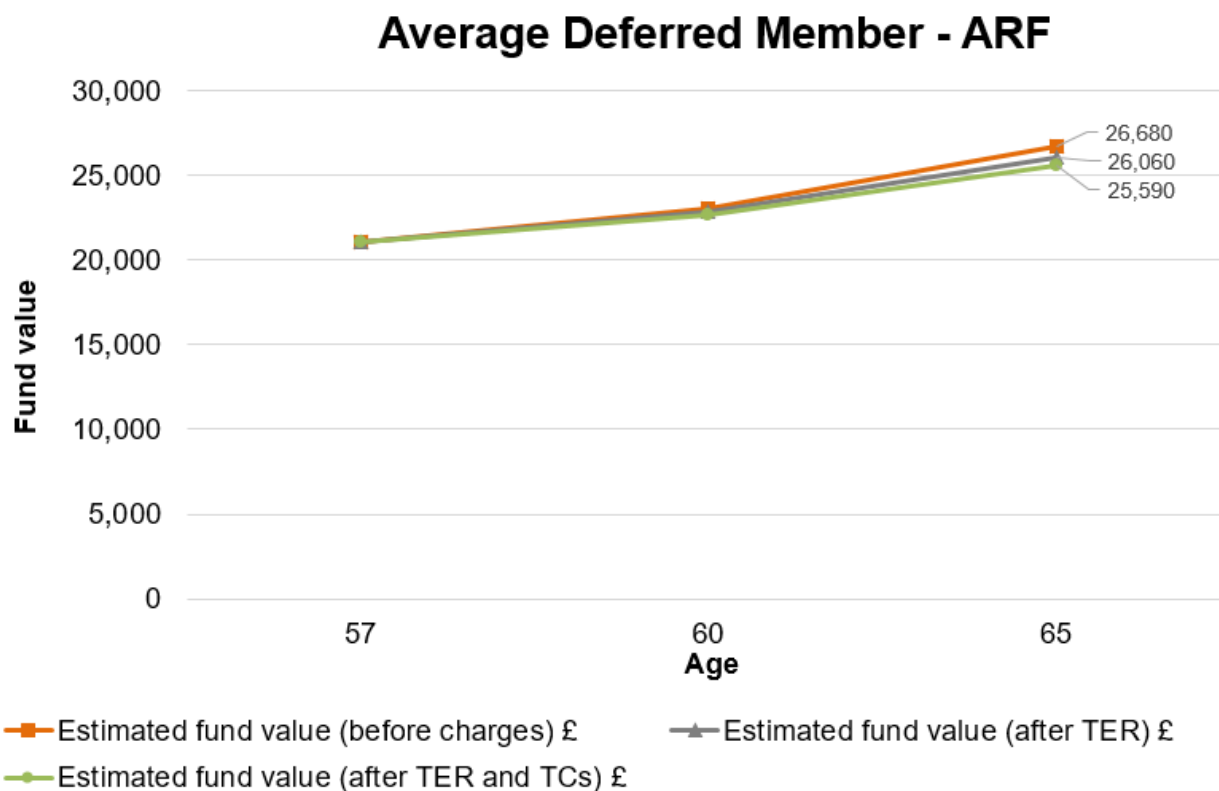
Fund values are shown against their relevant spending power in today's terms (ie after the impact of expected inflation). Returns for cash instruments in particular may not keep pace with inflation and, in low interest rate conditions, may result in negative returns ie a decrease in the value of holdings in the fund after deduction of charges. Members invested in these options should ensure it is appropriate for their personal circumstances.

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

## CHAIRMAN'S STATEMENT (continued)

### Example member 2

The illustration below is based on a deferred member 8 years from normal retirement at age 65, with a current fund value of £21,100 and no further contributions. The table highlights, the cumulative effect of costs and charges on the member's fund value for an investment in the default arrangement (the Standard Life Deposit and Treasury Fund, the Scottish Widows Abbey Retirement Fund (higher risk profile, and lower level of costs and charges than the default arrangement), and the Standard Life Managed Fund (higher risk profile than the default arrangement).



Age	Standard Life Deposit and Treasury Fund (Default Arrangement)			Scottish Widows Abbey Retirement Fund			Standard Life Managed Fund		
	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
57	21,100	21,100	0	21,100	21,100	0	21,100	21,100	0
60	20,600	20,190	410	23,040	22,680	360	23,040	22,550	490
65	19,790	18,750	1,040	26,680	25,590	1,090	26,680	25,200	1,480

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

## CHAIRMAN'S STATEMENT (continued)

Fund values are shown against their relevant spending power in today's terms (ie after the impact of expected inflation). Returns for cash instruments in particular may not keep pace with inflation and, in low interest rate conditions, may result in negative returns ie a decrease in the value of holdings in the fund after deduction of charges. Members invested in these options should ensure it is appropriate for their personal circumstances.

### *The following assumptions have been made for the purposes of the above illustrations:*

- 1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;*
- 2. Inflation is assumed to be 2.5% each year;*
- 3. No assumption made for real salary growth;*
- 4. Values shown are estimates and are not guaranteed;*
- 5. The assumed growth rates reflect expected 10-year annualised returns (net of costs and charges) and are as follows:*
  - Deposit and Treasury Fund 1.0% p.a.*
  - Managed Fund 4.8% p.a.*
  - ARF 5.0% p.a.*
- 6. The transaction costs, as defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transaction costs over the years for which data is available. Currently, less than 5 years of transaction cost information is available from providers. However, we expect data provision to improve over time. For the majority of funds, three years of transaction cost information is available and, as such, the transaction costs in the table below (which have been used in providing the above illustrations) reflect the average over the last three years. A floor of 0% pa has been used for the transaction costs if these were negative in any year, so as not to potentially understate the effect of charges on fund values over time.*

<i>Fund</i>	<i>TER (%)</i>	<i>Average Transaction Costs (%)</i>	<i>Total Cost (%)</i>
<i>Standard Life Deposit and Treasury Pension Fund (Default Arrangement)</i>	<i>0.62</i>	<i>0.07</i>	<i>0.69</i>
<i>Standard Life Managed Pension Fund</i>	<i>0.61</i>	<i>0.13</i>	<i>0.74</i>
<i>SW Abbey Retirement Fund</i>	<i>0.31<sup>1</sup></i>	<i>0.24<sup>2</sup></i>	<i>0.55</i>

*1. The SW ARF's TER is as at 31 January 2021.*

*2. The SW ARF's transaction costs over the period from 1 April 2018 to 31 March 2020 were unavailable. For the purposes of the illustrations, we have used the ARF's transaction cost covering the Scheme year up to 31 December 2020.*

Members are advised to consider both the level of costs and charges and the expected return on assets (ie the risk profile of the strategy) in making investment decisions and not in isolation.



## CHAIRMAN'S STATEMENT (continued)

### 4. Value for Members

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by Members and the extent to which those charges and costs represent good value for money for Members.

There is no regulatory definition of "good value" and the process of determining this for Members is a subjective one. Based on advice from the Scheme advisors, Aon, the Trustee has established a cost-benefit analysis framework in order to assess whether the Member borne charges deliver good Value for Members. The assessment is relevant to the current membership. The cost part of the analysis considers the costs and charges Members pay.

The benefit side of the analysis considers the quality of Scheme Governance and Management, the quality of Scheme Administration, the quality of Scheme Investments, and the quality of Scheme Communications. In assessing the quality of the Scheme across these different areas, the Trustee has taken account of the Pensions Regulator's DC Code of Practice, along with considering general market practices and comparisons.

The members pay investment charges as detailed above. The remaining charges (including administration, governance and advisory fees) are borne by the Company. The Trustee considers this is as an additional valuable benefit for members.

The Trustee regards the most important aspect of value to members to be making available a range of suitable investment options with competitive charges from which members are able to choose.

Members of the Scheme have a range of investment options to choose from; each option has a different associated charge (as shown in appendix 1). The Trustee has certain powers afforded by the Scheme's Trust Deed and Rules in relation to making changes to the investment options available to members. The Trustee has exercised these powers on a number of occasions in the past by closing funds to new contributions.

The last review of the fund range available to members in the AVC arrangement took place in 2020. It concluded that the fund range covers the majority of asset classes, and that the costs and charges borne by members in those funds that remain open to further contributions represent good value for Members. However, the review did conclude that there is a lack of exposure to some equity regions within the Standard Life and Scottish Widows fund ranges and some duplication within the Scottish Widows funds. The review also concluded that the Standard Life GARS fund had been down-graded and, after taking appropriate advice, the Trustee decided to remove this fund from the fund range (noting that no members were invested in the fund). Overall, the Trustee agreed that the remaining fund range was appropriate for members.

Whilst some of the AVC funds carry higher charges, all of the funds are reviewed regularly and those that are regarded as representing poor value for Members, either due to high charges (or in some cases, sustained poor performance) may be closed. The fund range includes other options for members to choose from that carry lower charges.

The Trustee will continue to monitor and review triennially the ongoing suitability of these legacy arrangements. The next AVC review will take place during 2023/24 Scheme year.

## CHAIRMAN'S STATEMENT (continued)

The Trustee will also continue to communicate regularly with Members via a newsletter to ensure that they are aware of the investment options available to them and to encourage them to review their investment choices regularly, to ensure that they remain appropriate to their individual circumstances. The last newsletter was sent to members was in January 2021. The Trustee also agreed to send out an additional member communication to remind members to review their fund choices to ensure that they remain appropriate for their own personal circumstances.

### 5. Trustee Directors' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustee to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, the investment of Scheme assets, and other matters to enable them to exercise their functions as a Trustee properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The Scheme is managed by 5 Trustee Directors; 3 Trustee Directors are appointed by the Principal Employer, and there are 2 Member Nominated Directors. No new Trustee Directors joined the Trustee Board during the year. The composition of the Trustee board is compliant with Regulatory requirements and demonstrates diversification of skills and breadth and depth of pension knowledge.

Trustee Directors are familiar with the key Scheme documents (including the Trust Deed and Rules, Statement of Investment Principles, and other scheme management documentation) and are able to access these documents within the Trustee's secure online portal. Scheme documents are reviewed by the Trustee on a regular basis.

All Trustee Directors are made aware of the training resources available throughout the Scheme year and undertake additional training as required. Training undertaken by each Trustee Director is recorded within the Trustee Training Log, which is reviewed and updated regularly.

Over the course of the Scheme year, Trustee Directors have attended the following pension related seminars and training sessions listed below:

- Aon / Linklaters LLP – GMP equalisation, Funding code, Responsible investment and cost transparency
- Aberdeen Standard Investments – Journey planning / endgame training
- Aberdeen Standard Investments – Long term funding objective training
- Aberdeen Standard Investments – UK Institutional investor forums
- PLSA – Webinar of proposed DB funding code of Practice
- Hymans Robertson – GMP equalisation training
- AMNT – Survey results webinar
- PLSA – Annual trustee conference

The Trustee also has in place arrangements for ensuring that they take personal responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs periodically to determine training requirements. A full trustee knowledge and understanding assessment was carried out during the year, and a training plan was subsequently prepared. which will cover further DC training.

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

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## CHAIRMAN'S STATEMENT (continued)

Any new Trustee Directors are also expected to complete the Regulator's Trustee Toolkit within a reasonable period from the date of their appointment and all Trustee Directors are expected to complete any additional modules within a reasonable time period of them becoming available.

In addition to the knowledge and understanding of the Trustee board, the Trustee receives advice from its appointed advisers where any gaps are identified. The Trustee has engaged with their appointed professional advisers throughout the year to ensure that they run the Scheme effectively and exercise their functions properly (and including managing trustee succession planning).

Agenda-specific training is also provided by the Scheme's advisers during Board meetings and the Trustee has:

- Reviewed the Scheme's default arrangement, which considers the performance and cost of the default arrangement for the Scheme's members. The Trustee also considered other fund options in 2020 as part of the self-select fund review;
- Reviewed administration reports from Equiniti, to monitor service delivery against agreed service levels;
- Ensured that an audit of the Trustee's Report and Accounts is carried out for the Scheme year ended 31 March 2021; and
- Considered Scheme risks and the law relating to pensions and trusts through updating the risk register.

The Trustee works closely with its appointed professional advisers throughout the year, who have provided specialist advice and updates on legislation, guidance, and best practice developments, to ensure that its Trustee Directors properly exercises their function as Trustee Directors.

Considering the training activities completed by the Trustee Board, together with the professional advice available to the Trustee, the Trustee considers that it meets the Pension Regulator's requirements (as set out under Code of Practice No 7) and is confident that the combined knowledge and understanding of the Trustee Board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Scheme.

**Approved by the Trustee Board, Abbey Life Trust Securities Limited, Trustee of the Abbey Life Assurance Company Limited Staff Pension Scheme, on 17<sup>th</sup> September 2021**

**ORIGINAL SIGNED ON BEHALF OF THE TRUSTEE BY NEIL C H TOINTON ON 17<sup>TH</sup> SEPTEMBER 2021**

**Neil C H Tointon,  
Chairman of the Trustee Board  
Abbey Life Trust Securities Limited  
17<sup>th</sup> September 2021**

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

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## CHAIRMAN'S STATEMENT (continued)

### Appendix 1 – TERs and Transaction Costs for all funds

#### Scottish Widows

Fund Name (6 available funds)	Total Expense Ratio (% pa)	Transaction Costs (% pa)
Building Society	0.00%	0.09%
Consensus	0.00%	0.16%
Indexed Stock	0.00%	0.00%
Mixed	0.05%	0.00%
Property	0.25%	0.03%
SW Abbey Retirement Fund <sup>1</sup>	0.31% <sup>2</sup>	0.24% <sup>3</sup>

Source: Scottish Widows

<sup>1</sup>Source: Phoenix Life

It is worth noting that members receive a reduction in Annual Management Charges of 1.00% pa for the Scottish Widows funds. This has been reflected in the charges shown in the table above.

However, there is an administration charge of £1,767 p.a., which is paid for by the Scheme to Scottish Widows.

<sup>2</sup>TER as at 31 January 2021

<sup>3</sup>Transaction Costs for the year ended 31 December 2020

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#### Standard Life

Fund Name (3 available funds)	Total Expense Ratio (% pa)	Transaction Costs (% pa)
Deposit and Treasury <sup>1</sup>	0.61%	0.07%
Managed	0.62%	0.16%
Money Market	0.61%	0.00%

Source: Standard Life

<sup>1</sup>The Scheme's default arrangement

It is worth noting that members receive a 0.40% pa reduction from the TER for the Standard Life funds. This has been reflected in the charges shown in the above table.

# ABBEY LIFE ASSURANCE COMPANY LIMITED STAFF PENSION SCHEME

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## CHAIRMAN'S STATEMENT (continued)

### Appendix 2 – Default arrangement SIP

#### **Abbey Life Assurance Company Limited Staff Pension Scheme** **Statement of Investment Principles for the default arrangement**

This Statement of Investment Principles for the default arrangement ("**default arrangement SIP**") covers the default arrangement within the Abbey Life Assurance Company Limited Staff Pension Scheme (the "**Scheme**") and applies to Additional Voluntary Contributions ("**AVCs**").

This default arrangement SIP should be read as an addendum to the main Statement of Investment Principles ("**Main SIP**") for the Scheme, a copy of which is available on request.

If there is any difference between the default arrangement SIP and the provisions of the Trust Deed of the Scheme, the provisions of the Trust Deed will prevail (including any amendments to the Trust Deed from time to time).

The Scheme has identified the default arrangement as the Standard Life Deposit and Treasury Pension Fund in relation to AVCs.

#### ***Trustee's Aims and Objectives in respect of the default arrangement***

*The Trustee's objective is to invest the assets held in respect of Members of the Scheme for and from whom there is no current investment instruction in an investment vehicle, which has as its aims:*

- 1) as far as possible to preserve capital value; and*
- 2) to provide a return on investment similar to that which might be achieved on cash deposits in a bank or building society or money market funds.*

#### ***Explanation of how the Trustee's Aims and Objectives are intended to ensure that the default arrangement is invested in the best interest of Members***

This default arrangement protects the capital value of the Member's fund, until the Member gives a valid investment instruction to the Trustee. With the benefit of investment advice, the Trustee has determined that the Standard Life Deposit and Treasury Pension Fund is the appropriate investment vehicle for these purposes.

The Trustee will review the ongoing appropriateness of the default arrangement with reference to these aims including the extent to which the return on investments relating to the default arrangement (after deduction of any charges relating to those investments) is consistent with the Trustee's aims and objectives, through its process of regular reviews of the Scheme's investment options.

The Trustee's policies in relation to the default arrangement in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended are those set out in the Main SIP as they apply to the default arrangement.