

Chair's Governance Statement

For the DC Sections of the Ernst & Young
Retirement Benefits Plan in respect of
the year ended 30 September 2023

Welcome

I am pleased to set out the annual Governance Statement for the year ended 30 September 2023 in respect of the Defined Contribution (“DC”) Sections of the Ernst & Young Retirement Benefits Plan (“the Plan”).

This statement explains our key governance policies and processes, and assesses their effectiveness and performance against The Pensions Regulator’s DC Code of Practice no. 13 and subsequent guidance. In this context, we are required to consider the following five critical areas of managing the Plan:

- ▶ **the Plan’s default investment strategy**
- ▶ **processing of core financial transactions**
- ▶ **charges and costs**
- ▶ **value for members assessment**
- ▶ **maintaining the Trustee’s knowledge and understanding**

While this statement is primarily focused on the DC Sections of the Plan, many of the descriptions of our governance model apply equally to the Final Salary Section (“FSS”).

On 6 December 2023, most of the Plan’s DC assets were transferred to the Legal & General WorkSave Mastertrust (RAS) (“the L&G DC Master Trust”) following a benefit conversion exercise which took place on 28 February 2023. As this transfer occurred after the year ended 30 September 2023, I am required to prepare this statement for our members covering this accounting year. This is the last DC Chair’s Governance Statement for the Plan.

Peter O’Neill

Chair of the Trustee

The Ernst & Young Retirement Benefits Plan

April 2024



Investment strategy – default arrangements

The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the Plan's default arrangement. The default investment arrangement is provided for members who do not choose an investment option for their contributions.

The Statement of Investment Principles ("SIP") sets out the aims and objectives of the Plan's investment strategy, including full information about the default investment arrangements. In particular, it covers:

- ▶ the Trustee's investment policy, including policies on risk and expected return; and
- ▶ the design of the default investment arrangement.

The Trustee takes into account all factors which it considers to be financially material to investment performance when appointing and reviewing the Plan's fund managers. Such factors include good corporate governance and socially-responsible investment. The Trustee believes that environmental, social and governance ("ESG") factors, more often than not, have a bearing on the sustainability of a business and, therefore, are likely to impact long-term investment performance.

A copy of the **SIP dated January 2022** can be found online on the **member website** provided by the Plan's administrator (known as ePA). Full details of the investment options are set out in the Statement of Investment Arrangements ("SIA") and in the Plan's investment guides, which can be accessed online via **ePA**.

The Trustee Board and its Investment Committee, with advice from the Plan's investment advisers, review the investment objectives against the SIP and monitor investment performance of the default arrangement every quarter. A comprehensive review of the DC Sections' default investment strategy is undertaken every three years, and between such comprehensive reviews the Trustee may, from time to time, decide that it is in the best interests of members to change a fund manager or adjust the allocation to a fund manager. This might be to seek a better return or to reduce risk.

The Trustee frequently reviews the Plan's investment strategy at both Board meetings and Investment Committee meetings, ensuring the Plan's DC assets' performance is monitored as appropriate.



Financial transactions

The Pensions Regulator defines core financial transactions as including:

- ▶ bulk transfers in and out
- ▶ member fund switches and redirections
- ▶ receipt of contributions
- ▶ investment of contributions
- ▶ individual transfers in and out quotes and payments
- ▶ benefits payable on death
- ▶ purchase of annuities and payments of lump sums

The Trustee has a specific obligation to ensure that such transactions are processed accurately and promptly. To that end, WTW has been appointed the Plan's administrator, and Scottish Widows (formerly Zurich Assurance) the Plan's investment platform provider. Together, they have responsibility for processing the above transactions on behalf of the Trustee. The Trustee has considered the key controls operated by these organisations and has in place Service Level Agreements ("SLAs") that cover the accuracy and timeliness of all core financial transactions.

The Trustee regularly monitors performance against the agreed service levels through the review of quarterly stewardship reporting by the Plan's administrator and through standing service review meetings between key senior members of the administration team and the Plan Secretary's team. From time to time, deviations from the SLA targets and Trustee expectations arise, and are remediated appropriately. On occasions, response times may necessarily exceed those set out in the SLAs. The Trustee will continue to monitor WTW's performance closely and hold them to account for any service level issues we feel are unjustified.

Overall, the Trustee is satisfied that WTW's processes for core financial transactions are effective. WTW monitor the Trustee's bank accounts on a daily basis, undertake monthly investment unit reconciliation exercises, operate a dual-level sign-off approvals process for all investment and banking transactions, and their transfer value calculations are periodically checked by the Plan Actuary.

Furthermore, the Trustee has been provided with WTW's latest AAF 01/06 report, which is WTW's external auditors' report on the effectiveness of WTW's control environment. (Please note that this report was not EY's report.) The report found that WTW's controls are operating with sufficient effectiveness to provide reasonable assurance that the control objectives, as recommended by the Institute of Chartered Accountants of England and Wales, are being achieved.

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On the basis of the outcome of these governance arrangements, the Trustee is satisfied that the requirement to process core financial transactions promptly and accurately has been met during the year.

Peter O'Neill

Charges and transaction costs

The Trustee is required to report on the charges and transaction costs for the investments used in the default and Self-Select funds of the DC Sections of the Plan.

The content (including illustrations) in this section is prescribed by the Regulator, over which the Trustee has little discretion. The result, I am afraid, is a very detailed and challenging section to make readable. Without compromising our obligation to include the requisite detail, I have attempted to assist the reader by highlighting what I consider to be the key messages in italics.

There are four DC Sections in total:

1	2	3	4
The EY Pension Plan 1997 ("EY PP 1997")	The EY Pension Plan 2003 ("EY PP 2003")	The Money Purchase Plan 1997 ("EY MPP 1997")	The Money Purchase Plan 1990 ("EY MPP 1990")

These Sections all have slightly different benefit structures and different investment manager charging structures. All DC Sections are now managed by many different fund managers via an investment platform managed by Scottish Widows (formerly Zurich Assurance). As an investment platform provider, Scottish Widows' role is to process the investment decisions you make as members or, if you are in the default Lifestyle strategy, the decisions we make on your behalf.

Charges

The Sponsoring Employer, EY LLP, currently meets most of the administration, member communication and advisory costs associated with operating the Plan.

The Plan provides details of the costs borne by members in two forms: the Annual Management Charge ("AMC") and the Total Expense Ratio ("TER"). The AMC is the fee applied by the investment manager for managing the individual funds; the TER comprises the AMC and Additional Fund Expenses ("AFEs"), for example, custody costs where applicable. Charges are higher for actively-managed funds and, therefore, the overall TER will be higher for a member during the savings period when the Diversified Retirement Fund is a significant component of their default portfolio.

The Plan complies with the regulations on charge caps introduced from April 2015. Specifically, the overall fee each year for the default Lifestyle strategy is well below the charge cap of 0.75%, which is measured by the TER. For the period in question, the maximum TER a member would have incurred was 0.34%, and generally this was incurred by members who were between 15 and 8 years from retirement. Before 15 years and after 8 years from retirement, the TER incurred by a member would have been even lower.

Transaction costs

In addition to the investment managers' expenses included in the TER, investment funds are subject to other implicit costs, such as those associated with trading a fund's underlying securities, commissions and stamp duty. These expenses are not explicitly deducted from the fund but are captured by a reduction in investment returns. Furthermore, "slippage costs", caused by market movements in the short period between fund managers receiving an instruction and actioning it, can have a beneficial effect on the overall cost of each transaction, as noted in the below tables by a negative total cumulative transaction cost.

In reporting these transaction costs, the Trustee confirms that the guidance provided by the Financial Conduct Authority regarding calculations and disclosures of transaction costs was followed. The Trustee has received

transaction costs information from Scottish Widows which is available to members on request.

The table below summarises the charges and transaction costs of the funds used in the default Lifestyle strategy. In the "build" or "growth" phase, this portfolio is made up of a changing combination of a passive equity fund and a diversified growth fund. With eight years to retirement, capital protection becomes the dominant driver and, therefore, the portfolio begins to switch to an increasingly lower risk allocation. The diversified growth fund incurs the highest charges and transaction costs because it is actively managed to ensure an appropriate balance between risk and return.

The charging composition of the default Lifestyle options is shown below.

Non-RST Default Lifestyle Option – Flexible Income: EY PP 1997 & EY PP 2003			
Fund Name	Transaction Costs Total (%)	AMC (% p.a.)	TER (% p.a.)
Mercer Growth	0.120	0.211	0.251
Diversified Retirement Fund	0.104	0.290	0.340
Mercer Cash	nil	0.173	0.183

RST Default Lifestyle Option – Regular Income: EY PP 1997 & EY PP 2003			
Fund Name	Transaction Costs Total (%)	AMC (% p.a.)	TER (% p.a.)
Mercer Growth	0.120	0.211	0.251
Mercer Future World Annuity Aware Fund*	0.000	0.165	0.165
Mercer Cash	nil	0.173	0.183

* Previously named Pre-Retirement Fund

In summary, the previous section and table show:

- ▶ The default Lifestyle strategy fee remains significantly below the charge cap fee of 0.75% throughout a member's lifetime in the Plan.
- ▶ As members get closer to retirement, and pot sizes increase, the need to diversify and spread investment risks becomes more important. This is achieved through the actively-managed Diversified Retirement Fund.
- ▶ The increase in diversification does cost more to achieve; however, the overall fee remains significantly below the charge cap level.
- ▶ As members near retirement, assets de-risk towards the default Annuity Purchase Lifestyle option, and the fee reduces as assets are automatically moved.

The range of charges and transaction costs applicable to the other investment options being used in the DC Sections of the Plan during the year are tabled below.

Other Investment Options: EY PP 1997 & EY PP 2003			
Fund Name	Transaction Costs Total (%)	AMC (% p.a.)	TER (% p.a.)
Mercer Defensive	0.169	0.190	0.280
Mercer Moderate Growth	0.109	0.217	0.267
Mercer High Growth	0.093	0.215	0.275
Mercer Drawdown Retirement	0.050	0.261	0.301
Mercer Target Drawdown 2024 Retirement	0.055	0.268	0.311
Mercer Target Drawdown 2025 Retirement	0.076	0.267	0.312
Mercer Target Drawdown 2026 Retirement	0.109	0.270	0.318
Mercer Target Drawdown 2027 Retirement	0.111	0.260	0.307
Mercer Target Drawdown 2028 Retirement	0.113	0.250	0.295
Mercer Target Drawdown 2029 Retirement	0.115	0.240	0.284
Mercer Target Drawdown 2030 Retirement	0.117	0.230	0.273
Mercer Target Drawdown 2031 Retirement	0.119	0.221	0.263
Mercer Annuity Retirement	nil	0.167	0.170
Mercer Target Annuity 2024 Retirement	nil	0.181	0.188
Mercer Target Annuity 2025 Retirement	0.003	0.186	0.197
Mercer Target Annuity 2026 Retirement	0.027	0.191	0.206
Mercer Target Annuity 2027 Retirement	0.049	0.196	0.216
Mercer Target Annuity 2028 Retirement	0.064	0.202	0.227
Mercer Target Annuity 2029 Retirement	0.079	0.207	0.237
Mercer Target Annuity 2030 Retirement	0.094	0.213	0.248
Mercer Target Annuity 2031 Retirement	0.109	0.219	0.259
Mercer Cash Retirement	nil	0.173	0.183
Mercer Target Cash 2024 Retirement	nil	0.186	0.199
Mercer Target Cash 2025 Retirement	nil	0.191	0.206
Mercer Target Cash 2026 Retirement	nil	0.196	0.214
Mercer Target Cash 2027 Retirement	0.027	0.201	0.221
Mercer Target Cash 2028 Retirement	0.064	0.205	0.230
Mercer Target Cash 2029 Retirement	0.079	0.210	0.240
Mercer Target Cash 2030 Retirement	0.098	0.215	0.250
Mercer Target Cash 2031 Retirement	0.109	0.220	0.260
Mercer Active UK Equity	0.647	0.650	0.690
Mercer Active Global Equity	0.306	0.680	0.720
Mercer Active Emerging Markets Equity	0.992	0.850	0.960
Mercer Sustainable Global Equity	0.027	0.610	0.650
Mercer Passive UK Equity	0.030	0.100	0.100
Mercer Passive Overseas Equity	0.083	0.150	0.150
Mercer Passive Overseas (Hedged) Equity	0.103	0.160	0.187
Mercer Shariah	0.048	0.230	0.350
Mercer Passive Index-Linked Gilts	0.228	0.100	0.100

Investment Options: EY MPP 1997			
Fund Name	Transaction Costs Total (%)	AMC (% p.a.)	TER (% p.a.)
Mercer Defensive	0.169	0.000	0.090
Mercer Moderate Growth	0.109	0.000	0.050
Mercer High Growth	0.093	0.000	0.060
Mercer Drawdown Retirement	0.050	0.000	0.040
Mercer Target Drawdown 2024 Retirement	0.055	0.000	0.043
Mercer Target Drawdown 2025 Retirement	0.076	0.000	0.045
Mercer Target Drawdown 2026 Retirement	0.109	0.000	0.048
Mercer Target Drawdown 2027 Retirement	0.111	0.000	0.047
Mercer Target Drawdown 2028 Retirement	0.113	0.000	0.045
Mercer Target Drawdown 2029 Retirement	0.115	0.000	0.044
Mercer Target Drawdown 2030 Retirement	0.117	0.000	0.043
Mercer Target Drawdown 2031 Retirement	0.119	0.000	0.042
Mercer Annuity Retirement	nil	0.000	0.003
Mercer Target Annuity 2024 Retirement	nil	0.000	0.007
Mercer Target Annuity 2025 Retirement	0.003	0.000	0.011
Mercer Target Annuity 2026 Retirement	0.027	0.000	0.015
Mercer Target Annuity 2027 Retirement	0.049	0.000	0.020
Mercer Target Annuity 2028 Retirement	0.064	0.000	0.025
Mercer Target Annuity 2029 Retirement	0.079	0.000	0.030
Mercer Target Annuity 2030 Retirement	0.094	0.000	0.035
Mercer Target Annuity 2031 Retirement	0.109	0.000	0.040
Mercer Cash Retirement	nil	0.000	0.010
Mercer Target Cash 2024 Retirement	nil	0.000	0.013
Mercer Target Cash 2025 Retirement	nil	0.000	0.015
Mercer Target Cash 2026 Retirement	nil	0.000	0.018
Mercer Target Cash 2027 Retirement	0.027	0.000	0.020
Mercer Target Cash 2028 Retirement	0.064	0.000	0.025
Mercer Target Cash 2029 Retirement	0.079	0.000	0.030
Mercer Target Cash 2030 Retirement	0.098	0.000	0.035
Mercer Target Cash 2031 Retirement	0.109	0.000	0.040
Mercer Active UK Equity	0.647	0.000	0.040
Mercer Active Global Equity	0.306	0.000	0.040
Mercer Active Emerging Markets Equity	0.992	0.000	0.110
Mercer Sustainable Global Equity	0.027	0.000	0.040
Mercer Passive UK Equity	0.030	0.000	0.000
Mercer Passive Overseas Equity	0.083	0.000	0.000
Mercer Passive Overseas (Hedged) Equity	0.103	0.000	0.027
Mercer Shariah	0.048	0.000	0.120

Investment Options: EY MPP 1990			
Fund Name	Transaction Costs Total (%)	AMC (% p.a.)	TER (% p.a.)
Mercer Growth	0.120	0.211	0.251

The previous tables show:

- ▶ *The charges associated with the wide fund range available to members on a Self-Select basis.*
- ▶ *The charges are split between the various Sections to reflect the different charging structures within the Sections.*
- ▶ *Although the charge cap fee of 0.75% does not apply to Self-Select funds, it is noteworthy that no funds have total charges above the cap.*

Reporting charges and transaction costs

Based on statutory guidance and in accordance with the regulatory requirements, the Trustee has prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot.

The illustrations on **pages 10 to 12** are based on investment options typically selected by members. The illustrations are in today's terms and assume an inflation rate of 2.5% p.a. This means that the performance used in the illustrations has been reduced by 2.5% per year. In addition, the performance used for the illustrations is an estimate of future performance. Actual performance experienced by members will be different.

The illustrations are based on three "build" phase strategies offered to members. The default Lifestyle strategy is designed to achieve a balance between risk and reward for those members who decide to leave the investment decisions entirely to the Trustee.

The illustrations show lifestyleing towards the purchase of a fixed, regular income at retirement and towards a flexible income at retirement. These are the current default Lifestyle options for the RST element and Non-RST element respectively. An alternative Lifestyle option that prepares members towards taking cash is also available.

Based on statutory guidance and in accordance with the regulatory requirements, the illustrations that follow also show funds that exhibit the lowest and highest levels of assumed growth and the lowest and highest assumed charges and costs.

Comparison between these funds based solely on these illustration parameters is difficult and members should note that these assumptions are designed to show the long-term effect of the deduction of fund manager fees and transaction costs. These illustrations do not take into account the length of time a member might be invested in each fund, the particular performance objective of each fund or that actual inflation and performance will be different to the assumptions used.

Members are advised to note the following:

- ▶ *Members should be mindful of the level of costs and charges, the expected return on investments and the risk profile of the strategy in making investment decisions.*
- ▶ *There are usually higher charges and greater uncertainty of outcome for assets that have a higher expected return.*
- ▶ *Typically, over a short period of time, the higher charges associated with higher expected growth funds will have a greater impact on the member's pot size.*

To make this representative of the membership of the EY PP 1997 and EY PP 2003 Sections, the Trustee has based the illustrations on assumptions that the youngest member of these Sections of the Plan is aged 35 years old and that the typical member (the average age of the membership) is 48 years old.

Illustration 1: A typical member invested in the EY Pension Plan (1997 & 2003 Section)								
Fund Name	Default Flexible Income Lifestyle Strategy		Default Regular Income Lifestyle Strategy		Highest cost fund: Mercer Active Emerging Markets Equity		Lowest cost fund: Mercer Passive UK Equity	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
48	£36,800	£36,800	£36,800	£36,800	£36,800	£36,800	£36,800	£36,800
50	£37,834	£37,537	£37,834	£37,537	£39,286	£37,924	£38,666	£38,586
55	£40,549	£39,443	£40,549	£39,443	£46,259	£40,887	£43,756	£43,438
60	£43,246	£41,196	£42,781	£40,851	£54,470	£44,082	£49,515	£48,901
65	£44,074	£41,071	£41,602	£39,252	£64,139	£47,526	£56,033	£55,051

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on actual member data sourced from the administrator as at 30 September 2022. The assumed member is age **48**, with a normal retirement age of 65, using a starting pot size of **£36,800**. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.

Illustration 2: The youngest member invested in the EY Pension Plan (1997 & 2003 Section)								
Fund Name	Default Flexible Income Lifestyle Strategy		Default Regular Income Lifestyle Strategy		Highest cost fund: Mercer Active Emerging Markets Equity		Lowest cost fund: Mercer Passive UK Equity	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
35	£20,800	£20,800	£20,800	£20,800	£20,800	£20,800	£20,800	£20,800
40	£22,293	£21,857	£22,293	£21,857	£24,492	£22,425	£23,538	£23,416
45	£23,892	£22,967	£23,892	£22,967	£28,840	£24,177	£26,636	£26,361
50	£25,607	£24,133	£25,607	£24,133	£33,959	£26,066	£30,143	£29,676
55	£27,444	£25,359	£27,444	£25,359	£39,987	£28,103	£34,110	£33,408
60	£29,269	£26,486	£28,954	£26,264	£47,085	£30,299	£38,600	£37,609
65	£29,830	£26,405	£28,157	£25,236	£55,443	£32,666	£43,681	£42,339

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on actual member data sourced from the administrator as at 30 September 2022. The assumed member is age **35**, with a normal retirement age of 65, using a starting pot size of **£20,800**. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.

To make this representative of the membership of the EY MPP 1997 Section, the Trustee has based the illustrations on assumptions that the youngest member of this Section of the Plan is aged 42 years old and that the typical member (the average age of the membership) is 50 years old.

Illustration 3: A typical member invested in the EY Money Purchase Plan (1997 Section)

Fund Name	Default Flexible Income Lifestyle Strategy		Default Regular Income Lifestyle Strategy		Highest cost fund: Mercer Active Emerging Markets Equity		Lowest cost fund: Mercer Passive UK Equity	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
50	£16,400	£16,400	£16,400	£16,400	£16,400	£16,400	£16,400	£16,400
55	£17,577	£17,416	£17,577	£17,416	£19,311	£18,453	£18,559	£18,555
60	£18,746	£18,401	£18,544	£18,229	£22,739	£20,764	£21,002	£20,993
65	£19,105	£18,590	£18,033	£17,677	£26,775	£23,363	£23,766	£23,752

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on actual member data sourced from the administrator as at 30 September 2022. The assumed member is age **50**, with a normal retirement age of 65, using a starting pot size of **£16,400**. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.

Illustration 4: The youngest member invested in the EY Money Purchase Plan (1997 Section)

Fund Name	Default Flexible Income Lifestyle Strategy		Default Regular Income Lifestyle Strategy		Highest cost fund: Mercer Active Emerging Markets Equity		Lowest cost fund: Mercer Passive UK Equity	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
42	£8,600	£8,600	£8,600	£8,600	£8,600	£8,600	£8,600	£8,600
45	£8,965	£8,916	£8,965	£8,916	£9,486	£9,231	£9,262	£9,261
50	£9,608	£9,468	£9,608	£9,468	£11,170	£10,386	£10,482	£10,478
55	£10,298	£10,055	£10,298	£10,055	£13,152	£11,687	£11,861	£11,855
60	£10,983	£10,624	£10,865	£10,524	£15,487	£13,150	£13,423	£13,413
65	£11,193	£10,733	£10,565	£10,206	£18,236	£14,796	£15,189	£15,176

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on actual member data sourced from the administrator as at 30 September 2022. The assumed member is age **42**, with a normal retirement age of 65, using a starting pot size of **£8,600**. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.

To make this representative of the membership of the EY MPP 1990 Section, the Trustee has based the illustrations on assumptions that the youngest member of this Section of the Plan is aged 59 years old and that the typical member (the average age of the membership) is 61 years old.

Illustration 5: A typical member invested in the EY Money Purchase Plan (1990 Section)		
Fund Name	Mercer Growth	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
61	£37,200	£37,200
62	£37,719	£37,570
63	£38,246	£37,945
64	£38,779	£38,322
65	£39,321	£38,704

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on actual member data sourced from the administrator as at 30 September 2022. The assumed member is age **61**, with a normal retirement age of 65, using a starting pot size of **£37,200**. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.

Illustration 6: The youngest member invested in the EY Money Purchase Plan (1990 Section)		
Fund Name	Mercer Growth	
Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
59	£33,500	£33,500
60	£33,968	£33,834
61	£34,442	£34,171
62	£34,922	£34,511
63	£35,410	£34,855
64	£35,904	£35,202
65	£36,405	£35,552

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee has based this assumed member on actual member data sourced from the administrator as at 30 September 2022. The assumed member is age **59**, with a normal retirement age of 65, using a starting pot size of **£33,500**. The member is assumed to be making no further contributions to the Plan.
4. Inflation is assumed to be 2.5% per annum.



Value for money

The Trustee has also reviewed the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members, relative to peers and alternative arrangements that are available. The Trustee asserted last year, and continues to believe, that the membership receives good value regarding governance and management, charges, investment, administration and communication.

However, “value” is not a straightforward concept to measure and can be open to broad interpretation and a high degree of subjectivity. The Regulator notes that *“There is no single approach to an assessment of value”* and that pension scheme trustees should develop their own policy and methodology that reflects the circumstances of their scheme and members. As such, the Trustee obtained advice from its investment advisers as to how to assess “value for money” in respect of the transaction costs and other charges borne by members. Consequently, the assessment of value for money in this statement is based on the current investment management charges relative to standard institutional fees for equivalent size mandates, the investment adviser’s own comprehensive investment manager ratings, and the historical investment performance.

The assessment covers the investment charges for the default and Self-Select funds when benchmarked against:

- ▶ comparable funds;
- ▶ net of fees investment performance; and
- ▶ investment fund range and ratings.

For example, where funds offered to members were highly rated by the investment adviser, offered at a competitive fee rate, and performed in line with their objectives over the longer term, they were considered to offer good value for money for members.



In conclusion, the Trustee is satisfied that the Plan continues to provide good or excellent value to its members.

Peter O'Neill

The assessment concluded that the Plan's overall benefits represent good value for money in comparison to the costs payable by members. The reasons supporting this conclusion for the transaction costs and other member-borne charges include:

- ▶ Members bear the investment fees whilst the Sponsoring Employer meets most other general running costs such as communication and trusteeship costs, and subsidises the administration costs.
- ▶ Charges for the default investment arrangements are significantly below the charge cap of 0.75% per year - see the 'Charges and transaction costs' section on [page 5](#).
- ▶ The investment returns over a three-year period to 30 September 2023 for the passive funds have been broadly in line with their benchmarks.
- ▶ Whilst the active funds met their benchmarks over the last 12-month period, they fell short over the three-year period to 30 September 2023.
- ▶ The Trustee only chooses funds that are highly rated by Mercer, the Plan's fiduciary manager. A high rating means that Mercer is confident that the fund will achieve its objectives with regard to risk and return.
- ▶ If a fund loses its high rating from our investment adviser, the Trustee considers the circumstances and, in consultation with its adviser, determines the appropriate course of action. This may be to monitor performance closely for a designated period of time, or to switch to a higher-rated fund.

As stated in [the SIP](#), our investment decisions are subject to the restrictions to which the Sponsoring Employer is subject with respect to having financial interests in audit and other clients. Nonetheless, the Trustee does not consider that such independence constraints diminish the value for money achieved by the investment strategy and decisions as described above.

The Trustee also notes that members are in receipt of additional benefits, for example:

- ✓ The ongoing oversight and review of the default investment strategy and the DC fund range.
- ✓ The efficiency of the administration processes and the Trustee's governance of the services.
- ✓ The support and governance of the Plan from the Trustee, the Sponsoring Employer and the Trustee's professional advisers.
- ✓ A strong, well-managed and financially-stable Sponsoring Employer that is able to underwrite a minimum level of member's DC benefits through the Reference Scheme Test ("RST").
- ✓ The effective internal control environment and rigorous risk management provided by the Trustee.

An aerial photograph showing rows of blue solar panels installed on a green field, with a path and more vegetation visible in the background.

Trustee knowledge and understanding (“TKU”)

The Trustee Board maintains a strong platform of processes and activities to enable it to properly fulfil its role and responsibilities.

The Trustee’s approach to meeting the TKU requirements includes:

- ▶ Maintaining a rolling programme of bespoke Trustee training which is delivered during designated training days and within Trustee meetings where appropriate.
- ▶ Recording all training and attendance at appropriate seminars in the Trustee training log in order to support the Chair’s Statement.
- ▶ Reviewing the training programme annually following an assessment of Trustee knowledge, understanding and skills.
- ▶ Carrying out an annual effectiveness self-assessment.

For the period covered by this statement, the TKU requirements were met through a combination of the above methods.

All Trustee Directors have completed the Pension Regulator’s Trustee Toolkit. Also, all Trustee Directors are familiar with and have ready access to the Trust Deed & Rules, other key Plan documentation (including the DC SIP and Trustee policies) and all previous training materials through the Trustee’s meeting packs portal. Over the year, the Trustee Directors received ongoing training at the quarterly Board meetings and, in addition, had a dedicated Training day covering ESG investment considerations, Guaranteed Minimum Pension (“GMP”) equalisation and specific training. Also, the Trustee Directors receive regular training at additional meetings throughout the year in addition to the quarterly legislative updates provided at additional Board meetings to keep the Trustee fully informed of changes and developments in the wider pensions sector.

The Trustee also undertakes an annual effectiveness survey. Individual Trustee Directors assess the quality and effectiveness of the Board and its business, the Trustee’s decision-making processes, and their own personal contributions, as well as identifying their training needs. The Chair of the Trustee Board follows up these personal assessments with individual meetings, and produces a report for consideration by the Trustee Board. The latest Trustee effectiveness exercise confirmed that there is a consistent and positive view of the overall effectiveness of the Board. Specifically, Trustee Directors are satisfied with how meetings are run, as well as the performance of the Board. In addition, the Trustee Directors felt that monitoring the performance of the advisers is a strong area for the Board and that the level of knowledge of the advisers is suitable.

I believe that the combined knowledge, experience and specialities of the individual Directors, supplemented by advice from appointed third-party advisers, has created a Trustee Board fully able to undertake and execute its duties of trusteeship without constraint.

Overall assessment and conclusion

The Trustee is committed to having high governance standards that are regularly monitored for effectiveness and, where appropriate, updated and strengthened. Our governance standards apply to every Section of the Plan, which includes the FSS as well as the DC Sections.

Following review and assessment, including independent review and commentary, the Trustee has concluded that governance standards applying to the DC Sections of the Plan have met, and in many cases exceeded, the regulatory governance standards.

