

Computer Contracts (UK) Ltd Pension Plan (the "Scheme")

Annual governance statement for the Scheme year ending 31 March 2021

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 2 deferred members in the Scheme.

2. Governance of the Default Arrangement

The Scheme's assets are invested wholly in an insurance policy provided by Zurich Assurance Limited ("**Zurich**"), 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 on 1 May 2002 and Zurich 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

Zurich 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 Zurich 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 24 February 2021. As we were appointed to act as Trustee shortly before 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 24 February 2021, we wrote to Zurich to request details of the charges and transaction costs borne by the Scheme members in order to make this assessment. In response Zurich has confirmed by letter dated June 2021 that members' benefits are invested in managed pooled investment funds.

As this is a unit-linked scheme, the units are calculated on a daily basis.

The Scheme has no guaranteed investment returns or guaranteed annuity rates. There are no guaranteed assured funds or any other guaranteed benefits.

Members' benefits are invested the following funds:

Fund name	Annual fund manager charges	Annual transaction costs
Zurich Managed AP – capital units*	0.18%	0.29%
Zurich Managed AP – accumulation units	0.18%	0.29%

*In addition to the annual fund manager charge set out above, capital units (those purchased in the first two years following the policy inception) are subject to a capital unit charge of 3.50% and an annual fund management charge of 0.75%. The charges are not deducted directly from individual members' funds but are implicit in the unit price of the fund. The annual fund management charge covers the day to day investment and management of the fund and is applied to capital and accumulation units (although Zurich reinvest the charge for accumulation units).

The transaction costs are the costs incurred from buying and selling assets within the funds. This is based on transaction cost data from the fund managers for the year ended 31 March 2020.

Illustrations

In accordance with the Occupational Pension Schemes (Administration and Disclosure) Amendment Regulations 2018 and relevant statutory guidance, the Trustee has set out at Appendix 1 to this Statement illustrative examples provided to it for these purposes by Zurich. To produce the illustration, Zurich has

- used typical pot sizes for schemes of this type;
- illustrated based on the Scheme being paid-up with no further contributions payable;
- illustrated based on a member aged 40 at the start of the projection and retires at age 60; and
- illustrated based on the known product charges and fund charges plus the average transaction charges over the last two scheme years.

Conclusions

Given that (i) the explicit fund charges and transaction costs combined is less than the charge cap allowed for under the Administration Regulations; (ii) other charges are in line with market standards

for this type of policy and (iii) the Scheme is in the process of being wound up, the Trustee is sufficiently comfortable that the charge and costs referred to by Zurich 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 the Zurich policy 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.

The Pensions Regulator appointed Open Trustees as trustee of the Scheme on 24 February 2021. As we were appointed to act as Trustee shortly before the year end being reported on in this statement we cannot comment on whether the former trustees possessed or had access to sufficient knowledge and understanding to run the Scheme effectively. However, since our appointment as a Trustee of the Scheme, members of the board of directors have attended a number of 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:

29 October 2021

Director of Open Trustees Limited (Chair of Trustees)

Appendix 1

Illustrations of charges and transaction costs prepared by Zurich

The tables show projected pot values in today's prices after allowing for inflation, before and after charges and costs are deducted.

We have shown 2 sets of illustrative examples for different levels of pot size for members for whom contributions are no longer being paid. For each pot size we have shown examples of how the projected pension pot may develop for the 2 most popular funds for these product codes and also the funds with the highest and lowest charges (Zurich Schroder UK Alpha Plus Accumulation AP and Zurich Fixed Interest Deposit AP respectively).

The illustrations are shown for typical plans of this type and for a member aged 40 at the start of the projection. In practice the actual development of the projected pension pot for an individual plan may vary significantly depending on the precise circumstances of the plan such as how old the member is at the start of the projection and how long premiums were paid into the plan for.

ILLUSTRATIVE EXAMPLES – OPENING POT SIZE £10,000

Projected pension pot in today's money									
Fund choice									
	Zurich Managed AP		Zurich Equity AP		Zurich Schroder UK Alpha Plus Accumulation AP		Zurich Fixed Interest Deposit AP		
Years	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	
1	10,200	10,000	10,300	10,100	10,400	10,000	9,800	9,650	
3	10,600	10,100	11,000	10,400	11,300	10,200	9,430	8,990	
5	11,100	10,100	11,800	10,800	12,200	10,300	9,070	8,360	
10	12,400	10,400	14,000	11,800	15,000	10,800	8,220	6,910	
15	13,800	11,900	16,700	14,500	18,400	12,700	7,460	6,300	
20	15,300	11,300	19,800	14,900	22,600	12,400	6,760	4,550	

ILLUSTRATIVE EXAMPLES – OPENING POT SIZE £30,000

Projected pension pot in today's money									
Fund choice									
	Zurich Managed AP		Zurich Equity AP		Zurich Schroder UK Alpha Plus Accumulation AP		Zurich Fixed Interest Deposit AP		
Years	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	
1	30,600	30,300	31,000	30,700	31,200	30,500	29,400	29,200	
3	32,000	31,200	33,200	32,300	33,900	31,500	28,200	27,800	
5	33,400	32,000	35,600	34,000	36,700	32,700	27,200	26,400	
10	37,200	34,400	42,200	38,900	45,100	35,800	24,600	23,300	
15	41,400	40,700	50,100	49,100	55,300	43,300	22,300	22,500	
20	46,100	40,900	59,400	52,500	67,800	44,400	20,300	18,300	

Notes

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. It is assumed that the originally selected retirement age of the member is 60.
3. It is assumed that the member is aged 40 at the start of the projection and retires after 20 years at age 60.
4. The starting pot size, which is the transfer value of your plan, is assumed to be as stated at the start of each section.
5. Inflation is assumed to be 2.5% each year.
6. It is assumed that no further contributions are paid.
7. Values shown are estimates and are not guaranteed.
8. The product charges and fund charges assumed are as shown in the Product Charges, Fund Charges and Transaction Costs enclosure. The assumed transaction costs are based on the average of the actual transaction costs for each fund over the last two scheme years and are shown in the table in note 9.
9. The projected growth rate for each fund are as follows:

Fund	Projected Growth Rate	Assumed Transaction Costs
Zurich Managed AP	2.1% above inflation	0.23% each year
Zurich Equity AP	3.4% above inflation	0.32% each year
Zurich Schroder UK Alpha Plus Accumulation AP	4.1% above inflation	1.02% each year
Zurich Fixed Interest Deposit AP	2.0% below inflation	0.02% each year