

DC Chair's Statement 2023

Annual Report for the year
ended 31 December 2023

Bruce Rigby, Chair of the MMC UK Pension Fund,
provides the annual DC Chair's Statement which
you can read overleaf.

Chair's introduction

I am pleased to present the Trustee's annual Defined Contribution (DC) Chair's Statement, covering the period 1 January 2023 to 31 December 2023 for the MMC UK Pension Fund (the Fund).

The Trustee continues to focus on ensuring that the Fund is well managed and delivers excellent services to members. Over 2023, a priority has been encouraging members to think about their retirement plans and whether they need to save more. This includes making sure that the Fund provides the right tools to ensure members understand their options and can make the right decisions for their financial circumstances.

Bruce Rigby

Chair of the MMC UK Pension Fund

Key Activities:

- Forming a Communications Committee and reviewing the engagement strategy for both deferred and active members.
- Provision of Personalised Videos for active members showing how much monthly income they could expect in retirement based on their current contributions.
- Continued updates to the Fund website <https://pensions.uk.mmc.com>.
- Developing pension journey profiles <https://www.pensions.uk.mmc.com/pension-journey-profiles.html>.
- Working closely with the Company to encourage active members to increase their contribution rates to make the most of the employer matching scale.
- Working with the Fund administrator to provide additional functionality on OneView, the online portal for members.



Refreshing documents



Active members



Personalised pension videos

VALUE FOR MEMBERS

The Trustee annually assesses the extent to which the Fund's services provide good value for members. 'Value' is not just about the price of services, but also their performance against required standards.

The Trustee has assessed the extent to which the member borne charges represent value for money.

On average, the Fund's fees are **47% lower** than that of the median comparator.

Majority of investment funds offered to members have been rated **good value**.

Member borne charges represent **good value for money**.

WHO PAYS FOR WHAT FUND SERVICES?

Company pays for:



Administration services



Member communications



Trustee supervision / governance



Self-help online tools and benefit modellers



Professional advice to the Trustee, including legal, investment and audit.

Member pays for:



Investment manager costs*

* These costs are deducted from members' savings in the Fund

GOVERNANCE OF THE FUND

In line with The Pension Regulator's code of practice, our DC strategy covers six key areas that impact on members' outcomes and experience of the Fund:

- 1 Safe custody of assets
- 2 Prompt and accurate administration service
- 3 Suitable investment arrangements
- 4 Value for members
- 5 Clear and engaging communications
- 6 Strong governance framework allowing ongoing suitability

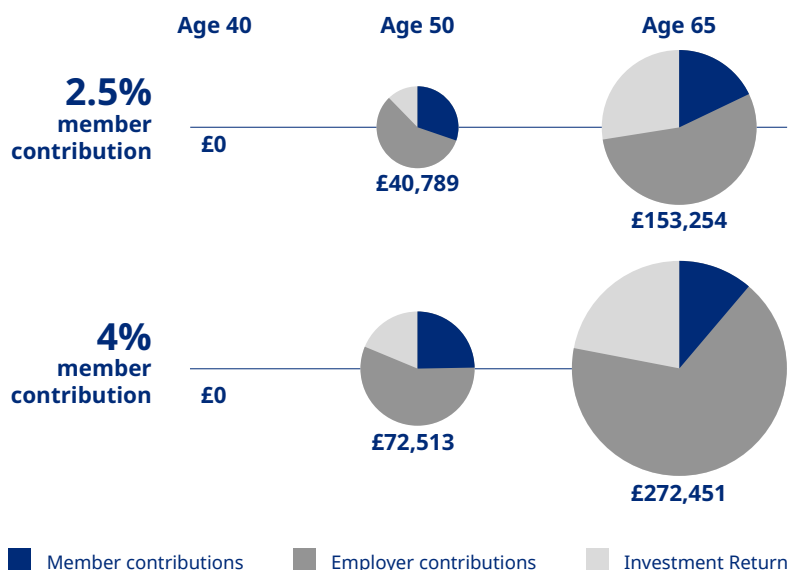
The key aim is to help members achieve a good outcome for life after work.

The Trustee discusses DC issues at each of its quarterly board meetings as well as delegating certain aspects to its:

- 1 Investment Committee – oversight of manager performance and the investment platform
- 2 Finance and Operations Committee – oversight of the administration of the Fund
- 3 Communications Working Group – provide oversight of member communications and engagement journey

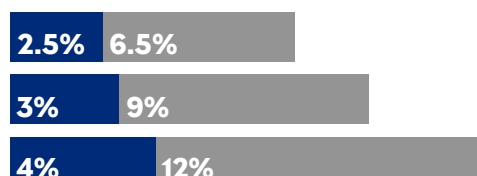
CONTRIBUTION STRUCTURE & WORKED EXAMPLE

The graphic below shows the value of the pension pot at ages 40, 50 and 65. As shown there is a significant increase in savings when the member contributes 4% compared to 2.5%.



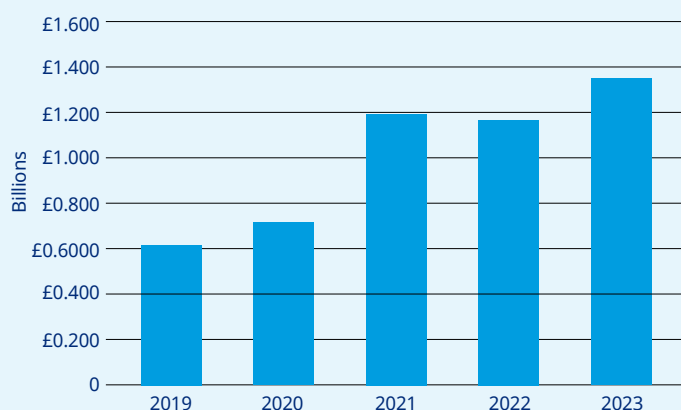
Assumptions

- Member joins Fund at age 40.
- Earns salary of £35,500 p.a.
- Salary grows at 2.5% p.a.
- Investments return 3% p.a. (net of fees).

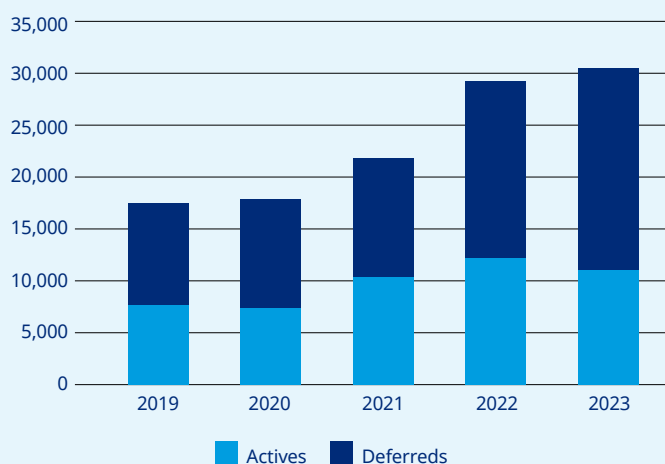


Members can model what their DC Pot could be at retirement by going to www.merceroneview.co.uk/MMCPENSIONS

INCREASE IN ASSET UNDER MANAGEMENT (OVER 5 YEARS)



MEMBERSHIP INCREASE (OVER 5 YEARS)



Annual Report for the year ended 31 December 2023



This statement¹ describes how the Fund Trustee has governed the defined contribution benefits during the year to 31 December 2023 and covers five principal areas:

1. **Investment**, with particular focus on the Fund's default investment arrangements and their asset allocations at the year end.
2. **Internal controls**, with particular focus on the processing of core financial transactions.
3. **Charges and transaction costs**, and the impact of these on performance.
4. **Value**, with particular focus on charges and transaction costs deducted from members' funds as well as fund performance.
5. **The knowledge and resources available to the Trustee**, including how the Trustee Directors maintained the statutory levels of knowledge and understanding to govern the Fund and how these help the Trustee to ensure that the Fund is governed effectively.

The Trustee is committed to having high governance standards and has a number of committees which meet regularly to monitor the controls and processes in place in connection with the Fund's investments, administration and communications.

The default investment option

The Trustee is responsible for ensuring the investment arrangements available to members remain fit for purpose.

The Trustee's Statement of Investment Principles (SIP) dated June 2024 can be found on www.pensions.uk.mmc.com. This includes the Trustee's aims and objectives in relation to the default investment arrangements as well as the policies in relation to matters such as risk and diversification. It also states why the Trustee believes that the default investment arrangements are designed in members' best interests. For those members who do not wish to take an active role in investment decisions, the Trustee offers a

default option, known as the Mercer SmartPath Target Drawdown Strategy.

Mercer Smartpath Target Drawdown Strategy

The Mercer Smartpath Target Drawdown Strategy is aimed at individuals who wish to transfer their savings in the Fund to an income drawdown product at retirement, where they can take up to 25% of their savings as a tax-free cash lump sum and invest the remainder to make withdrawals as required.

A member's funds are invested in the Mercer Growth Fund until eight years before their Target Retirement Age. The Mercer Growth Fund invests in a diversified range of assets (equities, fixed income securities and non-traditional assets) with the objective of providing long term growth above inflation.

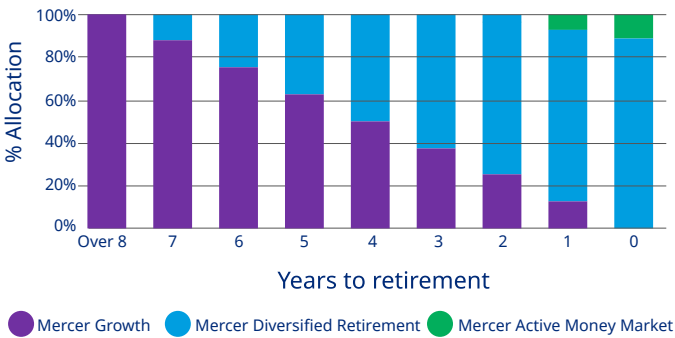
From eight years before a member's Target Retirement Age, assets are transferred into a Mercer Target Drawdown Retirement Fund based on the member's expected date of retirement. Investors are moved gradually from assets with the potential for medium to high growth / risk to assets with expected low to medium growth / risk.

In January 2023 changes were made to the last three years to retirement for those members retiring from January 2026. Details of these changes are illustrated in the graphs overleaf.

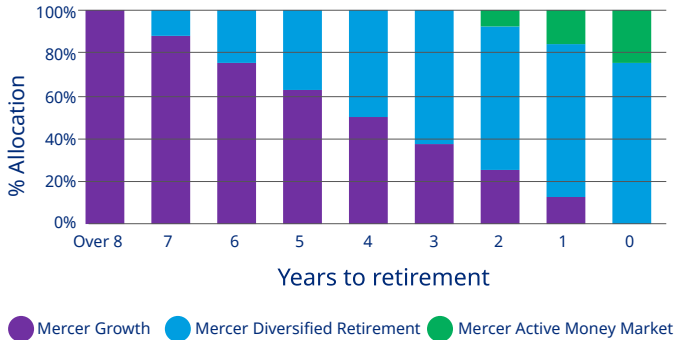
Details of two additional pre-set Mercer SmartPaths targeting either annuity or cash can be found in the investment booklet on [the Fund website](#).

The last full review of the investment arrangements and default option was completed on 17 December 2021. No changes were made as a result of the review as the Trustee concluded that the funds available to members remained suitable and performance was in line with the Trustee's objectives.

Members retiring from January 2026



Members retiring before January 2026



The next full review of the Fund’s investments is due to be completed in December 2024 and is currently underway.

The investment options subject to additional scrutiny are as follows:

Technical Defaults	
Mercer Lifestyle Targeting Annuity	Mercer Passive UK Equity Fund
Mercer Lifestyle Targeting Cash	Mercer Passive Overseas Equity
Mercer Moderate Growth Fund	Mercer Passive Sustainable Global Equity Fund
Mercer Growth Fund	Mercer Passive UK Corporate Bond Fund
Mercer High Growth Fund	Mercer Passive Over 5 Years Index-Linked Gilts
Mercer Active Global Equity	Mercer Passive Over 15 years Gilts Fund
Mercer Active UK Property Fund	Mercer Diversified Growth Fund
Mercer Active Money Market Fund	Mercer Diversified Retirement Fund
Mercer Passive Emerging Markets Equity Fund	Mercer Pre-Retirement Fund

Over the year, the Trustee and its advisers reviewed the performance of all the funds available to members, including the default funds on a quarterly basis in line with the monitoring framework. The Trustee’s Investment Committee receives quarterly investment reports that include the funds’ net performance against their benchmarks, changes to the Mercer’s manager ratings and manager updates. These reports are reviewed by the Investment Committee and any concerns raised with the investment manager via Mercer.

As a result of these reviews and considering the number of self-select funds available to members, the Trustee took the decision to remove two fund options. This was implemented in March 2024.

The Trustee communicated with all members who were invested in one or both of the funds below ahead of their removal providing them with the option to choose an alternative fund and that without member action, their funds would be mapped as follows:

Current (Removed) Fund Option	Alternative Fund Option
Mercer Active Emerging Markets Equity	Mercer Passive Emerging Markets Equity
Mercer Sustainable Global Equity	Mercer Passive Overseas Equity Mercer Passive Sustainable Global Equity

This approach is intended to provide affected members with broadly similar investment exposure to the closed funds, however the replacements aim to track, rather than outperform their investment benchmarks.

Legacy Investment Policies

In addition to the main Defined Contribution (DC) Section of the Fund invested with Scottish Widows, there are also legacy investment policies as a result of historic transferred in DC arrangements and Additional Voluntary Contributions (AVCs).

Further detail on these can be found in ‘Appendix I: Legacy Investment Policies’ on pages 12 and 13. This includes information on costs and charges, net performance and value.

Asset Allocation disclosure

There is a new requirement² to include details of the main asset classes used in the Fund’s default arrangements as at the year end, please refer to ‘Appendix II: Asset Allocation Disclosure’ on pages 14 and 15. The tables included in the Appendix show the percentage of each of the main asset classes held by members. A description of each asset class is also included.

Requirements for processing financial transactions

The Trustee is required³ to ensure that core financial transactions are processed promptly and accurately. Core financial transactions are (broadly):

- Investment of contributions made to the Fund by members and their employer(s);
- Transfers into and out of the Fund of assets relating to members;
- Switches of members' investments between different funds within the Fund; and
- Payments from the Fund to or in respect of members (e.g. payment of death benefits).

The Trustee has delegated the administration of Fund member records to the Fund administrator and agreed timescales for processing requests, including core financial functions which are well within any applicable statutory timescales.

The Fund administrator during the year was Mercer and following a sale of its administration function in January 2024 the administrator is now Aptia. The systems, processes and administration team remain unchanged.

The Service Level Agreements (SLAs) and controls and processes in relation to core financial transactions are held in '**Appendix III: Further detail on the controls and processes for core financial transactions**' on page 16.

The Trustee receives a quarterly stewardship report from the administrator that provides Fund administrator's performance against SLA along with commentary covering service volumes and noteworthy cases. The stewardship reports are discussed with the Trustee's Finance and Operations Committee, which oversees the administration service.

From 1 January 2023 to 31 December 2023, the overall service level achieved in relation to the core financial transactions reported quarterly to the Committee was 97.3%, which represents an improvement from the 93.25% reported over the previous Scheme year.

Based on the controls and procedures in place, the Trustee is confident that the core financial transactions were processed promptly and accurately for the majority of members during the period by the administrator.

Charges and transaction costs

The Trustee is required⁴ to report costs borne by members in respect of the Fund investments and assess the extent that these represent good value for members. When preparing this statement, the Trustee has taken account of statutory guidance.

There are two main types of costs borne by members: the Total Expense Ratio (TER) and Transaction Costs. If you would like more information about the TER and transaction costs please read '**Appendix IV: Further information about Charges and Transaction costs**' on pages 17 and 18.

The AVC assets invested in funds held with Scottish Widows are subject to the same costs and charges as the DC Section members.

The Trustee can confirm that the default funds remain within the charge cap of 0.75% of funds under management. The Trustee is satisfied that the costs borne by members, detailed on pages 17 and 18, are reasonable.

From October 2023 the Trustee is also required⁵ to disclose the impact of any performance-based fees on a member's investments. The Trustee can confirm that as at 31 December 2023, there were no performance-based fees associated with any of the investments available to members of the Fund.

Illustration of the effect of transaction costs and charges on members' benefits

In accordance with regulation⁶, the Trustee has prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Fund on their retirement savings pot. The statutory guidance has been considered when providing these examples.

The illustrations take into account:

- Savings pot size;
- Contributions;
- Real term investment return before costs and charges; and
- Adjustment for the effect of costs and charges and time.

Overleaf is an illustration of the impact of charges on a typical member's pension pot. This includes all member costs, including the Total Expense Ratio and transaction costs, as well as inflation. If you would like to see the illustrations for the additional technical defaults please read '**Appendix V: Additional illustrations of the effect of costs borne by members**' on pages 19 and 20.

The Mercer Active Emerging Market Equity Fund was identified as the most expensive fund during 2023. However, given the fund was removed following the year end, the Trustee does not believe it would be appropriate to include a projection when at the time of publication of the Chair's Statement there would no longer be any members invested. The Trustee has instead included a projection of the second most expensive fund.

Projected Pot sizes in Today's Money (with future contributions)

Year End	Mercer Smartpath Drawdown Strategy (current default)		Mercer Smartpath Annuity Strategy (Technical Default)		Mercer Smartpath Cash Strategy (Technical Default)		Active Emerging Market Equities Fund (most expensive)		Mercer Over 15 Year Gilt Fund* (least expensive)	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£59,057	£58,836	£59,057	£58,836	£59,057	£58,836	£59,817	£59,295	£57,609	£57,570
5	£109,530	£107,887	£109,530	£107,887	£109,530	£107,887	£115,506	£111,467	£98,943	£98,672
10	£188,782	£183,827	£188,782	£183,827	£188,782	£183,827	£207,778	£195,029	£157,708	£156,967
15	£289,768	£279,178	£289,768	£279,178	£289,768	£279,178	£332,198	£303,746	£225,351	£223,907
20	£417,318	£397,932	£417,318	£397,932	£417,318	£397,932	£498,191	£443,838	£303,067	£300,649
25	£577,244	£544,825	£577,244	£544,825	£577,244	£544,825	£717,770	£622,943	£392,211	£388,503
30	£776,526	£725,468	£776,526	£725,468	£776,526	£725,468	£1,006,231	£850,426	£494,314	£488,952
35	£1,023,534	£946,503	£1,023,534	£946,503	£1,023,534	£946,503	£1,383,019	£1,137,751	£611,111	£603,673
40	£1,287,397	£1,179,606	£1,287,300	£1,179,654	£1,287,341	£1,179,713	£1,872,838	£1,498,943	£744,565	£734,566
41	£1,351,474	£1,235,926	£1,348,381	£1,233,819	£1,351,241	£1,236,434	£1,986,989	£1,581,492	£773,445	£762,870
42	£1,416,830	£1,292,745	£1,408,044	£1,287,335	£1,416,301	£1,294,020	£2,107,176	£1,667,822	£803,099	£791,924
43	£1,482,701	£1,349,952	£1,466,826	£1,339,952	£1,481,753	£1,352,399	£2,233,700	£1,758,094	£833,545	£821,747
44	£1,548,913	£1,407,411	£1,523,909	£1,391,462	£1,541,672	£1,405,800	£2,366,877	£1,852,474	£864,805	£852,359
45	£1,615,754	£1,465,005	£1,577,811	£1,440,828	£1,594,574	£1,453,419	£2,507,038	£1,951,136	£896,898	£883,780
46	£1,678,725	£1,519,041	£1,629,439	£1,487,614	£1,640,586	£1,494,663	£2,654,531	£2,054,260	£929,846	£916,029
47	£1,739,194	£1,570,853	£1,677,257	£1,531,593	£1,678,419	£1,529,163	£2,809,720	£2,162,033	£963,670	£949,129
48	£1,801,482	£1,624,215	£1,726,024	£1,576,851	£1,716,953	£1,564,674	£2,972,986	£2,274,651	£998,392	£983,100

* This fund is also classed as a Technical Default.

Notes:

1. Projected pension pot values are shown in today's terms.
 2. The starting pot size is assumed to be £48,000.
 3. Contributions, starting at £779 per month, are assumed from age 17 to 65.
 4. Inflation is assumed to be 2.5% p.a.
 5. Salary is assumed to increase in line with inflation.
 6. Values shown are estimates and are not guaranteed.
 7. The projected growth rate for each fund is as follows:
 - a. Mercer SmartPath Drawdown lifestyle strategy (Default Arrangement): 3.10% p.a. gross expected real return above inflation for the growth phase and 1.74% p.a. gross expected real return below inflation at retirement.
 - b. Mercer SmartPath Annuity lifestyle strategy (Default Arrangement): 3.10% p.a. gross expected real return above inflation for the growth phase and 1.11% p.a. gross expected real return below inflation at retirement.
 - c. Mercer SmartPath Cash lifestyle strategy (Default Arrangement): 3.10% p.a. gross expected real return above inflation for the growth phase and 0.50% p.a. gross expected real return below inflation at retirement.
 - d. Mercer Active Global Equity Fund (most expensive): 4.50% p.a. gross expected real return above inflation.
 - e. Mercer Passive Over 15 Year Gilt Fund (least expensive): 0.50% p.a. gross expected real return below inflation
- (Inflation refers to a general rise in the level of prices sometimes referred to as the rise in the cost of living. Some funds may have assumed returns below inflation, this means that overtime the cost of living could outstrip the investment returns- this is typically for low growth, low risk funds such as cash).

Net Return on Investments

The Trustee is required⁷ to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges, for all the funds members were invested in over the year to 31 December 2023.

The table on the right shows the performance, net of all charges and transaction costs, of the current default investment strategy. This has been prepared in line with statutory guidance. If you would like to see further performance information on the self-select and legacy investment policies please read '**Appendix VI: Additional Net Performance Returns**' on pages 21 and 22.

For those members within eight years of retirement the date of the fund corresponds to the year they are intending to retire. Over time the expected performance of the fund will change as the member approaches their selected retirement age and the investments change as described in the graphs on page 4.

A member intending to retire in 2030, targeting income drawdown at retirement, will have entered the de-risking investment phase at the beginning of 2023 with their funds moving from the Mercer Growth Fund to the Mercer Smartpath Target Drawdown 2030 Fund. This means they would have experienced a net return of 2.95% over the three year period to 31 December 2023.

Life Style Strategies	Fund	1 Year Net Annualised Returns to 31 December 2023 (%)	3 Year Net Annualised Returns to 31 December 2023 (%)
Growth Phase (until 8 years of retirement)	Mercer Growth	7.4	3.0
Mercer SmartPath Drawdown (in respect of members within 8 years to retirement)	Target Drawdown 2024	6.4	2.1
	Target Drawdown 2025	6.6	2.1
	Target Drawdown 2026	7.1	2.3
	Target Drawdown 2027	7.2	2.5
	Target Drawdown 2028	7.3	2.7
	Target Drawdown 2029	7.3	2.9
	Target Drawdown 2030 ^(a)	7.4	-
	Target Drawdown 2031 ^(b)	7.5	-
	Drawdown Retirement	6.4	1.7

Source: MWS, Scottish Widows

Performance shown net of all charges and transaction costs. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle. The date of inception of these funds was August 2019 and therefore longer-term performance is currently not available.

Members are invested in the growth phase of each lifestyle strategy until 8 years from retirement. Therefore, the return is expected to be consistent at age 25, 45 and 55 over the one year period and therefore these ages have not been disclosed separately. The growth phase is the same for all lifestyles.

^(a) Date of inception 13 January 2022, longer term performance not available.

^(b) Date of inception 27 January 2023, longer term performance not available.



Value for Members

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which these represent good value for members. There is no legal definition of “good value”, so the process of determining good value is a subjective one.

Over the second quarter of 2024, the Trustee with support from its advisers, Mercer Ltd, has undertaken a value for members assessment and has assessed the extent to which the charges and transaction costs set out above represent good value for members for the year ending 31 December 2023.

In the Trustee's opinion, the charges paid by members provide **good value** in relation to the benefits and services offered to members of the Fund.

The assessment covered a wide range of financial and non-financial factors including:

- An assessment of member-borne charges for each of the funds available in the Fund (this included benchmarking against comparable funds in each asset class based on peer group data provided by the Fund's investment advisors);
- A review of transaction costs and charges where available;
- A review of the other features that are paid for by the employer and deliver good value for members. In particular, the Employer pays for the administration costs of the Fund. Other features and services that strengthen the Fund's value proposition include efficient administration services, member communication and trustee oversight.

The review concluded that the Mercer Active Emerging Markets Equity and the Mercer Sustainable Global Equity funds both significantly underperformed their benchmarks over the 3 year period to 31 December 2023. These findings support the Trustee decision to remove the two funds from the list of funds available to members, implemented in March 2024.

The Trustee has considered how the charges borne by members (the costs of membership) compare against the services and benefits provided by the Fund (the benefits of membership). The benefits of membership include (amongst other things): the design of the default arrangement and how this reflects the interests of members; the range of investment options and strategies; the efficiency of the administration processes provided by Mercer; the quality of communications delivered to members; and the quality of support services and Fund governance.

Legacy Investment Policies

The Trustee also considered the DB AVC arrangements and additional Money Purchase assets held within the Fund as part of the value for members assessment. Further detail can be found in '**Appendix I: Legacy Investment Policies**' on pages 12 and 13.

The Trustee undertakes annual assessments and the next formal Value for Members assessment will take place for the year ending 31 December 2024.

Trustee knowledge and understanding

The Trustee Directors are required⁸ to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Fund.

The Trustee Directors have a working knowledge of the Trust Deed and Rules, the current Statement of Investment Principles, as well as knowledge of documents setting out the Trustee's current policies.

During the year the Trustee has considered various matters relating to activities in the Fund which has strengthened their knowledge and understanding of the Fund as well as Pensions and Trust Law. In addition, the Trustee also received pension industry briefings and training on the implications to the Fund. If you would like to find out more about the various activities undertaken by the Trustee please refer to '**Appendix VII: Trustee knowledge and understanding Activities during the year**' on pages 23 and 24.

The Trustee receives professional advice from Mercer and Linklaters to support it in reviewing the performance of the Fund and in governing the Fund in line with the Trust Deed and Rules. The advice received along with the Trustee Directors' own experience allows them to properly exercise their function as Trustee Directors.

Newly appointed Trustee Directors are also provided with individual training upon appointment. In addition, the Trustee Directors undertake to complete the Pension Regulator's Trustee Toolkit as updated from time to time.

Trustee Directors have the Pensions Regulator's DC Code of Practice as a standing item on their agenda, with progress on actions identified as part of the full review undertaken at least annually and will be considering their current policies and practices following the new General Code of Practice published at the end of March 2024.

As a result of the training activities which have been completed by the Trustee Directors and taking into account the professional advice available to the Trustee, the Trustee is confident that the combined knowledge and understanding of the Trustee Board enables it to exercise properly its functions as the Trustee of the Fund.

Chair's declaration

This statement has been prepared in line with regulations⁹ and I confirm that the above statement has been produced by the Trustee of the MMC UK Pension Fund.

Signed..... **Bruce Rigby**

Date..... **17.07.2024**

Bruce Rigby – Chair of the Trustee

Technical Appendices

¹ Regulation 23(1) – Administration Regulations 1996 Regulations effective from 6 April 2015 (updated 6 April 2018)

² The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2023 ("the 2023 Regulations"), Reg 25(A) Administration Regulations 1996

³ The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Administration Regulations"), Reg 23(1)(b) – Administration Regulations 1996

⁴ Regulation 23(1)(c)(I to IV) – Administration Regulations 1996

⁵ Regulation 23(1)(ca) of the Administration Regulations as inserted by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018

⁶ The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 ("the 2023 Regulations"), Reg 23(1)(aza) and 25(A) Administration Regulations 1996

⁷ Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations')

⁸ Regulation 23(1)(d) – Administration Regulations 1996 and Sections 247 and 248 of the Pensions Act 2004

⁹ Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations')

Appendix I: Legacy Investment Policies

During the previous year there were legacy investment policies in respect of AVCs relating to service in the DB sections of the Fund which were held with Scottish Widows, Aviva, Clerical Medical, Prudential, Standard Life, Utmost Life and Pensions as well as Money Purchase benefits held with Aviva and Aegon (inherited from the JLT Scheme). The Trustee delegated the processing of these benefits to the Fund administrator. These AVC and Money Purchase arrangements are closed to new contributions.

Following a review in 2022, unit linked funds held with Aegon, Prudential and Utmost were transferred to Scottish Widows on 23 January 2023. Following this exercise there are no further member assets held with Aegon and Utmost. The rationale for this was to provide members with a greater range of funds with competitive charges.

Members with AVCs invested in Scottish Widows are subject to the same charges as the main DC Section members and therefore are not considered further in this appendix.

Transaction Cost and Charges

The Trustee has obtained transaction charges and costs from the external legacy investment providers in which the Fund's members are invested and have reported this as far as they are able in the table below.

Legacy Investment Policies			
Provider	Fund	TER (% p.a.)	Transaction Cost ^(e) (% p.a.)
Aegon	Mixed (until 23 January 2023)	1.02 ^(a)	0.20
Aviva	With Profits (NU) Fund	0.88 ^(b)	N/A
	With Profits Guaranteed (NU) Fund	0.88 ^(b)	N/A
Clerical Medical	With Profits (SING CONTS) Pension	(c)	(c)
Prudential	Prudential With Profits Cash Accumulation Fund	0.76 ^(d)	0.17
	With Profits I Fund	0.76 ^(d)	N/A
	With Profits II Fund	0.76 ^(d)	N/A
	Discretionary Fund (until 23 January 2023)	0.75	0.16 ^(d)
	UK Equity Fund (until 23 January 2023)	0.75	0.28 ^(d)
	International Equity Fund (until 23 January 2023)	0.75	0.11 ^(d)
Standard Life	With Profits Fund	1.00	0.06
	Millennium With Profits Fund	1.00	0.01
Utmost	Multi-Asset Cautious (until 23 January 2023)	0.75	0.37 ^(e)
	Multi-Asset Moderate (until 23 January 2023)	0.75	0.35 ^(e)

Source: Legacy investment providers

^(a) TER (Total Expense Ratio) consists of the AMC of 1% and additional expenses of 0.02%. As at 23 January 2023.

^(b) Aviva has confirmed that these charges and costs are implicit and therefore cannot be disclosed. There is no TER or AMC for Aviva With-Profits funds. This figure is the AMC for Unit-Linked funds however a similar charge is allowed for when Aviva declare the bonus rates on the With-Profits funds. There are no transaction costs for these funds.

^(c) Clerical Medical did not provide the transaction costs or charges applicable to the funds above in time for inclusion in this statement, they have previously confirmed that there is an annual management charge of 0.50% which is accounted for in the annual bonus suggesting it is implicit. The Trustee is working with their advisors to obtain this. This information will continue to be requested from the providers until the underlying managers are in a position to provide the transaction costs.

^(d) Prudential TERs as at 31 October 2023. Transactions costs as at 30 June 2023. Transaction costs as at 31 December 2023 were requested but not available at the time writing. There are no TERs for the With-Profits funds. Prudential confirmed the management charge depends on the performance of the With-Profits funds, in particular the investment return and their expenses. Prudential currently expects this charge to be 0.76% a year, based on the assumption that future investment returns from the With-Profits funds will be 5% per year. They deduct this charge through the bonus mechanism.

^(e) Utmost charges as at 31 December 2022, given disinvestment in January 2023.

Net Performance

Legacy Investment Policies		
Provider	Fund	3 Year Net Annualised Returns to 31 December 2023 (%)
Aviva	With Profits (NU) Fund	(a)
	With Profits Guaranteed (NU) Fund	(a)
Clerical Medical	With Profits (SING CONTS) Pension	(a)
Prudential ^(a)	Prudential With Profits Cash Accumulation Fund	1.2
	With Profits I Fund	(a)
	With Profits II Fund	(a)
Standard Life ^(b)	With Profits Fund	-0.5
	Millennium With Profits Fund	5.6

Source: Legacy investment providers as at 31 December 2023, Performance shown net of all charges and transaction costs.

^(a) Net returns were requested from all providers but not received at the time of writing this report. The Trustee will continue to request it.

^(b) Performance does not allow for tax, charges, expenses or the effects of any smoothing and have been rounded down.

Legacy Investment Policies – Disinvested 23 January 2023		
Provider	Fund	3 Year Net Annualised Returns to 31 December 2023 (%)
Aegon	Mixed	-11.1
Prudential	Discretionary Fund	9.3
	UK Equity Fund	6.1
	International Equity Fund	11.3
Utmost	Multi-Asset Cautious	-13.8
	Multi-Asset Moderate	-11.5

Performance to last available quarter end have been disclosed given funds were disinvested in January 2023.

The Trustee also considered the DB AVC arrangements and additional Money Purchase assets held within the Fund as part of the value for members assessment. The legacy AVC assets and Money Purchase assets are invested in with-profits policies with various providers. The unit linked assets are invested in the same funds as the main DC Assets.

In a with-profits fund a member's fund value typically grows by the addition of annual and final bonuses based on its profits. With-profits funds hold back some of the returns made in good years to subsidise bonuses in years of weaker market performance and meet any benefit promises, this is known as smoothing. Fund returns will vary depending on the provider, policy, benefit promises and when contributions were made. It is important to remember that like all DC funds, values can still go up and down and investors may get back less than they invested.

Assessing the value for money of a with-profits fund is directly related to an individual's attitude towards, and capacity for, investment risk. Therefore, the Trustee considers it inappropriate to reach a general conclusion on value for members for the with-profits funds as this will vary from policy to policy and by member.

Broadly the terms offered to members are not out of line with the AVC market. Members have also been offered access to a wider range of funds at lower cost through the delegated MWS solution accessed via Scottish Widows. It was recognised that the legacy unit linked funds invested with Aegon, which were inherited from the JLT Scheme, did not represent value for money from a cost perspective and this was one of the reasons that the Trustee transferred these to Scottish Widows within the Scheme year on 23 January 2023.

Appendix II: Default asset allocation disclosure

Total Expense Ratio (TER) consists principally of the manager's annual charge for managing and operating a fund, but also includes the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees.

Transaction costs are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty.

Asset class	Growth Phase	Drawdown ¹	Annuity	Cash
	% Allocation			
	Members more than 8 years away from retirement ²	Members at retirement ³		
Cash	0.94	25.90	25.00	100.00
Bonds ^(a)	25.35	43.64	75.00	0.00
Listed Equity	67.43	26.70	0.00	0.00
Private Equity	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00
Private Debt	0.00	0.00	0.00	0.00
Other	6.28	3.76	0.00	0.00
Total	100.00	100.00	100.00	100.00

¹ The Drawdown Lifestyle allocation demonstrated in the table represents the asset allocation for a 65-year old retiring before 2026. For members retiring after 2026, the asset allocation will change to reflect a smaller allocation to cash at retirement.

² All three lifestyles invest in the Mercer Growth Fund until 8 years before the target retirement date (we have assumed age 65 so the allocation at age 25, 45 and 55 would be the same), before "de-risking" into different funds dependent on what the member is targeting at retirement.

³ Normal Retirement Age is 65 years, members can actively change this, however the end point asset allocation would remain the same. Likewise if a member remained invested past this age.

^(a) Bonds allocation include Corporate, Government and Other Bonds.

Additional Defaults

Asset class	% Asset Allocation as at 31 December 2023					
	Mercer Moderate Growth	Mercer Growth	Mercer High Growth	Mercer Active Global Equity	Mercer Active UK Property	Mercer Active Money Market
Cash	0.75	0.94	0.77	0.00	0.00	100.00
Bonds ^(a)	49.16	25.35	23.47	0.00	0.00	0.00
Listed Equity	45.14	67.43	72.69	100.00	0.00	0.00
Private Equity	0.00	0.00	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00	100.00	0.00
Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00
Private Debt	0.00	0.00	0.00	0.00	0.00	0.00
Other	4.95	6.28	3.07	0.00	0.00	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00

^(a) Bonds allocation include Corporate, Government and Other Bonds.

Asset class	% Asset Allocation as at 31 December 2023					
	Mercer Passive Emerging Markets Equity	Mercer Passive UK Equity	Mercer Passive Overseas Equity	Mercer Passive Sustainable Global Equity	Mercer Passive UK Corporate Bond	Mercer Index Linked Gilts
Cash	0.00	0.00	0.00	0.00	0.00	0.00
Bonds ^(a)	0.00	0.00	0.00	0.00	100.00	100.00
Listed Equity	100.00	100.00	100.00	100.00	00.00	00.00
Private Equity	0.00	0.00	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00	0.00	0.00
Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00
Private Debt	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00

^(a) Bonds allocation include Corporate, Government and Other Bonds.

Asset class	% Asset Allocation as at 31 December 2023			
	Mercer Passive Fixed Interest Gilts	Mercer Diversified Growth	Mercer Diversified Retirement	Mercer Pre-Retirement
Cash	0.00	0.49	1.19	0.00
Bonds ^(a)	100.00	36.27	58.18	100.00
Listed Equity	00.00	54.83	35.61	00.00
Private Equity	0.00	0.00	0.00	0.00
Property	0.00	0.00	0.00	0.00
Infrastructure	0.00	0.00	0.00	0.00
Private Debt	0.00	0.00	0.00	0.00
Other	0.00	8.41	5.02	0.00
Total	100.00	100.00	100.00	100.00

^(a) Bonds allocation include Corporate, Government and Other Bonds.

The following describes the types of investments covered by the above asset classes:

- Cash – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Fund.
- Bonds – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.
- Listed Equity – Shares in companies that are listed on global stock exchanges. Owning shares makes the Fund a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
- Private Equity – Unlisted equities that are not publicly traded on stock exchanges. Encompasses a broad range of investment styles, including:
 - Venture Capital – Small, early-stage businesses that may have high growth potential, albeit at significant risk.
 - Growth Equity – Relatively mature companies that are going through a transformational event with potential for growth.
- Property – Real estate, potentially including offices, retail buildings which are rented out to businesses.
- Infrastructure: physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons.
- Private Debt – Other forms of loan that do not fall within the definition of a 'Bond'.
- Other – Any assets that do not fall within the above categories

Appendix III: Further detail on the controls and processes for core financial transactions

The Fund administrator records all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to the task.

The processes adopted by the administrator to help meet the SLAs include:

- Transactions recorded and monitored on the workflow system.
- Member / policyholder transactions are independently checked via a quality queue within the workflow process. Each transaction event has several specific pre-configured system quality steps in the workflow process. At each quality step once an administrator completes a manual calculation, inputs data, or runs an automated process this is sent to the quality queue to be picked up by an authorised member of the team to check and authorise electronically.
- Investment deadline (3 working days) on receipt of DC contributions (from receipt of reconciled and validated contribution data and money) hardcoded into workflow system which feeds into a central investment cycle spreadsheet which is monitored and reviewed to highlight exceptions.
- Daily monitoring of bank accounts (and separate cheque receipt log, which is reconciled daily and is maintained by a central treasury team).
- Two individuals checking all investment and banking transactions.
- Monthly reconciliation of contributions received.
- Input onto the administration system and any subsequent changes approved by an authorised individual.

Fund SLA's are as follows:

SLA	Transaction type
3 working days	Contribution Processing
5 working days	Investment Transactions
8 working days	Deaths
10 working days	Retirements
10 working days	Transfers out
10 working days	Transfers in

As a wider review of the Fund administrator, the Trustee receives details of the administrator's control procedures that govern the accuracy of their processes. The administrator employs an independent auditor to prepare an annual report on their internal controls (AAF01/20/ ISAE 3402). The 2023 report, which has been shared with the Scheme Secretary, confirmed that the administrator's description of services was fairly presented and that controls were designed, implemented, and operated effectively throughout the review period.

The Trustee also monitors the accuracy of the Fund's common data annually. Common data refers to the 11 pieces of data needed so that a member can be uniquely identified and the Pensions Regulator expects that all schemes should hold this data for all members (for example name, date of birth and gender). A summary report is received from the Fund administrator. Reasons for any decline in common data score are considered as are the remedial measures available to the Trustee.

The Payment Schedule sets out timescales for the Company to remit monthly contributions to the Fund. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Trustee on an ongoing basis.

The Trustee also appoints an independent auditor to carry out an annual audit of the Fund, including a sample of the core financial transactions which have taken place during the Fund year.

Appendix IV: Further information about Charges and Transaction Costs

Total Expense Ratio (TER) consists principally of the manager's annual charge for managing and operating a fund, but also includes the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees.

Transaction costs are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty.

Lifestyles			
Investment Strategy	Mercer Funds	TER (% p.a.)	Transaction Cost ^(c) (% p.a.)
Growth phase ^(a)	Mercer Growth	0.201	0.113
Mercer SmartPath Drawdown ^(a)	Target Drawdown 2024	0.246	0.096
	Target Drawdown 2025	0.258	0.105
	Target Drawdown 2026	0.268	0.121
	Target Drawdown 2027	0.257	0.119
	Target Drawdown 2028	0.245	0.118
	Target Drawdown 2029	0.234	0.117
	Target Drawdown 2030	0.223	0.116
	Target Drawdown 2031	0.213	0.114
	Drawdown Retirement	0.243	0.096
Mercer SmartPath Annuity ^(b)	Target Annuity 2024	0.119	0.004
	Target Annuity 2025	0.139	0.017
	Target Annuity 2026	0.148	0.029
	Target Annuity 2027	0.166	0.043
	Target Annuity 2028	0.177	0.057
	Target Annuity 2029	0.187	0.071
	Target Annuity 2030	0.198	0.085
	Target Annuity 2031	0.209	0.099
	Annuity Retirement	0.112	0.004
Mercer SmartPath Cash ^(b)	Target Cash 2024	0.140	0.015
	Target Cash 2025	0.150	0.032
	Target Cash 2026	0.151	0.049
	Target Cash 2027	0.151	0.066
	Target Cash 2028	0.161	0.083
	Target Cash 2029	0.176	0.090
	Target Cash 2030	0.191	0.098
	Target Cash 2031	0.204	0.105
	Cash Retirement	0.130	0.015

Self-select investment options		
Risk Profiled Funds	TER (% p.a.)	Transaction Costs ^(c) (% p.a.)
Mercer Defensive	0.230	0.148
Mercer Moderate Growth ^(b)	0.217	0.125
Mercer Growth	0.201	0.113
Mercer High Growth ^(b)	0.225	0.086

Self-select investment options		
Building Block Funds	TER (% p.a.)	Transaction Costs ^(c) (% p.a.)
Mercer Active Emerging Markets Equity (until March 2024)	0.900	0.835
Mercer Active Global Equity ^(b)	0.648	0.194
Mercer Active Sustainable Global Equity (until March 2024)	0.640	0.016
Mercer Active UK Property ^(b)	0.685	-0.101
Mercer Active Money Market ^(b)	0.130	0.015
Mercer Passive Emerging Markets Equity ^(b)	0.180	0.000
Mercer Passive Overseas Equity ^(b)	0.075	0.010
Mercer Passive Overseas Equity Hedged	0.100	-0.022
Mercer Passive Sustainable Global Equity ^(b)	0.120	0.067
Mercer Passive UK Equity ^(b)	0.068	0.081
Mercer Passive UK Corporate Bond ^(b)	0.080	0.052
Mercer Passive Over 5 Years Index-Linked Gilts ^(b)	0.069	0.149
Mercer Passive Over 15 year Gilts ^(b)	0.069	0.029
Mercer Inflation Linked Pre-Retirement	0.105	0.053
Mercer Pre-Retirement ^(b)	0.105	0.000
Mercer Diversified Growth ^(b)	0.310	0.183
Mercer Diversified Retirement ^(b)	0.280	0.123
Mercer Shariah	0.340	0.003

Source: Scottish Widows.

The TER includes the annual management charge and the additional fund expenses as at 31 December 2022

^(a) Current Default investment option

^(b) Technical default investment option

^(c) Due to the way in which transaction costs are calculated, they can be negative or positive in nature and so in practice the total charge would be less; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively an additional cost from trading activity

Appendix V: Additional illustrations of the effect of costs borne by members

Projected Pot sizes in Today's Terms
(with future contributions)

Year End	Mercer Moderate Growth		Mercer High Growth		Mercer Active Global Equity		Mercer Active UK Property		Mercer Active Money Market		Mercer Passive Emerging Markets Equity		Mercer Passive Overseas Equity	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£58,699	£58,492	£59,143	£58,918	£59,817	£59,295	£58,785	£58,377	£57,617	£57,534	£59,463	£59,329	£59,439	£59,394
5	£106,821	£105,311	£110,191	£108,513	£115,506	£111,467	£107,463	£104,502	£98,995	£98,430	£112,683	£111,660	£112,496	£112,149
10	£180,519	£176,079	£190,832	£185,738	£207,778	£195,029	£182,457	£173,754	£157,851	£156,307	£198,673	£195,485	£198,078	£196,996
15	£272,023	£262,760	£294,237	£283,288	£332,198	£303,746	£276,145	£257,996	£225,631	£222,626	£311,579	£304,553	£310,250	£307,862
20	£384,777	£368,214	£425,636	£405,478	£498,191	£443,838	£392,266	£359,822	£303,540	£298,511	£458,365	£445,108	£455,832	£451,322
25	£522,831	£495,764	£591,357	£557,456	£717,770	£622,943	£535,239	£482,235	£392,940	£385,236	£647,660	£624,818	£643,260	£635,479
30	£690,934	£649,273	£799,047	£745,356	£1,006,231	£850,426	£710,274	£628,703	£495,373	£484,241	£890,146	£853,083	£882,956	£870,317
35	£894,657	£833,218	£1,057,933	£976,477	£1,383,019	£1,137,751	£923,512	£803,233	£612,587	£597,157	£1,199,023	£1,141,414	£1,187,778	£1,168,112
40	£1,140,522	£1,052,794	£1,379,140	£1,259,493	£1,872,838	£1,498,943	£1,182,181	£1,010,448	£746,556	£725,827	£1,590,591	£1,503,892	£1,573,572	£1,543,943
45	£1,436,159	£1,314,012	£1,776,063	£1,604,701	£2,507,038	£1,951,136	£1,494,779	£1,255,678	£899,518	£872,339	£2,084,953	£1,957,721	£2,059,848	£2,016,318
48	£1,641,082	£1,493,582	£2,057,134	£1,846,670	£2,972,986	£2,274,651	£1,712,307	£1,423,579	£1,001,452	£969,781	£2,440,992	£2,282,421	£2,409,609	£2,355,322

Notes:

1. Projected pension pot values are shown in today's terms.
2. The starting pot size is assumed to be £48,000.
3. Contributions, starting at £779 per month, are assumed from age 17 to 65.
4. Inflation is assumed to be 2.5% p.a.
5. Salary is assumed to increase in line with inflation.
6. Values shown are estimates and are not guaranteed.
7. Projected Growth Rates less inflation (gross of fees) for each fund:

Mercer Moderate Growth: 2.45%	Mercer Active Money Market: 0.50%
Mercer High Growth: 3.27%	Mercer Passive Emerging Markets Equity: 4.00%
Mercer Active Global Equity: 4.49%	Mercer Passive Overseas Equity: 4.00%
Mercer Active UK Property: 2.74%	

Year End	Mercer Passive Sustainable Global Equity		Mercer Passive UK Corporate Bond		Mercer Passive Over 5 Years Index-Linked Gilts		Mercer Passive Over 15 Year Gilts		Mercer Pre-Retirement		Mercer Diversified Growth		Mercer Diversified Retirement	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£59,454	£59,365	£58,311	£58,255	£57,642	£57,567	£59,453	£59,396	£58,039	£57,975	£58,927	£58,618	£58,549	£58,299
5	£112,612	£111,937	£103,951	£103,553	£99,168	£98,656	£112,609	£112,173	£101,980	£101,535	£108,537	£106,270	£105,699	£103,905
10	£198,447	£196,341	£172,000	£170,854	£158,334	£156,932	£198,438	£197,077	£166,288	£165,033	£185,730	£178,974	£177,160	£171,949
15	£311,074	£306,429	£254,190	£251,850	£226,584	£223,849	£311,054	£308,049	£242,500	£239,984	£283,162	£268,891	£264,934	£254,188
20	£457,403	£448,631	£352,875	£348,779	£305,151	£300,566	£457,364	£451,684	£332,415	£328,088	£405,114	£379,282	£371,997	£352,996
25	£645,988	£630,861	£470,769	£464,212	£395,426	£388,392	£645,920	£636,117	£438,083	£431,276	£556,686	£513,968	£501,818	£471,106
30	£887,412	£862,848	£610,992	£601,101	£498,990	£488,808	£887,301	£871,367	£561,842	£551,748	£743,953	£677,417	£658,430	£611,666
35	£1,194,746	£1,156,535	£777,130	£762,834	£617,628	£603,492	£1,194,571	£1,169,762	£706,354	£692,008	£974,136	£874,852	£846,526	£778,295
40	£1,584,115	£1,526,564	£973,306	£953,295	£753,363	£734,342	£1,583,851	£1,546,449	£874,651	£854,899	£1,255,811	£1,112,369	£1,071,553	£975,152
45	£2,075,395	£1,990,872	£1,204,252	£1,176,935	£908,484	£883,506	£2,075,005	£2,020,022	£1,070,184	£1,043,657	£1,599,153	£1,397,079	£1,339,832	£1,207,015
48	£2,429,040	£2,323,648	£1,361,735	£1,329,135	£1,011,926	£982,794	£2,428,554	£2,359,955	£1,202,189	£1,170,837	£1,839,687	£1,593,951	£1,524,564	£1,365,185

Notes:

1. Projected pension pot values are shown in today's terms.
2. The starting pot size is assumed to be £48,000.
3. Contributions, starting at £779 per month, are assumed from age 17 to 65.
4. 4. Inflation is assumed to be 2.5% p.a.
5. 5. Salary is assumed to increase in line with inflation.
6. 6. Values shown are estimates and are not guaranteed.
7. Projected Growth Rates less inflation (gross of fees) for each fund:

Mercer Passive Sustainable Global Equity: 4.00%	Mercer Pre-Retirement: 1.32%
Mercer Passive UK Corporate Bond: 1.83%	Mercer Diversified Growth: 2.80%
Mercer Passive Over 5 Years Index-Linked Gilts: 0.50%	Mercer Diversified Retirement: 2.15%
Mercer Passive UK Equity: 4.00%	

(Inflation refers to a general rise in the level of prices sometimes referred to as the rise in the cost of living. Some funds may have assumed returns below inflation, this means that overtime the cost of living could outstrip the investment returns- this is typically for low growth, low risk funds such as cash).

Appendix VI: Additional Net Performance Return

The tables below show performance, net of all charges and transaction costs, for the additional funds invested in by members during the Fund year.

Alternative Life Style Strategies	Fund	1 Year Net Annualised Returns to 31 December 2023 (%)	3 Year Net Annualised Returns to 31 December 2023 (%)
Growth Phase (until 8 years of retirement)	Mercer Growth	7.4	3.0
Mercer SmartPath Annuity ^(a) (in respect of members within 8 years to retirement)	Target Annuity 2024	5.4	-6.2
	Target Annuity 2025	5.8	-5.4
	Target Annuity 2027	6.6	-2.2
	Target Annuity 2028	6.8	-0.4
	Target Annuity 2029	7.2	1.4
	Target Annuity 2030	7.4	-
	Target Annuity 2031 ^(b)	7.7	-
Mercer SmartPath Cash ^(a) (in respect of members within 8 years to retirement)	Annuity Retirement	9.0	-7.1
	Target Cash 2024	4.4	0.5
	Target Cash 2025	5.2	-0.2
	Target Cash 2026	6.0	-0.7
	Target Cash 2027	6.7	-0.1
	Target Cash 2028	7.6	1.2
	Target Cash 2030	7.6	-
	Target Cash 2031 ^(b)	3.2	-
	Cash Retirement	4.6	1.9

Source: Performance shown net of all charges and transaction costs. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle. The date of inception of these funds was August 2019 and therefore longer-term performance is currently not available.

Members are invested in the growth phase of each lifestyle strategy until 8 years from retirement. Therefore, the return is expected to be consistent at age 25, 45 and 55 and therefore these ages have not been disclosed separately.

For those members within 8 years to retirement the date of the fund corresponds to the year they are intending to retire. Over time the expected performance of the fund will change as the member approaches their selected retirement age and the investments change as described in the graph on page 4.

A member intending to retire in 2030, targeting Annuity in retirement will have entered the de-risking investment phase at the beginning of 2023 with their funds moving from the Mercer Growth Fund to the Mercer Smartpath Target Annuity 2030 Fund and would have experienced a net return of 2.93% for the three years to 31 December 2023.

A member intending to retire in 2030, targeting Cash in retirement will have entered the de-risking investment phase at the beginning of 2023 with their funds moving from the Mercer Growth Fund to the Mercer Smartpath Target Annuity 2030 Fund. This means they would have experienced a net return of 3.02% for the three years to 31 December 2023.

^(a) Technical Defaults

^(b) The growth phase is the same for all lifestyles. Performance data would not be available for a member retiring in 2031 because that member would not yet have been invested in the fund for long enough following the transition from the growth phase to the de-risking phase 8 years before retirement, since inception performance is shown instead.

Self-Select Investment Funds		
Risk Profiled funds	1 Year Net Annualised returns to 31 December 2023 (%)	3 Year Net Annualised Returns to 31 December 2023 (%)
Mercer Defensive	5.3	-1.2
Mercer Moderate Growth ^(a)	6.3	1.5
Mercer Growth	7.4	3.0
Mercer High Growth ^(a)	8.8	4.2

Building Block Funds	1 Year Net Annualised returns to 31 December 2023 (%)	3 Year Net Annualised returns to 31 December 2023 (%)
Mercer Active Emerging Markets Equity	1.4	-5.5
Mercer Active Global Equity ^(a)	13.6	6.6
Mercer Active Sustainable Global Equity	9.3	4.8
Mercer Active UK Property ^(a)	-0.9	3.7
Mercer Active Money Market	4.6	2.0
Mercer Passive Emerging Markets Equity ^(b)	3.1	-

Building Block Funds	1 Year Net Annualised returns to 31 December 2022 (%)	3 Year Net Annualised returns to 31 December 2022 (%)
Mercer Passive Overseas Equity ^(a)	18.3	9.6
Mercer Passive Overseas Equity Hedged	23.2	-
Mercer Passive Sustainable Global Equity ^(a)	18.7	8.9
Mercer Passive UK Equity ^(a)	5.7	7.4
Mercer Passive UK Corporate Bond ^(a)	8.7	-4.7
Mercer Passive Over 5 Years Index-Linked Gilts	0.0	-
Mercer Passive Over 15 year Gilts ^(a)	1.6	-17.3
Mercer Inflation Linked Pre-Retirement	4.9	-11.8
Mercer Pre-Retirement ^(a)	7.4	-10.3
Mercer Diversified Growth ^(a)	8.2	3.0
Mercer Diversified Retirement	6.8	1.5
Mercer Shariah	27.3	11.0

Appendix VII: Trustee knowledge and understanding

Activities during the year

The Trustee has undertaken regular formal training throughout the year including but not limited to:

- UK Government Budget
- Value for members assessments
- Cyber Security
- Task Force on Climate-Related Financial Disclosures
- Member Engagement
- Chair's Statement Requirements
- Implementation Statement Requirements

activities that involved giving consideration to pensions and trust law, the Fund's governing documents and the Statement of Investment Principles. This allowed them to exercise their knowledge and understanding and to further strengthen their capabilities, for example, by developing their knowledge and understanding of the relevant principles relating to the funding and investment of occupational pension schemes. Additional training requirements that have been met during the period to which this Statement relates are as follows:

During the period, the Trustee undertook a number of

Requirement- The Trustee must describe and demonstrate:	How met during the year
A working knowledge of the Trust Deed and Rules.	<p>The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules by:</p> <ul style="list-style-type: none"> • Exercising their discretion when considering payment to beneficiaries in line with the Rules. • Understanding rules (with legal advice where required) with regards to the administration of the Fund. • If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Fund's legal advisors.
A working knowledge of the current Statement of Investment Principles (SIP).	<p>The Trustee is conversant with, and has a working knowledge of, the current SIP.</p> <p>The Trustee undertakes regular training on investment matters and is comfortable that the Trustee Directors have sufficient knowledge of investment matters to be able to challenge their advisor.</p> <p>During the year, the Trustee has demonstrated this by discussing the DC investment performance at each quarterly Trustee meeting and making the decision to remove two underperforming funds from the self-select fund range.</p>
A working knowledge of all documents setting out the trustees' current policies.	<p>The Trustee Directors considered a number of scheme documents and member communications (containing their policies) including:</p> <ul style="list-style-type: none"> • The drafting of the Implementation Statement and Statement of Investment Principles • CMA objectives • Services and communications through the Fund's Pension Decision Service • FAQ communications to members targeting annuities to inform them of the performance of their investments and to answer any questions. • Communications to members invested in the 'On Watch' funds to keep them informed of their performance and the Trustees plans for the funds. • Decision to remove the Active Emerging Markets Equity and Active Sustainable Equity funds following prolonged underperformance of these funds and failure to materially improve this against criteria as part of the Decision Tree Framework implemented in 2023. • Following the Company change to the policy for minimum contribution amounts from 2% employee and 6% employer to 2.5% employee and 6.5% employer to help boost pension savings, the Trustee executed a robust communications plan including Personalised Videos and carrying out a benefits adequacy assessment on total Fund membership to review the impact of the change. <p>The Communications Working Group continued to meet at least quarterly, considering the Fund's engagement strategy focusing on e-communications such as email communications and personalised videos. In the latter end of 2023, the decision was taken to formalise this group into the Communications Committee with a clear terms of reference and strategic objective set out.</p> <p>The Trustee has a rolling review of the scheme documentation and policies in place to ensure that these are kept up to date and reviewed regularly with time set aside at each Trustee meeting to consider these as appropriate.</p>

Requirement- The Trustee must describe and demonstrate:	How met during the year
That they have sufficient knowledge and understanding of the law relating to pensions and trusts.	<p>During the Scheme year the Trustee has undertaken ongoing training to keep abreast of relevant developments. This included:</p> <ul style="list-style-type: none"> – Quarterly briefings on changes to Pensions law and their possible impact on the Fund such as: <ul style="list-style-type: none"> • New requirements for Chair's Statement, Value for Members Assessment and Implementation Statement; and • New SMPI Assumptions TM1 V5 calculations method and impact on member projection. – Structured Trustee training sessions covering topics such as the framework for assessing underperforming funds. – TCFD progress monitoring. <p>The Trustee Directors consider their training needs at each quarterly meeting aligning this with the DC Code of Practice.</p>
That they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational scheme.	<p>During the course of the year the Trustee reviewed:</p> <ul style="list-style-type: none"> • The mapping of members' experience and journey and engagement strategy. • The framework for assessing underperforming funds. • Taskforce for Climate-Related Financial Disclosures metrics and reporting. <p>The Trustee receives regular updates from their advisors on funding and investment matters and these are considered not only at the quarterly Investment Committee meetings, but also the quarterly Trustee meetings as standing items.</p>
That their combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.	<p>During the year, the Trustee Directors, working with their advisors undertook a number of activities that involved giving detailed consideration to pensions and trust law, and the Fund's governing documents.</p>