

# KAS Bank UK Retirement Benefit Scheme Chair's Annual Statement for the period from 6 April 2022 to 5 April 2023

## Introduction

This Statement has been prepared by the Trustees of the KAS Bank UK Retirement Benefit Scheme ('the Scheme') in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). The governance and charges requirements apply to the Scheme.

This statement has been prepared by the Trustee and covers the required governance and charge disclosures under the headings set out below for the period 6 April 2022 to 5 April 2023 (the '**Scheme year**').

1. The Scheme's Default arrangements
2. Net investment returns
3. Member borne charges and transaction costs
  - i. Default arrangements
  - ii. Self-select (or 'individual') funds
  - iii. Illustrations of the cumulative effect of costs and charges over time
4. Detailed Value for Members assessment including:
  - i. Processing of core financial transactions
  - ii. Trustee's knowledge and understanding

## 1. The Scheme's Default Investment Strategy

**The Trustee is required to design default arrangements in members' interests and keep them under review. The Trustee will need to take account of the level of costs and the risk profile that are appropriate for the Scheme's membership in light of the overall objective of the default arrangements.**

A default investment strategy is provided for all members of the Scheme who do not choose an investment option.

The Trustees are expected to review the investment strategy and objectives of the default investment strategy at regular intervals (at least once every 3 years) and to consider the needs of the membership when designing the default strategy.

A new default investment strategy was implemented during the 2019/20 Scheme year. The default investment strategy targets income drawdown in retirement.

During the period covered by this Statement, 100% of members were invested in the Scheme's default investment strategy.

During the de-risking phase of the default investment strategy (five years prior to normal retirement age), investments are automatically switched from the BNYM Global Balanced Fund to the BNYM Multi Asset Income Fund and the Legal & General Investment Management Cash Fund so that at retirement age 25% of investments are held as cash and the remaining 75% are held in a low risk, multi-asset fund which is designed to manage risk whilst retaining the opportunity for moderate investment growth.

The Trustees also made three alternative lifestyle options available for members who do not wish to be invested in the default investment strategy. In addition, members can also choose to self-select the funds in which to invest. The Scheme's self-select funds are shown on page 4. Further details of the Scheme's investment strategies and self-select fund range are set out in the Scheme's Statement of Investment Principles and Investment Arrangements.

The Trustees monitor the performance of the funds which make up the default investment strategy on a regular basis. Performance is measured against individual fund benchmarks and against general market performance.

In addition to regular monitoring of the Scheme's investments, the Trustees also undertake a comprehensive review at least every three years, or sooner if there is a significant change in the investment policy or the Scheme's membership profile. The last such review was undertaken in 2019 and the Trustees considered at their meeting in November 2022 to complete the review during 2023.

## 2. Net Investment Returns

**The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations')** introduced a new requirement for the Trustee to calculate and set out in this statement the return on investments from their default and self-select funds, net of transaction costs and charges.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Scheme Year to 5 April 2023.

The Trustee has taken account of statutory guidance in preparing this section of the statement.

It is important to note that past performance is not a guarantee of future performance.

Fund	3 month	1 year	3 years	5 years
<b>BNY Mellon Multi-Asset Global Balanced Fund</b>	4.34%	2.19%	12.16%	8.41%
<b>BNY Mellon Multi-Asset Income Fund</b>	1.79%	0.96%	14.02%	6.06%
<b>BNY Mellon Long Gilt Fund</b>	2.97%	-27.69%	-15.32%	-5.85%
<b>LGIM Cash Fund</b>	1.00%	3.00%	1.00%	0.80%

### 3. Member borne charges and transaction costs

In accordance with Regulation 25(1) (a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustees are required to calculate the charges and transaction costs paid by members.

No Scheme administration costs are paid by members. A professional administration service is used by the Trustees and the costs for this service are met by the Employer.

Explicit charges paid by members are the fund annual management charges, these are clearly identifiable and range from 0.10% to 0.45% depending on the fund selected. The maximum fund charge currently utilised is 0.45% per annum.

All investment funds have “transaction costs” which are not charged directly to members. However, these charges are taken from the fund and therefore reflected in the performance of the fund and in the overall return received by members.

Different funds have different levels of transaction costs depending on the number of assets that are bought or sold within the fund. It is generally expected that the more actively a fund buys and sells assets the higher the transaction fees will be. Please note that some transaction costs are negative due to the prescribed method for calculating them. Negative transaction costs are shown where an overall beneficial pricing environment has occurred at the point of trading underlying assets over the period, which has more than offset the costs of the trades.

For the period covered by this statement, annualised charges and transaction costs are set out in the table below. The member borne charges for the Scheme’s default investment strategy did not exceed the charge cap of 0.75%. The level of charges applicable to the funds that make up the Scheme’s default investment strategy during the last Scheme year were:

#### Default investment strategy

Fund	Annual Management Charge (1)	Additional Expenses (2)	Total Expense Ratio (3)
BNY Mellon Global Balanced Fund	0.45%	0.05%	0.50%
BNY Mellon Multi Asset Income Fund	0.45%	0.33%	0.78%
LGIM Cash Fund	0.10%	0.00%	0.10%

The level of charges applicable to the funds that make up the Scheme alternative investment strategies during the last Scheme year were:

#### Alternative strategy 1 – targeting annuity purchase

Fund	Annual Management Charge (1)	Additional Expenses (2)	Total Expense Ratio (3)
BNY Mellon Global Balanced Fund	0.45%	0.05%	0.50%
BNY Mellon Long Gilts Fund	0.20%	0.08%	0.28%
LGIM Cash Fund	0.10%	0.00%	0.10%

### Alternative strategy 2 – targeting UFPLS

Fund	Annual Management Charge (1)	Additional Expenses (2)	Total Expense Ratio (3)
BNY Mellon Global Balanced Exempt Fund	0.45%	0.05%	0.50%
LGIM Cash Fund	0.10%	0.00%	0.10%

### Alternative strategy 3 – pure multi asset strategy (no lifestyling as members approach retirement)

Fund	Annual Management Charge (1)	Additional Expenses (2)	Total Expense Ratio (3)
BNY Mellon Global Balanced Fund	0.45%	0.05%	0.50%

The level of charges for each self-select fund, including those used in the default investment strategy, and the transaction costs over the period covered by this statement are set out in the table below. The funds used within the current default investment strategy are shown in **bold** below.

Fund	Annual Management Charge (1)	Additional Expenses (2)	Total Expense Ratio (3)
<b>BNY Mellon Global Balanced Fund</b>	0.45%	0.05%	0.50%
<b>BNY Mellon Multi Asset Income Fund</b>	0.45%	0.33%	0.78%
<b>BNY Mellon Long Gilt Fund</b>	<b>0.20%</b>	<b>0.08%</b>	<b>0.28%</b>
LGIM Cash Fund	0.10%	0.00%	0.10%

#### Notes:

(1) This element of the total charge payable by members covers the investment manager's fees for investing the money and managing the investments in the fund including the manager's pay.

(2) This cost relates to the fund's operational expenses such as trading fees, legal fees, auditor fees, administration services, accounting fees, custodian and settlement charges for the investments the fund holds.

(3) This is the total charge payable by members ((1)+(2)).

In addition, the Trustees are required by law to disclose information relating to transaction costs in respect of every available fund.

BNY Mellon have confirmed that there were no transaction costs for the one-year period to 5 April 2023.

#### **Deferred member illustration**

The figures in the table below show the effect of the investment managers' charges on a deferred member's fund value over incremental periods for the next 40 years. The table shows the effect based on the assumptions set out in the notes below and reflects statutory guidance.

Projected Pension Account in today's money: -

Projected Pension Account in today's money								
	Fund choice							
	Default investment strategy		BNYM Global Balanced		Long Gilt		LGIM Cash	
Years to retirement	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	£36,000	£35,800	£36,400	£36,200	£35,000	£34,900	£35,000	£34,900
3	£37,600	£37,200	£38,700	£38,100	£34,300	£34,000	£34,300	£34,200
5	£39,800	£39,000	£41,100	£40,100	£33,600	£33,200	£33,600	£33,400
10	£46,300	£44,300	£47,800	£45,600	£32,000	£31,100	£32,000	£31,700
15	£53,900	£50,300	£55,600	£51,800	£30,500	£29,200	£30,500	£30,000
20	£62,800	£57,200	£64,700	£58,900	£29,000	£27,500	£29,000	£28,400
25	£73,000	£65,000	£75,300	£66,900	£27,600	£25,800	£27,600	£27,000
30	£85,000	£73,900	£87,600	£76,000	£26,300	£24,200	£26,300	£25,500
35	£98,900	£84,000	£102,000	£86,400	£25,000	£22,700	£25,000	£24,200
40	£115,000	£95,400	£119,000	£98,200	£23,800	£21,400	£23,800	£22,900

#### Notes

1. Projected Pension Account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. The starting Pension Account value is assumed to be £35,300.
3. Inflation is assumed to be 2.50% each year.
4. No further contributions are assumed.
5. Values shown are estimates and are not guaranteed.
6. The projected growth rates for the fund choices are as follows:
  - a. Default strategy: from 4.41% to 5.57% pa depending on how close you are to retirement.
  - b. BNYM Global Balanced Fund: 5.65% pa.
  - c. Newton Long Gilt Fund: 1.50% pa.
  - d. Cash: 1.50% pa.

#### 4. Value for Members assessment

Quantum Advisory, as advisers to the Trustees of the Kas Bank UK Retirement Benefit Scheme (the Scheme), have undertaken a 'value for members' review of the Scheme for the 12-month period to 5 April 2023. The review is based on the Pensions Regulator's DC Code of Practice number 13, as issued in July 2016, and the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 which came into force on 1 October 2021.

The objective of the Scheme is to provide a retirement income on a Defined Contribution (DC) basis. The level of retirement benefits provided depends on the level of contributions paid, the performance of the selected investment strategy/fund(s) as well as other factors such as annuity rates prevailing at the date of retirement and the retirement income method selected by members e.g. an annuity, Uncrystallised Pension Funds Lump Sum(s) and income drawdown.

From 1 October 2021, there are additional value for member requirements for 'specified schemes' which are relevant pension schemes that have been running for more than 3 years and have less than £100 million total scheme assets. This value for member assessment includes:

1. **A comparison of charges and transaction costs with 3 comparator schemes;**
2. **A comparison of net investment returns with 3 comparator schemes; and**
3. **A self-assessment of the scheme's governance and administration criteria.**

The assessment of charges and transaction costs and net investment returns requires specified schemes to compare their value for members against a comparison scheme. A comparison scheme is an occupational pension scheme with £100 million assets or more, or a personal pension scheme which is not an investment regulated pension scheme. Trustees are expected to have a clear rationale for the schemes chosen as comparators and should include a scheme different in structure to their own where possible.

Trustees must assess the value delivered by their governance and administration offering as part of their assessment, using the following 7 key metrics:

- i. **Promptness and accuracy of core financial transactions**
- ii. **Quality of record keeping**
- iii. **Appropriateness of the default investment strategy**
- iv. **Quality of investment governance**
- v. **Level of trustee knowledge, understanding and skills to properly exercise their functions and operate the pension scheme effectively**
- vi. **Quality of communication with scheme members**
- vii. **Effectiveness of management of conflicts of interest**

#### 1. A comparison of charges and transaction costs

Quantum Advisory have obtained costs and charges of a comparison scheme. The scheme is a trust-based occupational scheme which provides Defined Benefit (DB) and DC benefits and has total assets under management of circa £1 billion. In addition to this scheme, Quantum Advisory have also compared the Scheme's costs and charges with the latest publicly available information for some of the large master trusts. Details of this comparison can be seen in the table below.

Scheme	TER for default
KAS Bank UK Retirement Benefit Scheme	0.1% to 0.78%
Occupational trust-based scheme	0.31% to 0.44%
NEST	0.3% plus 1.8% contribution charge
The People's Pension	0.5% plus £2.50 per annum (rebates apply to pots over £3,000)
Now: Pensions	0.3% plus £1.75 per month

The only services members of the Scheme routinely pay for relate to an element associated with the investment of their pension accounts. The charges are described in the notes below the table.

Fund	Annual Management Charge (1)	Additional Expenses (2)	Total Expense Ratio (3)
<b>BNY Mellon Global Balanced Exempt Fund</b>	0.45%	0.05%	0.50%
<b>BNY Mellon Multi Asset Income Fund</b>	0.45%	0.33%	0.78%
<b>BNY Mellon Long Gilt Fund</b>	0.20%	0.08%	0.28%
<b>LGIM Cash Fund</b>	0.10%	0.00%	0.10%

Notes:

1. The AMC is the Annual Management Charge. It is the fee deducted directly from the fund to cover on-going management by the investment manager including research analysts and portfolio managers.
2. The TER is the Total Expense Ratio, which is a measure of the total cost of investing in a fund. Total cost includes the AMC and additional expenses such as administration services, accounting and legal fees, and custodian and settlement charges for the investments the fund holds. The TER can vary from year to year.
3. AMCs and TERs are applied as a percentage of the value of the member's investment in it.

#### Transaction costs

Transaction costs are the costs incurred as a result of buying, selling, lending or borrowing investments and, in some cases, can have a significant impact on members' account values. Transaction costs are not included in the TER. Transaction costs are not paid directly by members; the cost effectively reduces the return that members achieve on their investments.

BNY Mellon have confirmed that there were no transaction costs for the one-year period to 5 April 2023.

#### 1. A comparison of net investment returns

**Value statement:** The Trustees believe in the provision of a default arrangement that delivers suitable risk /return outcomes and the provision of a range of alternative investment options that they think are suitable for the needs of the membership.

Quantum Advisory have obtained details of the net investment returns for a comparison scheme. The scheme is a trust-based occupational scheme which provides Defined Benefit (DB) and DC benefits and has total assets under management of circa £1 billion. In addition to this scheme, Quantum Advisory have also compared the Scheme's net investment returns with the latest publicly available information for some of the large master trusts. Details of this comparison can be seen in the table below.

It is important to note that past performance is not a guarantee of future performance.

Scheme	Default Fund – Average 1 year % Return	Default Fund – Average 3 year % Return	Default Fund – Average 5 year % Return
KAS Bank UK Retirement Benefit Scheme	1.58	13.09	7.24
Occupational trust-based scheme	-3.9	6.6	3.0
NEST	-9.5	3.8	4.6
The People’s Pension	-11.5	-5.59	0.86
Now: Pensions	1.1	1.2	2.1

#### The Scheme’s net investment returns

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Scheme Year to 5 April 2023:

Fund	3 month	1 year	3 years	5 years
BNY Mellon Multi-Asset Global Balanced Fund	4.34%	2.19%	12.16%	8.41%
BNY Mellon Multi-Asset Income Fund	1.79	0.96	14.02	6.06
BNY Mellon Long Gilt Fund	2.97	-27.69	-15.32	-5.85
LGIM Cash Fund	1.00%	3.00%	1.00%	0.80%

### 3. Governance and Administration Assessment

#### i. Promptness and accuracy of core financial transactions

The Trustees assess the proportion of member transactions that have been completed accurately and within required timeframes set in legislation and according to any service level agreements (SLA) set for the Scheme. This should help to determine whether they are achieving good value for members under this measure.

#### Assessment

- The Trustees have received assurance from the Scheme’s administrator, Quantum Advisory, that there were adequate internal controls in place to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme year. This includes the processing of transfers out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.
- The Scheme has a Service Level Agreement (“SLA”) in place with the Scheme’s administrator which covers the accuracy and timeliness of all core financial transactions.
- The Trustees receive quarterly reports about the Scheme administrator’s performance and compliance with the SLA’s; using information provided by the Scheme’s administrator, the Trustees are satisfied that over the period covered by this statement:
  - The Scheme administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA’s;
  - there have been no material administration errors in relation to processing core financial transactions; and
  - core financial transactions have been processed promptly and accurately.



During the period there have been no material administration service issues which need to be reported here by the Trustees. The Trustees are confident that the administration processes and controls in place are robust and ensure that financial transactions which are important to members are dealt with properly.

### Conclusion

The Trustees are of the opinion that: The Trustees have appropriate measures in place to monitor the promptness and accuracy of the Scheme's core financial transactions. Core financial transactions and other key metrics are monitored quarterly, and related risks are captured in, and monitored through, the Scheme's Risk Register.

### ii) Quality of record keeping

Reliable, accurate and secure data is essential to delivering value for members, particularly where employment patterns are becoming increasingly disjointed and unpredictable.

### Assessment

#### Security of Data:

- The Trustees have controls in place to ensure that members' data is secure and is processed in accordance with the requirements of the Data Protection Act 2018;
- Data security is a key part of trustee governance and features prominently in the Scheme's Risk Register and risk planning;
- The Trustees assess the robustness of the controls they have in place on an ongoing basis.
- Trustees have a policy, procedure and controls in place to deal with data security and cyber risk;
- The Trustees regularly review the effectiveness of data security controls put in place by their providers.
- AAF01/20 – The Trustees take comfort from Quantum Advisory's independent AAF01/20 audit which is carried out each year. This audit covers the administration and associated information technology controls relating to their administration service. There were no exceptions to note in the reasonable assurance report on suitable design, fair description and effective operation of the AAF 01/20 control objectives for the year ended 31 January 2023.

#### Accuracy and scope of records and data kept:

- The Trustees regularly assess the quality and accuracy of the Scheme's Common and Scheme Specific data through regular data quality reports provided by the Scheme administrator;
- There are systems, processes and procedures in place to monitor and update data on a regular basis;
- The Scheme's administrator is responsible for maintaining, monitoring and updating the data;
- The Common data score for the Scheme was 91.49% during the Scheme year; the Scheme Specific data score was 100.00% during the Scheme year;

#### Review of Data:

- The Trustees will continue to monitor the Scheme's data quality to ensure that member records are accurate and any data deficiencies are addressed.

### Conclusion

The Trustees are of the opinion that:

- They have robust controls in place to ensure that Scheme's data is secure and processed in accordance with the requirements of the Data Protection Act 2018;

- The record-keeping score for Common data and Scheme Specific data demonstrates that the Scheme's data is well maintained.
- Over the year, no cases breached disclosure regulations.
- There were no exceptions to note in the reasonable assurance report on suitable design, fair description and effective operation of the AAF 01/20 control objectives for the year ended 31 January 2023

### iii) **Appropriateness of the default arrangement**

#### **Objectives**

The quality of decision-making and governance in relation to the Scheme's investment strategy is a crucial part of the value delivered to members by the Scheme. The Trustees need to assess the extent to which certain conditions apply to their default arrangement(s), and explain how these positions have been achieved.

#### **Assessment**

A new default investment strategy was implemented during the 2019/20 Scheme year. The default investment strategy targets income drawdown in retirement.

During the period covered by this Statement, 100% of members were invested in the Scheme's default investment strategy.

During the de-risking phase of the default investment strategy (five years prior to normal retirement age), investments are automatically switched from the BNYM Global Balanced Fund to the BNYM Multi Asset Income Fund and the Legal & General Investment Management Cash Fund so that at retirement age 25% of investments are held as cash and the remaining 75% are held in a low risk, multi-asset fund which is designed to manage risk whilst retaining the opportunity for moderate investment growth.

The Trustees also made three alternative lifestyle options available for members who do not wish to be invested in the default investment strategy. In addition, members can also choose to self-select the funds in which to invest. Further details of the Scheme's investment strategies and self-select fund range are set out in the Scheme's Statement of Investment Principles and Investment Arrangements.

The Trustees monitor the performance of the funds which make up the default investment strategy on a regular basis. Performance is measured against individual fund benchmarks and against general market performance.

In addition to regular monitoring of the Scheme's investments, the Trustees also undertake a comprehensive review at least every three years, or sooner if there is a significant change in the investment policy or the Scheme's membership profile. The last such review was undertaken in 2019 and the Trustees considered at their meeting in November 2022 to complete the review during 2023.

The primary objective of the Scheme is to provide a pot of money created by the invested value of the contributions paid. The money is for members to use on their retirement or to provide benefits for their dependants in the event of their death before retirement. The Trustees look to achieve this by providing members with investment choices that reflect their:

- Attitude to investment risk;
- Level of dependency on the benefits to be drawn;
- Understanding of investment matters; and
- Range of ages, cognisant that:

- members closer to retirement have less scope to absorb risk and protect against short term fluctuation in asset values; and
- members further from retirement have greater scope to absorb risk and short-term volatility in asset values, but also have to seek to protect against the erosion of the capital value of their assets by inflation.

### Reviewing the default investment arrangement

During the period covered by this statement, the Trustees reviewed the objectives and investment performance of the underlying funds of the default arrangement on a quarterly basis and took advice from Quantum Advisory, the Scheme's investment advisers as appropriate.

In addition to the quarterly reviews of the performance of the funds that make up the default arrangement, the Trustees also undertake a comprehensive review at least every three years, or sooner if there is a significant change in investment policy or the Scheme's membership profile. The Trustees considered at their meeting in November 2022 to complete the review during 2023 which will include the default arrangement, to understand to what degree, if any, the funds available to members take into account Environmental, Social and Governance issues.

### Conclusion

The Trustees are of the opinion that:

- The Scheme's default arrangement remains appropriate;
- They have an appropriate process in place to monitor the continued appropriateness of the default arrangement in line with their DC investment objectives;
- The Trustees' DC investment strategy is clear, is appropriate for each stage of the member journey, and is consistently followed in accordance with strategy objectives as recorded in the Scheme's Statement of Investment Principles.

### iv) Quality of investment governance

Trustees retain responsibility for securing the proper management of the Scheme's assets, and good scheme investment governance is crucial. Expert and robust investment governance comes to the forefront particularly during economic shocks that affect the value of pension assets.

### Assessment

- Documented and robust investment governance procedures are in place and adhered to;
- Where tasks and decisions in relation to investment are delegated, those individuals have the required knowledge and expertise to perform their role competently in accordance with sections 34 and 36 of the Pensions Act 1995 and are being held to account;
- The Trustee board as a whole has the knowledge and competence to oversee investment effectively, they ensure investment objectives and strategies are understood and followed, and are able to challenge investment advice where necessary;
- Performance of the Scheme's default and lifestyle profiles are reviewed by the Trustees on a regular basis. The Trustees recognise their role in setting investment strategy and the selection, monitoring and retention of managers;
- The Trustees have risk management and continuity plans in place to deal with economic crises and market volatility, and clear governance structures in place in relation to long term financial sustainability of investments including consideration of climate change and ESG factors;

- The Trustees have good oversight of the communication strategies used to keep members informed about the investment options available to them.

## Conclusion

The Trustees are of the opinion that:

- The Scheme's investment governance is appropriate;
- They have appropriate robust investment governance procedures in place which are adhered to;
- The Trustee board as a whole has the knowledge and competence to oversee investment effectively and ensure investment objectives and strategies are understood and followed, and are able to challenge investment advice where necessary;
- The Trustees have risk management and continuity plans in place to deal with economic crises and market volatility, and clear governance structures in place in relation to long term financial sustainability of investments including consideration of climate change and ESG factors.

### iii. **Level of trustee knowledge, understanding and skills to properly exercise their functions and operate the pension scheme effectively**

The knowledge, understanding and skills held across the trustee board as a whole can have a significant impact on the member experience and outcomes. Sections 247 to 249 of the Pensions Act 2004 and regulations made under those sections, set out the legislative requirements that trustees of occupational pension schemes must meet in terms of knowledge and understanding. TPR also provides guidance on trustee knowledge and understanding and scheme management skills.

## Assessment

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee must:

- Be conversant with the Trust Deed and Rules of the Scheme, the Scheme's Statement of Investment principles and any other document recording policy for the time being adopted by them relating to the administration of the Scheme generally;
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.

The following actions have been taken by the Trustees to gain the appropriate knowledge and understanding required to effectively run the Scheme with good governance.

- All Trustees have completed the online Trustee Toolkit
- The Trustees receive training from their advisers on matters relevant to the Scheme
- The Trustees are conversant with the Trust Deed and Rules and the powers granted to them
- The Trustees are conversant with the Statement of Investment Principles for the time being maintained under Section 35 of the Pensions Act 1995
- The Trustees take regular investment advice from their Investment Consultant on matters relating to the Scheme's investments

- The Trustees keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.

During the Scheme year the Trustees met the requirements of Section 247 and 248 of the 2004 Act (requirement for knowledge and understanding) by holding Trustee meetings as required, undertaking any necessary training and ensuring the Scheme is run in accordance with the Scheme Rules and in line with the Pensions Regulator's guidance notes. Additional ad hoc meetings by conference call are held when required.

The Trustees, together with assistance from their professional advisers, use their combined knowledge and understanding of Pension Law, specific Scheme documentation, legal requirements and the Pensions Regulator's guidance to ensure that the Scheme is run effectively, and members' benefits are paid in accordance with the Scheme Rules. This combined knowledge helps the Trustees to ensure that good scheme governance is a priority and identify where any improvements can be made to existing procedures and processes. The Trustees' knowledge of the Scheme Rules ensures that they can consider non-standard benefit requests, whether they are permissible and if legal opinion is required and / or a rule change is needed.

Ensuring good governance helps the Trustees determine whether the Scheme is good value for money, if members and beneficiaries are being treated fairly and helps to safeguard the best interests of all members and beneficiaries.

### Conclusion

The Trustees are of the opinion that:

- Taking into account the knowledge and experience of the Trustees, combined with the specialist advice (both in writing and whilst attending meetings) received from their appointed professional advisors (e.g., investment consultants, legal advisors), that they are well placed to exercise their duties as Trustees of the Scheme properly and effectively.

### ii) Quality of communication with Scheme members

To provide clear communications to members to ensure that they understand the Scheme sufficiently to be able to make informed decisions and to further their understanding by allowing them to ask questions about the Scheme. The Trustees are required to ensure that communications comply with the relevant disclosure regulations.

### Assessment

Members benefit from the following methods of communication:

- The Trustees endeavour to provide Scheme communication that is accurate, clear, understandable and engaging common communications periodically e.g. annual benefit statements
- The Trustees work closely with their advisers to try to ensure members' best interests are understood and represented in their decision making
- Members are regularly informed about the importance of reviewing their investment choices
- In addition to annual benefit statements, annual newsletters are sent to all members providing details of current issues in pensions
- Ad hoc announcements are issued to members on a periodic basis as the Trustees deem necessary

- The Trustees have issued their privacy notice covering General Data Protection Regulation requirements to all members
- The Trustees regularly consider possible improvements to member communications, including annual benefit statements

### Conclusion

The Trustees are of the opinion that:

- Members receive clear and concise communications to ensure that they understand the Scheme sufficiently to be able to make informed decisions and to further their understanding by allowing them to ask questions about the Scheme.
- They take adequate steps to ensure that the Scheme's communications comply with the relevant disclosure regulations.
- The Trustees regularly consider possible improvements to member communications, including annual benefit statements

### iii) Effectiveness of management of conflicts of interest

Conflicts of interest may arise either among the Trustees, between the Trustees and CACEIS Bank S.A., or with the Trustees' advisers.

### Assessment

The Trustees have the following in place in relation to managing conflicts of interest:

- A robust policy and written procedures in place that identifies, manages and monitors conflicts of interest effectively, which is reviewed annually;
- The Scheme has controls in place to ensure that all Trustees are aware of the requirement to declare and discuss any potential conflicts;
- The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of immateriality) at the start of each Trustees' meeting and document these in the minutes.
- The Scheme has controls in place to ensure that all conflicts of interest are declared upon appointment of a new Trustee or adviser.

### Conclusion

- The Trustees are of the opinion that: There are adequate controls in place to ensure the early identification and management of actual and potential conflicts of interest.

**This Statement has been made publicly available on the Scheme Website and can be accessed at the following site <https://kasukpensionscheme.co.uk/>**

Signed:

Claire Linane, Chair of the Trustees

Date: 1 November 2023