

**The Grassbox Pension Scheme (the "Scheme")**  
**Annual governance statement for the Scheme year ending 31 March 2024**

**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 is 1 deferred member and 1 pensioner member of the Scheme.

**2. Governance of the Default Arrangement**

The Scheme's assets are invested wholly in an insurance policy initially issued by Allied Dunbar but now managed by Zurich Assurance Limited ("**Zurich**"). Zurich 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 and is therefore exempt from the requirements to put in place 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 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 but retains responsibility for processing the remaining transactions itself.

So far as the Trustee acts as administrator in respect of those 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 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 Limited as sole trustee of the Scheme on 13 December 2023. 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.

### 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, we wrote to Zurich on 15 December 2023 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 email that members' benefits are invested in the following funds:

- Zurich Managed AP Fund (Accumulation)
- Zurich Managed Capital AP Fund
- Zurich Equity AP Fund (Accumulation); and
- Zurich Equity Capital AP Fund

As this is a unit-linked scheme, the units are calculated on a daily basis. Zurich currently applies a fixed annual management charge plus additional expenses and fees for managing the fund.

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

If benefits are claimed before selected retirement age, an early exit charge will be applied depending on the member's age and the retirement date. Early exit charges are compliant with Part 2, Chapter 2 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

Members' benefits are invested the following funds:

<b>Fund name</b>	<b>Annual fund charges</b>	<b>Additional expenses</b>	<b>Total expenses</b>
Zurich Equity AP Fund	0.75%	0.15%	0.90%
Zurich Equity Capital* AP Fund	4.25%	0.15%	4.40%
Zurich Managed AP Fund	0.75%	0.18%	0.93%
Zurich Managed Capital* AP Fund	4.25%	0.18%	4.43%

*\* Capital units are the units that are bought on inception. Capital units are converted into accumulation units when members reach their normal retirement age. It is not possible to switch out of capital units without switching the accumulation units, when a switch takes place the fund is switched as a whole.*

The additional expenses noted above are reflected in the unit prices.

### 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 the median pot size of the Scheme;
- used the mean regular contribution;
- illustrated based on the age of the youngest member of the Scheme; and
- used an average of the transaction costs over the period for which they are available.

### Conclusions

Given that (i) the accumulation unit charge 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.

## **5. 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 attended a number of training sessions relating to pensions law and practice relevant to the Scheme.

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: 31/10/2024

Director of Open Trustees Limited (Chair of Trustees)

## Appendix 1

### Illustrations of charges and transaction costs prepared by Zurich

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, how long premiums were paid into the plan for and whether the pension pot has arisen from non-protected rights or protected rights contributions. The illustrations assume that part of the pension pot has arisen from regular non-protected rights contributions.

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 BlackRock Gold & General Accumulation AP and Zurich Fixed Interest Deposit AP respectively).

#### OPENING POT SIZE £10,000

Projected pension pot in today's money								
Fund choice								
	Zurich Managed AP		Zurich Equity AP		Zurich BlackRock Gold & General Accumulation AP		Zurich Fixed Interest Deposit AP	
Years	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted
1	10,300	10,100	10,400	10,200	10,400	10,100	9,970	9,800
3	11,100	10,400	11,300	10,600	11,300	10,300	9,920	9,420
5	11,900	10,800	12,200	11,100	12,300	10,600	9,880	9,050
10	14,300	11,900	15,000	12,500	15,100	11,300	9,760	8,150
15	17,100	14,400	18,500	15,600	18,700	13,500	9,650	8,030
20	20,500	14,900	22,700	16,700	23,000	13,600	9,540	6,560

**OPENING POT SIZE £40,000**

<b>Projected pension pot in today's money</b>								
Fund choice								
	Zurich Managed AP		Zurich Equity AP		Zurich BlackRock Gold & General Accumulation AP		Zurich Fixed Interest Deposit AP	
Years	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted
1	41,400	41,100	41,600	41,300	41,700	40,900	39,900	39,700
3	44,500	43,500	45,200	44,100	45,300	42,900	39,700	39,100
5	47,800	46,000	49,100	47,200	49,200	45,100	39,500	38,600
10	57,300	53,300	60,300	56,100	60,700	51,200	39,000	37,400
15	68,600	67,000	74,100	72,400	74,800	63,000	38,600	39,200
20	82,200	73,500	91,100	81,500	92,100	67,600	38,100	35,700

**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 four 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	3.6% above inflation	0.26% each year
Zurich Equity AP	4.2% above inflation	0.31% each year
Zurich BlackRock Gold & General Accumulation AP	4.2% above inflation	0.37% each year
Zurich Fixed Interest Deposit AP	0.3% below inflation	0.01% each year

