



## Henkel Retirement Benefits Scheme

### The Annual Chair's Statement: 1 January 2022 to 31 December 2022

#### Introduction

The Trustees of the Henkel Retirement Benefits Scheme (the '**Scheme**') present this Chair's Statement (the '**Statement**') on governance which conforms with the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the '**Administration Regulations**'), as amended. This Statement is based on advice and information provided by our advisers, Mercer Limited ('**Mercer**').

This Statement relates to defined contribution ('**DC**') benefits (also known as money purchase benefits) within the Scheme only. DC benefits are provided for members of the 2003 Section (also known as the Money Purchase Section) and the Loctite Section, and in respect of additional voluntary contributions ('**AVCs**') and "pension bonus" contributions made by or on behalf of eligible members of other sections of the Scheme.

This Statement relates to the period from 1 January 2022 to 31 December 2022 (the '**Scheme Year**') and covers six principal areas:

1. Investment: The Scheme's default investment arrangements;
2. Internal Controls: Core financial transactions;
3. Costs and charges;
4. Return on investments;
5. Value for members' assessment; and,
6. Trustee knowledge and understanding.

#### **Investment**

##### Default Arrangements

The Scheme is used by its sponsoring employer as a Qualifying Scheme for auto-enrolment purposes. Members who join the Scheme and do not choose an investment option are placed into the default investment option for the Scheme. The Trustees are responsible for the Scheme's investment

governance, which includes setting and monitoring the investment strategy for the Scheme's default Money Purchase Section investment option.

The aims and objectives of the investment arrangements for members, as stated in the statement of investment principles, are as follows:

- Maximising the value of retirement benefits, to attain a reasonable standard of living in retirement.
- Protecting the value of benefits in the years approaching retirement against sudden volatility in capital value and fluctuations in the cost of providing benefits.
- Tailoring a member's investments to meet his or her own needs.

A number of the requirements of the Administration Regulations, which are referred to in this Statement relate only to a 'default arrangement' (as defined in the Administration Regulations). The default arrangements for the Scheme Year are set out below and at Appendix C of the Scheme's statement of investment principles, and include:

- the default investment option for new members; and,
- default arrangements for members whose funds have historically been 'mapped' into new funds or lifestyle strategies (the '**technical defaults**').

#### Statement of Investment Principles

The Statement of Investment Principles (the '**SIP**'), signed on 19 December 2022, also sets out the Trustees' objectives and policies in relation to the default arrangement (the '**default investment option**') and an explanation of how the investment strategy employed therein is intended to ensure that assets are invested in the best interest of Scheme members.

A copy of the Scheme's SIP is set out at Schedule 5 of this Statement. The section of the SIP relating to the default arrangements is set out at Appendix C of the SIP.

#### Review of default investment option and performance of default arrangements

As at the Scheme Year end, the Scheme's default investment option was the Lifetime Targeting Income Drawdown. This strategy invests in a mix of global equity and diversified growth funds during the growth phase with the aim of growing the value of member's savings over the longer-term while managing the level of risk relative to global equities. When a member is eight years from retirement, their Scheme savings are de-risked into a diversified mix of assets designed to be broadly suitable for targeting income drawdown, as well as an allocation to cash to facilitate tax free cash withdrawal at retirement.

The last formal review of the default investment option was completed in 24 November 2021. The main recommendations from this review were:

- Retain the Lifetime Targeting Income Drawdown as the Scheme's 2003 DC Section default investment option as Scheme-specific and industry wide data showed a clear trend both to support the Trustees view that members are most likely to access their pot via income drawdown at retirement.
- Within the Diversified Growth Strategy (50% of the growth phase allocation for the default investment option), replace the 33.33% allocation to the Aviva Investment Multi-Strategy Target Return Fund with the Insight Broad Opportunities Fund.
- Within the global equity allocation of the default investment option, reduce the UK overweight, adopt a more neutral position on currency hedging, introduce specific factor tilts (to Small Cap and minimum volatility equities) and adopt greater ESG integration.
- Introduce a Sharia-compliant HSBC Islamic Global Equity Index Fund and consider adding a sustainable global equity fund to the self-select fund range.

Due to the heightened levels of global market volatility in the final months of 2022, particularly in respect of global currency exchange rates, the Trustees agreed that the launch of the Passive Global Equity Strategy, which was the blended fund to be used as the equity allocation of the default investment option, should proceed in two stages. Accordingly, the fund was launched for use in the Scheme's three Lifetime Investment Programmes in November 2022 as planned, but with an interim asset allocation, as a first step, that moved halfway from the previous 100% currency hedged position to the intended 50% level. At the same time, it was agreed that the intended launch of the Passive Global Equity Strategy as a self-select ("Hands-on") option was postponed until its final asset allocation had been achieved. The second phase of the change took place in May 2023, after the end of the Scheme Year.

The Trustees offer members three Lifetime Strategies. The Lifetime Targeting Income Drawdown is the default investment option, implemented over the 2019 Scheme year. Prior to these changes, the default investment option was the Lifetime Targeting Annuity, in which a small number of members close to retirement remain invested.

The Lifetime strategies investment in a common growth phase until a member reaches eight years to retirement, before gradually de-risking towards allocations designed to target taking benefits as an annuity, income drawdown or a cash lump sum at retirement. Details of the three Lifetime Strategies are set out in the SIP.

All members retain the right to apply their own asset allocation within the Scheme's fund options if they decide that the default investment option is not suitable for their personal requirements. Members should therefore review the default investment option and self-select options available to them to determine which options are the most suitable for them. The Trustees are unable to provide advice to members in this respect. Full details on the default arrangements and the other investment options available, can be found in the SIP, which sets out the Trustees policies around the Scheme's investments, which is attached to this Statement.

Members can review the wide range of information on the Aviva My Money platform, Scheme literature and seek their own personal advice as they consider appropriate.

In addition to the triennial investment strategy reviews, the investment sub-committee reviews the performance of the default arrangements (including the technical defaults) and self-select fund range at each six-monthly meeting. Performance is assessed against the targets of the lifestyle strategies and funds (such as return and risk) as well as the overall aims and objectives as specified in the SIP, such as an appropriate reduction in risk as a member approaches retirement. The Trustees believe that the performance of the investment fund range has been in line with expectations, with the majority of funds delivering performance in line or in excess of their benchmarks over the three year period to 31 December 2022. Whenever funds are not delivering in line with expectations, this will be reviewed and recommendations will be made. Changes were proposed following the triennial investment strategy review undertaken in November 2021 as previously stated. The Trustees will continue to formally review the performance of the investment options available to members at their six-monthly meetings.

#### Technical Defaults

The previous section details the default investment option chosen by the Trustees for members who do not make an active investment choice when they join the Scheme.

However, it is possible for pension schemes to have additional 'default arrangements' where members have been switched between funds when fund line-up changes are made, without member consent (i.e. they were transferred by the Trustees into a new fund that best matched or improved on their old fund without the Trustees requiring written agreement from the member).

From April 2015 to 31 December 2022, there have been a number of mapping exercises resulting in the 'technical defaults funds' shown in the table on the following page.

Previous Fund/Arrangement	Current Fund	Date Undertaken	Reason for Creation
Money Purchase Section			
L&G Global Equity (60:40) Index Fund	Aviva Pension MyM BlackRock (30:70) Currency Hedged Global Equity Index (Aquila C) Fund	December 2015	These defaults were created when funds were mapped to the Aviva Platform (previously Friend’s Life) as part of the transition of the Scheme assets to the Aviva platform.
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	50% Aviva Pension MyM BlackRock Over 15 Year Gilt Index (Aquila C) Fund and 50% Aviva Pension MyM BlackRock Over 15 Year Corporate Bond Index (Aquila C) Fund	December 2015	
L&G Cash Fund	Aviva Pension MyM BlackRock Institutional Sterling Liquidity Fund	December 2015	
Aviva Pension MyM BlackRock DC Diversified Growth Fund	Aviva Pension MyM Diversified Growth Strategy	October 2017	Result of movement of main scheme member assets from the BlackRock DGF to the blended DGF arrangement.
Loctite Section			
L&G Consensus Index Fund	80% Aviva Pension MyM BlackRock (30:70) Currency Hedged Global Equity Index (Aquila C) Fund 20% Aviva Pension MyM BlackRock Over 15 Year Gilt Index (Aquila C) Fund	December 2015	These defaults were created when funds were mapped to the Aviva Platform (previously Friend’s Life) as part of the transition of the Scheme to the Aviva platform.
L&G Over 15 Year Gilts Index Fund	Aviva Pension MyM BlackRock Over 15 Year Corporate Bond Index (Aquila C) Fund	December 2015	
L&G Cash Fund	Aviva Pension MyM BlackRock Institutional Sterling Liquidity Fund	December 2015	
Pension Bonus contributions			
BlackRock DC Balanced Growth Fund	80% Aviva Pension MyM BlackRock (30:70) Currency Hedged Global Equity Index (Aquila C) Fund	December 2015	These defaults were created when funds were mapped to the

	20% Aviva Pension MyM BlackRock Over 15 Year Gilt Index (Aquila C) Fund		Aviva Platform (previously Friend's Life) as part of the transition of the Scheme to the Aviva platform.
BlackRock DC Pre-Retirement Fund	Aviva Pension MyM LGIM Pre-Retirement Fund	December 2015	
BlackRock Cash Fund	Aviva Pension MyM BlackRock Institutional Sterling Liquidity Fund	December 2015	
<b>Certain AVC contributions</b>			
Equitable Life With Profits Fund	Utmost Life Secure Cash Fund then the Utmost Life Money Market Fund	January 2020	Following the sale of Equitable Life to Utmost Life, Equitable Life with Profits Policies were moved to the Utmost Secure Cash Fund from 1 January to 30 June 2020. The Utmost Secure Cash Fund had a guarantee until 30 June to not reduce in value. Following expiry of the guarantee the Trustee decided to move assets into the Utmost Life Money Market Fund, with the switch taking place over the remaining six months of 2020.
Utmost Life Money Market Fund	Lifestyle Targeting Cash BlackRock Sterling Liquidity Fund	April 2022	The Trustees agreed to close the Utmost Life policy and map members into the Scheme's main DC investment arrangements with Aviva. Members without an existing account in the Scheme's AVC and Bonus (deferred) section were moved into the Lifestyle Targeting Cash or to the BlackRock Sterling

			<p>Liquidity Fund, depending on their expected retirement age.</p> <p>Members with an existing account in the Scheme's AVC and Bonus (deferred) section were mapped into their existing investment choices (based on the constraints of the Aviva investment platform).</p>
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Prior to mapping members' investments across to the replacement funds, the Trustees took appropriate investment advice and considered these funds to be suitable for members taking into account the demographics of the members invested in the funds.

The Trustees review the technical defaults funds on a six-monthly basis as part of its regular on-going monitoring and triennial investment strategy reviews, as previously discussed. Following the investment strategy review in November 2021, the Trustees continued to believe that these arrangements remain suitable and appropriate for members.

#### **Internal Controls: Core Financial Transactions**

The Trustees have a specific duty to ensure that core financial transactions relating to DC benefits are processed promptly and accurately. This includes the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustees' behalf by the Scheme's platform provider, Aviva, with whom the Trustees hold a long term contract to administer the Scheme's assets. The Trustees appointed Aviva (formerly Friends Life) in December 2015 because they:

- Are one of the UK market leaders in Bundled DC pension provision;
- Offer access to a suitable range of funds that meet the Trustees stringent requirements;
- Give members on-line access to fund information, guidance and help; and,
- Provide support with member education and communication.

The administrators' contractual agreements are comprehensive documents and include key target service levels for all core financial transactional areas, covering accuracy and timeliness. These core financial transactions include reconciliation and investing of contributions, reconciliation of units, investment switches, transfers and retirement benefits.

Aviva provide regular reporting for the processing of these core financial transactions in their quarterly governance reports. SLA performance for member requests is measured based on delivering value to members which is unique in the industry and as such is difficult to benchmark against other providers who measure SLA's based on the number of working days to complete a particular activity. Further details on the processing and member request service level agreements ('SLAs') can be found at Schedule 1 to this Statement.

Aviva records all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to the task. Aviva's governance reports disclose their performance against these agreed timescales and are provided each quarter. The Trustees:

- Consider these reports when received and they are reviewed against the targets set;
- Understand that 100% completion against SLA will not always be possible, however it does request further information from Aviva in the case of consistent service delivery underperformance.

The Trustees also monitor the accuracy of the Scheme's common data annually. If the data does not meet the standards set by the Pensions Regulator or there is a decline in common data scores, the reasons for these are discussed together with the remedial measures available to the Trustees.

As a wider review of the Scheme administrator in general, the Trustees receive the Scheme administrator's assurance report on internal controls annually. For the Scheme Year, the report noted that in all material aspects, its controls were suitably designed and those tested operated effectively.

The auditor to the Scheme, Assure UK, performs testing of contributions as part of the audit of the Scheme's annual report and accounts, and the Trustees arrange for spot checks of member contributions and benefit payments to be made.

The table in Schedule 1 also sets out the SLAs for the Scheme's core financial transactions and the controls that existed during the Scheme Year to ensure accuracy and promptness. The Trustees believe that core financial transactions were processed promptly and accurately for most of the Scheme Year and there were no material administration errors in relation to core financial transactions. They do report on end to end time frames for completing requests and on this basis an overall service level of 98.1% was achieved by Aviva. If considering only the core financial work items, a service level of 99.4% was achieved.

The Trustees also maintain the Scheme's Risk Register, which sets out the key risks for the Scheme and its membership. A delegated group of the Trustees carry out a thorough review of the risk register every two years outside of the Trustees meetings. In addition, the Trustees have reviewed the sections of the Scheme that provides DC benefits against the DC Code of Practice. As with the Risk Register, a delegated group of the Trustees carries out a thorough review of the Scheme against the DC code every two years. The last review took place on 8 February 2023 with the findings and any areas for improvement reported back at the following Trustees meeting.



Information was not available from the providers of certain legacy AVC investments (which are set out in the table on page 16 (the ‘**Legacy AVC Providers**’) regarding service level agreement and performance relating to core financial transactions. The Trustees will continue to engage with the Legacy AVC Providers on an ongoing basis through regular requests for information and will look to include this information, if available, in future statements.

### **Charges and transactions costs**

The Trustees monitor and measure the charges for the DC benefits each year to ensure they represent good value for members. This is carried out formally via the annual value for member’s assessment which is prepared by Mercer for the Trustees.

The Total Expense Ratios (‘**TERs**’) are the costs associated with managing and operating the funds. The total TER payable by a Member will depend on their investment weighting across all funds. Under the lifetime strategies, the progress that a Member has made towards de-risking will be a significant factor in determining their total TER.

The TERs for the default arrangements are below the charge cap legislation requirement of 0.75% p.a. that applies to default arrangements.

As part of the value for member’s assessment, all the funds available to members have been assessed as providing good value for members.

The tables below provide information on the TERs applicable to funds used in the three lifetime strategies (targeting annuity, cash and income drawdown), the technical defaults and the self-select fund range.

The TERs have been provided by Aviva and include the Annual Management Charge (‘**AMC**’) and other expenses associated with the running and management of the funds (which will vary slightly from time to time). The TERs are stated as at 31 December 2022.

#### *Lifetime Strategies (Targeting Annuity, Cash or Income Drawdown)*

<b>Fund</b>	<b>TER (% p.a.)</b>
Aviva Pension MyM Passive Global Equity Strategy	0.33
Aviva Pension MyM Diversified Growth Strategy	0.73
Aviva Pension MyM LGIM Future World Annuity Aware	0.29
Aviva Pension MyM LGIM Retirement Income Multi Asset Fund	0.50
Aviva Pension MyM BlackRock Institutional Sterling Liquidity	0.22

Source: Aviva as at 31 December 2022. These funds are also available as self-select options for members with the exception of the Aviva Pension MyM LGIM Retirement Income Multi Asset Fund.

#### *Technical defaults – Main DC Section Only*

<b>Fund</b>	<b>TER (% p.a.)</b>
Aviva Pension MyM BlackRock (30:70) Currency Hedged Global Equity Index (Aquila C)	0.30
Aviva Pension MyM Diversified Growth Strategy	0.73
Aviva Pension MyM LGIM Future World Annuity Aware	0.29
Aviva Pension MyM BlackRock Institutional Sterling Liquidity	0.22
Aviva Pension MyM BlackRock Over 15 Year Corporate Bond Index (Aquila C)	0.24
Aviva Pension MyM BlackRock Over 15 Year Gilt Index (Aquila C)	0.23

Source: Aviva as at 31 December 2022.

*Self-select fund range*

<b>Fund</b>	<b>TER (% p.a.)</b>
Aviva Pension MyM BlackRock UK Equity Index	0.23
Aviva Pension MyM BlackRock World (ex UK) Equity Index	0.22
Aviva Pension MyM BlackRock Aquila Connect (30:70) Currency Hedged Global Equity Index	0.30
Aviva Pension MyM BlackRock Over 15 Year Corporate Bond Index	0.24
Aviva Pension MyM BlackRock Over 15 Year Gilt Index	0.23
Aviva Pension MyM BlackRock Over 5 Year Index-Linked Gilt Index	0.22
Aviva Pension MyM LGIM Global Ethical Equity Index Fund	0.37
Aviva Pension MyM HSBC Islamic Global Equity Index	0.52

Source: Aviva as at 31 December 2022.

The charges in the tables above do not include transaction costs. Transaction costs are costs incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account by the fund managers when calculating the unit price for each of the funds. These costs are shown in Schedule 2 with a statutory illustration of the impact of all costs and charges in Schedule 3.

### *AVC contributions*

AVC assets are held in the Aviva funds listed above. Charges and transaction costs information for these policies are provided in Schedules 2 and 3 respectively.

During the Scheme Year the Trustees also held legacy AVCs investments with the following AVC Provider:

<b>Provider</b>	<b>Unit-linked Funds</b>	<b>With-Profits Funds</b>
Utmost	Money Market Fund	N/ A
Prudential	N / A	Prudential With Profits Cash Accumulation

The Trustees formally reviewed the Scheme's AVC arrangements on 11 and 24 November 2021. At the same time as the DC fund review. Following formal advice from their investment advisers, the Trustees agreed to close the Utmost Life policy and map members' assets into the Scheme's main DC investment arrangements with Aviva, based on the following mapping:

- Members without an existing account in the Scheme's AVC and Bonus (deferred) section and
  - more than five years from their expected retirement age, were mapped into the Lifetime Targeting Cash.
  - less than five years from their expected retirement age, were mapped into the BlackRock Sterling Liquidity Fund.
- Members with an existing account in the Scheme's AVC and Bonus (deferred) section were mapped into their existing investment choices (based on the constraints of the Aviva investment platform).

These changes were implemented in April 2022.

As at the date of the last AVC review, Members with Prudential With Profits had terminal bonuses applying on their policies. These terminal bonuses are not guaranteed and could be withdrawn with no notice.

The Trustees have requested charge and transaction cost information for AVC arrangements and the information available is shown in Schedule 2 noting that this is limited for the Prudential policy. The Trustees will continue to monitor progress of providers in disclosing these costs, by requesting the information on a regular basis and will provide them in the statement following the publishing of the costs when available. An illustration of costs and associated fees for the Utmost Life policies have been provided and are shown in Schedule 3.

## **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 of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual chair's statement and published on a publicly accessible website.

Schedule 4 provides the net investment disclosures as at 31 December 2022, showing the investment performance of the Scheme's default lifestyle, alternative lifestyles and self-select fund options, after adjustment for all charges and transaction costs discussed in Schedule 2. The Trustees have taken account of the statutory guidance when preparing these disclosures.

## **Value for Members' assessment**

The Trustees have undertaken a review of the charges and transaction costs (where available) incurred by members in order to ascertain whether or not they represent good value for members. This review was conducted by the Trustees based on advice from Mercer and is repeated annually. The assessment was undertaken taking account of the Pensions Regulator's Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits).

The assessment carried out in 2023 (covering the Scheme year to 31 December 2022) concluded that the majority of the Scheme funds have performed in line with their benchmarks over the three-year period, the fees are below the median manager fee for 8 of the 12 funds offered to members for which a comparable universe is available and all funds are generally highly rated by Mercer. Additionally, the member-borne fee in respect of the administrative and platform charges is broadly competitive with what could be obtained via another bundled arrangement. The Trustees note that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment as well as the additional value that members receive through access to online tools, communications and oversight of the Trustees board.

We note that the Trustees have sought to consider the value for members for the AVC arrangements, however the ability for AVC providers to provide this assessment is generally poor as such no formal assessment of the value for money in respect of AVC arrangements was conducted over the Scheme year. An AVC Monitoring Review and a separate Utmost Life AVC mapping were considered in November 2021, as mentioned on the previous section, with changes implemented in April 2022 and the next formal AVC Review will be conducted by no later than Q4 2024.

We can therefore conclude that the charges and transaction costs, where information is available (information was extremely limited for the Prudential AVC policy) relating to the funds offered to members of the Scheme represent good value for money for members.

### Trustee knowledge and understanding

The Trustees maintain an appropriate level of knowledge and understanding which, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Scheme and in accordance with the legal requirements.

The Trustees are conversant with, and have a working knowledge of, the current Statement of Investment Principles. The Trustees also have access to and a working knowledge of all relevant Scheme documents, including the Trust Deed and Rules. The Trustees also have an appropriate level of knowledge and understanding of matters such as the law relating to pensions and trusts, and the principles relating to investment of pension scheme assets.

The knowledge of Scheme documents and understanding of matters in relation to pensions and trusts has been achieved on an ongoing basis with preparation for and discussion at Trustees meetings, input and training from the Scheme's lawyers and Scheme Actuary when needed. Furthermore, the sponsoring principal employer of the Scheme, Henkel Limited (the '**Company**'), supports Trustee training and there is an agreed policy and budget in place which Trustees are able to utilise to arrange the training they feel they require, supported by ad-hoc training provided to the Board as a whole during meetings.

The table below details the basis of appointment for each Trustee.

Name	Basis of Appointment
Capital Cranfield Pension Trustees Limited represented by Geoff Ashton	Independent Chair of Trustees– Appointed by the Company
Paul Spackman	Company Appointed Trustee
Robert Ferneyhough	Company Appointed Trustee
Andy Place	Company Appointed Trustee
Mark Crane	Member Nominated Trustee
Karen Lewis	Member Nominated Trustee

The presence of an independent Trustee aids the Scheme further in meeting its governance requirements. Capital Cranfield work for a broad range of clients and are familiar with the law relating to pensions and trusts. Capital Cranfield undertake regular training on investment matters and are regular commentators on the wider pensions market. The independent Trustee has sufficient knowledge of investment matters to be able to challenge their advisor. This can be demonstrated through the qualifications held by the independent Trustee's representative and their continued

involvement with many pension schemes. The independent Trustee's representative is also subject to CPD requirements. The independent Trustee representing Capital Cranfield has undertaken regular training throughout the year and holds a number of qualifications including:

- Holding an Accreditation as a Professional Pension Trustee with the Association of Professional Pensions Trustees (APPT).
- A Fellow of the Pensions Management Institute (PMI).
- PMI Level 3 Certificates in Pension Trusteeship Units 1 & 2 earned by examination.
- Earned PMI Continued Professional Development (CPD) Certificate confirming achievement of 25 hours in 2020 of appropriate training and development as approved by PMI.
- Completed all of the Pensions Regulator's Toolkit modules passing all the tests set including with "distinction", "How a DC Scheme Works" and "Investment in a DC Scheme".
- Attended various (virtual) industry conferences and training covering a wide range of pension issues in 2020 including in relation to DC scheme investment, compliance and scheme operation.
- In 2022, sitting on a wide range of private sector scheme boards including reviews and management of those scheme's respective DC sections.

For new Trustees joining the Board there is a Trustee Induction Plan in place that requires new Trustees to complete the Pensions Regulators' toolkit and a Scheme specific introductory training session within six months of appointment. Adherence to this is monitored at the bi-annual Trustees' meetings. There were no new Trustee appointments over the Scheme year with one Trustee retiring during 2022. All Trustees have completed the Pension Regulator's Trustee Toolkit with their knowledge of the toolkit enhanced further throughout the Scheme year through training. Further information can be found in the section below. The Trustees maintain a Trustee training log to keep a record of training undertaken.

Training is a continual item of discussion and during 2022 was facilitated by attending webinars or topical training within Trustees meetings. In addition the Chair of Trustees regularly recommends webinars the Trustees should attend which he has attended and thinks have particular relevance to the Scheme.

Examples of training undertaken over the Scheme year include:

- At the 5 May 2022 ISC Meeting, a discussion around Liability Benchmark Portfolio ("LBP") incorporating LDI training
- At the 8 November 2022 Trustees meeting, consideration of the CMA Investment Consultancy Provider objectives.

Based on undertaking sufficient training and actions undertaken over the year, the Trustees have confirmed that they have sufficient knowledge and understanding of the relevant principles relating

to the funding and investment of occupational schemes as well as the laws that govern pensions and trust arrangements. The level of Trustee knowledge and understanding continues to be reviewed on an ongoing basis with DC items included at every Trustees meeting.

**I confirm that the above statement has been produced by the Trustees and is accurate to the best of our knowledge.**

**This statement was signed by Capital Cranfield Pension Trustees Limited represented by Geoff Ashton as the Independent Chair of Trustees on 14 July 2023.**

*Geoff Ashton*

## SCHEDULE 1 – Core Financial Transactions: Service Level Agreements (SLAs)

Core Financial Transaction	Key Internal Control Promptness
Contribution processing	Subject to the completion of the longest delayed dealing cycle, Aviva shall process regular contributions and allocate to member policies within two business days of receipt of the validated contribution schedule and reconciled payment.
Member Investment Transactions	Aviva shall action investment transaction (switches, redirections and single contributions where appropriate) requests from Members or Trustees within three business days from the date of receipt of complete instructions.
Processing Payments out	Subject to the completion of the longest delayed dealing cycle, Aviva shall process payments out within five business days of receipt of the completed payment authority form and all required documentation from the authorised party. In respect of payments to Members on retirement, the period of five business days referred to in this SLA shall commence from the normal retirement age of the retiring Member.
Transfer in processing	Subject to the completion of the longest delayed dealing cycle, Aviva shall issue confirmation to Members or Trustees Clients that transferred assets have been allocated as at the date of receipt of both payment and complete documentation within five business days of receipt.

Over the year the Trustees monitored the performance of the Scheme against target SLAs. Across the year the performance against service levels was positive with an overall performance of 98.1% of SLAs met with some minor dips in processing retirement quotes. If considering only the core financial work items a service level of 99.4% was achieved.

The key core processes accessed this year against SLA were:

- Contributions
- Transfer Out Process
- Retirement Payments
- Transfer In
- Death Payments
- Trading

The Trustees understand that 100% completion against target SLAs will not always be possible and requests and discusses further information from Aviva when necessary on quarterly calls. The Trustees will continue to monitor performance moving forward and look to ensure improvements are made if necessary.

Information was not available from the AVC providers regarding service level agreement and performance relating to core financial transactions. The Trustees will continue to engage with the Legacy AVC Providers on an ongoing basis through regular requests for information and will provide this information with regards to assessment of core financial transactions of the Scheme's AVC providers when made available.



## SCHEDULE 2 – Transaction costs

<b>Explanatory Notes:</b>	<p>The tables on the following pages show the administration and transaction costs for each fund in the scheme and is provided to assist with value for money / value for member assessments. The FCA has prescribed the 'slippage cost' methodology for calculating transaction costs. The slippage cost methodology calculates the transaction cost of buying or selling an investment as the difference between the price at which an asset is valued immediately before an order is placed into the market and the price at which it is actually traded. Where fund managers have not used this methodology it is shown below.</p> <p>For some funds, the Lending &amp; Borrowing costs do not equal Buying &amp; Selling costs due to the anti-dilution effect (i.e. the fund passing on underlying trading costs to redeeming / subscribing investors, rather than being borne by the fund as a whole).</p>
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The data in the table below shows the following:	
<b>Total Transaction Cost</b>	The total annual fund transaction costs. This is the total of the 'Buying and Selling' costs and 'Lending and Borrowing' costs as described below.
<b>Buying and Selling Transaction Cost</b>	<p>Where it is an internal fund, which is a fund managed to an investment mandate set by Aviva UK Insurance, these are the costs incurred in buying and selling units in the Aviva insured fund and the costs incurred by this fund in buying and selling its holdings.</p> <p>Where the Aviva insured fund invests in an external fund these are the annual costs incurred in buying and selling units in the underlying external fund and the annual costs incurred by the underlying fund in buying and selling its holdings.</p>
<b>Lending and Borrowing Transaction Cost</b>	The annual costs incurred by either the Aviva insured fund and / or the underlying fund in lending and borrowing its holdings.
<b>Transaction Cost Data Missing</b>	<p>The percentage of the fund value for which underlying fund cost data is missing. As a result of this we cannot provide the total transaction costs for this fund. This includes when:</p> <p>a) the fund manager has provided no transaction costs</p> <p>b) the fund manager has not provided costs for a certain percentage of their fund</p>
<b>Slippage Cost methodology not used</b>	The percentage of the fund for which transaction costs have been calculated using a method other than the slippage cost methodology.

**Scheme Section: Henkel Retirement Benefits Scheme – Money Purchase Section (N11198), Money Purchase Section (N11210), Loctite Section (N11228), AVC and Pension Bonus contributions (N11225), AVC and Pension Bonus contributions (N11227)**

<b>Fund Name</b>	<b>Total Transaction Cost %</b>	<b>Buying and Selling Transaction Cost %</b>	<b>Lending and Borrowing Transaction Cost %</b>	<b>Transaction Cost Data Missing</b>	<b>Exposure to Non Slippage Cost methodology (%)</b>	<b>Comments / Additional Information</b>
Av MyM Passive Global Equity Strategy*	0.0218%	0.0036%	0.0068%	0%	0%	
Av MyM BlackRock Aq Connect World ex UK Equity Index	0.0160%	0.0104%	0.0056%	0%	0%	
Av MyM BlackRock Aq Connect UK Equity Index	0.1051%	0.0658%	0.0393%	0%	0%	
Av MyM BlackRock Aq Connect Over 15 Year Gilt Index	0.0267%	0.0238%	0.0029%	0%	0%	
Av MyM Legal & General (PMC) Future World Annuity Aware	0.0000%	-0.0130%	0.0000%	0%	0%	**
Av MyM BlackRock Aq Connect Over 5 Year Index-Linked Glt Idx	-0.0451%	-0.1348%	0.0004%	0%	0%	
Av MyM Diversified Growth Strategy	0.2210%	0.2187%	0.0023%	0%	34%	**
Av MyM Legal & General (PMC) Ethical Global Equity Index	0.0011%	0.0011%	0.0000%	0%	0%	
Av MyM HSBC Islamic Global Equity Index	-0.0624%	-0.0624%	0.0000%	0%	0%	
Av MyM BlackRock Aq Connect (30:70) Curr Hdgd Gblal Eq Index	0.0000%	-0.0444%	0.0009%	0%	0%	
Av MyM BlackRock Aq Connect Over 15 Year Corporate Bond Idx	0.0000%	-0.0459%	0.0039%	0%	0%	
Av MyM BlackRock Institutional Sterling Liquidity	0.0146%	0.0146%	0.0000%	0%	0%	**
Av MyM Legal & General (PMC) Retirement Income Multi Asset	0.1173%	0.1173%	0.0000%	0%	0%	**

Source: Aviva as at 31 December 2022. These costs represent the annual costs for the Scheme year. Due to differences in exposure to non-cost slippage cost methodology only one year costs are shown. The Trustees will endeavour to provide an average of transaction costs where possible in future statements. Transactions costs for the Av MyM Passive Global Equity Strategy and Av MyM Legal & General (PMC) Retirement Income Multi Asset Fund were not provided by Aviva.

\*As Aviva did not have enough data to meet the threshold to calculate a cost for the Av MyM Passive Global Equity Strategy, transaction costs were calculated assuming a proxy of 87.5% costs for the Aviva Pension MyM BlackRock Currency Hedged MSCI World Index and 12.5% costs for the Aviva Pension MyM BlackRock Emerging Markets Equity (Aquila C). The Sum of Buying and Selling Cost and the Lending and Borrowing Cost is different to the total transaction cost on the BlackRock Emerging Market fund, due to anti-dilution effect of this fund.

\*\* The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).

### **SCHEDULE 3 – Costs and charges illustrations**

Using the charges and transaction cost data provided by Aviva and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Scheme's relevant funds/strategies listed in brackets):

- The default strategy with the most members invested (The Lifetime Targeting Income Drawdown)
- The most expensive fund (Aviva Pension MyM Diversified Growth Strategy)
- The least expensive fund (Aviva Pension MyM BlackRock World (ex UK) Equity Index)
- All technical defaults

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a youngest active member's pension pot, we have provided the below illustration, which accounts for all estimated member costs, including the TER, transaction costs and inflation.

As per prescribed guidance, an inflation assumption of +2.5% has been used in producing these illustrations.

**The returns are not guaranteed.**

Age	The most popular fund: default investment option		Alternative Lifestyle and technical default		Alternative Lifestyle and technical default		Highest cost fund		Lowest cost fund:	
	The Lifetime Targeting Income Drawdown		The Lifetime Targeting Annuity		The Lifetime Targeting Cash		Aviva Pension MyM Diversified Growth Strategy		Aviva Pension MyM BlackRock World (ex UK) Equity Index Fund	
	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges
20	£3,843	£3,817	£3,843	£3,817	£3,843	£3,817	£3,840	£3,802	£3,845	£3,837
25	£17,673	£17,224	£17,673	£17,224	£17,673	£17,224	£17,600	£16,946	£17,734	£17,584
30	£34,415	£32,918	£34,415	£32,918	£34,415	£32,918	£34,155	£31,995	£34,630	£34,126
35	£54,681	£51,289	£54,681	£51,289	£54,681	£51,289	£54,072	£49,226	£55,188	£54,032
40	£79,214	£72,793	£79,214	£72,793	£79,214	£72,793	£78,034	£68,955	£80,200	£77,985
45	£108,910	£97,966	£108,910	£97,966	£108,910	£97,966	£106,861	£91,544	£110,630	£106,808
50	£144,858	£127,432	£144,858	£127,432	£144,858	£127,432	£141,543	£117,408	£147,653	£141,492
55	£188,374	£161,924	£188,374	£161,924	£188,374	£161,924	£183,267	£147,021	£192,698	£183,228
60	£236,980	£199,060	£236,562	£198,630	£236,562	£198,630	£233,465	£180,926	£247,501	£233,450
65	£274,026	£225,978	£272,002	£225,234	£267,531	£221,797	£293,857	£219,747	£314,178	£293,884

Age	Technical Default		Technical Default		Technical Default		Technical Default		Technical Default	
	Aviva Pension MyM BlackRock (30:70) Currency Hedged Global Equity Index Fund		Aviva Pension MyM Legal & General (PMC) Future World Annuity Aware		Aviva Pension MyM BlackRock Institutional Sterling Liquidity Fund		Aviva Pension MyM BlackRock Over 15 Year Corporate Bond Index Fund		Aviva Pension MyM BlackRock Over 15 Year Gilt Index Fund	
	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges	Before Fees and Charges	After Fees and Charges
20	£3,846	£3,834	£3,781	£3,770	£3,760	£3,751	£3,790	£3,781	£3,760	£3,751
25	£17,742	£17,529	£16,284	£16,106	£15,844	£15,706	£16,489	£16,340	£15,837	£15,701
30	£34,659	£33,942	£29,661	£29,114	£28,242	£27,829	£30,339	£29,874	£28,219	£27,813
35	£55,256	£53,614	£43,974	£42,830	£40,961	£40,121	£45,444	£44,458	£40,914	£40,089
40	£80,333	£77,191	£59,288	£57,293	£54,011	£52,586	£61,917	£60,174	£53,929	£52,530
45	£110,862	£105,448	£75,674	£72,543	£67,399	£65,226	£79,884	£77,108	£67,273	£65,140
50	£148,031	£139,315	£93,206	£88,624	£81,135	£78,043	£99,478	£95,357	£80,955	£77,920
55	£193,284	£179,905	£111,964	£105,581	£95,227	£91,040	£120,848	£115,022	£94,981	£90,872
60	£248,378	£228,552	£132,034	£123,461	£109,686	£104,218	£144,155	£136,213	£109,362	£104,000
65	£315,453	£286,856	£153,508	£142,314	£124,519	£117,582	£169,573	£159,048	£124,106	£117,305

## Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from Aviva. The assumed member is age 19, with a normal retirement age of 65, using a starting pot size of £1,380 and a salary of £21,520. The member's total contributions (including those from the employer) are assumed to be 11% of salary per annum, and is assumed to increase in line with inflation.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

Investment option	TER	Transaction costs	Growth gross rate assumptions (before inflation)
<b>The Lifetime Targeting Income Drawdown</b>	0.53% p.a. for members 8 or more years from retirement, falling to 0.42% p.a. for members at retirement.	0.14% p.a. for members 8 or more years from retirement; an average of 0.10% for members at retirement .	6.25% p.a. for members 8 or more years from retirement, to 3.67% p.a. for members at retirement
<b>The Lifetime Targeting Annuity</b>	0.53% p.a. for members 8 or more years from retirement, reducing to 0.27% p.a. for members at retirement	0.14% p.a. for members 8 or more years from retirement; an average of 0.10% for members at retirement	6.25% p.a. for members 8 or more years from retirement, falling to 3.65% p.a. for members at retirement
<b>The Lifetime Targeting Cash</b>	0.53% p.a. for members 8 or more years from retirement, reducing to 0.22% p.a. for members at retirement	0.14% p.a. for members 8 or more years from retirement; an average of 0.10% for members at retirement	6.25% p.a. for members 8 or more years from retirement, falling to 3.00% p.a. for member at retirement for members at retirement
<b>Aviva Pension MyM Diversified Growth Strategy</b>	0.73% p.a.	0.26% p.a.	6.00% p.a.
<b>Aviva Pension MyM BlackRock World (ex UK) Equity Index*</b>	0.22% p.a.	Nil	6.50% p.a.
<b>Aviva Pension MyM BlackRock (30:70) Currency Hedged Global Equity Index (Aquila C) Fund</b>	0.30% p.a.	0.01% p.a	6.50% p.a
<b>Aviva Pension MyM LGIM Future World Annuity Aware</b>	0.29% p.a	0.00% p.a.	3.86% p.a.
<b>Aviva Pension MyM BlackRock Institutional Sterling Liquidity</b>	0.22% p.a.	0.01% p.a	3.00% p.a.
<b>Pension MyM BlackRock Over 15 Year Corporate Bond Index (Aquila C)*</b>	0.24% p.a.	Nil	4.25% p.a.
<b>Aviva Pension MyM BlackRock Over 15 Year Gilt Index (Aquila C)*</b>	0.23% p.a.	Nil	3.00% p.a.

Charge and costs figures provided by Aviva; growth rate assumptions provided by Aviva. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Aviva is unable to provide historic transaction costs for these funds, the transaction costs shown above are an average of the costs provided for the 5 year period to 31 December 2022.

\*These funds have reported a negative transaction cost over the period of this Statement; we have therefore assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

#### Illustration of an AVC member invested in the DC fund range

Age	Utmost – Money Market Fund	
	Before Fees and Charges	After Fees and Charges
57	£4,020	£4,000
58	£4,041	£4,000
59	£4,062	£4,000
60	£4,082	£4,000
61	£4,103	£4,000
62	£4,124	£3,999
63	£4,145	£3,999
64	£4,166	£3,999
65	£4,187	£3,999

#### Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
  3. To make this analysis representative of the membership, the Trustees have based this assumed member on data sourced from Utmost as per last year. As all the schemes are terminate, membership data for this year is not available. The assumed member is age 56, with a normal retirement age of 65, using a starting pot size of £4,000.00. The member is assumed to be making no further contributions to the Scheme.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Gross growth rate assumptions
<b>Utmost – Money Market Fund</b>	0.50% p.a.	0.02% p.a	3.00% p.a before inflation

Charge and costs figures provided by Utmost; growth rate assumptions provided by Mercer. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As Utmost is unable to provide historic transaction costs for these funds, the transaction costs shown above are provided for the average of 2 years to 31 December 2022.

#### Prudential

Prudential - With-Profits Cash Accumulation Fund		
<b>Growth Net Rate*</b>	<b>3.48%</b>	
<b>Yearly Cost</b>	<b>0.72%</b>	
<b>End of Year</b>	Before Fees and Charges	After Fees and Charges
1	£25,800	£25,700
5	£29,500	£28,400

*\*Growth rates for the funds have allowed for the effects of inflation.*

## About this illustration

The aim of this illustration is to show you an example of how charges and costs can affect returns on investment funds.

The figures in the table are examples only and are not guaranteed. They're not minimum or maximum amounts that you might expect to get back with the level of investment shown. The figures follow AS TM1 standards/rules and have been calculated as at 15 May 2022.

As the prices of everyday things go up, your money won't stretch as far as the same amount would now. This is called inflation. The figures have been adjusted to allow for inflation using an assumed inflation rate of 2.50% per year. Actual inflation could be more or less than this.

**What you might get back depends on a number of factors including:**

- how much is paid in
- how long investments are held for
- charges and costs
- performance of the investment

For this illustration we show the annual costs as an average of the expected costs which apply over the term of the investment. You will see both the costs and the growth figures clearly shown in the table. More information on the funds you can invest in is available at [pru.co.uk/funds](https://pru.co.uk/funds)

The charges and costs you pay for the funds may vary depending on your scheme conditions. We might change our charges in the future.

The value of investments can go down as well as up so you might get back less than you put in.

For With-Profits funds the actual percentage charged depends on the performance of the With-Profits Fund and may vary over time.

These charges cover the costs of any expenses, any profits, implicit costs and other adjustments.

### Lifestyling

Lifestyling is an investment strategy which provides automatic switching of pension savings into another fund, or funds which generally have a lower risk profile, as pension holders get closer to their planned retirement age.

In the illustration table we show an example of a lifestyle option in the first column.

This is an example and this particular lifestyle option may not be available to you.

You can find out more information on lifestyling on our website [pru.co.uk/lifestyling](https://pru.co.uk/lifestyling)

## The basis for our calculations

### Pot size and assumptions

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £25,000.00.
- No regular contributions.
- The term of the investment is from age 60 to age 65.

### Charges and costs

Different funds have different charges and costs which we have reflected in our projections.

### Example funds

This table shows funds which represent different investment strategies, growth rates and costs. From your scheme, we use:

- funds with the highest and lowest growth rates and/or charges
- the most popular
- details of any default options or With-Profits funds (where available).

The column headers are labelled to show these fund categories.

It's important to note that these aren't necessarily all the funds available to you. You'll find further details in your fund guide.

It is important that you understand that this table only shows the potential impact of costs on long term growth, and is not intended as a recommendation.

The year-end for the Loctite Section year-end is 5 April and the illustration above refers to the year-end 5 April 2022.

## SCHEDULE 4 – Return on Investments

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Scheme year. The Trustees have taken into account the statutory guidance when providing these investment returns and have not deviated from this.

The Lifetime Targeting Income Drawdown	Annualized returns to 31 December 2022(%)		
Age of member	1 year	3 years (p.a.)	5 years (p.a.)
25	-9.8	2.2	3.3
45	-9.8	2.2	3.3
55	-9.8	1.5	2.0

The Lifetime Targeting Annuity	Annualized returns to 31 December 2022(%)		
Age of member	1 year	3 years (p.a.)	5 years (p.a.)
25	-9.8	2.2	3.3
45	-9.8	2.2	3.3
55	-9.8	1.5	1.7

The Lifetime Targeting Cash	Annualized returns to 31 December 2022(%)		
Age of member	1 year	3 years (p.a.)	5 years (p.a.)
25	-9.8	2.2	3.3
45	-9.8	2.2	3.3
55	-9.8	1.5	1.7

Source: Aviva as at 31 December 2022 and Mercer calculations.

Notes:

- Returns net of all costs and charges have been calculated in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and accompanying statutory guidance.
- The charges assumed are those currently applicable to a single contribution of £10,000 paid into your scheme at the beginning of the reporting period.
- Returns are annualised geometric means over the time periods displayed. For example, if a net fund return over a 5 year period was 15.9% this would be shown as 3% p.a. in the '5 year' column.
- Returns are net of all costs and charges borne by members, including platform or product administration charges, fund management charges, additional fund expenses and transaction costs. When comparing charges you should ensure that comparator schemes have included all charges, including any initial contribution based charges.
- The net returns reflect the current charge arrangement. These charges could vary in the future.
- For age specific returns, a normal retirement age of 65 has been used. Please note that if you are comparing returns with a comparator scheme that has chosen a later retirement age this will generally inflate the comparator scheme returns.



Self-select fund	Annualized returns to 31 December 2022 (%)		
	1 year	5 years (p.a.)	10 years (p.a.)
Diversified Growth Strategy *	-6.8	2.0	-
LGIM – Future World Annuity Aware *	-29.4	-4.0	-
LGIM – Retirement Income Multi Asset *	-7.8	2.2	-
BlackRock – Cash *	1.2	0.5	0.4
BlackRock - Passive Global Equity (30:70) (GBP Hedged)	-11.3	4.9	8.5
BlackRock - Passive UK Equity	-0.1	2.8	6.2
BlackRock – Passive Overseas Equity	-9.7	8.6	12.7
LGIM - Ethical Global Equity	-6.6	9.3	-
BlackRock - Passive UK Corporate Bonds Over 15 Years	-34.5	-4.5	1.4
BlackRock - Passive Fixed Interest Gilts	-40.8	-7.0	0.1
BlackRock – Passive Index-Linked Gilt	-38.2	-5.3	1.8

Source: Aviva.

Notes:

- Returns net of all costs and charges have been calculated in line with the requirements of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and accompanying statutory guidance.
- The charges assumed are those currently applicable to a single contribution of £10,000 paid into your scheme at the beginning of the reporting period.
- Returns are annualised geometric means over the time periods displayed. For example, if a net fund return over a 5 year period was 15.9% this would be shown as 3% p.a. in the '5 year' column.
- Returns are net of all costs and charges borne by members, including platform or product administration charges, fund management charges, additional fund expenses and transaction costs. When comparing charges you should ensure that comparator schemes have included all charges, including any initial contribution based charges.
- The net returns reflect the current charge arrangement. These charges could vary in the future.
- For age specific returns, a normal retirement age of 65 has been used. Please note that if you are comparing returns with a comparator scheme that has chosen a later retirement age this will generally inflate the comparator scheme returns.

\* Fund is part of a default arrangement, as at 31 December 2022

Legacy AVC fund	Annualized returns (%)	
	1 year	5 years
Utmost Life - Money Market Fund	-0.4	-0.1
Prudential - With Profits Cash Accumulation Fund	1.0	1.1

Source: Utmost as at 31 March 2022 and Prudential as at 30 June 2022.

## AVC and pension bonus contributions – Transaction Costs

### Utmost Life (Formerly Equitable Life)

All the Scheme's policies (W0408, C0520 and N0601) were invested in Utmost Life Money Market. As at April 2022, all schemes were terminated and the assets moved to Aviva.

For the year to 31 December 2022, the transaction costs associated with the Utmost Money Market Fund was 0.02%.

### Prudential

Prudential has confirmed that as at 31 December 2022, the only holdings in the policy were in the Prudential With-Profits Cash Accumulation Fund. Prudential state that the With-Profits Fund's management charge depends on the performance of the With-Profits Fund, in particular the investment return and our expenses. Prudential currently expect this charge to be 0.80% a year, based on the assumption that future investment returns from the With-Profits Fund will be 5% per year.

For the year to 31 March 2022, the transaction costs associated with the With-Profits Cash Accumulation Fund was 0.10%.

## AVC and pension bonus contributions – Annual Management Charges

The Annual Management Charge ('AMC') has been provided by Utmost.

Unit-Linked	
Fund	AMC (%)
Utmost Life Money Market	0.50
With-Profits	
Fund	AMC (%)
Prudential With Profits Cash Accumulation	*

Source: Utmost as at 31 December 2022.

\* The With-Profits Fund's management charge depends on the performance of the With-Profits Fund, in particular the investment return and our expenses. Prudential currently expect this charge to be 0.80% a year, based on the assumption that future investment returns from the With-Profits Fund will be 5% per year. The charge is deducted through the regular bonus mechanism.