

Ace View Ltd Retirement and Death Benefits Scheme (the "Scheme")

Annual governance statement for the Scheme year ending 1 April 2019

1. Introduction

As Trustee of the Scheme, we have reviewed and assessed that our systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's:

- code of practice 13: governance and administration of occupational trust-based schemes providing money purchase benefits (the "**DC code**"); and
- regulatory guidance for defined contribution schemes ("**DC regulatory guidance**").

Based on our assessment, the Trustee continues to work towards adopting the standards of practice set out in the DC code and DC regulatory guidance.

As at the date of this statement there are two deferred members of the Scheme. One member has passed their normal retirement date.

2. Governance of the Default Arrangement

The Scheme's assets are invested wholly in an insurance policy provided by Aviva Life & Pensions UK Limited ("**Aviva**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Trustee has not prepared a statement of investment principles ("**SIP**") in relation to the Scheme because:

- the Scheme has fewer than 100 members, it is exempt from providing a SIP under regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005; and
- the Scheme ceased to receive contributions before 6 April 2015 and Aviva does not operate a default arrangement in relation to members of the Scheme. As such, the Trustee is not required to prepare a default fund SIP under regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

3. Objectives of the Scheme's default approach

Aviva does not operate a default arrangement for members of the Scheme.

4. Core Financial Transactions

The Trustee has a duty to ensure that core financial transactions (including 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) relating to the Scheme are processed promptly and accurately. The Trustee delegates the processing of some of these transactions to Aviva and then retains responsibility for processing the remaining transactions itself.

So far as the Trustee acts as administrator in respect of those transaction, an independent auditor undertakes an external audit of the Trustee's administrative processes and controls (AAF 02/07) on an annual basis. In addition, the Trustee has internal controls policies and a Scheme specific risk register in place to mitigate potential risks relating to core financial transactions. This is reviewed by the Trustee at least annually.

The Pensions Regulator appointed Open Trustees as trustee of the Scheme on 22 May 2019. As we were appointed to act as Trustee after the year end being reported on in this statement we cannot

comment on whether the former trustees identified any issues in terms of the processing of core financial transactions during the Scheme year. However, we have not been made aware of any since our appointment. Additionally, following our appointment we are keeping the processing of core financial transactions under regular review and will report on it as part of our annual audit process.

5. Charges and Transaction Costs

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "**Administration Regulations**") require the Trustee to make an assessment of charges and transactions costs borne by the Scheme members and the extent to which those charges and costs represent good value for money for members.

Following our appointment as Trustee of the Scheme on 22 May 2019, we wrote to Aviva on 17 September 2019 to request details of the charges and transaction costs borne by the Scheme members in order to make this assessment. In response, Aviva has confirmed by letter dated 20 September 2019 that members' benefits are invested in unit-linked funds. The units are calculated on a daily basis and are influenced by the growth of the stock market. Aviva calculates the price of the assets using the bid price.

The Scheme does not benefits from guaranteed annuity rates, guaranteed bonus rates, guaranteed minimum pensions or guaranteed investment returns.

Early exit charges are specific to each individual member's policy. If a charge is applicable it will decrease as the member nears their normal retirement date.

Members' benefits are invested in a combination of the following funds:

Fund name	Annual management charge	Additional charge	Total charge
Pacific Basin FPP	0.75%	0.07%	0.82%
European FPP	0.75%	0.04%	0.79%
Stewardship FPP	0.75%	0.02%	0.77%
Managed FP	0.40%	0.00%	0.40%
UK Equity FP	0.40%	0.02%	0.42%

Aviva's investment funds, carry their own initial and annual management charges which are not payable in addition. However, a share of the unit trust's fees to trustees, auditors etc. is payable which has the effect of increasing the annual management charges for some funds, this is reflected in the additional fees set out above

Illustrations

Despite asking Aviva to provide the Trustee with illustrations of the charges and transaction costs as required under the Occupational Pensions Schemes (Administration and Disclosure) Amendment Regulations 2018 and relevant statutory guidance, for reasons outside the Trustee's control, Aviva have not yet been able to provide these illustrations. We will continue to chase Aviva for the illustrations and will provide an updated Chair Statement as soon as this information is available.