

Getronics UK Pension Plan ("the Plan")

Annual statement regarding governance of the Defined Contribution (DC) Section and Defined Benefit AVC (DB AVC) Section

Plan year end – 31 March 2024

Introduction

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee to prepare an annual statement regarding governance, which must be included in the annual Trustee's report and accounts. The governance requirements apply to all DC pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustee covers the period from 1 April 2023 to 31 March 2024 and is signed on behalf of the Trustee by the Chair.

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

1. The Default Arrangement
2. Net Investment Returns
3. Member borne charges and transaction costs
 - 3.1. Default arrangement
 - 3.2. Additional Voluntary Contributions
 - 3.3. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustee's knowledge and understanding

As mentioned in our newsletter issued during the Plan year, the Trustee is aware of the recent high inflation conditions and the impact this had in terms of investments and cost of living. The Trustee has been closely monitoring investment performance over the Plan year as a result of this and the changes that the investment manager has taken in response to the current financial situation.

This document relates to:

- DC Section of the Plan
- DB Additional Voluntary Contributions (AVCs) Section of the Plan

As required the Trustees have published this Chair's Statement on a website where individuals can view, download and print a copy. The Chair's Statement can be accessed at

<https://jobs.kpn.com/getronics-uk-pension-plan>

1. The Default Arrangement

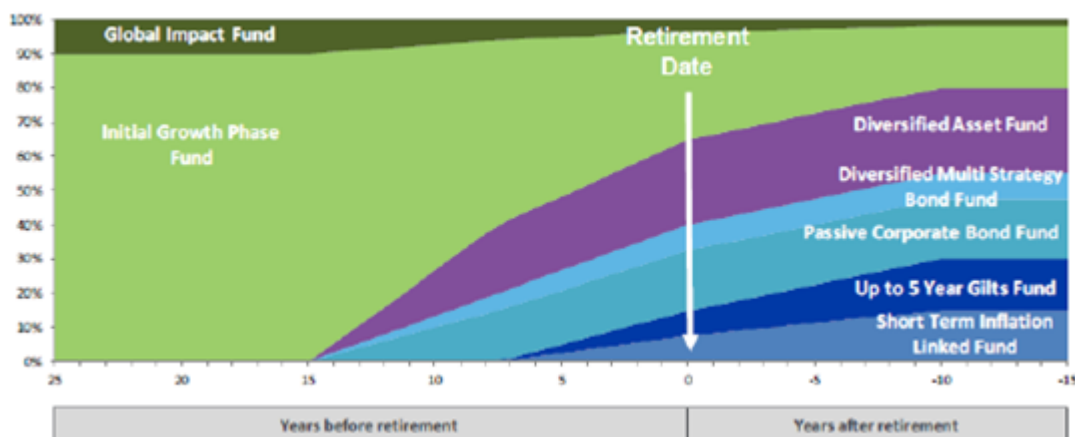
The Plan is closed to contributions and is not used as a Qualifying Scheme for auto-enrolment purposes.

1.1. Information about the default arrangement

The Trustee is responsible for the Plan's investment governance, which includes setting and monitoring the investment strategy for the Plan's default arrangement. Before the closure of the Plan, the default arrangement was primarily provided for members who joined the Plan but did not choose an investment option for their contributions. The current default arrangement is the **Retirement Pathway Fund**. It is designed to enable a member to secure their Guaranteed Minimum Pension (GMP) at retirement from their DC Section funds, and to have flexibility around the use of any remaining retirement savings. This includes taking any remaining retirement savings as a cash sum, buying additional pension (via an annuity) or using drawdown (where a member's retirement savings remain invested but regular and/or ad hoc amounts are withdrawn). Please note that drawdown is not an option available within the Plan so a member would need to transfer to another pension arrangement that allowed drawdown. Please see below for more information regarding GMPs.

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' (SIP). The Plan's SIP follows this document; however, the aim for the default arrangement is set out here for ease of reference:

- To maximise the value of members' assets at retirement
- To maintain the purchasing power of members' savings in real (i.e. post-inflation) terms; and
- To provide protection for accumulated assets in the years approaching retirement against:
 - Volatility in the capital value
 - Fluctuations in the cost of securing an income and / or cash in retirement



Source: Aon Investments Limited, Illustration purposes only

Each member is allocated to the relevant Retirement Pathway Fund with a target date that most closely matches their selected retirement date. For example, a member who is due to reach their selected retirement date in 2029 would be allocated to the Aon Managed Retirement Pathway 2028-30. **For this reason, all members should notify the administrator, Aon, of their selected retirement date so that the appropriate Retirement Pathway Fund can be selected for them. The default retirement age is 65 so if members do not make a decision it is assumed that they will take their retirement benefits from the Plan at age 65.**

The above chart shows the different underlying funds that a member's retirement savings are invested in during their membership. The switching of a member's retirement savings across

these different underlying funds happens automatically on a member's behalf within each Retirement Pathway Fund.

The Retirement Pathway Fund aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings through exposure to growth assets, including equities (equities are stocks and shares of companies). As a member gets closer to retirement, the Retirement Pathway Fund gradually diversifies into other types of investments with an aim to reduce volatility, whilst continuing to provide growth until the point that the retirement benefits are taken.

The default arrangement has been designed to be appropriate for the majority of members, taking into account the benefits that are payable under the Plan Rules. Under the Plan Rules, when a member retires, some or all of their pension fund must be used to provide them with a certain level of pension payable for life. The law sets out the level of this pension, how this pension must increase in payment and the level of pension that must be provided to a spouse in the event of the member's death. It is called a 'Guaranteed Minimum Pension' (GMP). Usually this pension is 'bought' by the Trustee through an insurance company, who guarantees to pay this amount. The cost of buying this pension is met from the member's DC Section fund.

Therefore, the default arrangement has been designed with the aim of improving the possibility that the members' pension fund at least meets the cost of buying this pension. This has been done by modelling members' likely projected pension fund sizes at retirement under different scenarios. Where the member's pension fund does not meet the cost of buying a pension to cover the GMP, the Trustee and Company will continue to top up a member's pension fund to be able to buy the required level of GMP.

There is no default arrangement for DB AVC members with such members needing to choose how their AVCs are invested.

There is a separate Statement of Investment Principles in place for the DB Section of the Plan which covers the DB AVC arrangement. A copy of the DB Section Statement of Investment Principles can be provided on request.

1.2. Reviewing the Trustee's Investment Strategy

It is the Trustee's policy to review the Plan's DC investment strategy on a three-yearly basis or following any significant changes in the demographic profile of the Plan members or a relevant change in legislation.

The Trustee and its advisers, Aon UK Limited, undertook a review of the investment strategy, including the default arrangement during the period of this Statement. The review took place on **14 September 2022**. The review considered the continued appropriateness of the investment strategy, taking into account the Plan membership and the Trustee's investment objectives. The Trustee concluded that the investment strategy, including the default arrangement, remained suitable for the Plan members. The next formal review of the Plan's investment arrangements is due to take place by **14 September 2025**. The Trustee monitors this within the Plan's risk register.

1.3. How the Trustee monitors the performance of the default arrangement

The Trustee receives and reviews quarterly reports from Aon Investments Limited (the investment manager of the Retirement Pathway Fund) showing the performance of the default arrangement. The performance is considered against the aims and objectives of the default arrangement including an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against both the Benchmark and a Long-Term Return Objective that have been agreed with the investment manager. The Long-Term Benchmark sets out a target of the performance that the Retirement Pathway Fund is aiming to achieve and this varies between the different Retirement Pathway Funds (depending on how close a member allocated to that Pathway is to retirement). The Long-Term Benchmark sets a return above inflation (measured as the increase in the Consumer Price Index 'CPI').

The last review of the performance of the default strategy's performance was at the Investment Sub-committee meeting on 5 March 2024, when the quarterly investment report for the period ending 31 December 2023 was noted and a presentation from Aon Investments Limited was received.

With the exception of investments in government bonds, the markets had seen positive performance over Q1, 2024, resulting in positive returns for the Aon Managed Retirement Pathway Funds over the quarter, one, three and five years. Investment returns achieved for members further from retirement were ahead of the relevant long-term return objective of CPI +4% p.a. over the 5 year period. For members closer to retirement, the lower allocation to growth assets, exposure to the bond market falls in 2022 and high levels of inflation meant that the performance is behind the relevant long-term return objective. The Trustee took steps to understand the reason for this and decided that no action was required at the current time. The performance is consistent with the aims and objectives of the default strategy as stated in the SIP. More detail can be found in Section 4.

1.4. The DB AVCs Investment Options

Some DB members historically paid AVCs. The number of DB AVC members and the value of the DB AVC funds is very small in comparison to the size of the DC Section. AVCs are DC in nature and are used to provide additional benefits in retirement. The Trustee operates two closed DB AVC arrangements with Standard Life and Utmost Life and Pensions and a deposit account with Santander. During the year, Santander gave notice to the Trustee that it intends to withdraw this AVC option. The Trustee has taken investment advice from Aon Solutions UK Limited on a suitable investment option for the members impacted and has engaged with members to explain the change.

DB AVC members do not have a GMP to secure at retirement and as such have a greater range of options with regards to their DB AVCs. Therefore, DB AVC members are offered a range of investment options.

The Trustee formally reviewed the DB AVC arrangements on 6 June 2023. The review raised no major concerns regarding the performance of the AVC funds. A review of the DB AVC arrangement is due to be carried out every three years so the next review will be in 2026.

1.5. Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Plan and is not calculated by reference to the value of the member's rights under the Plan, the Trustee must state the amount of any such performance-based fees in relation to each default arrangement.

During the Plan Year the Plan was not subject to any performance-based fees.

1.6. Default arrangement asset allocation

The Trustee is required to disclose the full asset allocations of investments for each default arrangement. The table below shows the percentage of assets allocated in the default arrangement, the Retirement Pathway Fund, to specified asset classes over the year to 31 March 2024.

The specified asset classes are:

Asset class	Average asset allocation over year to 31 March 2024 (%) ¹			
	25 years old	45 years old	55 years old	NRA
Cash	0.5%	0.5%	1.4%	2.8%
Bonds				
<i>Corporate bonds</i>	0.0%	0.0%	4.3%	10.7%
<i>Fixed interest government bonds</i>	0.0%	0.0%	1.4%	8.3%
<i>Index-linked government bonds</i>	0.0%	0.0%	2.2%	20.3%
<i>Other bonds</i>	0.0%	0.0%	2.9%	7.5%
Listed equities				
<i>UK equities</i>	2.9%	2.9%	2.4%	1.2%
<i>Developed market equities (excluding UK)</i>	77.9%	77.9%	65.5%	31.2%
<i>Emerging markets</i>	9.7%	9.7%	8.1%	3.8%
Private equity				
<i>Venture capital</i>	0.0%	0.0%	0.0%	0.0%
<i>Growth equity</i>	0.0%	0.0%	0.0%	0.0%
<i>Infrastructure</i>	1.3%	1.3%	1.1%	0.4%
<i>Property</i> ²	7.6%	7.6%	6.1%	2.3%
<i>Private debt</i>	0.0%	0.0%	0.0%	0.0%
<i>Other</i>	0.0%	0.0%	4.5%	11.5%

Source: Aon Investments Limited. The underlying manager data used to calculate exposure to the individual asset buckets is at 31 March 2024

¹ Totals may not sum to 100% due to rounding.

² Property includes both direct property investments and REITs

2. Net Investment Returns

The Trustee is required to report the net investment returns for each fund Plan members were invested in during the reporting period. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns shown below have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

2.1. DC Default arrangement - Retirement Pathway Fund

Performance to 31 March 2024	Annualised returns (%)	
Age of member the start of the investment reporting period	1 year	5 years
25	15.3	8.2
45	15.3	8.2
55	12.4	5.5

Source: Aon Investments Limited. Performance up to 5 years is only available Performance data for longer periods is not available as the funds have not been in existence for a longer period.

2.2. DB AVCs

2.2.1. Unit-linked AVC investment options

Performance to 31 March 2024	Annualised returns (%)				
Fund name	1 year	5 years	10 years	15 years	20 years
Standard Life FTSE Tracker Pension Fund	7.7	4.7	5.1	8.5	6.5
Standard Life Managed Pension Fund	10.2	5.2	5.6	8.0	6.8
Standard Life Mixed Bond Pension Fund	2.5	-2.2	1.3	3.2	3.4
Utmost Multi-Asset Moderate Fund	13.5	n/a	n/a	n/a	n/a
Utmost Multi-Asset Cautious Fund	6.6	n/a	n/a	n/a	n/a
Utmost Managed Pension Fund	11.2	4.9	n/a	n/a	n/a
Utmost Global Equity Fund	27.6	12.9	n/a	n/a	n/a

Source: Standard Life, Utmost and Financial Express

Where n/a is shown, performance data for longer periods is not available as the funds have not been in existence for a longer period.

2.2.2. Standard Life Pension 2 With Profits 2 Fund

Standard Life are unable to provide performance figures in the required format for the Standard Life Pension 2 With Profits 2 Fund, therefore, the Trustee has reported the returns of the underlying investments that this fund invests in as well as the latest bonus information (please note that members receive bonuses rather than the underlying fund returns). Future annual bonus rates can be changed at any time by Standard Life.

Standard Life Pension 2 With Profits 2 Fund - Underlying returns (last 5 calendar years)

2019	2020	2021	2022	2023
11.7%	-2.7%	14.5%	-6.3%	9.4%

Standard Life Pension 2 With Profits 2 Fund - Bonuses

Period	Total Growth Rate (annual equivalent return)
01/02/2012 – 31/01/2013	1.00%
01/02/2013 – 31/01/2014	0.50%
01/02/2014 – 31/01/2015	1.00%
01/02/2015 – 31/01/2016	0.75%
01/02/2016 – 31/01/2018	0.50%
01/02/2018 – 31/01/2022	0.75%
01/02/2022 – 31/01/2023	1.25%
01/02/2023 – 31/01/2024	1.75%
01/02/2024 – until further notice	2.25%

Source: Standard Life

3. Member Borne Charges and Transaction costs

The Trustees have set out the costs and charges that are incurred by members, rather than the employer, over the statement year in respect of each investment fund available to members. These comprise the Annual Management Charge/Total Expense Ratio and transaction costs.

Charges – these include the Annual Management Charge ("**AMC**" – the annual fee charged by the investment manager for investing in a fund), as well as **additional fund expenses**. Together the AMC and the additional fund expenses make up the Total Expense Ratio (**TER**), which is the total cost of investing in the fund. The AMC and TER information is readily available as these charges are explicit and are a percentage of members' funds. The TER is paid by the members and is reflected in the unit price of the funds.

Transaction costs - are costs which are incurred within the day to day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities within the fund. Transaction costs are incurred on an on-going basis and are implicit within the performance of the fund and are reflected in the unit prices. Where transaction costs have been provided as a negative cost, these have been set to zero by the Trustees for the purposes of the calculations.

3.1. Charges and costs relating to the DC Default arrangement (Retirement Pathway Fund)

The charges and transaction costs have been supplied by the investment manager, Aon Investments Limited. The TERs that were applicable to the default arrangement, as at 31 March 2024, ranged from 0.26% p.a. to 0.27% p.a. Transaction costs ranged between 0.03% to 0.11% across all the Retirement Pathway Funds. Details of the TERs and the transaction costs to 31 March 2024 were as follows:

Fund name	AMC (% pa) as at 31 March 2024	TER* (% pa) as at 31 March 2024 (including AMC)	Transaction Costs (% pa)	Total Costs (% pa)
AM Retirement Pathway 2019-2021	0.24	0.26	0.11	0.37
AM Retirement Pathway 2022-2024	0.24	0.27	0.10	0.37
AM Retirement Pathway 2025-2027	0.24	0.27	0.10	0.37
AM Retirement Pathway 2028-2030	0.24	0.27	0.09	0.36
AM Retirement Pathway 2031-2033	0.24	0.27	0.08	0.35
AM Retirement Pathway 2034-2036	0.24	0.27	0.06	0.33
AM Retirement Pathway 2037-2039	0.24	0.27	0.04	0.31
AM Retirement Pathway 2040-2042	0.24	0.27	0.03	0.30
AM Retirement Pathway 2043-2045	0.24	0.27	0.03	0.30
AM Retirement Pathway 2046-2048	0.24	0.27	0.03	0.30
AM Retirement Pathway 2049-2051	0.24	0.27	0.03	0.30
AM Retirement Pathway 2052-2054	0.24	0.27	0.03	0.30
AM Retirement Pathway 2055-2057	0.24	0.27	0.03	0.30
AM Retirement Pathway 2058-2060	0.24	0.27	0.03	0.30
AM Retirement Pathway 2061-2063	0.24	0.27	0.03	0.30
AM Retirement Pathway 2064-2066	0.24	0.27	0.03	0.30
AM Retirement Pathway 2067-2069	0.24	0.27	0.03	0.30
AM Retirement Pathway 2070-2072	0.24	0.27	0.03	0.30

*The TER is capped at 0.38% p.a.

Source: Aon Investments Limited.

3.2. Charges and costs relating to the DB AVCs

For members invested in the Standard Life AVC arrangement the TERs, as at 31 March 2024, for the funds being used were as follows.

Funds	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Standard Life FTSE Tracker Pension Fund	0.60	0.04	0.64
Standard Life Managed Pension Fund	0.65	0.10	0.75
Standard Life Pension 2 With Profits 2 Fund*	0.65	0.02	0.67
Standard Life Mixed Bond Pension Fund	0.65	0.11	0.76

Source: Standard Life

* There is no explicit charge or additional expenses for the unitised With Profits Fund as Standard Life allows for these in the calculation of the final bonus rates. The charge used is based on 0.65% p.a. Up until 1 January 2023, Standard Life also allowed for an additional expense for the cost of the guarantee of the With Profits Fund, however since 1 January 2023, the cost has been removed.

For members invested with Utmost, the charges were as follows as at 31 March 2024:

Funds	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Utmost Multi-Asset Moderate Fund	0.75	0.21	0.96
Utmost Multi-Asset Cautious Fund	0.75	0.24	0.99
Utmost Managed Pension Fund	0.75	0.12	0.87
Utmost Global Equity Fund	0.75	0.08	0.83

Source: Utmost

For members with AVC funds invested in the Santander deposit fund, Santander has confirmed that there are no charges applicable and no transaction costs due to the nature of the account. Santander has given notice to the Trustee that it intends to withdraw this AVC option. The Trustee has taken investment advice from Aon Solutions UK Limited on a suitable investment option for the members impacted and has engaged with members to explain the change.

3.3. Illustrations of the cumulative effect of costs and charges

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

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

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

Each illustration, A and B is shown for a different type of member as follows:

DC Member A – no further contributions, based on the DC Section's median pension fund size of £37,500. The illustrations are based on the approximate duration that the youngest member using the fund would take to reach Normal Retirement Age ("NRA") which is age 65. The youngest member is age 45. The Trustees believe that this is a good representation of the Plan membership.

DC Member B – no further contributions, based on the median fund size for members with funds above £50,000. This is £94,000. The illustration is based on the fund that the average age member in this cohort would be invested in based on an NRA of 65. The average age for this group is 62 years old.

We have shown illustrations for Members A and B assuming they are invested in the current default arrangement, as this is the only investment option available to DC members.

The Chart shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied. The projected fund values are shown in today's terms, so do not need to be reduced further for the effect of future expected inflation.

DC Member A: Starting fund size £37,500 no further contributions

Projected pension pot in today's money - Default arrangement			
Age	Before charges £	After all charges + costs deducted £	Effect of charges £
45	37,500	37,500	0
50	44,560	43,890	670
55	52,340	50,730	1,610
60	59,680	56,860	2,820
65	66,160	61,920	4,240

DC Member B: Starting fund size £94,000 no further contributions

Projected pension pot in today's money - Default arrangement			
Age	Before charges £	After all charges + costs deducted £	Effect of charges £
62	94,000	94,000	0
65	99,660	98,600	1,060

DB AVCs

The Trustee has provided illustrations for the AVC funds with the lowest and highest costs:

- Lowest charged AVC fund – Standard Life FTSE Tracker Pension Fund
- Highest charged AVC fund – Utmost Multi-Asset Cautious Fund
- AVC fund with the most invested in it – Utmost Multi-Asset Cautious Pension Fund

Based on a median AVC fund size of £13,630 and median age of the AVC membership which is 64.

	Projected pension pot in today's money - AVC member		
	Standard Life FTSE Tracker Pension Fund		
Age	Before charges £	After all charges + costs deducted £	Effect of charges £
64	13,630	13,630	0
65	13,960	13,880	80

	Projected pension pot in today's money - AVC member		
	Utmost Multi-Asset Cautious Fund		
Age	Before charges	After all charges + costs deducted	Effect of charges
64	13,630	13,630	0
65	13,590	13,470	120

Assumptions and data used in the illustrations:

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

- The projected annual gross returns on assets for the default arrangement are based on:
 - Aon Managed Global Impact Fund: 7.0%
 - Aon Managed Initial Growth Phase Fund: 6.0%
 - Aon Managed Diversified Asset Fund: 4.0%
 - Aon Managed Diversified Multi Strategy Bond Fund: 2.0%
 - Aon Managed Passive Corporate Bond Fund: 4.0%
 - Aon Managed Short Term Inflation Linked Fund: 2.0%
 - Aon Managed up to 5-year UK Gilt Index Fund: 2.0%
- The illustrations assume inflation to be 2.5% p.a.
- As the default was introduced in 2020 the transaction costs are for a 4-year period. Over time these will be averaged over a longer period in line with statutory guidance to reduce the level of volatility. A floor of 0% pa has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- DB AVCs – Standard Life FTSE Tracker Pension Fund as the lowest cost AVC fund – a projected annual net return of 5.0% and inflation of 2.5% p.a. ('mid'-rate). Transaction costs have been averaged over 5 years where possible as set out in the statutory guidance.
- DB AVCs – Utmost Multi-Asset Cautious Fund as the AVC fund with the highest cost as well as the AVC fund with most assets invested in it – a projected annual net return of 2.2% and assumed inflation of 2.5% p.a.
- Transaction costs have been averaged over 4 years as the fund has only been in place for four years.
- Data used is as at 31 March 2024.

4. Value for Members assessment

There is no legal definition of "*good value*" or the process of determining this for Plan members. Therefore, working in conjunction with the Trustee's advisers, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether members receive good value from the Plan relative to the costs and charges they pay.

The costs have been identified as the TERs and Transaction Costs and are set out in section 3 of this statement.

The Trustee's beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

It should be noted that the members only pay the investment charge and as such the only service that the Trustee is required to consider in terms of the regulations is '**Investments**'. The employer pays all additional charges, meaning that the charge members pay is reduced.

However, for the Trustee to assess overall value, the Trustee has agreed on a number of other benefits of membership as explained below.

In terms of the benefits of membership the Trustee has identified those which it believes members value most:

- **Investments:** The Trustee believes that a well-designed default arrangement that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.
- **Plan Governance:** The Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members interests are protected, increasing the likelihood of good outcomes for members.
- **Administration:** The Trustee believes that good administration and record keeping play a crucial role in ensuring that Plan members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.
- **Member communications (including support at retirement):** The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes. The Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement.

For each area the Trustee has rated the services either *green*, *amber* or *red*:

- **Green** – the Trustee believes that the services provided represent good value to its members and help to deliver better member outcomes,
- **Amber** – some of the services provided offer good value, however, the Trustee has identified gaps where these services could be improved,
- **Red** – none of the services provided represent good value for members and action will be taken by the Trustee to address this.

4.1. Commentary for the DC Section

Investments – the charge that members pay

Area	Rating	Examples for the rating
Investments		<ul style="list-style-type: none"> ✓ The Trustee has implemented a default arrangement that has been designed taking into account the membership profile to improve member outcomes. ✓ The default arrangement accounts for the fact that members' DC pots will be used to buy an annuity to cover their GMP at retirement, and it is a targeted dated fund which manages members' investment risk throughout their membership. ✓ For those further from retirement, its objective includes providing the opportunity for real growth (i.e. growth above inflation). The default arrangement has provided real returns above inflation over the 5 years to 31 March 2024, despite high levels of inflation over some of that period. For those close to retirement above inflation returns have not been achieved due to lower allocation to growth assets, high levels of inflation and market volatility experienced during 2022 which has had an impact on longer term performance. The Trustee anticipate that this is a short-term impact created by market conditions. ✓ Aon Investments Limited has actively managed the investment of the default arrangement over the Plan year, to take into account investment opportunities based on current and expected future market conditions. ✓ Fund factsheets are produced quarterly for members and these are available to download on the member portal or can be requested via the administrators. ✓ The default arrangement takes Environmental, Social and Governance (ESG) risks into consideration when choosing which funds to invest in. Aon Investments Limited continues to look for opportunities to increase investment in funds that take ESG into account. Over the year, changes were made to replace the existing emerging markets fund with an emerging markets fund that has a greater tilt towards companies that have higher ESG scores.

Other areas that we have identified that members benefit from

Area	Rating	Examples for the rating
Plan Governance		<ul style="list-style-type: none"> ✓ The Trustee regularly meets to discuss the Plan and discussions at these meetings are documented in writing. The Trustee's professional advisers also attend these meetings to give advice and guidance to the Trustee. ✓ All Trustee Directors receive training both at outset and ongoing and are required to complete an adequate level of training hours per year to ensure that they can fulfil their duties. ✓ The Trustee Board includes both Company and member nominated Trustee Directors. ✓ The Trustee has processes in place to deal with conflicts of interest and has a risk register that helps the Trustee to mitigate any risks related to running the Plan. ✓ The Trustee maintains a business plan that sets out the Trustee's objectives and helps to prioritise action that the Trustee wishes to take to improve member outcome.
Administration		<ul style="list-style-type: none"> ✓ As highlighted in section 5 below, the Trustee is comfortable with the quality and efficiency of the administration processes.
Member communication		<ul style="list-style-type: none"> ✓ Members can access their pension details online and model their pension pot at different retirement ages. ✓ An annual newsletter is issued to members telling them about important things that they should be aware of in relation to the Plan and their benefits. ✓ At retirement, members have access to an annuity broker who helps them to secure their benefits via the open market, based on the members' individual circumstances to ensure that members get good value.

Trustee's findings...

In light of the evidence provided in the framework, the Trustee believes that the costs and charges **borne by members** represent **good** value for members.

When taking into consideration the wider benefits that members receive as a member of the Plan, including the services that the **Company pays for** rather than the member, the Trustee believes that members receive **good value**.

4.2. Commentary on value for members of the DB AVC arrangements

Members with DB AVCs invested with Standard Life and Utmost pay charges. Part of that charge covers the investment costs and part of the charge covers the AVC providers' administration service.

Area	Rating	Example
Investments		<ul style="list-style-type: none">✓ As AVC members are not required to fund a particular benefit, DB AVC members have a range of funds that can be selected with different risk ratings.✓ Members can switch funds at any time.✓ Fund factsheets are produced for members and these are available to download or can be requested via the administrators.✓ The charges DB AVC members pay are typical for AVC arrangements of this size based on the experience of the Trustee's advisers; Aon UK Limited.
Administration		<ul style="list-style-type: none">✓ As highlighted in section 5, the Trustee is comfortable with the quality and efficiency of the administration by the AVC providers.

Trustee's findings...

In light of the evidence provided in the framework, the Trustee believes that the costs and charges **borne by DB AVC members** represent **good** value for members.

5. Processing of Core Financial Transactions

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

What are core financial transactions?

Transactions considered include:

- transfer of members' funds out of the Plan,
- transfers between different fund vintages within the Plan,
- payments to and in respect of members, such as on retirement or death.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Plan administrator, Aon. As the Plan is closed no new contributions are paid.

In order to determine how well the administration is performing the Trustee has service level agreements ("SLA") in place with Aon. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete the settlement of all financial transactions within 5 working days and issue quotations of benefits within 10 working days. The Trustee is comfortable that the SLAs are appropriate.

Administration summary for the year:

- **2,073** work items received
- **89%** completed in agreed time levels

These statistics cover both DB and DC items.

To enable the Trustee to monitor the processing of core financial transactions, the Trustee receives a quarterly stewardship report from Aon that contains information on the core financial transactions for the Plan and the SLAs. These reports are reviewed by the Trustee at the regular Administration Sub-Committee (ASC) meetings to ensure compliance. Any concerns would be raised by the ASC members at the full Trustee board meetings. During the year there were 5 ASC meetings held.

During the period covered by this statement, the administrator completed 89% of cases within the agreed SLA, which includes both DC and DB tasks. For AVC tasks 100% were completed within SLAs. The overall SLA performance has decreased from the previous year, and as a result during the year, the ASC held a meeting with Aon's Head of Integrated Pensions to understand the reasons for this and the administrator's action plan to get SLAs back to expected levels. The Trustee was able to understand the reason for the fall in SLAs and was reassured following this meeting that a plan is in place to improve SLAs. Overall, the Trustee remains confident in the ability of the administrator to provide a positive service for members despite these short-term challenges.

The Trustee understands that it is not always possible for cases to be dealt with within the SLA due to both volumes of work, complexity of cases and external factors, such as waiting for additional information from members and third parties.

The Trustee also monitors the number of cases carried over each quarter against a target maximum of 40%. The Trustee is pleased to advise that as at 31 March 2024 the number of outstanding items was below the 40% target and during the year this target was not exceeded. Currently, the Trustee is taking no further action, other than continuing to monitor the position.

Members are reminded that the quickest way to obtain details regarding their retirement savings is by logging on to Aon's PensionLine web service and the Trustee would like to encourage members to use this service.

There were no new administration issues that were raised during the year that required the Trustee to take action.

Where members are unhappy with the service these cases are fully investigated by the Administration Team to identify the root cause and action required and are reported to the Trustee. The Administration Team will take steps to ensure that any errors or issues are resolved and that the member is not detrimentally impacted by such occurrences.

Members who remain unhappy are able to raise a formal complaint with the Trustee via the Trustee's Internal Dispute Resolution Procedure. There were two complaints raised under the Trustee's Internal Dispute Resolution Procedure over this period. Both related to timescales taken to settle retirement benefits, one of which was following a change in the retirement process. This change was necessary due to Aon withdrawing its annuity broking service at short notice. The Trustee had to identify and appoint an alternative annuity broking service to be able to settle benefits which led to a delay in these cases. The Trustee appointed HUB Financial Solutions Ltd as annuity broker for the Plan. The Trustee reviewed whether the members had suffered any financial detriment due to the delay and took steps accordingly based on the individual circumstances. Both cases have now been resolved.

In terms of the accuracy of core financial transactions, the Trustees have reassurance from Aon that suitable controls are in place. These include:

- a full member and Plan reconciliation being undertaken annually as part of the annual preparation of the Trustee's Report & Accounts
- monthly reconciliations of the DC units held by the investment managers against Aon's records,
- daily monitoring of bank accounts,
- full reconciliation of bank statements,
- all transactions are recorded in the Plan's Cash Tracker,
- a peer-review process for checking calculations and investment and banking transactions.

Aon's administration controls are independently audited on an annual basis. The last review covered the period 1 October 2022 to 30 September 2023 and considered the suitability and effectiveness of the administration system and general IT controls adopted by Aon. This was shared with the Trustee. There was one exception noted which was resolved and subject to satisfactory retesting by the auditor. The audit found that the controls in place were suitable. A bridging letter covering the period 1 October 2024 to 31 March 2024 has been produced confirming that Aon's administration system and general IT controls had remained unchanged over this period.

In addition, the Trustee receives an annual Plan Audit Report from the Auditor, an independent party that audits the running of the Plan and the controls that the Trustee has in place to mitigate any risks associated with running the Plan. The ASC reviewed the last audit report (for year ending 31 March 2023). The Audit Report did not identify any matters requiring the Trustee's attention.

Accurate data is fundamental to the accuracy and timeliness of core financial transactions. The Trustee has established a 'track and trace' process which is used to identify any members with missing addresses or who have passed away. Over the year, the Trustee undertook a review of the data held by the administrator on the Trustee's behalf. This data is split into common data (such as name, date of birth and address) and conditional or scheme specific data (such as investment fund details). The review of the data showed that 86% of Common Data items are held and 84% of Conditional Data are held. A data improvement project is underway for example, the Trustee made contact with members who had passed their retirement date to verify the address details held and traced members where the Trustee became aware that the address was no longer valid.

Like many other trustee boards, the Trustee is also going through an exercise to reconcile the GMP data held on the Plan records compared to HMRC's historic records. During the year the

Trustee undertook further data review projects in readiness for requirements on trustee boards to recalculate historic levels of GMP built up between 1990 and 1997 on the same basis for both male and female members.

The Trustee has also been working through any gaps in data needed for Pensions Dashboards. Pensions Dashboards will enable an individual to see their pension benefits across all the different pension plans that they have participated in via a single, online dashboard. The date for when Pensions Dashboards will be available to the public has yet to be confirmed by the government, but the Trustee will communicate to members nearer the time.

5.1. Comments specific to the DB AVC Providers

As the AVC arrangements are closed to future AVCs, the Providers' administration is limited to producing annual benefit statements, maintaining a record, fund switches and paying proceeds to the Plan administrator, Aon on transfer, retirement or death. The Trustee does not have a service level agreement in place with the AVC providers but this is in line with market practice. Aon will report back if there are any concerns or delays to the Trustee around the administration by the AVC providers. During the Plan year the administration team had no concerns regarding the AVC providers' services.

Trustee's conclusion:

The Trustee is satisfied that during the period of this report, that:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Plan year.

6. Trustee's Knowledge and Understanding

6.1. The steps the Trustee takes to ensure the Trustee Board has appropriate levels of knowledge and understanding

The comments in this section relate to the Plan as a whole and not solely the DC Section. The Trustee board is made up of 6 Trustee Directors with varying skill sets. The Trustee Directors have varying backgrounds including investment and administration expertise.

The Trustee has processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- Assessing training needs and identifying gaps in knowledge through an annual assessment which involves the Trustee Directors rating their knowledge and understanding across the key areas relating to pension schemes. The last assessment was carried out in March 2022. It was not carried out in the Plan year as the Trustee's training focus for 2024/25 is on training needed to support key Plan projects that are underway.
- The Trustee has a training plan in place and this was last reviewed at the Administration Sub-Committee meeting on 8 March 2024 and the Trustee meeting on the 9 April 2024. There are a number of additional areas of training are currently being considered by the Trustee Directors. This aims to help the Trustee identify how well the risks associated with running the Plan are mitigated or managed.
- Maintaining training logs for each Trustee Director which supports the above. The Trustee Directors complete training logs, which they currently use to record formal training undertaken. Training encompasses a range of different activities, from attending training sessions to reading pension-related material between meetings. During the Plan year all training-related activity undertaken during the year were recorded on the training plan in addition to formal training undertaken.
- The Trustee Directors each aim to complete training both during and outside of meetings throughout the year. The Trustee Directors are comfortable that they have completed an adequate amount of training-related activities during the Plan year. This includes the newly appointed Trustee Director who has been in the role for less than 12 months.
- All Trustee Directors have completed the Pension Regulator's Trustee toolkit. The Trustee toolkit is an online module-based training tool that trustees can complete to gain an understanding of the key elements of managing a pension scheme. It is provided by the Pensions Regulator.
- Undergoing regular training for the year – the details are given below.

The Trustees received training from advisers through main board meetings and sub-committee meetings – 12 meetings in total were held during the year. The areas of training covered during the year included:

- Options for securing GMPs for DC members
- Requirements under the new General Code that came into effect from March 2024
- Legal changes and planned future changes
- Dealing with potential cyber instances
- Changes to the tax allowances that apply to pension schemes

6.2. Demonstrating a working knowledge of key scheme documents

The Trustee has engaged with its professional advisers regularly throughout the year to ensure that it exercises its functions properly and takes professional advice where needed. In exercising its functions this has required knowledge of key scheme documents such as its governance documents, Trustee's Report & Accounts and Statement of Investment Principles. Some of the areas that support this statement are set out below:

- Reviewed the Trustee's Conflicts of Interest policy.
- Reviewed its risk register.
- Signed off the Trustee's Report and Accounts.
- Reviewed the business plan.
- Reviewed the Remuneration Policy.
- Reviewed the Risk Management Function and timings for the Own Risk Assessment (ORA).
- Reviewed quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.

6.3. Demonstrating knowledge of principles relating to investment and funding of DC schemes

To show how the Trustee has demonstrated that it has sufficient knowledge and understanding of principles relating to investment of DC schemes it also undertook the following actions:

- Discussed the suitability of the investment return assumptions used to project DC members' Plan values on the annual benefit statements.
- Reviewed the quarterly investment reports to assess fund performance against benchmarks, and Long-Term Objectives as well as against the aims and objectives, as set out in the Statement of Investment Principles.
- Received regular investment market updates from their managers/investment advisers.
- Reviewed the options for funding GMPs that DC Plan members have.

6.4. Demonstrating knowledge and understanding of the law relating to pensions and trusts

To show how the Trustee has demonstrated that it has sufficient knowledge and understanding of principles relating to pensions and trusts the Trustee undertook the following actions:

- Updated the risk register and business plan.
- Received training on the requirements set out under the new General Code
- Received training around new and future legislation changes from the Trustee's legal advisers.
- Assessed the Risk Management Function and reviewed and updated its Remuneration Policy.

A review of the Board's effectiveness and Trustee Board diversity was not carried out in the Plan year. The Trustee agreed to complete this in the following Plan year.

The Trustee maintains a business plan that captures the Trustee's vision and long-term objectives for the Plan as a whole, including the DC Section and AVCs Schemes. The business plan is reviewed at each Trustee's meeting to ensure that the Trustee remains on track to meet its long-term objectives.

An induction process is in place for new Trustee Directors and this was followed for the Trustee Director appointed in the period. New Trustee Directors are requested to complete the Pension Regulator's Trustee toolkit within 12 months of appointment to the role. There were no new Trustee Directors during the Plan year.

The Trustee considers that the Board meets the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that the combined knowledge and understanding, together with the support of its advisers, enables the Board to properly exercise its functions as the Trustee of the Plan.

Signed on behalf of the Trustee of the Getronics UK Pension Plan by the Chair of Trustee

Name: Carlo Steenvoorden

Signature: *Carlo Steenvoorden*

Date