

Keysight Technologies UK Limited Pension Scheme

The Chair's Annual Governance Statement 2022

This Statement has been prepared by the Trustees of the Keysight Technologies UK Limited Pension Scheme (the Scheme) to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015¹.

Governance requirements apply to Defined Contribution (DC) pension schemes, to help members achieve a good outcome from their pension savings. The Trustees of the Scheme are required to produce a yearly Statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- The investment options in which members' funds are invested during the scheme year (this means the "default arrangement" and other funds members are able to select such as self-select funds);
- The requirements for processing financial transactions;
- The charges and transaction costs borne by members, including an illustration of the cumulative effect of these costs and charges;
- The net return on investments for each default arrangement and self-select fund;
- Assessing the value for members in relation to charges and transaction costs borne by members; and
- Trustee Knowledge and Understanding (TKU) in relation to individual Trustees and the Board as a whole.

This Statement covers the period from 1 December 2021 to 30 November 2022.

Investment strategy

The Trustees have in place a Statement of Investment Principles (SIP) which governs decisions about investments and sets out the aims and objectives of the Scheme's investment strategy, including full information about the Scheme's default investment strategy. In particular it covers:

- The Trustees' investment policy, including policies on risk, return and environmental, social and governance (ESG) factors; and
- How the default investment strategy is intended to ensure that assets are invested in the best interests of members and beneficiaries.

The latest SIP was agreed and signed by the Trustees on 24 November 2022. A copy of the SIP is included as an appendix to this Statement.

¹ Inserted into Regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996

Default investment strategy

The Scheme is used as a qualifying scheme for auto-enrolment.

A proportion of members will actively choose the default investment strategy because they believe it is appropriate for them. However, the majority of Scheme members do not make an active investment decision and are invested in the default investment strategy option, which is the Income Drawdown lifestyle strategy.

The Trustees' objectives in relation to the default investment strategy, and the ways in which the Trustees seek to achieve these, are detailed below:

- To generate returns in excess of inflation during the 'growth' phase of the strategy whilst managing downside risk.

The default strategy's growth phase structure invests 50% in sustainable global equities and 50% in a diversified growth fund. These investments are expected to provide long term growth with some protection against inflation erosion, and an element of diversification to reduce volatility and downside risk.

- To provide a strategy that reduces investment risk for members as they approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches.

- To offer members a mix of assets at retirement that are broadly appropriate for an individual planning to enter income drawdown at retirement and take the maximum allowable tax-free cash (currently 25%).

At the selected retirement date, 37.5% of the member's assets will be invested in diversified growth assets, 30% in bonds and 32.5% in a pooled cash fund.

- As the evidence grows that there are long term financial implications for investors in relation to ESG considerations, particularly climate change, and recognising the growing importance of responsible investment, the Trustees consider the materiality of these risks and seeks to manage them accordingly.

In the growth phase, 50% of members' assets will be invested in ESG 'tilted' funds. These funds exclude certain companies from the investment range (such as companies involved in the production of controversial weapons, violators of the United Nations Global Compact, or those companies involved in mining and extraction of thermal coal, thermal-coal-power generation and oil sands), and furthermore allocate a greater share of funds ('tilt') to companies with high ESG credentials.

Based on their understanding of the Scheme's membership, the Trustees believe that an investment strategy that targets income drawdown and a tax-free cash lump sum (up to 25% of a member's pot) at retirement is likely to meet a typical member's requirements for income in retirement. This does not mean that members must take their benefits in this format at retirement – it merely determines the default investment strategy that will be in place pre-retirement. Members who intend to make different benefit decisions have the option of choosing their own investment strategy.

Taking into account the demographics of the Scheme's membership and the Trustees' views of how the membership is likely to behave at retirement, the Trustees believe that the current default investment strategy is appropriate. They will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic, if sooner.

The Trustees' policies in relation to the default investment strategy are set out in the SIP, which is included as an appendix to this Statement.

The Trustees, with the guidance of their professional investment advisers, review the performance of the funds underlying the default investment strategy on a quarterly basis.

Additional defaults

The Schroder Diversified Growth fund is also classed as a 'default arrangement' under the Regulations. This is because the Trustees have transferred some members' assets to this fund without their explicit consent, as they believed this to be in the members' best interests. The impacted members were informed of this change.

In addition, the default lifestyle that was in place up to August 2022 (the 'Medium-High Risk and Medium High Growth' growth phase to 'Annuity' pre-retirement phase) is also considered a 'default arrangement' under the Regulations. This strategy has been deemed a default as some members close to retirement remained in this strategy when the default changes were made in August 2022.

In addition to the main default, both the above investment options were reviewed as part of the recent investment review described below.

Default investment strategy review

The Trustees, with the support of their professional investment advisers, Mercer, undertook a review of the Scheme's default investment strategy and performance that commenced on 27 May 2020 and continued during 2021 as the Trustees considered the options and recommendations put forward by Mercer. The outcome of the review was shared with the Scheme's Principal Employer, Keysight Technologies UK Limited, who, following consideration, agreed to the proposed changes in May 2022. The changes to the default investment strategy were then implemented in August 2022. Details of the revised default investment strategy were communicated to the members in June 2022, prior to its implementation.

As a result of this review the following decisions were made about the Scheme's default investment strategy:

- Change of the default investment strategy from a lifestyle targeting annuity purchase at retirement to a lifestyle suitable for members targeting income drawdown at retirement; This change was made following a review of industry trends and Scheme specific member demographics. It was concluded that most members would be expected to use the flexibility now available to them and take income drawdown at retirement.
- Members within 7 years of retirement were 'ring-fenced' from the change and remained in the former default investment strategy, the lifestyle targeting annuity purchase (albeit updated for the equity changes below) but were allowed to 'opt in' to the change. Members more than 7 years from retirement were given the option to 'opt out' of the change and remain in the former default investment strategy.

- The equity fund in the growth phase was reallocated from a blend consisting of 30% in the LGIM UK Equity Index Fund and 70% in the LGIM World (ex UK) Equity Index Fund to 80% invested in the LGIM Future World Global Equity Index (50% of this fund is hedged) and 20% invested in the LGIM Future World Fund (an equity factor fund with climate aware overlay) and renamed as Keysight Global Sustainable Equity Fund;

The changes to the default investment strategy took effect from August 2022.

The equity fund change noted in the last bullet point above also impacted five other lifestyles in the Scheme currently available to members (including the default lifestyle that was in place up to August 2022 that is now considered an additional default). The equity fund allocation in these lifestyles was also changed to invest in the Keysight Global Sustainable Equity Fund.

Further information on the funds and structure of the new default investment strategy (and the previous default investment strategy) are shown in the next section.

Default investment strategy – funds and de-risking path

The Scheme's default lifestyle strategy (pre-August 2022) is summarised in the table below:

Lifestyle Strategy	Growth Phase	Retirement Target	Asset Allocation at Retirement
Option 1 (Default)	50% L&G Global Equity 30:70 50% Schroder Diversified Growth	Fixed Annuity	75% L&G Future World Annuity Aware Fund (previously named L&G Pre-Retirement Fund) 25% L&G Cash

The Scheme's new default lifestyle strategy (effective from August 2022) is summarised in the table below:

Lifestyle Strategy	Growth Phase	Retirement Target	Asset Allocation at Retirement
Income Drawdown (Default)	50% Keysight Sustainable Global Equity Index 50% Schroder Diversified Growth	Income drawdown	37.5% Schroder Diversified Growth 32.5% L&G Cash 20% L&G Future World Annuity Aware Fund * 10% L&G Over 5 Year Index-Linked Gilts

* Formerly named the L&G Pre-Retirement Fund

Default switching from Growth phase to Pre-retirement phase

Members who do not choose a specific investment option will be invested in the default investment option and the table below describes the glidepath through to retirement.

Years to retirement	Keysight Sustainable Global Equity (%)	Schroder DGF (%)	Future World Annuity Aware Fund (%)	L&G Over 5 Year Index-Linked Gilts (%)	L&G Cash Fund (%)
7	50.00%	50.00%	0.00%	0.00%	0.00%
6	42.50%	50.00%	5.00%	2.50%	0.00%
5	35.00%	50.00%	10.00%	5.00%	0.00%
4	27.50%	50.00%	15.00%	7.50%	0.00%
3	20.00%	50.00%	16.00%	8.00%	6.00%
2	12.50%	46.25%	18.00%	9.00%	14.25%
1	6.25%	42.50%	19.33%	9.67%	22.25%
0	0.00%	37.50%	20.00%	10.00%	32.50%

Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of relevant occupational pension schemes. From 1 October 2021 trustees are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges and record these in the Chair's Statement.

The figures for net investment returns used in the table below are based on those provided by the Scheme's investment managers, Legal & General and Schroder over the five years to 30 November 2022.

Self-select Fund Name	1 year %	3 years % p.a.	5 years % p.a.
Legal & General			
Keysight Sustainable Global Equity Fund	-0.2	8.1	8.0
Ethical UK Equity Index Fund	7.1	3.0	4.1
UK Equity Index Fund	6.5	3.9	4.2
Global Equity 30:70 Index Fund *	1.2	8.8	8.5
Over 5 year Index-Linked Gilts Fund	-38.1	-8.9	-3.5
L&G Future World Annuity Aware Fund	-27.8	-8.1	-2.6
Cash Fund	1.0	0.4	0.4
Schroder			
Diversified Growth Fund	-8.9	2.2	2.0
Prudential M&G			
UK Property Fund **	20.3	7.0	6.5

Source: Managers as at 30 November 2022.

*Scheme specific fund; fund inception was in August 2022, performance has been estimated based on the performance of the previous Global Equity 30:70 Index Fund (now known Keysight Sustainable Global Equity Fund with new underlying funds) for periods up to 24 August 2022 and the new Global Equity 30:70 Index Fund from 24 August 2022. **The Property Fund was fully divested in July 2022 and therefore performance figures are up to the 30 June 2022, the latest quarter end before disinvestment.

As the Scheme uses a lifestyle strategy where the net returns will vary depending on member age, the Trustees have shown age specific results for savers aged 25, 45, and 55 at the start of the reporting period. The figures below provide the net performance of the default lifestyle strategy targeting **income drawdown**. The default lifestyle consists of separate underlying funds which are rebalanced at the end of every quarter in line with a member's target allocation at that point. The returns are based on quarterly performance data and the performance is shown to 30 September 2022:

Lifestyle Position	1 year %	3 years % p.a.	5 years % p.a.
Member age 25 (35 years from retirement)	-8.1	3.5	4.4
Member age 45 (15 years from retirement)	-8.1	3.5	4.4
Member age 55 (5 years from retirement)	-13.0	-0.5	1.2

Source: Source: Managers and Mercer estimates as at 30 September 2022.

Performance shown net of all charges and costs.

Lifestyle allocations are rebalanced to match the target allocation at every quarter end along a member's lifestyle journey to retirement. Lifestyle returns account for the effects of quarterly switching.

The figures below provide the net performance of the default lifestyle strategy targeting **annuity purchase** at retirement. The default lifestyle consists of separate underlying funds which are rebalanced at the end of every quarter in line with a member's target allocation at that point. The returns are based on quarterly performance data and the performance is shown to 30 September 2022:

Lifestyle Position	1 year %	3 years % p.a.	5 years % p.a.
Member age 25 (35 years from retirement)	-8.1	3.5	4.4
Member age 45 (15 years from retirement)	-8.1	3.5	4.4
Member age 55 (5 years from retirement)	-17.1	-5.2	-1.7

Source: Source: Managers and Mercer estimates as at 30 September 2022.

Performance shown net of all charges and costs.

Lifestyle allocations are rebalanced to match the target allocation at every quarter end along a member's lifestyle journey to retirement. Lifestyle returns account for the effects of quarterly switching.

The figures below provide the net performance of the Schroders Diversified Growth Fund which is deemed to be a default arrangement under the regulations. The returns are based on quarterly performance data and the performance is shown to 30 September 2022:

Fund	1 year %	3 years % p.a.	5 years % p.a.
Schroders Diversified Growth Fund	-8.9	2.2	2.0

When preparing this section of the Statement, the Trustees have taken account of the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

Financial transactions

The Trustees regularly monitor the core financial transactions of the Scheme.

The core financial transactions include the investment of contributions, transfers into and out of the Scheme, fund switches and payments out of the Scheme and in respect of members. The Trustees have a Service Level Agreement (SLA) with the Scheme's administrator, WTW, which covers the accuracy and timeliness of all core transactions and requires them to be made within statutory timescales.

WTW provided the Trustees with assurances that they have taken steps to try and ensure that there were adequate internal controls in place so that core financial transactions were processed promptly and accurately during the Scheme year. With the help of WTW, the Trustees regularly monitor the Scheme's core financial transactions.

The processes undertaken by WTW in order to meet the SLAs include the daily monitoring of the Scheme bank account, a dedicated contribution processing team, with at least two persons involved with checking investment and banking transactions.

The Trustees review quarterly reporting from the Scheme's administrator, WTW. The Pension Team monitor the monthly contribution payments and report them in the quarterly administration report. The quarterly reporting also provides the Trustees with details of membership changes, retirements, annuities purchased, transfers, & contributions. In addition, the quarterly reports detail how quickly and effectively the Scheme's administration servicing is being carried out, including core financial transactions.

During the review period there were no material core financial transaction issues which were required to be reported by the Trustees.

Below is a summary of the SLAs achieved by event type for the year under review:

Event type	Total items	Within SLA	Outside SLA	SLA achieved
Death	3	2	1	67%
Retirement quotation	83	71	12	86%
Retirement settlement	11	9	2	82%
Transfer out quotation	82	77	5	94%
Transfer out payment	47	47	-	100%
Leaver	68	68	-	100%
Complaint	6	5	1	83%
Data change	25	22	3	88%
General enquiry/correspondence	879	865	14	98%
Benefit projection	48	48	-	100%
New Member	59	57	2	97%
Investment switch	44	44	-	100%
Transfer in quotation	9	8	1	89%
Transfer in completion	6	6	-	100%
Scheme Pays	1	1	-	100%
Total	1,371	1,330	41	97%

The SLA achieved over the course of the Scheme year was 97%, which was an improvement from 96% during the previous year. Where the SLA for individual event types during specific quarters was below the Trustees' expectation, the reasons for the lower performance was explained by WTW. The Trustees were satisfied with the explanation and actions taken for such events.

Six member complaints were received during the Scheme year. All complaints were fully investigated and resolved to the satisfaction of the individual complainants as well as the Trustees.

The Trustees' professional investment advisers, Mercer, include a summary of the transactions in all quarterly investment reports. The Trustees will continue to review the costs of transactions and their appropriateness going forward.

During the review period, the Trustees were satisfied that the quarterly Administration Reports from WTW evidenced that such financial transactions were processed promptly and accurately. These reports demonstrated that the administrator was operating broadly within the agreed service levels and within the statutory disclosure limits. The Trustees, having considered these reports, have concluded that for the most part, the Scheme's core financial transactions have been processed promptly and accurately during the Scheme year.

WTW has undertaken an independent review of the Scheme's governance processes and internal controls and has confirmed that they continue to be compliant with the Pensions Regulator's revised Code of Practice No 13 on governance and administration which is effective from July 2016. The Scheme is also compliant with the Code of Practice no 5 on reporting late payments of contributions and with the relevant legislation.

Charges and transaction costs

The charges paid by members relate solely to accessing the investments. Costs associated with the provision of administration, governance and communications services are met by the Principal Employer.

The Trustees are required to set out the on-going charges borne by members in this Statement, which are the annual fund management charges plus any additional fund expenses (such as custody costs, but excluding transaction costs), which in total is known as the Total Expense Ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds. In accordance with regulation 25(1)(a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Trustees are also required to separately disclose the transaction costs borne by members over the review period.

The Trustees have calculated the 'charges' and the 'transaction costs', borne by members during the Scheme year based on information provided by the Scheme's investment managers taking account of the statutory guidance for the calculations and provision of information relating to charges and transaction costs.

For these purposes 'charges' are the annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs. 'Transaction costs' are those incurred as a result of buying, selling, lending or borrowing investments.

Investment Manager Fees, additional expenses and transaction costs

The Annual Management Charges (AMCs), additional expenses and transactions costs applied to the Scheme's default arrangement and other funds are set out below. The fees shown for Legal & General and Schroder are as at 30 September 2022 and 31 December 2022, respectively, as the managers produce these on a calendar quarterly basis and are therefore not available at the Scheme year end date. Additional Voluntary Contributions (AVCs) paid by Scheme members are invested in the same funds as the Scheme's ordinary contributions.

Fund name	Charges			Transaction costs**	Total of charges and transaction costs	Default arrangement
	Annual Management Charge (AMC)	Additional expenses	Total Expense Ratio (TER)			
Default lifestyle strategy (growth component)*						
50% Keysight Sustainable Global Equity/50% Schroder DGF	0.37%	0.07%	0.44%	0.20%	0.638%	Yes
Self-select funds						
Keysight Sustainable Global Equity Fund***	0.26%	0.003%	0.263%	0.038%	0.301%	Yes from 24 August 2022

LGIM Future World Global Equity Index*** (40%)	0.225%	0.002%	0.227%	0.024%	0.251%	
LGIM Future World Global Equity Index Hedged***/* (40%)	0.25%	0.006%	0.256%	0.037%	0.293%	
LGIM Future World Fund^*** (20%)	0.35%	0.01%	0.351%	0.067%	0.418%	
L&G Global Equity 30:70 Fund*****	0.18%	0.031%	0.211%	0.020%	0.231%	Yes (up to 24 August 2022)
L&G UK Equity Index	0.10%	0.083%	0.183%	0.030%	0.213%	No
L&G Ethical UK Equity Index	0.20%	0.006%	0.206%	0.033%	0.239%	No
L&G Over 5 Year Index-Linked	0.10%	-	0.10%	0.059%	0.159%	Yes
L&G Future World Annuity Aware Fund (previously named L&G Pre-Retirement Fund)	0.15%	-	0.15%	0.003%	0.153%	Yes
L&G Cash	0.125%	-	0.125%	0.032%	0.157%	Yes
Schroder Diversified Growth Fund	0.53%*****	0.121%	0.651%	0.370%	1.021%	Yes
Prudential M&G UK Property Fund*****	0.680%	0.745%	1.425%	0.544%	1.969%	No

* The Default Fund (growth component) has comprised of 50% Keysight Sustainable Global Equity and 50% Schroder DGF since 24 August 2022. Prior to this date, the growth component comprised of 50% L&G Global Equity 30:70 Fund and 50% Schroder DGF. The figures presented in the table above for the Default lifestyle strategy (growth component) represent the charges and transaction costs for the period 31 December 2021 to 31 December 2022, taking account of this change-pro-rated for the time invested in each fund during the year. Please note these charges and transaction costs are estimates only. In estimating them we have had to assume the charges and transaction costs for each underlying fund apply constantly over the year (based on the annual charges and transaction costs presented above) and that the information provided by Legal & General for the year to 30 September 2022 also applies for the year to 31 December 2022 (to align with the Schroders charges and transaction costs).

** Transaction costs within the Legal & General funds are for the year to 30 September 2022. Transaction costs within the Schroder DGF fund are for the year to 31 December 2022.

*** The Keysight Sustainable Global Equity Fund is comprised of the LGIM Future World Global Equity Index Fund (40%), the LGIM Future World Global Equity Index Hedged Fund (40%) and the LGIM Future World Fund (20%) since 24 August 2022. Prior to this date, the fund was known as the L&G Global Equity 30:70 Fund and had different underlying funds. The figures presented in the table above for the Keysight Sustainable Global Equity Fund represent the charges and transaction costs for the new underlying funds had they been in place for a full year to 30 September 2022. This is due to the way LGIM have disclosed costs. Therefore, members invested in this fund will have only experienced part of this charge (from 24 August 2022 to 30 September 2022). The charges and transaction costs for the remainder of the period (1 October 2021 to 24 August 2022) would reflect the information

disclosed above for the L&G Global Equity 30:70 Fund. Again, charges and transaction costs shown for the L&G Global Equity 30:70 Fund represent the full year to 30 September 2022 and therefore, members invested in the Keysight Sustainable Global Equity Fund would only have experienced part of these charges and transaction costs.

**** LGIM provided partial year charges and transaction costs for the Future World Global Equity Index Hedged representing the period from the fund launch date of 15 February 2022 to 30 September 2022 – the charges and transaction costs presented in the table above for this fund have been estimated for a full year by ratioing up the information provided by LGIM. This has been done to be consistent with the other underlying funds presented.

***** Estimated based on current arrangement of 30% in UK Equity Index Fund and 70% in World ex UK Index Fund.

*****The AMC for the Schroder Diversified Growth Fund changed from 0.65% p.a. to 0.55% p.a. in February 2022 and from 0.55% p.a. to 0.47% p.a. in August 2022. The figure in the table represents the average AMC over the period.

*****The Property Fund was fully divested in July 2022 and therefore the figures presented in the table are for the 12 month period to 30 June 2022.

Value for Members (VfM)

Following new legislation, the Trustees are required to carry out a more detailed value for members assessment than the usual annual assessment, as the Scheme has less than £100 million in assets according to the most recent audited accounts. This involves self-assessing a) the quality of the administration and governance with reference to seven key metrics and b) comparing the costs and charges and net investment returns (net of transaction costs and charges) against three other comparator schemes.

The 7 key metrics of administration and governance that must be considered and assessed are:

- Promptness and accuracy of core financial transactions
- Quality of record keeping
- Appropriateness of the default investment strategy
- Quality of Investment Governance
- Level of trustee knowledge, understanding and skills to operate the pension scheme effectively
- Quality of communication with scheme members
- Effectiveness of management of conflicts of interest

The 3 comparator schemes are schemes of assets greater than £100m – one of which should be willing to accept the Scheme funds on a bulk transfer. We have included Aviva, having approached them on a “no-names” basis for terms, they would be willing to accept a transfer of Scheme assets:

- Nest (the UK’s largest Master Trust)
- People’s Pension (a well-established UK Master Trust)
- Aviva’s Master Trust (a leading provider in the master trust market)

Outcome

Having taken professional advice in May 2023, the Trustees consider that the administration and governance of the Scheme provided good value for members based on the performance of the Scheme only. There are many factors that contribute to this rating. In particular:

- The Trustees are comfortable with the quality and efficiency of the administration processes.

- Based on regular reporting, the quality of the record keeping is good.
- The default investment option has been designed based on the Scheme's membership demographics and has performed in line with the Trustees' expectations.
- Access to a range of passively and actively managed funds which the Trustees believe provide appropriate strategic choices for members' different savings objectives.
- The Trustees are familiar with the governing documentation and receive appropriate training.
- Flexibility and support at retirement including free access to annuity brokerage.

The Scheme was also assessed to deliver good value for members when the costs and charges and net investment returns were assessed against the **average** for the comparator schemes. In particular:

- The combined charges and transaction costs for the default (where the vast majority of members are invested) are above the average of the comparator schemes. However, in line with the guidance, the Trustees consider that the higher average net investment returns compared to the average of the comparator schemes are a mitigating factor here (see below).

The majority of net investment returns for the default have been above the average of the comparator schemes over 1 and 5 year periods.

As a result, the Scheme was assessed to provide good value overall for members.

Costs and charges illustrations

The Occupational Pension Schemes (Administration and Disclosures) (Amendment) Regulations 2018 require the Trustees to produce a “£ and pence” illustration showing the compound effect of costs and charges. As a result the Trustees have set out an illustration below which shows the projected value, over different time horizons, of each default fund/strategy as defined in the guidance as well as the highest and lowest charging self-select funds. Note, the Schroders DGF is both a default fund and the highest charging self-select fund. In preparing the illustrations, the Trustees have taken account of the relevant statutory guidance. The assumptions made to calculate the illustrations are shown below the table.

Example Member	Year s	Income Drawdown Targeting Lifestyle strategy		Annuity Targeting Lifestyle Strategy		Schroders DGF		L&G Over 5 year Index-Linked Gilts	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member	1	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800
	3	£5,600	£5,600	£5,600	£5,600	£5,600	£5,500	£5,300	£5,300
	5	£9,600	£9,400	£9,600	£9,400	£9,600	£9,300	£8,700	£8,700
	10	£20,400	£19,700	£20,400	£19,700	£20,400	£19,400	£16,900	£16,800
	15	£32,700	£31,100	£32,700	£31,100	£32,700	£30,200	£24,600	£24,300
	20	£46,600	£43,400	£46,600	£43,400	£46,600	£41,800	£31,800	£31,300
	25	£62,200	£57,000	£62,200	£57,000	£62,200	£54,400	£38,600	£37,900
	30	£80,000	£71,900	£80,000	£71,900	£80,000	£67,800	£45,000	£44,000
	35	£97,700	£86,100	£95,500	£84,700	£100,100	£82,400	£51,000	£49,700
	38	£105,000	£91,800	£99,700	£88,500	£113,400	£91,600	£54,400	£52,900
Average member	1	£55,300	£55,000	£55,300	£55,000	£55,300	£54,800	£53,300	£53,300
	3	£66,300	£65,100	£66,300	£65,100	£66,300	£64,500	£59,900	£59,700
	5	£77,900	£75,700	£77,900	£75,700	£77,900	£74,600	£66,300	£65,900

	10	£109,400	£103,900	£109,400	£103,900	£109,400	£101,000	£81,700	£80,700
	15	£144,000	£133,800	£143,000	£133,100	£145,000	£129,400	£96,100	£94,500
	20	£171,900	£157,000	£163,300	£151,400	£185,400	£160,000	£109,600	£107,300
Approaching retirement	1	£110,100	£109,500	£109,000	£108,700	£111,600	£110,500	£107,700	£107,500
	3	£129,200	£127,400	£125,500	£124,800	£135,700	£132,100	£122,800	£122,300

Assumptions and notes

1. Projected pension pot values are shown in today's terms, rounded to the nearest £100 and do not need to be reduced further for the effect of inflation.
2. Contributions and costs/charges that are shown as a monetary amount reduction are made halfway through the year.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before the application of investment returns.
5. Switching costs are not considered in the lifestyle strategies.
6. Inflation is assumed to be 2.5% each year, in line with the Scheme's SMPI assumptions.
7. Contributions are assumed to be paid from age 22 to 60 for the youngest member, from age 40 to 60 for the average member and from age 57 to 60 for the member approaching retirement and increase in line with assumed earnings inflation of 0% per year.
8. Values shown are estimates and not guaranteed.
9. The projected growth rates for each fund or arrangement are as follows:

Fund	Real projected growth rate (p.a.)
Income Drawdown Targeting Lifestyle strategy	0.256% to 2.500% (adjusted depending on term to retirement)
Annuity Targeting Lifestyle Strategy	-0.875% to 2.500% (adjusted depending on term to retirement)
Schroders DGF	2.500%
L&G Over 5 year Index-Linked Gilts	-1.250%

10. Transaction costs and other charges have been provided by Scheme investment managers (via Mercer). For Legal & General funds, these costs cover the year to 30 September 2022. For Schroders (included in both lifestyle strategies), these costs cover the year to 31 December 2022.
11. Pension scheme's normal retirement age is 60.
12. Example members:
 - a. Youngest: age 22, total contribution: £1,800, starting fund value: £0.
 - b. Average: age 40, total contribution: £4,000, starting fund value: £50,000.
 - c. Approaching retirement age 57, total contribution: £9,000, starting fund value: £100,000

Trustees' knowledge and understanding (TKU)

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively and are committed to completing training either at relevant meetings or by personal study. Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisers), the Trustees believe they are well placed to exercise their functions as Trustees of the Scheme properly and effectively.

The Trustees are conversant with the Scheme's SIP, Trust Deed and Rules and various documents setting out the Trustees' policies and procedures. The Trustees understand when these documents require review, when and how to make changes to these documents and policies. The Trustees also believe that they have sufficient knowledge of the legal and regulatory requirements relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

The Trustees maintain a training log in line with best practice. The training log is monitored regularly in line with best practice, with the help of the Trustees' advisers, to ensure that gaps in knowledge are identified and external specialist training can be arranged as necessary.

Evidence of conversance and knowledge of key Scheme documents over the reporting period included:

- Reviewing the content of the SIP to ensure this accurately reflected the Trustees' aims and objectives and to make sure that the full details of the DC investment structure and strategy continued to be accurately documented (the SIP is formally reviewed at least every three years and as part of making any change to the Scheme's investments), recording findings of the Trustees' review in the Implementation Statement and publishing this online.
- Reviewing the Scheme's Risk Register to identify the key risks to the Scheme and to assess whether there are appropriate controls in place to manage or mitigate these risks. The Trustees are satisfied that such controls are in place.

The Trustees' approach to meeting the TKU requirements during the review include:

- Ensuring that all Trustees have access to the legal documentation and policies relating to the Scheme through a secure online portal;
- Maintaining a rolling programme of bespoke training, which is delivered over designated training sessions and within Trustees' meetings, where appropriate. This incorporates a plan for future training sessions and relevant topics as part of their ongoing TKU assessment;
- Training topics held during the review year included governance and the Pensions Regulator's Single Code of Practice;
- Any gaps identified in the TKU assessment are addressed by revisiting the Pensions Regulator's trustee toolkit and undertaking specific and focused training. The Trustees' TKU policy forms part of the Scheme's Risk Register and was reviewed during the reporting period.
- Trustees receive updates on topical issues at each Trustees' meeting (and also on an ad hoc basis via email).

All Trustees have completed the Pensions Regulator's Trustee Toolkit and new Trustees are required to complete the Toolkit within six months of being appointed. An induction process has been used for newly appointed Trustees. This will be reviewed and updated as appropriate for any future new appointments.

The Trustees are supported by the Scheme's professional advisers and all Trustees' decisions are supported by professional advice where required. The Trustees' advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. This includes attendance of professional advisers at formal quarterly Trustees' meetings, and other meetings as appropriate.

The Trustees use their combined knowledge and understanding to:

- Manage the Scheme effectively, in line with its governing documents.
- Ensure that Scheme specific policies and procedures continue to be appropriate.
- Operate a communications approach which positively supports member education and retirement planning.

Between them, the Trustees have many years of experience working across business in senior management roles through to engineering and sales. The Trustees believe that this depth of experience helps them to understand the needs of the broad Scheme membership and to effectively represent them.

Taking into account the actions carried out as a trustee body and the professional advice available to them, the Trustees are satisfied that they are compliant with The Pensions Regulator's revised Code of Practice No 13 and the Code of Practice No 7 on TKU. The Trustees are also satisfied that they have met the relevant TKU legislative requirements.

Signed by the Chair on behalf of the Trustees of the Scheme:

Dave Park

25 May 2023

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David Park

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Date