

**The Cavendish Press Limited Retirement and Death Benefit  
Scheme (the "Scheme")**

**Annual governance statement for the Scheme year ending 30 June 2021**

**1. Introduction**

The Scheme is an occupational defined contribution ("**DC**") scheme providing pension benefits for former employees of The Old Cambridge Road Print Company Limited (formerly known as The Cavendish Press Limited) (the "**principal employer**") and their dependants. The Scheme's assets are held under an insured arrangement with Utmost Life and Pensions ("**Utmost**").

Open Trustees Limited (the "**Trustee**") was appointed to act as sole trustee of the Scheme on 24 February 2021 to secure members' benefits and wind up the Scheme. As Trustee, 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 is currently working towards adopting the standards of practice set out in the DC code and DC regulatory guidance.

This statement has been prepared based on information provided to the Trustee by Utmost. As at the date of this statement there were 9 deferred members and 4 pensioner members in the Scheme.

**2. Scheme investments**

The Scheme's assets are held under an insurance policy granted by Utmost, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Scheme is exempt from requiring a statement of investment principles ("**SIP**") under regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 on the basis that the Scheme has fewer than 100 members. Therefore the Trustee has not prepared a SIP for the Scheme.

Utmost does not operate a default investment strategy for members. Members were required to make an investment decision on joining 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.

The Scheme is not being used as a qualifying scheme for automatic enrolment purposes.

**3. Core Financial Transactions**

The Trustee has a duty to ensure that core financial transactions (such as 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 most of these core transactions to Utmost. Whilst Utmost has not put in place a specific service level agreement ("**SLA**") for the Scheme, it has in place a well-established set of administration service level standards which includes the prompt and accurate processing of core financial transactions.

So far as the Trustee acts as administrator in respect of other core transactions, 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 and policies in place and maintains a scheme specific risk register in place to identify and mitigate potential risks relating to the processing of core transactions. The Scheme's risk register is reviewed by the Trustee on an annual basis.

In terms of the processing of core transactions during the period, no issues were identified through the year and following the annual audit process.

#### 4. Charges and Transaction Costs

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "**Administration Regulations**") requires the Trustee to review the charges and transactions costs borne by the scheme members and consider the extent to which those charges and costs represent good value for money for members.

##### Fund / policy charges

The level of charges (measured by the Total Expense Ratio ("**TER**") for each fund and expressed as a percentage of a member's fund value) for the year ending 31 March 2021 are set out in the table below.

| Fund name                                | Annual management charge | Additional expenses | Total member borne deductions |
|--|--------------------------|---------------------|-------------------------------|
| Utmost Multi-Asset Moderate Pension Fund | 0.75%                    | 0.00%               | 0.75%                         |
| Utmost Multi-Asset Cautious Pension Fund | 0.75%                    | 0.00%               | 0.75%                         |
| Utmost Money Market Pension Fund         | 0.50%                    | 0.00%               | 0.50%                         |

##### Transaction and other charges

In addition to the fund / policy charges set out above, transaction costs are incurred by the fund manager as a result of buying, selling, lending or borrowing investments. Over time, this can reduce the amount available to the member at retirement.

The level of transaction costs applicable to each fund (for the year ended 30 September 2021, as reported by Utmost) are set out in the table below. The transaction costs reported by Utmost have been calculated based on the 'slippage cost' methodology stipulated by the FCA plus stocklending costs incurred in the period.

| Fund name                                | Transaction costs |
|--|-------------------|
| Utmost Multi-Asset Moderate Pension Fund | 0.2155%           |
| Utmost Multi-Asset Cautious Pension Fund | 0.2092%           |
| Utmost Money Market Pension Fund         | 0.0000%           |

No other charges are applied either explicitly (such as a member charge or a capital unit charge) or implicitly (inherently within the pricing structure of each fund).

### Impact of charges and transaction costs

In accordance with the Occupational Pension Schemes (Administration and Disclosure) Amendment Regulations 2018 and relevant statutory guidance, the Trustee is required to produce an illustration of the impact of the above charges and transaction costs. Illustrations of the charges and transaction costs for each of the funds held in the Scheme are set out in Appendix 1 to this Chair's Statement.

The Trustee understands that Utmost have produced these illustrations in line with the DWP's statutory guidance "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes".

As each member has a different amount of savings within the DC Sections and the amount of any future investment returns and future costs and charges cannot be known in advance, Utmost has adopted a number of assumptions which are also set out in Appendix 1 to this Chair's Statement.

### Value for money assessment

The Trustee is required to carry out an assessment of the member borne costs and charges and consider the extent to which these represent good value for members. There is no precise legal definition of "good value", however the Trustee has considered a combination of investment fund management, scheme governance and administration factors which contribute to the overall quality of service provided to members in return.

Scheme members do not benefit from any guaranteed annuity rates or guaranteed sums. However, the annual management charges applicable for all legacy Equitable Life funds are within the statutory charge cap of 0.75%.

Based on experience to date, the Trustee is comfortable with the quality and efficiency of the administration services provided by Utmost. Members benefit from the support and security provided by a well-established insurance company with robust procedures and structures to ensure the effective governance and security of members' benefits. In particular, Utmost Life have adopted the following procedures or policies to ensure effective administration services are provided:

- General administration service level standards. Utmost aim to reply to most requests within 10 days and make payments within 5 days.
- Internal standards to ensure its staff are properly trained, qualified, supervised and monitored through internal and external training.
- Administration procedure manuals are regularly reviewed and updated to ensure they reflect current best practice.
- Automated and manual processes are subject to checking and regular quality sampling.
- Regular data integrity checks are undertaken across all schemes covering both common and conditional data and any errors identified, investigated and corrected.

Overall, we believe that the Scheme provides sufficient value for members. Given that the Scheme is currently in the process of being wound up, the Trustee has concluded that the Scheme's assets should remain invested in their current funds until the Scheme is wound up.

## **5. Trustee Knowledge and Understanding**

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 Open Trustees team 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.

All members of the Open Trustees team are required to undertake ongoing training and development. This is achieved through a programme of training sessions relating to pensions law and practice relevant to the Scheme. This programme is supported by Osborne Clarke LLP's pensions training and know-how lawyer. In addition, members of the team undertake external training and development, particularly through completion of the Pensions Regulator trustee toolkit, attendance at industry knowledge sharing events and study for appropriate professional qualifications.

Relevant training undertaken by the Open Trustees team during the scheme year ended 30 June 2021 included the following:

| <b>Training</b>  | <b>Date</b>       |
|--|-------------------|
| The Pensions Regulator's Trustee Toolkit               | All year          |
| Single code of practice – OC internal training         | 23 June 2021      |
| Statutory transfer consultation – OC internal training | 19 May 2021       |
| Cyber Security and Pension Schemes - webinar           | 17 March 2021     |
| DC Roundtable with Barnett Waddingham                  | 1 March 2021      |
| ESG / climate risk governance – OC internal training   | 17 February 2021  |
| DC bulk transfers and wind ups – OC internal training  | 20 January 2021   |
| Pension scams - webinar                                | 9 December 2020   |
| DC governance – OC internal training                   | 30 September 2020 |
| Understanding retirement options - webinar             | 10 September 2020 |
| DC contributions and charges – OC internal training    | 15 July 2020      |

Additionally, each of the members of the board of directors have access to the Scheme's governing documents, in order to ensure they are conversant with those documents and that they understand their powers under the Scheme rules, current pensions and trust law and current principles relating to the funding and investment of pension schemes.

In conclusion, the combined knowledge and understanding of the Open Trustees team along with the advice and support available from its professional advisers enables it to properly exercise all necessary functions in relation to the Scheme in accordance with its statutory duties.

Signed:

Date: 28 January 2022

Director of Open Trustees Limited (Chair of Trustees)

## Appendix 1 – illustration of charges and transaction costs

### Cost and Charges Reporting

The following table shows the impact of charges for each fund invested. Each fund is projected over several years and shown before and after cost and charges have been deducted.

| Term | MULTI-ASSET GROWTH |                                  | MULTI-ASSET MODERATE |                                  | MULTI-ASSET CAUTIOUS |                                  | INVESTING BY AGE |                                  |
|------|--------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|------------------|----------------------------------|
|      | Before Charges     | After Costs and Charges Deducted | Before Charges       | After Costs and Charges Deducted | Before Charges       | After Costs and Charges Deducted | Before Charges   | After Costs and Charges Deducted |
| 1    | 1,012              | 1,001                            | 1,007                | 998                              | 997                  | 986                              | 1,007            | 998                              |
| 3    | 1,037              | 1,004                            | 1,021                | 995                              | 991                  | 959                              | 1,021            | 995                              |
| 5    | 1,062              | 1,007                            | 1,035                | 992                              | 985                  | 933                              | 1,035            | 992                              |
| 10   | 1,129              | 1,013                            | 1,070                | 985                              | 971                  | 871                              | 1,062            | 975                              |
| 15   | 1,199              | 1,020                            | 1,107                | 977                              | 957                  | 812                              | 1,065            | 930                              |
| 20   | 1,274              | 1,027                            | 1,146                | 970                              | 943                  | 758                              | 1,050            | 869                              |
| 25   | 1,354              | 1,034                            | 1,185                | 962                              | 929                  | 707                              | 1,035            | 810                              |
| 30   | 1,439              | 1,041                            | 1,227                | 955                              | 916                  | 660                              | 1,005            | 748                              |
| 35   | 1,528              | 1,048                            | 1,269                | 947                              | 902                  | 616                              | 931              | 669                              |
| 40   | 1,624              | 1,055                            | 1,313                | 940                              | 889                  | 575                              | 834              | 584                              |

| Term | UK GOVERNMENT BOND |                                  | MONEY MARKET   |                                  | PROPERTY       |                                  | INVESTMENT TRUSTS |                                  |
|------|--------------------|----------------------------------|----------------|----------------------------------|----------------|----------------------------------|-------------------|----------------------------------|
|      | Before Charges     | After Costs and Charges Deducted | Before Charges | After Costs and Charges Deducted | Before Charges | After Costs and Charges Deducted | Before Charges    | After Costs and Charges Deducted |
| 1    | 985                | 979                              | 978            | 973                              | 1,020          | 1,008                            | 1,020             | 1,007                            |
| 3    | 957                | 940                              | 936            | 921                              | 1,060          | 1,025                            | 1,060             | 1,022                            |
| 5    | 929                | 901                              | 895            | 873                              | 1,101          | 1,041                            | 1,101             | 1,037                            |
| 10   | 863                | 812                              | 801            | 761                              | 1,213          | 1,084                            | 1,213             | 1,076                            |
| 15   | 802                | 732                              | 717            | 664                              | 1,336          | 1,129                            | 1,336             | 1,116                            |
| 20   | 745                | 660                              | 642            | 580                              | 1,472          | 1,176                            | 1,472             | 1,158                            |
| 25   | 692                | 595                              | 574            | 506                              | 1,621          | 1,224                            | 1,621             | 1,202                            |
| 30   | 643                | 536                              | 514            | 441                              | 1,786          | 1,275                            | 1,786             | 1,247                            |
| 35   | 597                | 483                              | 460            | 385                              | 1,967          | 1,327                            | 1,967             | 1,293                            |
| 40   | 554                | 436                              | 412            | 336                              | 2,166          | 1,382                            | 2,166             | 1,342                            |

#### 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) The starting pot size in each fund is assumed to be £1,000
- 3) Inflation is assumed to be 2.5% p.a. in line with specified assumptions used in Statutory Money Purchase Illustrations
- 4) Values shown are estimates and are not guaranteed
- 5) The projected growth rate for each fund are as follows:  
 Unit-Linked Equity 4.5% p.a. (FTSE Tracker, Managed, UK Equity, Asia Pacific Equity, European Equity, US Equity, Fund of Investment Trusts, Global Equity, Property)  
 Multi-Asset Growth 3.75% p.a.  
 Multi-Asset Moderate 3.2% p.a.  
 Multi-Asset Cautious 2.2% p.a.  
 Sterling Corporate Bond 1.8% p.a.  
 UK Government Bond 1% p.a.  
 Unit-Linked Cash 0.25% p.a. (Money)