Greenacre Group PLC Executive Pension Plan (the "Scheme")

Annual governance statement for the Scheme year ending 1 October 2020

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 3 deferred members of the Scheme. 1 member has passed their normal retirement dates.

2. Governance of the Default Arrangement

The Scheme's assets are invested wholly in an insurance policy provided by Phoenix Life Limited (**"Phoenix Life"**), 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 Phoenix Life 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

Phoenix Life 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 Phoenix Life 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.

In terms of processing core financial transactions, no issues were identified through the year and following the 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.

We wrote to Phoenix Life to request details of the charges and transaction costs borne by the Scheme members in order to make this assessment. In response, Phoenix Life has confirmed that 2 of the members' benefits are invested in unit-linked funds, and the remaining member's benefits are invested in Capital Account Series 1.

Unit linked funds.

In a unit-linked scheme, the units are calculated on a daily basis because they are influenced by the growth of the stock market. Phoenix Life calculates the price of the assets using the bid price.

Phoenix's Life's expenses are reflected in the level of bonus and bonus interest declared. The charges borne by the member are implicit within the pricing of the units. Phoenix Life has confirmed that there are no other transactional costs.

An early exit charge applies on transfer or discontinuance before the member reaches their normal retirement age. If retirement benefits are taken more than five years before the member's normal retirement age, a charge may be imposed by Phoenix Life on initial units. The amount of the early exit charge is dependent on how many years remain until the member reaches normal retirement age.

The Scheme does not benefit from guaranteed annuity rates or guaranteed minimum pensions.

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

Fund name	Bid / offer spread	Unit type	Annual management charge
Phoenix NPI Pens Managed Series 1	5%	Initial	4.50%
Phoenix NPI Pens Managed Series 1	5%	Ordinary	1.0%
Phoenix NPI Pens Far East Series 1	5%	Initial	4.5%
Phoenix NPI Pens Far East Series 1	5%	Ordinary	1.0%
Phoenix NPI Pens UK Equity Series 1	5%	Initial	4.5%
Phoenix NPI Pens UK Equity Series 1	5%	Ordinary	1.0%

The charges borne by the members are implicit within the pricing of the units. There are no other transaction costs.

Capital Account Series 1

Investments in the Capital Account aim to provide the investor with the benefits of a secure investment combined with growth and consistency. Any available profits are passed on to policyholders by annual declarations of bonus interest. Bonus interest is declared at the end of each calendar year and once added cannot be taken away. There is no final bonus payable on investments in this account.

For investments in the Capital Account Series 1:

- The rate of annual bonus declared for 2020 was 2.50% for accumulation units. Annual bonus is added on a daily basis.
- The interim annual rate of bonus for 2021 is 1.50% for accumulation units.

Conclusions

Given that the Scheme is in the process of being wound up and the charges are in line with market standards for this type of policy, the Trustee is sufficiently comfortable that the charge and costs referred to by Phoenix Life in respect of the Scheme represent good value for money for the members. The Trustee, therefore, has concluded that the Scheme's assets should remain invested in their current funds until the Scheme is wound up.

6. Trustee Knowledge and Understanding ("TKU")

Section 248 of the Pensions Act 2004 requires the Trustee to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively.

The Trustee takes training and development responsibilities seriously and each member of the board of directors of the Trustee maintains a record of all training completed during the Scheme year. This record is reviewed annually in order to identify any gaps in knowledge and understanding and a training plan is then put in place over the course of the following Scheme year.

Each of the members of the board of directors is a UK qualified lawyer, either specialising in UK pensions law or insolvency and restructuring law. The Trustee combines the knowledge and understanding of the members of the board, together with the advice which is available to them through their consultants and advisers, to enable them to properly exercise their function as Trustee of the Scheme.

Over the course of the Scheme year, members of the board of directors have met the statutory requirement for trustee knowledge and understanding through a combination of attending structured internal training sessions relating to pensions law and practice in order to support their continuing professional development obligations.

Additionally, each of the members of the board of directors also have access to the Scheme's governing documents, in order to ensure they are conversant with those documents.

Signed: Date: 30 April 2021

Director of Open Trustees Limited (Chair of Trustees)