

Victrex Pension Fund (the “Fund”)

Chair’s annual statement regarding governance of defined contribution benefits

Period covered - 1 April 2018 to 31 March 2019

1. Introduction

- 1.1. This statement has been prepared by the Trustee of the Victrex Pension Fund (the “Trustee”) and reports on how the Trustee complies with governance standards relating to defined contribution (DC) benefits, also commonly referred to as money purchase benefits.
- 1.2. The statement reports on how the Trustee during the reporting period, 1 April 2018 to 31 March 2019, complied with the governance standards, introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 and amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (“the Regulations”).

2. The Fund’s DC arrangements

- 2.1. These comprise:
 - 2.1.1. Defined Contribution Section (“the DC Section”) benefits, arising from contributions made by members and the employer.
 - 2.1.2. Legacy Additional Voluntary Contribution (AVC) benefits for members of the Defined Benefit Section (“the DB Section”) which are invested in line with the DC Section benefits.
- 2.2. The DC Section is open to new joiners and future contributions and is used as a ‘qualifying’ workplace pension scheme.
- 2.3. Funds are invested directly with Legal & General Investment Management (LGIM), Barings and Baillie Gifford.

3. Default arrangement

- 3.1. The DC Section has two default investment arrangements for the purposes of the governance standards.
- 3.2. The default investment option, introduced from March 2018, for new joiners is the Victrex Flexible Retirement Lifestyle Investment Option (“the default”), this:
 - 3.2.1. Invests 75% in LGIM passive equity funds and 25% in the Barings Global High Yield Credit Strategies Fund whilst a member is more than 15 years from their Selected Retirement Age (SRA), known as the early growth phase.
 - 3.2.2. Gradually switches 25% of the total allocation from the LGIM passive equity funds to the Barings Multi Asset Fund between 15 and 10 years from members’ SRA. This allocation is maintained until a member reaches 5 years from their SRA.
 - 3.2.3. Gradually switches a further 25% of the total allocation from the LGIM passive equity funds to the LGIM Cash Fund during the 5 years approaching SRA. At a member’s SRA, they have an investment allocation of 25% LGIM passive equities, 25% Barings Global High Yield Credit Strategies Fund, 25% Barings Multi Asset Fund and 25% LGIM Cash Fund.

- 3.3. The Trustee introduced a further lifestyle option in March 2018, the Victrex Target-Annuity Lifestyle Investment Option (“the alternative default”). Members who were previously invested in either of the two former lifestyle arrangements used in the DC Section and were within 5 years of their SRA were automatically switched to the alternative default unless they made an explicit choice otherwise. This arrangement is therefore also deemed a default investment arrangement for the purpose of the governance standards.
- 3.3.1. The alternative default uses the same allocation in the early growth phase as the default. When a member reaches 17 years from his SRA, the Barings Multi Asset Fund is introduced. At a member’s SRA, they will have an investment allocation of 75% in the LGIM Pre-Retirement Inflation Sensitive Fund and 25% in the LGIM Cash Fund. This investment portfolio assumes members will take 25% of their benefits as tax free cash and use the balance to purchase an annuity.
- 3.4. The default retirement age is age 65 in both the default and alternative default strategies, although members can choose to change the SRA for their benefits.

Aims and objectives

- 3.5. The default and the alternative default aim to grow the value of members' benefits in the early years of membership, although the value can go down as well as up.
- 3.6. The default aims also to limit the extent to which members’ benefits are exposed to large fluctuations in value on the approach to their retirement. The degree of protection provided is broadly appropriate for members who wish to take benefits via ‘drawdown’ or via a mix of retirement options that includes drawdown. It is also broadly appropriate for members who have yet to consider how they may take benefits or who do not know how they may take benefits.
- 3.7. The alternative default aims also to limit the extent to which members’ benefits are exposed to large fluctuations in value in the approach to pension retirement age. The degree of protection provided is broadly appropriate for an average member who wishes to take benefits via annuity purchase and the maximum 25% cash lump sum at retirement.

Review of the default

- 3.8. No formal strategic review of the default was undertaken during the period covered by this statement.
- 3.9. The Trustee last undertook a formal strategic review of the DC Section investment strategy in February 2017, and this review covered both the default investment arrangements and other investment options available for members to select. Supplementary advice was also provided during the previous reporting period, and this led to various changes to the investment range available including the implementation in March 2018 of the two default investment arrangements described in this section.
- 3.10. The Trustee receives quarterly investment monitoring reports from their investment advisers, Barnett Waddingham LLP, which includes performance figures for all funds used in the DC arrangements, analysis of both the default and alternative default strategies, and wider market commentary. The Trustee believes the performance is consistent with the stated aims and objectives.
- 3.11. The next formal review of the default is expected to commence in Quarter 1 2020.

Further Information

- 3.12. Further details of the two default investment arrangements are set out in the attached ‘statement of investment principles’ (SIP). Appendix 2 of that document relates to the Fund’s DC arrangements and covers the investment policy and objectives of the defaults.

4. Core financial transactions

- 4.1. The governance standards require the Trustee to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. The Fund's core financial transactions comprise:
 - 4.2.1. investment of contributions
 - 4.2.2. transfers into and out of the Fund
 - 4.2.3. investment switches within the Fund
 - 4.2.4. payments out of the Fund

Monitoring arrangements

- 4.3. Premier Pensions Management Ltd (the "administrator") provides the Trustee with comprehensive quarterly administration reports (the "stewardship reports") that allows them to monitor promptness against agreed service level agreement (SLAs). The stewardship report includes a service dashboard which details key compliance and service indicators as well as indicating any reportable events. It also confirms who is responsible for the service i.e. the Trustee or the administrator.
- 4.4. SLAs were agreed as part of the contract between the Trustee and the administrator. The SLAs for the core financial transactions are:
 - 4.4.1. 3 working days for investment of monthly contributions
 - 4.4.2. 3 working days for fund switches
 - 4.4.3. 5 days for individual member payments (e.g. transfers in, transfers out, retirement payments)
 - 4.4.4. monthly reconciliation for each fund
- 4.5. The administrator also has agreed to specific provisions in relation to the SLAs for example:
 - 4.5.1. To deliver the services set out with error, rework or failure rates below 1%
 - 4.5.2. To deliver the services set within the timescales stated in no less than 95% of cases processed to completion.
 - 4.5.3. The Trustee is satisfied based on periodic reporting from the administrator that these targets have been met during the reporting period.
- 4.6. The controls in place in relation to the accuracy of core financial transactions are:
 - 4.6.1. Reporting against accuracy within the quarterly stewardship reports;
 - 4.6.2. Rigorous checking processes that are embedded into the administrator's workflow systems and include hierarchical authorisation limits and individually linked evidence documentation.
 - 4.6.3. Daily monitoring of the trustee bank account;
 - 4.6.4. Monthly bank account and unit holding reconciliations;
 - 4.6.5. The auditing of the Fund's annual report and accounts by KPMG;
 - 4.6.6. Periodic reviews of the Fund's membership data.
 - 4.6.7. The administrator's processes are subject to internal controls procedures and an independent audit. An AAF 01/06 report is published annually, and the latest report dated 31 October 2018 cites no exceptions.

- 4.7. Based on the implementation of these control and monitoring procedures, the Trustee is satisfied that the core financial transactions have been processed promptly and accurately during the period covered by this statement and no material issues have been identified.

5. Charges and transaction costs

- 5.1. Members bear charges deducted from the funds in which their DC benefits are invested. The charges differ between the investment funds available.

Charges in relation to the default

- 5.2. The annual member-borne charges applicable to the default were 0.32% - 0.48%, depending on the investments funds held by the member (determined by the period to SRA).

The charges for the individual investment funds used by the default were:

Fund Name	Member-borne charge
Barings Multi Asset Fund	0.830%
Barings Global High Yield Credit Strategies Fund	0.690%
LGIM Cash Fund	0.125%
LGIM UK Equity Index Fund	0.130%
LGIM World (ex-UK) Equity Index Fund	0.220%

- 5.3. The annual member-borne charges applicable to the alternative default were 0.14% - 0.59%, depending on the investments funds held by the member (determined by the period to SRA).

- 5.4. The charges for the individual investment funds used by the alternative default were:

Fund Name	Member-borne charge
Barings Multi Asset Fund	0.830%
Barings Global High Yield Credit Strategies Fund	0.690%
LGIM Cash Fund	0.125%
LGIM Pre-Retirement Inflation-Sensitive Fund	0.150%
LGIM UK Equity Index Fund	0.130%
LGIM World (ex-UK) Equity Index Fund	0.220%

Charges in relation to other investment options available

- 5.5. The annual member-borne charges applicable to other investment funds in which members' DC benefits were invested were 0.125% - 0.830%.

- 5.6. The charges for the individual investment funds were:

Fund Name	Member-borne charge
Barings Global High Yield Credit Strategies Fund	0.690%
Barings Multi Asset Fund	0.830%
Baillie Gifford Global Alpha Growth Fund	0.590%
Baillie Gifford Multi Asset Growth Fund	0.600%

Fund Name	Member-borne charge
Baillie Gifford UK Equity Alpha Fund	0.570%
Baillie Gifford UK and Worldwide Equity Fund	0.470%
LGIM Active Corporate Bonds – All Stocks Fund	0.260%
LGIM Cash Fund	0.125%
LGIM Pre-Retirement Inflation-Sensitive Fund	0.150%
LGIM UK Equity Index Fund	0.130%
LGIM World (ex-UK) Equity Index Fund	0.220%
LGIM World Emerging Markets Equity Fund	0.460%

Additional transaction costs

- 5.7. In addition to the charges above, members bear transaction costs in relation to the funds in which their DC benefits are invested. Disclosure standards for investment managers are still developing and therefore information about transaction costs is not always readily available across the investment management industry as a whole. The Trustee has, however, asked the investment managers for information on transaction costs applied to the DC Section investment options over the Fund year.
- 5.8. The transaction costs were obtained from the investment managers for the reporting period and the following table provides details of the transaction costs quoted:

Fund Name	Explicit charges (p.a.)	Transaction costs (p.a.)	Total charge (p.a.)
Barings Global High Yield Credit Strategies Fund	0.690%	-0.02%	0.670%
Barings Multi Asset Fund	0.830%	0.11%	0.940%
Baillie Gifford Global Alpha Growth Fund	0.590%	0.05%	0.640%
Baillie Gifford Multi Asset Growth Fund	0.600%	0.47%	1.070%
Baillie Gifford UK Equity Alpha Fund	0.570%	-0.09%	0.480%
Baillie Gifford UK and Worldwide Equity Fund	0.470%	0.02%	0.490%
LGIM Active Corporate Bonds – All Stocks Fund	0.260%	0.05%	0.310%
LGIM Cash Fund	0.125%	0.00%	0.125%
LGIM Pre-Retirement Inflation-Sensitive Fund	0.150%	0.01%	0.160%
LGIM UK Equity Index Fund	0.130%	-0.02%	0.110%
LGIM World (ex-UK) Equity Index Fund	0.220%	-0.01%	0.210%
LGIM World Emerging Markets Equity Fund	0.460%	0.02%	0.480%

- 5.9. The method and process for collecting transaction cost data (known as 'slippage') can result in 'negative costs'. This can happen, for example when buying an asset, if the actual price paid ended up being lower than the mid-market price at the time of placing the order, for example because something happened in the market that pushed the price of the asset down.
- 5.10. The Trustee is mindful that we are in the early stages of transaction cost disclosure and investment managers have not fully adapted to these disclosure requirements. The Trustee did receive transaction cost

data in respect of the previous Fund year however no direct comparison or evaluation can take place as these were not provided on the slippage cost basis. The Trustee believes that it will be better placed to provide commentary and assess the value of the transaction costs in future years as the market adapts to provide the information required by legislation.

Impact of the costs and charges applied through the Fund

- 5.11. To demonstrate the impact of the costs and charges applied through the Fund, the Trustee has produced illustrations in line with September 2018 guidance from the Department of Work & Pensions entitled 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes'. These illustrations are set out below, and are designed to cater for representative cross-sections of the membership of the Fund's DC arrangements.
- 5.12. 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 cost and charges of the fund.
- 5.13. To determine the parameters used in these illustrations, the Trustee has analysed the membership of those invested in the DC Section and the DB Section AVCs relevant to the reporting period of this statement and ensured that the illustrations take into account the following:
- 5.13.1. A representative range of pot sizes. This includes:
- £35,000 – the rounded, median pot size across all members with DC benefits in the Fund.
 - £0 – to provide a representative illustration for new joiners to the Fund.
- 5.13.2. A representative range of real terms investment returns (gross of costs and charges), including the lowest, highest and the most popular (by number of members).
- 5.13.3. A representative range of costs and charges, including the lowest, highest and most popular (by number of members).
- 5.13.4. Representative periods of Fund membership, covering the approximate duration that the youngest member would take to reach normal retirement age.
- 5.14. The Trustee has included future contributions in the illustrations as the arrangements remain open to contributions. This includes:
- £700 p.a. – the most common total contribution rate (21%) calculated against the rounded median salary for active members of the Fund (£40,000)
 - £0 p.a. – to provide a representative illustration for deferred members
- 5.15. The investment funds and strategies used in these illustrations have been chosen from the range used by Fund members using the rationale outlined in the below table.

Fund Name	Rationale
Victrex Flexible Retirement Lifestyle Investment Option	Most popular (by members)
Baillie Gifford Multi Asset Growth Fund	Highest anticipated return gross of charges Highest costs and charges
LGIM Cash Fund	Lowest anticipated return gross of charges
LGIM UK Equity Index	Lowest costs and charges

Victrex Flexible Retirement Lifestyle Investment Option

The Victrex Flexible Retirement Lifestyle Investment Option has been selected as it is the most popular investment option by number of members invested. The illustrations below assume that the member is wholly invested in this strategy throughout their period of membership.

Projected Pension Pot in Today's Money						
Years to Target Retirement Age (TRA)	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£44,013	£43,830	£35,640	£35,476	£8,372	£8,353
3	£62,935	£62,243	£37,222	£36,709	£25,713	£25,534
5	£83,408	£81,988	£39,246	£38,345	£44,162	£43,642
10	£141,682	£137,285	£45,605	£43,524	£96,077	£93,762
15	£209,397	£200,724	£52,994	£49,579	£156,403	£151,145
20	£288,083	£274,312	£61,580	£56,781	£226,503	£217,531
25	£379,519	£358,591	£71,557	£65,030	£307,962	£293,561
30	£485,769	£455,113	£83,151	£74,477	£402,618	£380,636
40	£752,702	£692,261	£112,278	£97,688	£640,424	£594,573
50	£1,113,141	£1,003,316	£151,609	£128,133	£961,532	£875,183

How to read this table: If a member has invested £35,000 in this strategy on 31 March 2019, £700 in contributions were paid each month, and they came to retire in 20 years, the fund could grow to £288,083 if no charges are applied but to £274,312 with charges applied. The change in the asset allocation in the final 15 years to TRA will have an impact upon the assumed rate of return as well as the costs and charges applied to members and, as such there will not be a consistent level of charges applied across the entire glidepath.

Baillie Gifford Multi Asset Growth Fund

The Baillie Gifford Multi Asset Growth Fund has been selected as it is the fund with the highest costs and charges of those funds available through the Fund, and is one of the funds with the highest anticipated return (gross of charges). The illustrations below assume that the member is wholly invested in this fund throughout their period of membership.

Projected Pension Pot in Today's Money						
Year of Future membership	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£44,633	£44,274	£36,195	£35,874	£8,437	£8,400
3	£64,896	£63,523	£38,709	£37,688	£26,186	£25,834
5	£86,566	£83,745	£41,398	£39,595	£45,168	£44,150
10	£147,558	£138,889	£48,965	£44,792	£98,593	£94,097
15	£219,699	£201,272	£57,916	£50,672	£161,783	£150,600
20	£305,028	£271,844	£68,503	£57,324	£236,525	£214,520
25	£405,954	£351,681	£81,025	£64,849	£324,929	£286,831
30	£525,329	£441,998	£95,836	£73,362	£429,493	£368,635
40	£833,531	£659,756	£134,075	£93,888	£699,456	£565,868
50	£1,264,709	£938,440	£187,572	£120,156	£1,077,137	£818,284

How to read this table: If a member has invested £35,000 in this fund on 31 March 2019, £700 in contributions were paid each month, and they came to retire in 20 years, the fund could grow to £305,028 if no charges are applied but to £271,844 with charges applied

LGIM Cash Fund

The LGIM Cash Fund has been selected as it is the fund with the lowest anticipated return (gross of charges). The illustrations below assume that the member is wholly invested in this fund throughout their period of membership.

Projected Pension Pot in Today's Money						
Year of Future membership	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£42,724	£42,676	£34,488	£34,445	£8,236	£8,231
3	£57,834	£57,665	£33,486	£33,362	£24,348	£24,303
5	£72,505	£72,182	£32,513	£32,312	£39,992	£39,870
10	£107,345	£106,509	£30,203	£29,831	£77,143	£76,678
15	£139,709	£138,200	£28,056	£27,540	£111,653	£110,660
20	£169,774	£167,457	£26,063	£25,425	£143,711	£142,032
25	£197,702	£194,467	£24,211	£23,473	£173,491	£170,995
30	£223,645	£219,404	£22,490	£21,670	£201,155	£197,734
40	£270,133	£263,678	£19,407	£18,470	£250,725	£245,208
50	£310,248	£301,413	£16,747	£15,742	£293,501	£285,672

How to read this table: If a member has invested £35,000 in this strategy on 31 March 2019, £700 in contributions were paid each month, and they came to retire in 20 years, the fund could grow to £169,774 if no charges are applied but to £167,457 with charges applied

LGIM UK Equity Index Fund

The LGIM UK Equity Index Fund has been selected as it is the fund with the lowest cost and charges of those available through the Fund. The illustrations below assume that the member is wholly invested in this fund throughout their period of membership.

Projected Pension Pot in Today's Money						
Year of Future membership	Starting Value: £35,000 Contributions: £700 pm		Starting Value: £35,000 Contributions: £0 pm		Starting Value: £0 Contributions: £700 pm	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£35,000	£35,000	£35,000	£35,000	£0	£0
1	£44,633	£44,591	£36,195	£36,158	£8,437	£8,433
3	£64,896	£64,734	£38,709	£38,589	£26,186	£26,145
5	£86,566	£86,231	£41,398	£41,184	£45,168	£45,048
10	£147,558	£146,514	£48,965	£48,459	£98,593	£98,055
15	£219,699	£217,447	£57,916	£57,021	£161,783	£160,426
20	£305,028	£300,912	£68,503	£67,095	£236,525	£233,817
25	£405,954	£399,122	£81,025	£78,949	£324,929	£320,173
30	£525,329	£514,684	£95,836	£92,897	£429,493	£421,787
40	£833,531	£810,664	£134,075	£128,621	£699,456	£682,043
50	£1,264,709	£1,220,464	£187,572	£178,083	£1,077,137	£1,042,382

How to read this table: If a member has invested £35,000 in this strategy on 31 March 2019, £700 in contributions were paid each month, and they came to retire in 20 years, the fund could grow to £305,028 if no charges are applied but to £300,912 with charges applied

Notes

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. It is for this reason some funds show negative growth.
2. Inflation is assumed to be 2.5% each year
3. Starting pot values and future contribution assumptions are as stated in the tables
4. Values shown are estimates are not guaranteed
5. Charges for each fund used in the illustrations are those outlined in this statement
6. The projected growth rates, gross of costs and charges, for each fund or arrangement used in these illustrations are in line with those produced for the 2019 Statutory Money Purchase Illustrations (SMPI), and are as follows:

Fund	Assumed Investment Return
Barings Global High Yield Credit Strategies Fund	2.0% over inflation
Barings Multi Asset Fund	3.5% over inflation
LGIM Cash Fund	1.5% under inflation
LGIM UK Equity Index Fund	3.5% over inflation
LGIM World (ex-UK) Equity Index Fund	3.5% over inflation

Value for members

- 5.16. Regulations require the Trustee to assess the extent to which the charges and transaction costs borne by members represent good value.
- 5.17. The charges and transaction costs borne by members relate to the costs of providing the investment management services. The costs of administration services and communications are met by Victrex plc ("the Company").
- 5.18. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated July 2019. The Trustee considered the report and confirmed its value for members assessment at a meeting on 16 July 2019.
- 5.19. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment
- 5.20. The assessment recognised that low cost does not necessarily mean better value, so considered the following in relation to the quality of investment services provide for that cost:
 - 5.20.1. the range of investment options available and the design of the default
 - 5.20.2. the arrangements for monitoring the performance of the investment funds
 - 5.20.3. the investment governance arrangements
 - 5.20.4. the investment services relative to the other options available in the market.

- 5.21. The Trustee concluded that the Fund's DC arrangements provide **excellent value** in relation to the charges and transaction costs borne by members. Some of the key factors that lead to this assessment are:
- 5.21.1. The Fund has an appropriate governance structure, where investment matters are considered by the Trustee at regular meetings with the help of professional advisers.
 - 5.21.2. Members in the DC arrangements have access to an appropriate range of investment options, which were recently implemented following demographic analysis, and are monitored regularly by the Trustee and their advisers. Members have access to a range of communication materials in respect of these investments.
 - 5.21.3. The Trustee undertook work during the year to update the Statement of Investment Principles to reflect the new investment options, and have started work to understand and document the security of the Fund's DC assets, and protections available
- 5.22. The assessment considered just those services for which members bear or share the costs. Factors that were not considered but that add value include:
- 5.22.1. The services fully paid for by the Company, e.g. the DC Section's administration and communication services, and the services of legal advisers, consultants and auditors
 - 5.22.2. The operation of the Trustee Board, with a duty to act in the best interest of members (includes the services of a professional trustee, whose costs are met by the Company)
 - 5.22.3. The Company contributions available
 - 5.22.4. The operation of salary sacrifice, providing an optional, tax efficient way of paying in
 - 5.22.5. Financial education sessions run by Wealth at Work on a recurring basis, which also give members the opportunity to ask questions and provide feedback on the Victrex Pension Fund, which is passed on to the Trustee as appropriate.

6. Trustee knowledge and understanding

- 6.1. As at 31 March 2019, the Trustee comprises a sole independent professional trustee, BESTrustees Limited.
- 6.2. BESTrustees Limited is represented by Peter Godding ("the Trustee representative"), who has the requisite qualifications, experience, knowledge and skills in order to undertake a trustee role effectively.
- 6.3. Significant support and oversight is available from BESTrustees Limited to assist their representatives in undertaking their trustee roles effectively, including peer review support for significant decisions, quarterly disclosures to an internal sole trustee committee and internal continuous professional development (CPD) requirements.
- 6.4. At the start of the reporting period, there were a further three trustees, one of whom, Angela Hiney, was nominated by the members and two of whom, David Lucas and Craig Valentine, were appointed by the Company. Angela Hiney resigned from the trustee board with effect from 1 October 2018; David Lucas and Craig Valentine were removed by the Company with effect from 1 October 2018 in order that the Fund could move forward with a sole trustee.
- 6.5. The Trustee is required to be conversant with the Fund's main documents, and have appropriate knowledge and understanding of the law relating to pensions, trusts and investment of Fund assets to enable them to properly exercise their functions.
- 6.6. The Trustee representative addresses the requirements through a combination of training and taking professional advice.

Trust documentation and policies

- 6.7. Having conducted formal reviews since appointment as Trustee with the assistance of its professional advisers, the Trustee representative is conversant with the following Trust documents and policies:
- 6.7.1. Revised Definitive Trust Deed & Rules
 - 6.7.2. Statement of Investment Principles
 - 6.7.3. Data Protection Policy
 - 6.7.4. Risk Register
 - 6.7.5. Internal Dispute Resolution Procedure
 - 6.7.6. Member booklet
- 6.8. The Statement of Investment Principles was reviewed and updated during the year with assistance from the Trustee's investment advisers, in order to reflect the newly implemented investment options.

Trustee training

- 6.9. The Trustee undertakes regular training activities in order to aid professional development and keep abreast of relevant pensions issues. Prior to the move to sole trusteeship, a training log was reviewed and updated at each Trustee meeting with assistance from professional advisers, and this was used as a self-assessment tool to determine gaps in their own knowledge, from which the trustees would actively look to fill these gaps.
- 6.10. New trustees have previously been required to complete the Pensions Regulator's Trustee toolkit programme, and modules completed were noted on the training log, however no new trustees were appointed during the reporting period and it is not anticipated that any new trustee appointments will be made in the near future given the move to sole trusteeship during the year. BESTrustees Limited have a robust internal handover process should a change of Trustee representative be required in the future.
- 6.11. The Trustee representative complies with Continuous Professional Development requirements of both the Association of Professional Pension Trustees and the Pensions Management Limited, as per their responsibility as a professional trustee, and the Trustee representative considers that this is an efficient and effective way to record and assess training received.
- 6.12. The Trustee representative received Fund-specific training at meetings, and supplements this with matters such as attending seminars and industry events, reading pensions-related literature and receiving ongoing support from the BESTrustees Limited.
- 6.13. During the 2018-19 Fund year, the Trustee representative has undertaken the following training in relation to DC issues:
- 6.13.1. Disclosure of costs, charges and investments
 - 6.13.2. Security of assets
 - 6.13.3. Environmental, Social and Governance (ESG) factors within investment strategies
 - 6.13.4. Market developments and DC infrastructure

Access to professional advice

- 6.14. The Trustee consults externally with professional advisers as and when required, for example on consultancy, governance and legal matters. Their professional advisers alert the Trustee on relevant changes to pensions legislation and trust law.
- 6.15. During the period covered by this statement, the Trustee obtained professional advice on assessing the Fund's VFM, and ongoing monitoring of the investments of the Fund's DC arrangements.
- 6.16. The Trustee assesses their advisers informally on a regular basis.

Assessment

- 6.17. The Trustee considers that the professional and independent status of the Trustee representative, their knowledge, skills and understanding, and the advice which is available to them from their advisers enables them to properly exercise their trustee functions in relation to the Fund's DC arrangements.



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Peter Godding of BESTrustees Limited

19 August 2019

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Date