

Amtico Company Pension Trustee Limited

Annual Governance Statement regarding defined contribution benefits held in the Amtico Company Pension Scheme (“the Scheme”)

1. Introduction

- 1.1. This Annual Governance Statement (“Statement”) has been prepared by the Amtico Company Pension Trustee Limited (“the Trustee”) and reports on how the Trustee complies with the defined contribution (DC) governance standards. These standards were 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”).
- 1.2. The reporting period covered by this Statement is 1 April 2019 to 31 March 2020 (“the reporting period”).
- 1.3. As required by the Regulations, the Trustee will publish this Statement on a publicly accessible website. The web address for the website will be: www.amtico.com/pension-annual-governance-statement

2. The Scheme’s DC arrangements

- 2.1. Over the reporting period, the Scheme’s DC arrangements comprised the following:
 - 2.1.1. A Defined Contribution Section (“the DC Section”) which is open to future contributions and is used as a qualifying workplace pension scheme for auto-enrolment purposes.
 - 2.1.2. Separate AVC arrangements provided by Scottish Widows and Utmost Life & Pensions (previously Equitable Life) which hold benefits for Defined Benefit (DB) Section members. These are all closed to future contributions and members.

3. The DC Section’s default investment arrangement

- 3.1. Over the reporting period, the DC Section had one default investment arrangement for the purposes of the Regulations, the Standard Life Passive Plus IV Universal Strategic Lifestyle Profile (“the Default”). This was implemented on 1 July 2015 and followed advice from the Trustee’s investment adviser, Barnett Waddingham LLP. The selection and design of the Default took into account the potential needs of DC Section members as well as the Trustee’s own investment beliefs.
- 3.2. The Default is subject to review at least every three years or sooner if there is a change to investment policy or the DC Section’s membership profile.

Default investment arrangement design

- 3.3. The key design features of the Default are as follows:
 - 3.3.1. It is structured as a lifestyle investment strategy which invests across a portfolio of different investment funds depending upon each member’s term to their Normal Retirement Age (NRA). Each fund is designed to provide exposure to different degrees of investment risk and will hold different asset classes in different proportions. The NRA of the DC Section is set at age 65, however members can amend this should they wish.
 - 3.3.2. When a member is more than 8 years from NRA, the Default invests wholly in the Standard Life Passive Plus IV Pension Fund.

3.3.3. From 8 years to NRA, the Default will automatically and gradually switch out of the Standard Life Passive Plus IV Pension Fund, initially into the Standard Life Pre-Retirement (Passive Plus Universal) Pension Fund and then into the Standard Life At-Retirement (Passive Plus Universal) Pension Fund. At NRA the Default will invest 100% of a member's fund in the Standard Life At-Retirement (Passive Plus Universal) Pension Fund.

Aims and objectives of the default investment arrangement

- 3.4. The Default aims to grow the value of a member's benefits over the longer term whilst providing less exposure to investment volatility (but with a potentially lower return) than investing solely in a portfolio of global equities. The value of these funds can go down as well as up.
- 3.5. The Default is designed to limit the extent to which members' benefits are exposed to large fluctuations in value in the approach to NRA. The target portfolio at NRA has been designed to provide flexibility at retirement and recognises that members may be undecided as to how and when they will access their retirement savings. It is intended to be broadly appropriate regardless of how each member chooses to take their retirement income.

Alternative investment options

- 3.6. Alongside the Default, the Trustee has made available a number of additional investment options from which members are able to self-select. These are as follows:
- 3.6.1. Three additional lifestyle investment strategies. These invest in the same portfolio for growth as the Default (i.e. the Standard Life Passive Plus IV Pension Fund), but target taking benefits using a specific retirement income option i.e. annuity purchase, drawdown or cash at NRA.
- 3.6.2. A more cautious lifestyle investment strategy. This takes less investment risk than the Default when a member is more than 8 years from their NRA by investing in the Passive Plus III Pension Fund. Like the Default, this targets a portfolio designed to provide flexibility at retirement.
- 3.6.3. A core range of 14 individual investment funds which hold different asset classes and have different investment objectives.

Monitoring and review of the default investment arrangement and alternative options

- 3.7. The last strategic review of the DC Section's Default, as well as the range of alternative investment options, was completed in July 2018. This review was completed in conjunction with the Trustee's investment adviser and focussed on the degree to which the Default and the range of alternative investment options remain suitable for the needs of members. As part of this review, the Trustee considered the membership profile of the DC Section and undertook analysis to ascertain the potential needs of members. The review also considered the degree to which the investment options provided through the DC Section had performed in line with their stated objectives and those of the Trustee.
- 3.8. As a result of this review, the Trustee concluded that the Default remains appropriate for the average DC Section member. Its design recognises that members are likely to take their benefits at different times and using different retirement income options. An investment strategy that is designed to provide flexibility at retirement and to be broadly appropriate regardless of how each member chooses to take their retirement income, is well aligned to the variation that members need. The review also noted the wider range of investment options offered through the DC Section which allows members to align their own investment strategy to their needs.
- 3.9. The next strategic review is due to take place in July 2021.

- 3.10. In addition to the strategic review the Trustee, together with its professional advisers, monitors the investment options offered through the DC Section on a quarterly basis. This monitoring looks at the performance of the Default, the alternative lifestyle strategies and the individual fund options to ensure that it is consistent with their stated aims and objectives. It also considers any developments or changes with the fund manager.
- 3.11. As a result of the Trustee's ongoing monitoring, the Schroder UK Smaller Companies Pension Fund was removed from the self-select range. There were no members invested in this fund over the reporting period and it was removed to streamline the DC Section's fund range.

Further information on investments

- 3.12. Further information about the investment options provided through the DC Section are set out in the Statement of Investment Principles (SIP) which was last reviewed and updated in August 2020. For the purposes of Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, the SIP includes details around the Trustee's investment objectives, as well as the default investment strategy.
- 3.13. The statement of the investment principles governing the DC Section Default is contained throughout the SIP, with specific reference in Appendix 2. The SIP in its entirety is appended to this Statement.

4. Core financial transactions

- 4.1. The Regulations require the Trustee to ensure that core financial transactions are processed promptly and accurately. Core financial transactions comprise the following:
 - 4.1.1. The investment of contributions.
 - 4.1.2. Transfers into and out of the DC Section.
 - 4.1.3. Investment switches.
 - 4.1.4. Payments out of the DC Section in respect of members.

DC Section administration

- 4.2. Over the reporting period, the administration functions of the DC Section were outsourced to, and completed by, Standard Life. The scope of these administration functions are recorded in the DC Section's 'Implementation Guide' which was completed as part of the setup of the DC Section with Standard Life. Further supporting information is provided in Standard Life's 'Service Commitment' document.
- 4.3. To ensure the accuracy and timeliness of processing of all DC Section core financial transactions, the Trustee has established robust reporting and monitoring processes which include the following:
 - 4.3.1. The day-to-day monitoring of administration standards is undertaken by the Amtico Company Limited (as the sponsoring employer of the DC Section) and Barnett Waddingham (the Trustee's advisers) who scrutinise the performance of Standard Life. Barnett Waddingham holds periodic servicing calls with a representative of Standard Life appointed to oversee the DC Section. Both Amtico and Barnett Waddingham report back to the Trustee on anecdotal experience as part of the quarterly Trustee meetings. Any immediate concerns are escalated to the Trustee on an as required basis.
 - 4.3.2. Service Level Agreements (SLAs) are in place between the Trustee and Standard Life. These SLAs set out the agreed maximum timescales and accuracy standards for all services provided by Standard Life in respect of the DC Section. Standard Life aims to ensure that 90% of all tasks (in aggregate)

are completed within 10 working days but works to defined SLAs for certain tasks. The agreed SLAs for the core financial transactions identified in 4.1 above are as follows:

Core financial transaction	SLA
Investment of contributions	24 hours (automated overnight process)
Transfers into and out of the DC Section	10 working days
Investment switches	2 working days
Payments out of the DC Section	10 working days (5 days for death claims)

4.3.3. Standard Life also has SLAs in place for other services it provides including; assisting with member enquiries, amending member records and issuing information.

4.3.4. Standard Life provides the Trustee with quarterly administration reports that document its performance against the agreed SLAs and provides a record of core financial transactions processed over each quarter. The Trustee considers these reports in detail as a regular item at its quarterly meetings and these are shared with the sponsoring employer so that contributions can be reconciled.

4.3.5. Over the reporting period, Standard Life completed 100% of all core financial transactions within its target SLA of 10 days. The performance against the agreed SLAs for its core financial transaction are set out in the table below:

Core financial transaction	SLA achieved over the reporting period
Investment of contributions	100%
Transfer into the DC Section	100%
Transfers out of the DC Section	100%
Investment switches	N/A*
Payments out of the DC Section	100%

*no investment switches were processed during the reporting period.

4.3.6. Administration is captured as part of the DC specific risk register which clearly documents the administrative risks associated with the operation of the DC Section. This includes details of the controls established by the Trustee to mitigate such risks. A review of the DC Section risk register is completed at least every 6 months during the Trustee meetings.

4.3.7. Monitoring of accuracy is undertaken via the auditing of the Scheme's annual report and accounts and periodic review of the Scheme's membership data. In addition, the administrator's (Standard Life) processes are subject to robust internal controls procedures which are outlined in the Standard Life 'Pensions Internal Controls Document'. This records details of each control objective and the processes Standard Life has implemented to meet the objectives.

4.4. There were no issues reported to or identified by the Trustee in connection to either the promptness or accuracy of core financial transactions processed during the period covered by this statement.

AVC administration

- 4.5. As the administrator of the Defined Benefit Section (“the DB Section”) of the Scheme, the Trustee has delegated the administrative oversight of the separate AVC arrangements held with Scottish Widows and Utmost Life & Pensions (previously Equitable Life) to Barnett Waddingham.
- 4.6. There are no formal SLAs in place with the AVC providers, however Barnett Waddingham report back to the Trustee as part of the quarterly Trustee meetings with any specific issues relating to the administration of the separate AVC policies. There were no issues reported to, or identified by, the Trustee in connection with the promptness or accuracy of the processing of core financial transactions for the AVC policies.

Trustee view of core financial transactions

- 4.7. Taking the above into consideration, the Trustee is confident that all core financial transactions over the reporting period have been processed promptly and correctly. The Trustee notes that there were no issues relating to core financial transactions over the reporting period.

5. Charges and transaction costs

- 5.1. Charges for the administration, communication and investment services provided to the Scheme’s DC arrangements are structured on a bundled basis and consist of both explicit and implicit costs:
- 5.1.1. Explicit costs: these are collected by explicit deduction of investment units and are expressed as a percentage of the value of each member’s holdings within an investment fund. These are referred to as an Annual Management Charge (AMC) and are calculated as the Fund Management Charge (FMC) plus any Additional Expenses (AE), less the Scheme Rebate (SR).
- 5.1.2. Implicit costs: these relate to the charges and transaction 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 explicit charges. These implicit charges impact on the investment returns achieved by the investment fund and vary day-to-day according to each fund’s investment approach and prevailing market conditions. We refer to these as transaction costs.
- 5.2. The following tables provides details of the explicit and implicit costs applied to each of the investment options provided through the DC Section over the reporting period. This data has been provided by Standard Life and covers the year to 31 March 2020. There is no missing transaction cost information.

The DC Section Default

As a lifestyle investment strategy the Default will automatically move between different funds in the years approaching NRA. This means that the level of charges and transaction costs will vary depending on how close each member is to NRA.

Investment fund	FMC	AE	SR	AMC	Transaction costs
Passive Plus IV Pension Fund	1.00%	0.03%	0.71%	0.32%	0.055%
Pre-Retirement (Passive Plus Universal) Pension Fund	1.00%	0.04%	0.70%	0.34%	0.039%
At-Retirement (Passive Plus Universal) Pension Fund	1.00%	0.03%	0.70%	0.33%	0.020%

The Alternative Lifestyle Strategies

Like the Default, the Alternative Lifestyle Strategies will automatically move between different funds in the years approaching NRA. This means that the level of charges and transaction costs will vary depending on how close each member is to NRA.

Investment fund	FMC	AE	SR	AMC	Transaction costs
Pre-Retirement (Passive Plus Active Retirement)	1.00%	0.40%	0.70%	0.70%	0.215%
At-Retirement (Passive Plus Active Retirement)	1.00%	0.26%	0.70%	0.56%	0.170%
Pre-Retirement (Passive Plus Annuity) Pension Fund	1.00%	0.04%	0.70%	0.34%	0.032%
At-Retirement (Passive Plus Annuity) Pension Fund	1.00%	0.01%	0.70%	0.31%	0.083%
Pre-Retirement (Passive Plus Lump Sum) Pension	1.00%	0.01%	0.70%	0.31%	0.039%
At-Retirement (Passive Lump Sum) Pension Fund	1.00%	0.01%	0.70%	0.31%	0.031%
Passive Plus III Pension Fund	1.00%	0.02%	0.70%	0.32%	0.058%

The Core Fund Range

Investment fund	FMC	AE	SR	AMC	Transaction costs
SL Vanguard FTSE UK All Share Index Pension Fund	1.00%	0.02%	0.70%	0.32%	0.000%
SL Vanguard FTSE Developed World ex UK Pension	1.00%	0.02%	0.70%	0.32%	0.001%
SL Vanguard UK Inflation Linked Gilt Index Pension	1.00%	0.02%	0.70%	0.32%	0.000%
SL Vanguard UK Government Bond Index Pension	1.00%	0.02%	0.70%	0.32%	0.000%
Standard Life Property Pension Fund	1.00%	0.03%	0.70%	0.33%	0.187%
Standard Life Asia Pacific ex Japan Equity Pension	1.00%	0.15%	0.70%	0.45%	0.095%
Standard Life Multi Asset Mqd (20-60% Shares)	1.00%	0.02%	0.70%	0.32%	0.090%
Standard Life Money Market Pension Fund	1.00%	0.01%	0.70%	0.31%	-0.002%[1]
Standard Life Ethical Pension Fund	1.00%	0.01%	0.70%	0.31%	0.017%
Standard Life Long Corporate Bond Pension Fund	1.00%	0.01%	0.70%	0.31%	0.179%
SL HSBC Islamic Global Equity Index Pension Fund	1.30%	0.01%	0.70%	0.61%	0.047%
SL SLI UK Smaller Companies Pension Fund	1.40%	0.10%	0.70%	0.80%	0.007%
Standard Life MyFolio Managed V Pension Fund	0.80%	0.64%	0.70%	0.74%	0.180%
SL BlackRock Aquila Connect US Equity Pension Fund	1.00%	0.01%	0.70%	0.31%	0.003%
SL SLI Global Absolute Return Strategies Pension Fund	1.42%	0.26%	0.70%	0.56%	0.624%

[1] 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

the price of the asset being traded down, whilst the transaction was in progress. This can result in the asset being purchased for a lower price than when the trade was initiated.

AVC arrangements costs and charges – Scottish Widows

- 5.3. Scheme members that hold AVC benefits with Scottish Widows are invested in one, or a combination, of funds. Details of the charges and transaction costs quoted by Scottish Widows for each of these funds are provided in the table below:

Fund name	AMC[1]	Transaction costs[2]	Effective date[3]
Scottish Widows UK Equity Pension Fund	0.65%	0.41%	29/02/2020
Scottish Widows Mixed Pension Fund	0.68%	0.26%	31/03/2020
Scottish Widows Property Pension Fund	0.82%	0.04%	31/03/2020
Scottish Widows Consensus Pension Fund	0.65%	0.04%	31/03/2020
Scottish Widows Unitised with profit	0.65%	0.20%	31/03/2020
Scottish Widows Building Society Pension Fund	0.65%	-0.01%	31/01/2020
Scottish Widows Corporate Bond Pension Fund	0.65%	0.27%	29/02/2020
Scottish Widows Fixed Interest Pension Fund	0.65%	-0.01%	29/02/2020
Scottish Widows Japan Pension Fund	0.65%	0.36%	29/02/2020
Scottish Widows UK Fixed Interest Tracker Pension Fund	0.65%	-0.02%	31/03/2020
Scottish Widows Cautious Solution Pension Fund	1.27%	0.13%	31/01/2020

[1] These figures include a 0.35% discount applied by Scottish Widows to this AVC arrangement.

[2] 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 the price of the asset being traded down, whilst the transaction was in progress. This can result in the asset being purchased for a lower price than when the trade was initiated.

[3] The Trustee requested data on the Transaction costs for all funds selected by members of this AVC arrangement covering the period to 31 March 2020. For certain funds Scottish Widows could not provide data for the required period and instead provided the most up to date figures available. The Trustee, in conjunction with its professional advisers, will continue to remind Scottish Widows of its legal duty to provide such information and to encourage this information to be provided in good time.

AVC arrangements costs and charges – Utmost Life & Pensions

- 5.4. Scheme members that held AVC benefits with Utmost Life & Pensions (formerly Equitable Life) during the reporting year were invested wholly in the Equitable Life With Profits Fund until 31 December 2019. From 1 January 2020, when the purchase of Equitable Life by Utmost Life & Pensions took effect, members' AVCs received a one-off uplift and were switched into the Utmost Secure Cash Fund. Details of the charges and transaction costs for these funds is provided in the table below:

Fund name	TER	Transaction costs	Effective date
Equitable Life With Profits Fund	1.00%	1.036% ^[1]	31/12/2019
Utmost Secure Cash Fund	0.50%	0.070%	31/03/2020

[1] Equitable Life has confirmed that the transaction costs for this fund stated above include the costs incurred from closing the With Profits Fund as at 31 December 2019.

6. Demonstrating the impact of costs and charges

- 6.1. To demonstrate the impact of the costs and charges applied through the DC Section, the Trustee has produced illustrations in line with statutory guidance and the September 2018 guidance from the Department for Work & Pensions entitled “Cost and charge reporting: guidance for trustees and managers of occupational schemes”. These illustrations are set out below and are designed to cater for representative cross-sections of the membership of the DC Section.
- 6.2. To determine the parameters used in these illustrations, the Trustee has analysed the members invested in the DC Section over the reporting period and has taken into consideration the range of investment options offered to members. As a result of this analysis the Trustee has elected to base these illustrations on the following variables:
- 6.2.1. Pot size: starting pot sizes of £3,500, £12,000 and £38,000 have been used as these represent the 25th percentile, the median and 75th percentile of pot values (rounded to the nearest £500) of DC Section members as at 31 March 2020. The Trustee considers these to be broadly representative of the pot sizes of DC Section members.
- 6.2.2. Active members and deferred members: the Trustee has included future contributions in these illustrations at a rate of 9% as the DC Section remains open to contributions. For those members who are no longer active, the Trustee has also decided to produce illustrations that assume no future contributions would be paid.
- 6.2.3. Investment funds: the investment options selected for these illustrations include the most popular by number of members (the Default), the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.
- 6.2.4. Timeframe: the illustrations are shown over a 50 year time frame as this covers the approximate duration that the youngest member would take to reach NRA.
- 6.2.5. Salary: a representative starting salary of £30,500 has been used as this represents the median salary (rounded to the nearest £500) of DC Section members.
- 6.3. For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund. The AMC applied is in line with the table set out earlier in this Statement and the Transaction Costs are the average of those experienced in each fund over the previous 2 years.

- 6.4. The Trustee is aware that the Regulations require the transaction cost data used to produce the illustrations to be based on an average of the past 5 years, however Standard Life was not able to provide transaction cost data covering this timeframe for this Statement. The Trustee, in conjunction with its professional advisers, will continue to remind Standard Life of its legal duty to provide such information.
- 6.5. The illustrations are presented in two different ways:
- 6.5.1. For the Default, the illustrations have been calculated based on the number of years until the member reaches their chosen retirement date. This is because the underlying asset allocation and therefore the costs and charges of the Default change over time and this needs to be reflected in the illustrations.
- 6.5.2. For the self-select funds, the illustrations have been calculated based upon the number of years (from 31 March 2019) that a member expects to be invested in those funds.

Guidance to the illustrations

Notes on the illustrations are as follows;

1. Projected pot sizes are shown in today's terms and consequently 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%.
2. A contribution of 9% p.a. has been assumed for active members consisting of a 3% employee contribution and a 6% Company contribution.
3. Pensionable salary is assumed to grow at 2.5% per year for the duration of the illustrations
4. Each illustration assumes up to 50 years of membership leading up to the DC Section's normal retirement age of 65.
5. Values shown are estimates and not guaranteed.
6. The starting date for the illustrations is 31 March 2020.
7. The projected growth rates, gross of costs and charges, for each fund or arrangement have been provided by Standard Life and are in line with the 2020 Statutory Money Purchase Illustrations (SMPI). These are set out below:

Investment option	Assumed return	AMC	Transaction costs (2 year average)
Passive Plus IV Universal Strategic Lifestyle Profile	1.50% to 3.00%	0.32% to 0.34%	0.020% to 0.052%
SL Vanguard FTSE UK All Share Index Pension Fund	3.00%	0.32%	0.000%
SL ASI Global Absolute Return Strategies Pension	1.00%	0.81%	0.472%
Standard Life Money Market Pension Fund	-0.50%	0.31%	0.004%

Passive Plus IV Universal Strategic Lifestyle Profile

An illustration has been included for this Lifestyle Profile as it is the Default of the DC Section and is the most popular investment option by number of members.

Illustration basis	Years from taking benefits	Starting pot size £3,500		Starting pot size £12,000		Starting pot size £38,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£18,147	£17,955	£27,344	£26,993	£55,477	£54,640
	10	£35,839	£35,122	£46,356	£45,275	£78,525	£76,331
	15	£56,932	£55,249	£69,089	£66,778	£106,275	£102,046
	20	£81,699	£78,485	£95,752	£91,578	£138,738	£131,628
	25	£110,721	£105,261	£126,966	£120,130	£176,656	£165,611
	30	£144,673	£136,068	£163,452	£152,954	£220,892	£204,602
	35	£184,333	£171,463	£206,041	£190,637	£272,440	£249,290
	40	£230,603	£212,076	£255,696	£233,851	£332,451	£300,457
	45	£284,522	£258,626	£313,529	£283,354	£402,255	£358,992
50	£347,295	£311,929	£380,826	£340,011	£483,391	£425,906	
Starting pensionable Salary: £30,500	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£3,787	£3,722	£12,984	£12,760	£41,117	£40,407
	10	£4,330	£4,181	£14,847	£14,333	£47,016	£45,389
	15	£5,006	£4,748	£17,163	£16,277	£54,349	£51,545
	20	£5,787	£5,391	£19,840	£18,485	£62,826	£58,534
	25	£6,689	£6,122	£22,934	£20,991	£72,624	£66,472
	30	£7,732	£6,953	£26,511	£23,838	£83,951	£75,486
	35	£8,938	£7,896	£30,646	£27,070	£97,045	£85,723
	40	£10,332	£8,966	£35,426	£30,741	£112,181	£97,347
	45	£11,944	£10,182	£40,951	£34,910	£129,677	£110,548
50	£13,807	£11,563	£47,338	£39,644	£149,903	£125,540	
Deferred member Pensionable salary: £0	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£3,787	£3,722	£12,984	£12,760	£41,117	£40,407
	10	£4,330	£4,181	£14,847	£14,333	£47,016	£45,389
	15	£5,006	£4,748	£17,163	£16,277	£54,349	£51,545
	20	£5,787	£5,391	£19,840	£18,485	£62,826	£58,534
	25	£6,689	£6,122	£22,934	£20,991	£72,624	£66,472
	30	£7,732	£6,953	£26,511	£23,838	£83,951	£75,486
	35	£8,938	£7,896	£30,646	£27,070	£97,045	£85,723
	40	£10,332	£8,966	£35,426	£30,741	£112,181	£97,347
	45	£11,944	£10,182	£40,951	£34,910	£129,677	£110,548
50	£13,807	£11,563	£47,338	£39,644	£149,903	£125,540	
Contribution level: 9%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£3,787	£3,722	£12,984	£12,760	£41,117	£40,407
	10	£4,330	£4,181	£14,847	£14,333	£47,016	£45,389
	15	£5,006	£4,748	£17,163	£16,277	£54,349	£51,545
	20	£5,787	£5,391	£19,840	£18,485	£62,826	£58,534
	25	£6,689	£6,122	£22,934	£20,991	£72,624	£66,472
	30	£7,732	£6,953	£26,511	£23,838	£83,951	£75,486
	35	£8,938	£7,896	£30,646	£27,070	£97,045	£85,723
	40	£10,332	£8,966	£35,426	£30,741	£112,181	£97,347
	45	£11,944	£10,182	£40,951	£34,910	£129,677	£110,548
50	£13,807	£11,563	£47,338	£39,644	£149,903	£125,540	
Contribution level: 0%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£3,787	£3,722	£12,984	£12,760	£41,117	£40,407
	10	£4,330	£4,181	£14,847	£14,333	£47,016	£45,389
	15	£5,006	£4,748	£17,163	£16,277	£54,349	£51,545
	20	£5,787	£5,391	£19,840	£18,485	£62,826	£58,534
	25	£6,689	£6,122	£22,934	£20,991	£72,624	£66,472
	30	£7,732	£6,953	£26,511	£23,838	£83,951	£75,486
	35	£8,938	£7,896	£30,646	£27,070	£97,045	£85,723
	40	£10,332	£8,966	£35,426	£30,741	£112,181	£97,347
	45	£11,944	£10,182	£40,951	£34,910	£129,677	£110,548
50	£13,807	£11,563	£47,338	£39,644	£149,903	£125,540	

Example of how to read this table: If an active member had £12,000 invested in this strategy on 31 March 2020, when they came to retire in 10 years, the fund could grow to £46,356 if no charges are applied but to £45,275 with charges applied.

SL Vanguard FTSE UK All Share Index Pension Fund

This has been included as it is the self-select fund with the highest assumed investment return and the most popular self-select fund.

Illustration basis	Years from 31 March 2020	Starting pot size £3,500		Starting pot size £12,000		Starting pot size £38,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £30,500 Contribution level: 9%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£18,809	£18,634	£28,635	£28,311	£58,690	£57,910
	10	£36,872	£36,225	£48,230	£47,242	£82,973	£80,940
	15	£58,126	£56,624	£71,255	£69,166	£111,417	£107,530
	20	£83,078	£80,228	£98,256	£94,506	£144,681	£138,181
	25	£112,316	£107,490	£129,861	£123,745	£183,527	£173,467
	30	£146,517	£138,926	£166,798	£157,432	£228,834	£214,039
	35	£186,464	£175,125	£209,909	£196,193	£281,621	£260,637
	40	£233,066	£216,755	£260,167	£240,740	£343,064	£314,107
	45	£287,370	£264,580	£318,697	£291,886	£414,524	£375,410
50	£350,587	£319,467	£386,801	£350,553	£497,573	£445,642	
Deferred member Pensionable salary: £0 Contribution level: 0%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£4,046	£3,985	£13,872	£13,661	£43,927	£43,261
	10	£4,677	£4,536	£16,035	£15,553	£50,778	£49,251
	15	£5,406	£5,164	£18,536	£17,706	£58,698	£56,070
	20	£6,250	£5,879	£21,427	£20,158	£67,853	£63,833
	25	£7,224	£6,693	£24,769	£22,949	£78,435	£72,671
	30	£8,351	£7,620	£28,632	£26,126	£90,669	£82,733
	35	£9,654	£8,675	£33,098	£29,743	£104,810	£94,187
	40	£11,159	£9,876	£38,260	£33,862	£121,157	£107,228
	45	£12,900	£11,244	£44,227	£38,550	£140,054	£122,074
50	£14,912	£12,800	£51,126	£43,887	£161,897	£138,976	

Example of how to read this table: If an active member had £12,000 invested in this strategy on 31 March 2020, when they came to retire in 10 years, the fund could grow to £48,230 if no charges are applied but to £47,242 with charges applied.

SL ASI Global Absolute Return Strategies Pension Fund

This has been included as it is the self-select option with the highest charges.

Illustration basis	Years from 31 March 2020	Starting pot size £3,500		Starting pot size £12,000		Starting pot size £38,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £30,500 Contribution level: 9%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£17,737	£17,086	£26,662	£25,473	£53,962	£51,127
	10	£33,035	£30,828	£42,406	£39,104	£71,070	£64,416
	15	£49,453	£44,734	£59,293	£52,899	£89,390	£77,874
	20	£67,058	£58,808	£77,390	£66,865	£108,992	£91,508
	25	£85,918	£73,059	£96,766	£81,008	£129,948	£105,323
	30	£106,104	£87,491	£117,494	£95,335	£152,335	£119,326
	35	£127,693	£102,113	£139,652	£109,852	£176,235	£133,524
	40	£150,764	£116,931	£163,321	£124,567	£201,732	£147,924
	45	£175,401	£131,952	£188,586	£139,487	£228,917	£162,533
50	£201,693	£147,184	£215,537	£154,618	£257,885	£177,357	
Deferred member Pensionable salary: £0 Contribution level: 0%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£3,675	£3,453	£12,600	£11,840	£39,900	£37,494
	10	£3,859	£3,407	£13,230	£11,683	£41,894	£36,995
	15	£4,052	£3,362	£13,891	£11,527	£43,989	£36,503
	20	£4,254	£3,317	£14,586	£11,374	£46,188	£36,017
	25	£4,467	£3,273	£15,315	£11,222	£48,496	£35,537
	30	£4,690	£3,230	£16,080	£11,073	£50,921	£35,064
	35	£4,925	£3,187	£16,884	£10,926	£53,466	£34,598
	40	£5,171	£3,144	£17,728	£10,780	£56,139	£34,137
	45	£5,429	£3,102	£18,614	£10,637	£58,946	£33,683
50	£5,701	£3,061	£19,545	£10,495	£61,892	£33,234	

Example of how to read this table: If an active member had £12,000 invested in this strategy on 31 March 2020, when they came to retire in 10 years, the fund could grow to £42,406 if no charges are applied but to £39,104 with charges applied.

SL Money Market Pension Fund

This has been included as it is the self-select option with the lowest charges.

Illustration basis	Years from 31 March 2020	Starting pot size £3,500		Starting pot size £12,000		Starting pot size £38,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £30,500 Contribution level: 9%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£16,724	£16,570	£24,816	£24,537	£49,566	£48,904
	10	£29,644	£29,149	£37,347	£36,615	£60,907	£59,453
	15	£42,283	£41,275	£49,615	£48,273	£72,043	£69,677
	20	£54,662	£52,985	£61,642	£59,544	£82,992	£79,605
	25	£66,803	£64,314	£73,447	£70,461	£93,771	£89,263
	30	£78,725	£75,295	£85,050	£81,056	£104,397	£98,678
	35	£90,450	£85,958	£96,471	£91,358	£114,887	£107,873
	40	£101,994	£96,333	£107,726	£101,393	£125,257	£116,872
	45	£113,377	£106,447	£118,833	£111,190	£135,522	£125,697
50	£124,616	£116,326	£129,810	£120,771	£145,697	£134,367	
Deferred member Pensionable salary: £0 Contribution level: 0%	0	£3,500	£3,500	£12,000	£12,000	£38,000	£38,000
	5	£3,332	£3,280	£11,423	£11,247	£36,173	£35,615
	10	£3,172	£3,074	£10,874	£10,541	£34,435	£33,379
	15	£3,019	£2,881	£10,351	£9,879	£32,779	£31,284
	20	£2,874	£2,701	£9,854	£9,259	£31,204	£29,320
	25	£2,736	£2,531	£9,380	£8,678	£29,704	£27,479
	30	£2,604	£2,372	£8,929	£8,133	£28,276	£25,754
	35	£2,479	£2,223	£8,500	£7,622	£26,917	£24,138
	40	£2,360	£2,084	£8,092	£7,144	£25,623	£22,622
	45	£2,247	£1,953	£7,703	£6,695	£24,391	£21,202
50	£2,139	£1,830	£7,332	£6,275	£23,219	£19,871	

Example of how to read this table: If an active member had £12,000 invested in this strategy on 31 March 2020, when they came to retire in 10 years, the fund could grow to £37,347 if no charges are applied but to £36,615 with charges applied.

Each of the illustrations allows for the future impact of inflation which is assumed to be higher than the assumed rate of growth for this Fund. This is why the real terms value of the savings pot for a deferred member decreases over time.

7. Value for members

- 7.1. The Regulations require the Trustee to assess the extent to which the charges and transaction costs borne by members represent good value. For the DC Section, these member borne deductions cover the cost of providing the investment management services, administration services and communications.
- 7.2. The annual value for members assessment relating to the reporting period of this Statement was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP and the findings were set out in a report dated 17 August 2020. The Trustee considered the report and confirmed its value for members assessment at a meeting on 27 August 2020.
- 7.3. 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.

DC Section

- 7.4. For the DC Section, the assessment considered a range of different factors, including:
- 7.4.1. in relation to investment services:
 - 7.4.1.1. the range of investment options available and the design and suitability of the default investment arrangement
 - 7.4.1.2. the arrangements for monitoring the performance of the investment funds
 - 7.4.1.3. the investment governance arrangements in place
 - 7.4.2. in relation to administration services:
 - 7.4.2.1. the arrangements for monitoring the service standards of the administrator
 - 7.4.2.2. the administration procedures and process
 - 7.4.2.3. data and record keeping practices
 - 7.4.3. in relation to communication services:
 - 7.4.3.1. the design of the communications strategy
 - 7.4.3.2. the quality of communications issued to members
 - 7.4.3.3. the degree of support provided to members
 - 7.4.4. other options available in the market.
- 7.5. The assessment considered various factors under each area and looked at these in 'Absolute' and 'Relative' terms. Absolute being the DC Section on its own merits and Relative comparing to alternative options.
- 7.6. The assessment concluded that the DC Section continues to provide **excellent value for members** and that there are no areas in which the DC Section's arrangements detract value. In particular, the assessment highlighted:
- 7.6.1. the competitive AMCs (charges) paid by DC Section members
 - 7.6.2. members investing in the DC Section can use their benefits to fund their tax free cash entitlements through the defined benefit (DB) section of the Scheme.
 - 7.6.3. the robust governance processes undertaken by the Trustee
 - 7.6.4. the efficiency of the administration services
 - 7.6.5. the ongoing engagement support services and tools available through Standard Life.
- 7.7. In addition, it should be noted that the Trustee believes that transaction costs provide value for members, as the ability for the investment managers to transact forms an integral part of the investment process, and gives potential for greater investment returns net of charges over time. The Trustee will however monitor trends in the levels of transaction costs.

AVC benefits

- 7.8. As part of its independent assessment, Barnett Waddingham also reviewed the degree to which the AVC benefits invested with Scottish Widows and Utmost Life & Pensions represent value for members. This assessment highlighted that the arrangements operate via legacy platforms and that there is limited scope for making significant improvements given their size. However, the assessment concluded that the AVC arrangements provide **reasonable value** to members for the following reasons:
- 7.8.1. members investing in the arrangement can use their benefits to fund their tax free cash entitlements through the DB section of the Scheme.
 - 7.8.2. the charges are broadly aligned with similar types of arrangements offered elsewhere.
 - 7.8.3. members benefit from the administration services provided by Barnett Waddingham in the ongoing management of these benefits.

8. Trustee knowledge and understanding

- 8.1. The Amtico Company Pension Trustee Limited is a trustee company which comprised 5 Trustee Directors at the end of the reporting period. Bill Newman, an independent professional Trustee Director, continued to act as Chairman of the Trustee over the reporting period.
- 8.2. Over the reporting period a new member nominated Trustee Director was appointed following a retirement from the Trustee Board. This appointment followed a robust selection process based upon the Election Procedure Guide and included interviews between the Chairman and potential candidates.

Knowledge and expertise of the Trustee

- 8.3. As an independent professional Trustee, the Chairman has the requisite knowledge and skills to undertake the trustee role effectively, bringing a high degree of pensions experience, knowledge and expertise to the management of the DC Section. The Chairman qualified by examination in 1997 as an Associate member of the Institute of Chartered Secretaries and Administrators. He holds a first-class honours degree in mathematical modelling, the CII Financial Planning Certificate, the PMI's Award in Pension Trusteeship (DB & DC), and the Pension Regulator's Trustee Toolkit with distinction. He became a trustee of the GEC scheme in 1999 and has been a trustee of several schemes over the last 20 years including BAE Systems. He has been, and still is, the Chairman of the Airbus pension scheme since 2003. He became Chairman of the Amtico Trustee Board in 2005 and has held this post for 15 years ensuring that he has a detailed knowledge about the Scheme. He has overseen a number of changes to the Scheme during his tenure as Chairman which have required a comprehensive review and understanding of the Trust Deed & Rules as well as knowledge of the membership and of the Scheme's day to day operations. Holding multiple Trustee roles provides the Chairman with a breadth of experience and exposure to different professional advisers.
- 8.4. The Secretary to the Trustee is the HR Director of the Amtico Company Limited and the other Trustee Directors provide a good mixture of expertise having held senior positions in business, finance and personnel matters. The membership of the DC Section is also represented. At least half of the Trustee Directors have held those positions for over 14 years and therefore provide continuity and experience and bring with them a good degree of knowledge about the membership of the DC Section. The active employed members and the pensioners are represented by the member nominated Trustee Directors.

- 8.5. The Trustee maintains a central record of policies relating to the operation of the DC Section. These include, but are not limited to, a conflicts policy, an anti-bribery policy and a member nominated trustee appointment policy. These documents are reviewed by the Trustee Directors annually and the declaration of conflicts of interest is taken a regular item at each Trustee meeting.
- 8.6. For newly appointed Trustee Directors an induction plan is in place which includes a mix of in-house induction training (provided by the Chairman) as well as attendance at an induction day provided by an external professional body. The programme is designed to provide a good level understanding of the Trustee duties and ensure that all Trustee Directors have the knowledge to exercise their functions properly.
- 8.7. All Trustee Directors are required to complete the Pensions Regulator's trustee toolkit, ensuring a good level of knowledge around the law relating to pensions and trusts and the procedures and the principles of investment and funding. The newly appointed member nominated Trustee Director completed the trustee toolkit in June 2020 and passed with distinction.
- 8.8. Training on aspects of investments, scheme management and regulation (both of a general nature and in relation to the DC Section) is provided at Trustee meetings by the Trustee's professional advisers and Trustee training is a standing item agenda. Such training is complemented by attendance at pensions focussed conferences, seminars and courses and Trustee Directors are encouraged to undertake further qualifications to support their work as Trustee Directors. A centralised training log is maintained by the Secretary to the Trustee which is updated regularly to take account of any training (both internal and external) undertaken by the Trustee Directors.
- 8.9. The individual levels of knowledge of the Trustee Directors is assessed annually. Each Trustee Director completes a Trustee skills matrix and this is reviewed and discussed with the Chairman annually in private and at one of the Trustee meetings. This allows any gaps in knowledge to be identified and a suitable training plan to be established for the year ahead.
- 8.10. Over the reporting period, the Trustee Directors have undertaken training and attended seminars which include, but are not limited to:
 - 8.10.1. Internal and external training focussed on Environmental, Social and Governance (ESG) factors and the impact upon DC arrangements. This included specific training from Standard Life relating to the DC Section.
 - 8.10.2. Attendance at DC specific conferences hosted by various external parties including Barnett Waddingham, Professional Pensions, Aon and Hymans Robertson.
 - 8.10.3. Investment training both at the Trustee meetings as well as at external events.
 - 8.10.4. Periodic Pensions legal updates
- 8.11. The Trustee considers that its training is consistent with TPR's Trustee Knowledge and Understanding requirements (Code of Practice 7) and provides a mixture of generic and bespoke training sessions. This, together with the ongoing work in relation to the DC Section and the access to professional advisers ensures that the Trustee has sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes as well as the law relating to pensions and trusts.

[Access to professional advice](#)

- 8.12. The Trustee has appointed recognised and suitably qualified legal advisers, investment consultants and DC consultants who, with the Scheme’s actuary, provide advice on the operation of the Scheme in accordance with the Scheme’s Trust Deed and Rules and in compliance with legislation. The appointment and an assessment of the Trustee’s advisers is reviewed on an annual basis.
- 8.13. The Trustee consults with its professional advisers as and when required, for example, on investments, governance and legal matters. Its professional advisers alert the Trustee on relevant changes to pensions legislation.

Trustee’s knowledge of the Scheme’s governing documentation

- 8.14. The Trustee Directors are conversant with the DC Section’s governing documentation both through their overall experience in managing the DC Section as well as its review of such documentation during the reporting period. This includes the Trust Deed and Rules (together with any amendments) the SIP and key policies and procedures. Over the reporting period the Trustee reviewed the following:
 - 8.14.1. The Trustee, alongside its professional advisers, reviewed the DC Section’s Statement of Investment Principles (SIP) to take account of the Trustee’s policies around ESG. This review was completed in August 2019.
 - 8.14.2. The Trustee, alongside its professional advisers, assessed the value for members provided by the Scheme’s DC arrangements and this was documented in the annual governance statement. This was completed in September 2019.
 - 8.14.3. The Trustee, alongside its professional advisers, reviewed the Scheme’s AVC arrangement with Utmost Life & Pensions. This review was completed in February 2020.
 - 8.14.4. In June 2019 the Trustee reviewed the member booklet following changes made as a result of the new tax year.

Assessment

- 8.15. The Trustee considers that the combined knowledge of the Trustee Board, skills and understanding together with the advice which is available to the Trustee from its professional advisers, enables the Trustee Directors to properly and effectively exercise their Trustee functions in the following ways:
 - 8.15.1. The Trustee Directors are able to challenge and question advisers, service providers and other parties effectively
 - 8.15.2. Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties
 - 8.15.3. The Trustee Directors’ decisions are not compromised by conflicts
- 8.16. In addition, an Annual Business Plan is in place which outlines the tasks to be undertaken over each Scheme year and allows the Trustee Directors to measure the performance and effectiveness of the Board as a whole.

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Bill Newman, for and on behalf of the Trustee of the Amtico Company Pension Scheme
Chairman of the Trustee

.....
Date

DC Section Statement of Investment Principles

Placeholder – title to be deleted