

The Valeo UK Pension Plan (“PLAN”)

CHAIR’S STATEMENT FOR THE DEFINED CONTRIBUTION SECTION (“DC SECTION”) AND ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC’S) FOR THE YEAR ENDED 5th APRIL 2020

I am pleased to present the Trustees annual statement of governance, covering the period 6th April 2019 to 5th April 2020. This statement describes how the Trustees seek to ensure that the Plan is well-managed and delivers excellent services to members. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. This statement covers four principal areas:

1. The investment strategy relating to the Plan’s default arrangement;
2. Internal controls, with particular focus on the processing of core financial transactions;
3. Value for Members, with particular focus on charges and transaction costs deducted from members’ funds. This includes requirements in relation to the disclosure of the impact of costs and charges; and
4. The knowledge and resources available to the Trustees and how these factors help the Trustees to ensure that the Plan is governed effectively.

This statement will be published on a publicly available website. Details on how members can locate relevant costs and charges information are provided with the annual benefit statements. The annual benefit statements will also advise members that they are able to request hard copies of this information and the Trustees acknowledge that they are required to provide this information within two months of the date of the member request.

**Chair of The Valeo UK Pension Plan
September 2020**

1. The default investment arrangement

- 1.1 A copy of the Plan's latest Statement of Investment Principles ("SIP"), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, is attached.
- 1.2 As confirmed in last year's Chair's Statement, during the 2018/19 Plan year the Trustees undertook a review of the default investment strategy. This review, carried out by the Trustees' investment adviser, Mercer, was discussed at the Trustees' Meeting on 1st June 2018. It covered the ongoing suitability of the default investment option and consideration of whether targeting the purchase of an annuity at retirement remained appropriate for those invested in it. This was based on the risk and return characteristics of the asset allocation at retirement and demographics of the membership. The review concluded that the current default strategy, which uses only equities in the growth phase, was not sufficiently diversified, exposing members to undue volatility and downside risk. The recommendation was to reduce equity exposure replacing this with diversified growth/alternative assets plus a smaller allocation in fixed income and cash investments.

It was also recommended that the default strategy should target drawdown instead of an annuity, given the current high cost of annuities relative to historic levels, and the fact that members are more likely to choose to draw their fund using drawdown rather than an annuity. The majority of DC assets were transferred into the new master trust arrangement in August 2018, including all assets in the default fund. All remaining Plan members have 'self-selected' the funds they are invested in. It is expected the DC section of the Plan will be discontinued towards the end of 2020 and, as there are still no members left in the Plan's default, no changes have been made to the strategy this year. The Trustees will continue to keep this under review should any of the remaining members switch back to the default.

- 1.3 There are also legacy AVC funds invested with Utmost Life and Pensions ('Utmost'). The Plan's AVC contributions were previously with Equitable Life, closed to new contributions from April 2006 and reopened through Royal London in April 2011. AVC contributions still being paid to Equitable Life were closed to future contributions with effect from 1st June 2010. With some small exceptions, the majority of 'unit-linked' funds were switched to the new master trust arrangement in August 2018.
- 1.4 The vast majority of remaining Equitable Life funds were invested in their With Profits fund. Following a policyholder vote and High Court approval at the end of 2019 the Equitable Life With Profits Fund was disinvested at the end of last year and "Uplifted" by a 75% - 120% enhancement to transfer values. Since disinvestment these funds have been invested in the Utmost Secure Cash Fund and from 1st July 2020 will switch, over a 6 month transition period, to the Utmost Money Market Fund, unless members have made an alternative investment choice.
- 1.5 The current default investment arrangement for the Plan for those members who only have DC benefits is the Lifestyle Investment Strategy. Under this arrangement, a member's Retirement Account is invested 100% in a passively managed fund overseen by the fund manager, BlackRock. As members approach their retirement date, their money is automatically switched to ensure a gradual move between the fund splits shown below. This automatic switching will occur on a yearly basis on, or as close as possible to, the date on which the members birthday falls as shown below:

More than 5 years from retirement:	
RL/BlackRock Aquila Global Equity Index (60:40)	100.0%
5 years from retirement:	
RL/BlackRock Aquila Global Equity Index (60:40)	100.0%
4 years from retirement:	
RL Medium (10yr) Gilt	10.0%
RL Medium (10yr) Index Linked	10.0%
RL/BlackRock Aquila Global Equity Index (60:40)	80.0%
3 years from retirement:	
RL Medium (10yr) Gilt	20.0%
RL Medium (10yr) Index Linked	20.0%
RL/BlackRock Aquila Global Equity Index (60:40)	60.0%
2 years from retirement:	
RL Deposit	8.0%
RL Medium (10yr) Gilt	26.0%
RL Medium (10yr) Index Linked	26.0%
RL/BlackRock Aquila Global Equity Index (60:40)	40.0%
1 year from retirement:	
RL Deposit	16.0%
RL Medium (10yr) Gilt	32.0%
RL Medium (10yr) Index Linked	32.0%
RL/BlackRock Aquila Global Equity Index (60:40)	20.0%
At retirement:	
RL Deposit	25.0%
RL Medium (10yr) Gilt	37.5%
RL Medium (10yr) Index Linked	37.5%

- 1.6 Five years from the members selected retirement date, the strategy starts to move into an allocation of 75% annuity matching assets and 25% cash-like investments. By the members selected retirement date 25% of their fund will be invested in cash-like funds in the expectation that a member will take a quarter of their savings as cash at the selected retirement age. The Trustees recognise that not all members will use their remaining fund to secure an annuity and this was a consideration for the review noted below.
- 1.7 The Trustees review how the funds within the Plan's default and the wider self-select fund options have performed against their targets at each of its half yearly Trustee meetings, taking input from professional investment advisers.

1.8 The Trustee's policy, as described in the SIP, which set the basis for the investment strategy review that was carried out are as follows:

- The Trustees recognise that members of the DC Section have differing investment needs, that these may change during the course of their working lives and that they may have differing attitudes to risk.
- The Trustees believe that members should generally make their own investment decisions based on their individual circumstances. The Trustees regard their primary objective as making available a range of investment funds, which enable members to tailor the strategy for their assets to their own needs.
- The Trustees also recognise that members may not believe themselves qualified to take investment decisions. As such, the Trustees make available a default option to members.

1.9 These translate to the following aims and objectives for the default option:

- The Trustees would look to implement a default lifestyle option that targets an investment portfolio suitable for a member wishing to take benefits through income drawdown, after taking a tax-free lump sum (up to 25% of a member's pot) at retirement should any of the remaining member switch to the default fund. This option was chosen on the basis that this is likely to meet a typical member's requirements for income in retirement.
- As a member's investment pot grows, investment risk will have a greater impact on member outcomes. Therefore, the default lifestyle investment strategy that the Trustees would put in place if a member selects this would seek to reduce investment risk as the member approaches retirement. The default lifestyle would also aim to provide some protection against inflation erosion.
- For members who have DB Section benefits, the Trustees have made no changes as the majority of members were invested in Equitable Life's With Profits fund, which were disinvested and received a significant uplift, as confirmed in 1.4.

In return for an enhancement to their policy value, the guarantees that previously applied to member's with-profits policy have been removed. The enhancement to the Capital Distribution Amount is expected to be between 75% to 120% of the value of a member's policy.

The other objectives in relation to the investment strategy are as follows:

- a. Offering members, a 'lifestyle' approach for the default investment strategy and ensuring that the other investment strategy options allow members to plan for their specific retirement objectives;
- b. Making available a range of pooled investment funds, which serve to meet the varying investment needs and risk tolerances of DC Section members. This includes offering both passively and actively managed investment funds;
- c. Providing general guidance as to the purpose of each investment option; encouraging members to seek independent financial advice from an appropriate party in determining the most suitable option for their individual circumstances;

In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustees aim to make available a range of options, which satisfy the needs of the majority of members;

- d. Addressing concerns with investment managers and changing the composite of funds available for members with specific interests.

The Trustees are comfortable that the investment strategy is consistent with these objectives.

2. Core Financial Transactions

2.1 As required by the Administration Regulations, the Trustees must ensure that core financial transactions are processed promptly and accurately. Core financial transactions are (broadly):

- Investment of contributions paid to the Plan;
- Transfers of members' assets into and out of the Plan;
- Transfers of members' assets between different investment options available in the Plan; and
- Payments from the Plan to, or in respect of, members and beneficiaries.

2.2 The Trustees recognise the importance of processing financial transactions promptly and accurately as failure to do so may have an adverse effect on member outcomes and may result in members disengaging with the Plan.

2.3 The Trustees have delegated the administration of the DC Plan member records and investment platform services to Royal London and Utmost (for the AVC's). Management information is provided at each Trustees' meeting so that the Trustees can ensure the prompt and accurate processing of financial transactions, including core transactions such as the payment and investment of contributions, transfers of member assets out of the Plan, switches of investments, and the payment of benefits at retirement. Given the changes noted earlier there have been no contributions paid to the DC section since those for the March 2018 contributions and is no longer used as Valeo's qualifying workplace pension scheme for auto-enrolment.

2.4 The Trustees operate a system of internal controls aimed at monitoring the DC Section's administration and management and monitor the extent to which the Plan's core financial transactions are processed promptly and accurately through the following framework:

- The Trustees used to review the contribution payment and investment dates relating to each month's contributions to the Plan. This information was detailed within the half yearly meetings with governance reports produced by Royal London (the Plan's administrator) which are reviewed by the Trustees at each of their meetings. As stated above there are no longer any new contributions being paid.
- Reviewing the extent of Royal London's service performance statistics such as:
 - Investment Switches
 - BACS payment
 - Redirections
 - Transfers out
 - Transfers in
 - Retirements
 - Death claims

This information is also detailed within the half yearly administration reports produced by Royal London, which are reviewed against service level standards by the Trustees at each of their six monthly meetings.

2.5 The Trustees are satisfied that the Plan's core financial transactions have been processed promptly and accurately during the period to which this Statement relates.

2.6 The Trustees are committed to monitoring service on a regular basis to ensure that members receive service in line with expectations.

3. Charges and transaction costs

3.1 As required by regulation 25 of the Administration Regulations, the Trustees are required to report on the charges and transaction costs for the investments used in the default and non-default arrangements and their assessment of the extent to which the charges and costs represent good value for members.

3.2 We note that while transaction costs and charges are an important consideration, they are not the only criteria the Trustees assess. A number of other qualitative and quantitative factors are also considered in a holistic manner when making strategic decisions in relation to investment strategy with good outcomes for members being the ultimate goal for the Plan.

3.3 The charge cap of 0.75% p.a. introduced by regulations, applies solely to the default investment option, and is adhered to by the Plan's default option. The Total Expense Ratios ("TERs") payable under the default strategy remains the same irrespective of which stage that each member has reached in the default arrangement's de-risking process. This is 0.58%. p.a.

- 3.4 As confirmed in previous Chair's Statements, the Trustees reviewed the Company's proposals to move to the new master trust arrangement and the default fund, and similar self-select funds in the new master trust have lower charges. The Trustees were in agreement that members would be better served in the new master trust arrangements and this has improved value for members benefiting from lower charges in the master trust arrangement. As confirmed previously the Trustees excluded the transfer of Equitable Life With Profits members given the possible enhanced Capital Distribution these members would lose if transfers took place prior to the proposed sale of Equitable Life.

Following a policyholder vote and High Court approval at the end of 2019, the Equitable Life With Profits Fund was disinvested at the end of last year and "Uplifted" by a 75% - 120% enhancement to transfer values. Since disinvestment these funds have been invested in the Utmost Secure Cash Fund and from 1st July 2020 will switch, over a 6 month transition period, to the Utmost Money Market Fund, unless members have chosen made an alternative investment choice.

The few remaining members with unit-linked funds were communicated with but needed to consent to the transfer due to the charge of the proposed investment fund in the master trust arrangement exceeding the charge cap of 0.75% p.a. The charge was still lower than the current charges in all cases but without the members consent the Trustees were unable to include these members in the bulk transfer which took place in August 2018. Following the disinvestment of With Profits, the Trustees are reviewing this and taking advice on the best place to invest remaining DC Section members with a view to closing the DC Section.

- 3.5 The TER excludes the costs associated with trades in and out of a fund as well as the costs of trading a fund's underlying securities, including commissions and stamp duty, which are collectively referred to in this Statement as 'transactional costs'.
- 3.6 The table below shows the TER and transactional cost for each fund in the DC Section. Royal London have not been able to obtain the transactional costs from Close Teams and have confirmed that they are reviewing this and the Trustees will monitor this situation carefully.

Royal London

Fund name	Annual Management Charge (% p.a.)	Transaction Costs (% p.a.)
Royal London BlackRock Aquila Global Equity Index (60:40)*	0.58	0.02
Royal London Medium (10yr) Gilt*	0.58	-0.26
Royal London (10yr) Index Linked*	0.58	-0.66
Royal London Deposit*	0.58	-0.00
Royal London BlackRock Aquila Consensus	0.58	0.05
Royal London BlackRock Aquila UK Equity Index	0.58	0.08
Royal London Global Blend Core Plus (Rathbone Global Alpha)	1.78	0.04
Royal London UK Equity Core Plus (Close TEAMS UK Equity (2%))	1.23	Not Provided

*These funds form part of the default investment arrangement
Source: Royal London as at 19.05.2020

Utmost

The direct charges made are currently:

- a fund specific annual management charge of 0.5%, 0.75% or 1.0% depending on the unit linked fund (see below)

The Utmost unit-linked funds:

- invest in external Open Ended Investment Companies (OEIC's) rather than investing directly in the underlying investment markets
- The costs for the underlying OEICs held by each Fund are now being calculated on the full arrival price slippage methodology.
- Managed by Aberdeen Standard Investment and JP Morgan Asset Management
- When a Aberdeen Standard Investment fund lends stock it is entitled to receive 85% of the income earned. The remaining 15% belongs to the stocklending agent. When a JP Morgan fund lends stock it is entitled to receive 90% of the income earned. The remaining 10% belongs to the stocklending agent. The costs suffered by the fund are disclosed but not the income in accordance with regulations.
- This is the cost incurred on the Fund when it purchases or sells the underlying asset (OEIC) as the price may include a dilution adjustment. The purpose of dilution is to ensure the OEIC performance is not impacted by large investments or disinvestments.
- The total charges impact to policyholders on each Equitable Life Fund of costs at both Fund and underlying OEIC level and includes the annual management charge.
- The name for the equivalent Equitable Life fund is shown in brackets if it is different from the Utmost fund name.

Utmost AVC Unit Linked Funds (and Equitable Life With Profits Fund)

Fund name	Annual Management Charge (% p.a.)	Transaction Costs (% p.a.)
Equitable Life With Profits	1.00	1.04
European Equity (European)	0.75	0.21
Asia Pacific (Far Eastern)	0.75	0.16
UK Government Bond (Gilt and Fixed Interest)	0.5	0.11
Global Equity (International)	0.75	0.13
Fund of Investment Trusts	0.75	0.49
Managed*	0.75	0.10
Money Market (Money)	0.5	0.01
US Equity (North American)	0.75	0.02
UK Equity (Pelican)	0.75	0.30
Property**	1.00	0.65
U.K FTSE All-Share Tracker (All Share Tracker)	0.5	0.03

*The calculations for the Managed Funds are based on the relevant calculations for the underlying OEICs held within the portfolio, prorated based on the portfolio percentage held

**The total fund impact also includes the property management expenses of 0.48% pa for the year ended 31 Dec 2019

Source: Utmost as at 5th May 2020

- 3.7 All charges were considered as part of the comprehensive DC vehicle review carried out a few years ago and will be as part of the plan to close the DC Section.
- 3.8 Additionally, the Company pays for all advisory, legal and other communication costs associated with the operating of the DC Section.
- 3.9 In accordance with regulation 23(1)(ca) of the Administration Regulations, as amended, the Trustees have obtained an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot.
- 3.10 The illustrations show the effect of charges on members. The statutory guidance has been considered when providing these examples. The illustrations that follow take into account the following elements:
- Initial savings pot size;
 - Contributions, where applicable;
 - Real terms investment return gross of costs and charges;
 - Adjustment for the effect of costs and charges; and
 - Time

Royal London

Table 1

This table shows the projected value of a typical member's plan in the current scheme as at 05/04/2020.

Projected pension pot in today's money											
Years	Value of payments made, no investment	Fund choice				Fund choice				Fund C	
		Default Fund		Fund A		Fund B		Fund C			
		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	Before Charges	After all charges + costs deducted
1	£ 17,397	£ 18,267	£ 18,161	£ 18,267	£ 17,923	£ 18,267	£ 17,722	£ 18,267	£ 18,161	£ 18,161	£ 18,161
3	£ 16,559	£ 19,169	£ 18,837	£ 19,169	£ 18,108	£ 19,169	£ 17,506	£ 19,169	£ 18,837	£ 18,837	£ 18,837
5	£ 15,761	£ 20,115	£ 19,539	£ 20,115	£ 18,294	£ 20,115	£ 17,291	£ 20,115	£ 19,539	£ 19,539	£ 19,539
10	£ 13,930	£ 22,691	£ 21,409	£ 22,691	£ 18,768	£ 22,691	£ 16,767	£ 22,691	£ 21,409	£ 21,409	£ 21,409
15	£ 12,312	£ 25,596	£ 23,458	£ 25,596	£ 19,255	£ 25,596	£ 16,259	£ 25,596	£ 23,458	£ 23,458	£ 23,458
20	£ 10,882	£ 28,874	£ 25,703	£ 28,874	£ 19,754	£ 28,874	£ 15,766	£ 28,874	£ 25,703	£ 25,703	£ 25,703
25	£ 9,618	£ 32,571	£ 28,163	£ 32,571	£ 20,266	£ 32,571	£ 15,289	£ 32,571	£ 28,163	£ 28,163	£ 28,163
30	£ 8,501	£ 36,742	£ 30,858	£ 36,742	£ 20,792	£ 36,742	£ 14,825	£ 36,742	£ 30,858	£ 30,858	£ 30,858
35	£ 7,514	£ 41,447	£ 33,812	£ 41,447	£ 21,331	£ 41,447	£ 14,376	£ 41,447	£ 33,812	£ 33,812	£ 33,812
40	£ 6,641	£ 46,754	£ 37,048	£ 46,754	£ 21,884	£ 46,754	£ 13,940	£ 46,754	£ 37,048	£ 37,048	£ 37,048

Table 2

This table shows the projected growth rate for each fund as at 05/04/2020.

Fund choice	Investment name	Investment growth rate	Plans with this investment	AMC	Transaction costs*
Default fund	RLP/BlackRock Aquila Global Equity Index (60:40)	5.0%	3	0.58%	0.02%
Fund A	RLP UK Equity Core Plus (Close TEAMS UK Equities (2%))	5.0%	3	1.23%	Not Provided
Fund B	RLP Global Blend Core Plus (Rathbone Global Alpha)	5.0%	2	1.78%	0.04%
Fund C	RLP/BlackRock Aquila UK Equity Index	5.0%	1	0.58%	0.08%

*Transaction costs are incurred by asset managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account via the daily unit price for each Royal London fund your policy is invested in.

Transactions costs are not available for all funds because the information has not been provided by all of our external fund management partners.

Notes

- The projected pension values are shown in today's terms and take into account the effect of future inflation, which we've assumed will be 2.5%.
- The starting pot size is assumed to be £17832 and that no further contributions will be made.
- Lifestyle strategies reduce how much exposure is placed upon the retirement savings the closer the member gets to their chosen retirement age. Plans are invested in company stocks and shares in the early years and the closer they are to their retirement, are gradually switched into other assets. And whilst this reduces their exposure to the stock market, the expected growth rate can change depending on how long is left until retirement. Within these projections we've calculated these on a single equivalent growth rate using an average time to retirement over a full projection period.
- Values shown are estimates and are not guaranteed
- Member data, including the fund value and contribution levels were last reviewed on 05 April 2020.
- TERs and transaction costs provided by Royal London are correct at 05 April 2020.

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Utmost

At the time of producing this report Utmost had not produced new illustration tables for the new funds but confirmed that the illustrations provided by Equitable Life for last year's Chairs Statement will be correct as at 31st December 2019. Therefore, 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. The first column shows the total funds. Please note the fund names are those applicable for the Equitable Life Funds.

Term	Total Funds		With-Profits (6)		FTSE Tracker		Managed	
	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted
1	12,161	12,059	1,010	995	1,020	1,014	1,020	1,012
3	12,495	12,182	1,030	985	1,060	1,043	1,060	1,035
5	12,844	12,312	1,050	975	1,101	1,073	1,101	1,059
10	13,792	12,669	1,102	950	1,213	1,152	1,213	1,121
15	14,851	13,072	1,157	926	1,336	1,237	1,336	1,187
20	16,033	13,521	1,214	902	1,472	1,328	1,472	1,257
25	17,347	14,017	1,275	879	1,621	1,425	1,621	1,331
30	18,807	14,562	1,338	858	1,786	1,530	1,786	1,410
35	20,426	15,219	1,405	900	1,967	1,642	1,967	1,493
40	22,218	15,930	1,475	945	2,166	1,762	2,166	1,581

Term	Pelican		Far Eastern		European		North American	
	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted
1	1,020	1,010	1,020	1,011	1,020	1,011	1,020	1,012
3	1,060	1,031	1,060	1,032	1,060	1,035	1,060	1,036
5	1,101	1,053	1,101	1,054	1,101	1,059	1,101	1,060
10	1,213	1,109	1,213	1,111	1,213	1,121	1,213	1,124
15	1,336	1,167	1,336	1,171	1,336	1,187	1,336	1,192
20	1,472	1,229	1,472	1,235	1,472	1,256	1,472	1,264
25	1,621	1,294	1,621	1,301	1,621	1,330	1,621	1,340
30	1,786	1,363	1,786	1,372	1,786	1,408	1,786	1,421
35	1,967	1,435	1,967	1,446	1,967	1,490	1,967	1,506
40	2,166	1,511	2,166	1,524	2,166	1,578	2,166	1,597

Term	Fund of Investment Trust		International		Property		Fixed Interest	
	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted	Before Charges	After Costs & Charges Deducted
1	1,020	1,011	1,020	1,012	1,020	1,006	993	987
3	1,060	1,034	1,060	1,036	1,060	1,019	978	961
5	1,101	1,057	1,101	1,060	1,101	1,031	964	936
10	1,213	1,117	1,213	1,124	1,213	1,063	929	876
15	1,336	1,181	1,336	1,191	1,336	1,096	896	820
20	1,472	1,249	1,472	1,263	1,472	1,130	1863	767
25	1,621	1,320	1,621	1,339	1,621	1,166	832	718
30	1,786	1,396	1,786	1,419	1,786	1,202	802	672
35	1,967	1,475	1,967	1,504	1,967	1,239	773	629
40	2,166	1,559	2,166	1,595	2,166	1,278	745	588

Term	Money	
	Before Charges	After Costs & Charges Deducted
1	983	978
3	950	935
5	917	895
10	842	801
15	772	716
20	709	641
25	650	573
30	597	513
35	547	459
40	502	411

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 is assumed to be £12000 for a Male aged 50
- 3) Inflation is assumed to be 2.5% p.a.
- 4) Values shown are estimates and are not guaranteed
- 5) The projected growth rate for each fund is as follows:
 With-Profits 3.5% p.a.
 Unit-Linked Equity 4.5% p.a. (FTSE Tracker, Managed, Pelican, Far Eastern, European, North American, Fund of Investment Trust, International, US Global Equity, Property)
 Unit-Linked Fixed Interest 1.75% p.a. (Fixed Interest, US Global Bond)
 Unit-Linked Cash 0.75% p.a. (Money)
- 6) Where with profits has a guaranteed roll-up rate of 3.5% p.a
- 7) The table below shows the impact on charges for With Profits with a guaranteed roll-up rate of 0% p.a. for With-Profits

Term	With Profits (7)	
	Before Charges	After Costs & Charges Deducted
1	1,010	995
3	1,030	985
5	1,050	975
10	1,102	950
15	1,157	926
20	1,214	902
25	1,275	879
30	1,338	857
35	1,405	835
40	1,475	814

4. Value for Members

4.1 The Trustees are committed to ensuring that members receive good value for money. Whilst the charges for the Plan's default investment arrangement are below the charge cap of 0.75% per annum in the Trustees continued opinion the Royal London Plan no longer provides sufficiently good value for members in relation to the benefits and services offered to members of the Plan and in relation to these charges compared to those levied by other potential pension providers. Particularly in light of the increase in charges a couple of years ago for some of the unit linked funds whilst they were with Equitable Life (now with Utmost) the Trustees also do not feel that Utmost provide good value for members. As set out in previous year's Statements this was one of the reason the Trustees agreed to the Company's proposal to commence a project to move to a new DC vehicle that offers:

- An improved matching contribution structure
- Improved administration and member support
- Offer a range of performing investment funds covering the different levels of risk including:
 - *Introducing a suitable "life-style" option (and alternatives) having taken into account the Plan's demographics*
 - *Clear and simple communication in order to allow participants to make informed investment decisions*
- A flexible and sustainable future proofed pension platform
- Meet/exceed legislative requirements:
 - *Contribution levels*
 - *Plan Governance*

4.2 Members are also in receipt of additional benefits, for example:

- The cost of maintaining a Trustee board with duties to act in the best interests of beneficiaries is ultimately borne entirely by the Company. These costs include the Trustee board's adviser costs.
- The Company bears the cost of the communication services such as the production of notices, DC communications and other explanatory material.

5. Trustee knowledge and understanding

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Plan. This requirement has been met during the period to which this Statement relates as follows:

- a) The Trustees undertake ongoing training both collectively as a group and individually to keep abreast of pension legislation and regulations, and relevant developments; all such training is recorded on a training log.
- b) Simon Harris and Helen Braley have completed the relevant modules of the Trustee toolkit and remaining trustees have committed to complete these by the end of 2020. In addition:
 - Environmental, Social and Governance (ESG) training was undertaken on 11th September 2019

- c) Time is allocated at Trustees' meetings for the provision of relevant training. The Trustees continue to seek out and undertake relevant training to support the governance of the DC Section.
- d) The Trustees have regularly reviewed their training needs and their overall effectiveness as a trustee body to ensure that any new needs that arise are identified and that a plan is put in place to address them. The Trustees have engaged with their adviser, Mercer Limited, who are putting a training programme together for the Trustees.
- e) Through their advisers, the Trustees receive DC current topic updates regularly in order to stay updated on relevant developments and their impact on the Plan and its members. This includes Mercer's 'Current Issues in Pensions' publication which Trustees receive each month. Action is considered where necessary, and advice is sought where required.
- f) The Trustees also receive advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers.
- g) New trustees undertake a Trustee Training course run by Mercer and complete the Pension Regulators trustee toolkit's Trustee Knowledge and Understanding syllabus, within the first six months of taking on the role.
- h) To support the Trustees, the secretariat function is outsourced to professional advisers. Consequently, the Trustee's agendas are prepared by professional advisers who do so with a view to ensuring compliance and best practice. The Trustee's professional advisers attend all of their formal trustee meetings and are responsible for the co-ordination of the business plan.
- i) Taking into account the actions taken individually and as a group of Trustees, the knowledge and experience of the Trustees, and the professional advice available to it, the Trustees consider that they are able to exercise its function as Trustees appropriately.

Chair's declaration

I confirm that the above statement has been produced by The Valeo UK Pension Plan and was approved by the Trustees on 29th September 2020 and signed on its behalf by:

Signed: _____ **Simon Harris** _____

Date: _____ **29 September 2020** _____

Appendix 1 - SIP