

The Thomson-Leng Provident Fund (DC Section)

CHAIRMAN'S ANNUAL GOVERNANCE STATEMENT FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

I am pleased to present the Trustee's annual statement of governance, covering the period 1 April 2019 to 31 March 2020. This statement describes how the Trustee seeks to ensure that the Fund is well-managed and delivers good value to members. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (the 'Regulations'). This statement covers five key areas:

1. The investment strategy relating to the Fund's default arrangement;
2. The processing of core financial transactions;
3. Charges and transaction costs within the Fund;
4. Value for Members assessment; and
5. The Trustee's compliance with the statutory knowledge and understanding (TKU) requirements.

The Fund is a hybrid pension arrangement comprised of a non-contributory Defined Benefit Section ("DB Section") and a Defined Contribution Section ("DC Section") into which contributions are paid monthly. This statement is purely in relation to the DC Section.

The term 'defined contribution' means that the value of members' benefits on retirement is unknown in advance and is not guaranteed but is instead dependent on factors such as the amount of contributions paid in, investment returns earned and expenses incurred. The way in which members choose to withdraw their benefits will also have a bearing on their financial outcomes during retirement. The disclosures in this statement relate entirely to the DC Section and include those required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The emergence of the COVID-19 pandemic triggered sharp falls in share prices around the world and, as a result, the Trustee and its providers activated business continuity measures with effect from March 2020. I am pleased to confirm that all of the Fund's operations have been maintained successfully while these measures have been deployed. In particular:

- The Trustee continued with the June 2020 meeting via remote working.
- The Trustee Directors met more frequently over this period.
- All monthly contributions due to the Fund were paid on time by the Company over this period.
- Important administration functions such as preparing benefit quotations, issuing benefit payments, investing monthly contributions and updating member records continued to be processed promptly by the Fund administrator.
- The Trustee did not experience any service disruption from the Fund's investment manager.
- The Trustee received more frequent updates on performance of the DC funds from its DC investment adviser.

- The Trustee wrote to all members of the DC Section informing them of how it is responding to the pandemic and, in relation to the dramatic falls in equities, reminding them of the long-term nature of pension saving. These communications also reminded members of the Fund's online tools and how they can be used to monitor their investments.
- The Trustee noted that investment markets staged a significant recovery over the second quarter of 2020 and this has been reflected in the performance of the DC funds. However, the Trustee continues to carefully monitor performance of the DC funds.

Christopher HW Thomson
Chair of DC Thomson & Co Pension Trustee Limited

September 2020

1. The default investment arrangement

The Trustee provides a default investment arrangement for members who do not make active investment decisions on where their Retirement Account is invested.

The Trustee's Statement of Investment Principles (SIP), dated 30 September 2019 is attached. This covers the Trustee's aims and objectives in relation to the default investment arrangement as well as the Trustee's policies on risk and diversification. Additionally it states why the Trustee believes that the default investment arrangement is designed in members' interests. The SIP was prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. This SIP superseded the 28 March 2017 version which was in effect until 30 September 2019.

The Trustee regularly considers the suitability of the default investment arrangement. A comprehensive review of the investment arrangement was initiated in November 2017 and discussions continued through 2018 with the Trustee agreeing to move all assets from the Mercer Global Investment (MGI) fund range to the Mercer Workplace Savings (MWS) fund range on the Scottish Widows (formerly Zurich) investment platform. The transition was finalised in May 2019. This resulted in the default investment arrangement changing from a lifestyle strategy targeting annuity purchase at retirement to one targeting flexible withdrawal of retirement benefits. The changes also add more diversification to the investments in the growth phase. On average, members in the default investment arrangement also pay lower fees than under the former arrangement, especially during the growth phase.

The default investment arrangement invests 100% of members' assets in a passive fund that holds equities and other growth-seeking assets up to eight years prior to their Target Retirement Age. From this point, the assets are switched gradually into a multi-asset fund that targets moderate growth and a cash fund that targets tax free cash withdrawal. At Target Retirement Age, members' assets will be invested 75% in the multi-asset fund and 25% in the cash fund. The default Target Retirement Age is 65, although some members have selected an age other than 65.

In addition, two alternative lifestyle strategies are available to members that reflect the alternative ways in which members may wish to take their benefits at retirement (annuity purchase or cash). No members were automatically transitioned into any of these lifestyle strategies, therefore none of these are considered default arrangements.

The Trustee recognises that members have differing investment needs and that these may change during the course of a member's working life. The Trustee also recognises that members have different attitudes to risk, therefore a range of self-select funds are also available to members. These funds cater for differing objectives and attitudes to risk. The delegated investment manager, MWS, is responsible for making decisions on asset allocation, selection, appointment, removal and monitoring of underlying investment managers.

The Trustee also made a number of changes to the self-select range of funds in May 2019 as part of the transition to the MWS fund range. As a result of the fund mapping exercise that accompanied these changes and since the Trustee did not obtain explicit consent from members for these switches, the following funds are also classed as default investment arrangements:

- Mercer Growth Fund
- Mercer High Growth Fund
- Mercer Moderate Growth Fund
- Mercer Defensive Fund
- Mercer Diversified Growth Fund

Mercer Active Money Market Fund

The performance of the funds, including the default strategy, is reviewed by the Trustee at the quarterly meetings. The Trustee's professional advisers attend each of these meetings and present their quarterly investment reports that examine performance against benchmark to enable the Trustee to check that they are performing in line with their objectives. The adviser's report also reports on factors that have impacted on performance. These performance-monitoring processes were applied throughout the reporting period, although it should be noted that the assets were transitioned part way through this period.

The Trustee intends to review all of its default investment arrangements in 2020.

2. Requirements for processing 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 seeks to ensure that such transactions are processed accurately and promptly. To that end, Mercer has been appointed fund administrator and day-to-day management of the assets has been delegated to Mercer via MWS. Together, they have responsibility for processing core financial 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 requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately as follows:

- The Trustee operates a system of **internal controls** aimed at monitoring the DC Section's administration and management. Included in this system are mechanisms for ensuring the prompt and accurate processing of financial transactions, including core transactions such as the payment and investment of contributions, the transfer of member assets into and out of the DC Section and the payment of benefits on retirement.
- The Fund's **Risk Register** outlines the risks to members in relation to financial transactions that are monitored and reviewed on a regular basis.
- The **Schedule of Contributions** sets out timescales for the Company to remit monthly contributions to the DC Section.
- The Trustee has delegated the **administration** of member records to a professional third party administrator, Mercer Limited ("Mercer"). The Trustee has agreed SLAs with Mercer which cover core financial functions such as benefit quotations, transfer payments and benefit payments.

- The Trustee reviews Mercer’s administration reports at its quarterly meetings. These reports cover Mercer’s performance against SLAs and compliance with statutory regulations. The report also highlights any member cases of note and provides the Trustee with statistics in relation to members usage of the Mercer OneView member portal. The Trustee considered Mercer’s performance against the SLAs at each meeting during the reporting period.
- 94% of SLAs were passed during the year ended 31 March 2020. The Trustee has received information from Mercer on the cases that missed SLA, including the type of transaction involved and the timescale in which it was completed. Following a decline in performance in the earlier part of the year, the Trustee initiated regular calls with Mercer to review administration performance and this has seen a significant improvement in performance over Q4 2019 and Q1 2020.
- As part of the annual audit, the Fund **Auditor** checks that contributions are paid in accordance with the Fund rules. The Fund Auditor is HMA Henderson Loggie.

3. Charges and transaction costs

As required by the Regulations, the Trustee is required to report on the charges and transactions costs for the investments and its assessment on the extent to which the charges and costs represent good value for members.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (the ‘2018 Regulations’) require schemes to provide an illustrative example of the cumulative effect of costs and charges incurred by members and publish that, within 7 months of the scheme year-end, free of charge and on a publicly available website:

3.1. Charges

The Annual Management Charge (“AMC”) and Total Expense Ratio¹ (“TER”) payable under the default strategy will vary depending on the stage that each member has reached in the ‘lifestyle’ de-risking process. Members’ assets are de-risked as they approach retirement via the use of target date funds. There are three types of target date fund corresponding to each lifestyle strategy and a new set are introduced each year as the next group of members reach eight years from retirement.

The table below shows the TERs of the funds as provided by the fund manager. The TERs are allowed for through the unit prices of the various funds offered. The Provident Fund currently pays all other expenses and running costs of the Fund.

All of the funds have TERs that fall well below the charge cap of 0.75% p.a. All fees are as at March 2020.

The funds in bold below are used in the default investment strategy.

Name	Total Expense Ratio
Mercer Defensive	0.250%
Mercer Moderate Growth	0.287%
Mercer Growth	0.281%

¹ The TER includes the AMC and additional expenses incurred by the investment manager such as trading fees, legal fees, auditor fees and other operational expenses.

Name	Total Expense Ratio
Mercer High Growth	0.285%
Mercer Diversified Growth	0.340%
Mercer Active Global Equity	0.740%
Mercer Cash	0.170%
Mercer Drawdown Retirement Fund	0.342%
Mercer Target Drawdown 2020 Retirement Fund	0.342%
Mercer Target Drawdown 2021 Retirement Fund	0.345%
Mercer Target Drawdown 2022 Retirement Fund	0.346%
Mercer Target Drawdown 2023 Retirement Fund	0.347%
Mercer Target Drawdown 2024 Retirement Fund	0.344%
Mercer Target Drawdown 2025 Retirement Fund	0.331%
Mercer Target Drawdown 2026 Retirement Fund	0.319%
Mercer Target Drawdown 2027 Retirement Fund	0.306%
Mercer Target Drawdown 2028 Retirement Fund	0.294%
Mercer Annuity Retirement Fund	0.202%
Mercer Target Annuity 2020 Retirement Fund	0.202%
Mercer Target Annuity 2021 Retirement Fund	0.209%
Mercer Target Annuity 2022 Retirement Fund	0.219%
Mercer Target Annuity 2023 Retirement Fund	0.228%
Mercer Target Annuity 2024 Retirement Fund	0.246%
Mercer Target Annuity 2025 Retirement Fund	0.257%
Mercer Target Annuity 2026 Retirement Fund	0.267%
Mercer Target Annuity 2027 Retirement Fund	0.278%
Mercer Target Annuity 2028 Retirement Fund	0.289%
Mercer Cash Retirement Fund	0.220%
Mercer Target Cash 2020 Retirement Fund	0.220%
Mercer Target Cash 2021 Retirement Fund	0.230%
Mercer Target Cash 2022 Retirement Fund	0.231%
Mercer Target Cash 2023 Retirement Fund	0.233%
Mercer Target Cash 2024 Retirement Fund	0.234%
Mercer Target Cash 2025 Retirement Fund	0.243%
Mercer Target Cash 2026 Retirement Fund	0.257%
Mercer Target Cash 2027 Retirement Fund	0.271%
Mercer Target Cash 2028 Retirement Fund	0.284%

Source: Scottish Widows.

^(a) Includes Scottish Widows and Mercer charges.

^(b) Figures as at March 2020

3.2. Transaction costs

In March 2018, the Government published final regulations for additional disclosures on member-borne charges under trust-based pension schemes providing money-purchase benefits which came into effect from April 2018. They build on existing rules regarding charges; including the requirement for trustees to assess value for members annually and the duty on investment providers to disclose, on request, information about the scheme's transaction costs.

Transaction costs are those incurred by fund managers as a result of buying, selling, lending or borrowing investments. Transaction costs are taken into account by the fund managers when calculating the unit price for each of the funds. The transaction costs shown below are calculated on a method known as 'slippage cost'. This compares the price of the investment being traded when a transaction was executed with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be positive or negative

Name	Transaction Costs
Mercer Defensive	0.080%
Mercer Moderate Growth	0.130%
Mercer Growth	0.170%
Mercer High Growth	0.170%
Mercer Diversified Growth	0.220%
Mercer Active Global Equity	0.290%
Mercer Cash	0.014%
Mercer Drawdown Retirement Fund	0.101%
Mercer Target Drawdown 2020 Retirement Fund	0.093%
Mercer Target Drawdown 2021 Retirement Fund	0.112%
Mercer Target Drawdown 2022 Retirement Fund	0.127%
Mercer Target Drawdown 2023 Retirement Fund	0.141%
Mercer Target Drawdown 2024 Retirement Fund	0.149%
Mercer Target Drawdown 2025 Retirement Fund	0.154%
Mercer Target Drawdown 2026 Retirement Fund	0.159%
Mercer Target Drawdown 2027 Retirement Fund	0.164%
Mercer Target Drawdown 2028 Retirement Fund	0.169%

Source: Scottish Widows.

Transaction costs were not available for the other available funds as there were no assets in these funds over the year to 31 March 2020.

3.3. Illustrations

Based on the 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 Fund on their retirement savings pot. In line with statutory guidance, the illustrations are based on the funds that exhibit the lowest and highest levels of assumed growth, the lowest and

highest assumed charges and the most popular fund by number of members. In some cases this may be the same fund.

The illustrations represent the youngest active and deferred member and the average active and deferred member.

To make the illustrations representative of the membership of the Fund, the illustrations have taken into account the following elements, based on membership data:

- DC pot size
- Pensionable Salary
- Contribution rates
- Real terms investment return gross of costs and charges
- Adjustment for the effect of costs and charges, including transaction costs
- Period of investment

Youngest active member

Year End	Most Popular		Highest expected growth and highest charges		Lowest expected growth and lowest charges	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Cash	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	3,636	3,620	3,664	3,626	3,561	3,555
5	13,073	12,881	13,492	13,041	11,995	11,925
10	26,053	25,363	27,716	26,045	22,079	21,849
15	40,487	38,933	44,446	40,570	31,674	31,207
20	56,538	53,687	64,124	56,795	40,806	40,031
25	74,387	69,727	87,270	74,918	49,497	48,352
30	94,235	87,165	114,495	95,162	57,767	56,197
35	116,306	106,110	146,519	117,775	65,637	63,595
40	138,730	124,682	184,185	143,033	73,127	70,571
43	149,697	133,467	209,901	159,586	77,446	74,564

Assumptions

- Future inflation assumed to be 2.5% p.a.
- Salaries assumed to increase at 2.5% p.a.
- Default investment strategy projected growth rates vary with age, given that the strategy's asset allocation changes over the 8 years prior to age 65. The assumptions used for the average member are as follows:
 - Age 22
 - Growth rate 4.53% p.a. (before charges)
 - Salary £19,000 (based on sample of members)
 - Starting pot size £1,400 (based on sample of members)
 - Total contribution rate 11.5% (based on sample of members)
 - Average TER is assumed to be 0.29% and transaction costs are assumed to average 0.16%.
- Active Global Equity Fund average growth rate before charges is assumed to be 5.50% p.a.
Average TER is assumed to be 0.74% and transaction costs are assumed to average 0.29% p.a.
- Cash Fund average growth rate before charges is assumed to be 1.51% p.a.
Average TER is assumed to be 0.17% and transaction costs are assumed to average 0.01% p.a.

Average active member

Year End	Most Popular		Highest expected growth and highest charges		Lowest expected growth and lowest charges	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Cash	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	22,302	22,202	22,529	22,297	21,686	21,646
5	41,297	40,562	43,056	41,315	36,851	36,586
10	67,426	65,309	72,763	67,581	54,980	54,301
15	96,482	92,214	107,705	96,920	72,233	71,004
20	128,021	120,652	148,805	129,693	88,652	86,754
25	157,402	146,373	197,148	166,300	104,277	101,606

Assumptions

- Future inflation assumed to be 2.5% p.a.
- Salaries assumed to increase at 2.5% p.a.
- Default investment strategy projected growth rates vary with age, given that the strategy's asset allocation changes over the 8 years prior to age 65. The assumptions used for the average member are as follows:
 - Age 40
 - Growth rate 4.45% p.a. (before charges)
 - Salary £34,000
 - Starting pot size £17,800
 - Total contribution rate 12%
 - Average TER is assumed to be 0.30% and transaction costs are assumed to average 0.16%.
- Active Global Equity Fund average growth rate before charges is assumed to be 5.80% p.a.
Average TER is assumed to be 0.74% and transaction costs are assumed to average 0.29% p.a.
- Cash Fund average growth rate before charges is assumed to be 1.51% p.a.
Average TER is assumed to be 0.17% and transaction costs are assumed to average 0.01% p.a.

Youngest deferred member

Year End	Most Popular		Highest expected growth and highest charges		Lowest expected growth and lowest charges	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Cash	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	1,124	1,119	1,136	1,125	1,089	1,087
5	1,223	1,196	1,294	1,229	1,047	1,037
10	1,360	1,300	1,522	1,372	996	978
15	1,513	1,414	1,790	1,533	948	922
20	1,682	1,537	2,106	1,712	902	870
25	1,870	1,671	2,477	1,913	859	820
30	2,080	1,816	2,913	2,137	817	773
35	2,313	1,975	3,426	2,387	778	729
40	2,532	2,111	4,030	2,666	740	687
43	2,611	2,148	4,443	2,849	718	664

Assumptions

- Future inflation assumed to be 2.5% p.a.
- Salaries assumed to increase at 2.5% p.a.
- Default investment strategy projected growth rates vary with age, given that the strategy's asset allocation changes over the 8 years prior to age 65. The assumptions used for the average member are as follows:
 - Age 22
 - Growth rate 4.53% p.a. (before charges)
 - Starting pot size £1,100 (based on sample of members)
 - Average TER is assumed to be 0.29% and transaction costs are assumed to average 0.16%.
- Active Global Equity Fund average growth rate before charges is assumed to be 5.80% p.a.
Average TER is assumed to be 0.74% and transaction costs are assumed to average 0.29% p.a.
- Cash Fund average growth rate before charges is assumed to be 1.51% p.a.
Average TER is assumed to be 0.17% and transaction costs are assumed to average 0.01% p.a.

Average deferred member

Year End	Most Popular		Highest expected growth and highest charges		Lowest expected growth and lowest charges	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Cash	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	12,053	11,999	12,189	12,064	11,684	11,662
5	13,122	12,829	13,880	13,181	11,230	11,127
10	14,592	13,947	16,326	14,723	10,687	10,492
15	16,226	15,163	19,203	16,446	10,170	9,893
20	17,931	16,371	22,587	18,370	9,678	9,328
25	19,112	17,056	26,567	20,520	9,210	8,796

Assumptions

- Future inflation assumed to be 2.5% p.a.
- Salaries assumed to increase at 2.5% p.a.
- Default investment strategy projected growth rates vary with age, given that the strategy's asset allocation changes over the 8 years prior to age 65. The assumptions used for the average member are as follows:
 - Age 40
 - Growth rate 4.45% p.a. (before charges)
 - Starting pot size £11,800
 - Average TER is assumed to be 0.30% and transaction costs are assumed to average 0.16%.
- Active Global Equity Fund average growth rate before charges is assumed to be 5.80% p.a. Average TER is assumed to be 0.74% and transaction costs are assumed to average 0.29% p.a.
- Cash Fund average growth rate before charges is assumed to be 1.51% p.a. Average TER is assumed to be 0.17% and transaction costs are assumed to average 0.01% p.a.

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further to reflect the effect of future inflation.
2. The starting pot size, salary and contribution is the average value appropriate to the youngest / average member respectively.
3. The future contributions are based on the average salary and contribution rate appropriate to the relevant member (youngest / average).
4. Values shown are purely illustrative and are not guaranteed.
5. The illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements.

4. Value for Members

The Trustee has assessed the extent to which the charges and transaction costs set out above represent good value for members.

Underpinning the Trustee's assessment of value is the belief that value is about using the resources at its disposal effectively to help members achieve good outcomes for life after work. Also, while some measures of value should be scrutinised carefully over the short-term (for example, the performance of the Fund administrator), the Trustee believes that others, such as the suitability and performance of investment funds, span several years. Additionally, some components of member

value can be assessed quantitatively, but those that impact on members' experience of the Fund and its services often require a more qualitative assessment.

In conjunction with its professional advisers, the Trustee undertook a value for member assessment which covered the following aspects:

- Investment charges for the default and self-select funds, when benchmarked against comparable funds;
- Ratings assigned by Mercer to each fund or in the case of blended funds, those assigned to the funds underlying the blends. These ratings provide an indication of Mercer's belief that the funds will attain their stated objectives.

The Trustee would ordinarily have regard to past performance in a value for members assessment, albeit aware that past performance may not serve as a guide to future performance. However, the new fund range has been in place for less than 12 months, as at 31 March 2020, and this is too short a period to incorporate past performance into a value for members assessment.

The Trustee has concluded, following receipt of a report from its independent DC adviser, that in relation to member-borne deductions, the Fund offers good value for members relative to its peers.

The reasons underpinning this conclusion include:

- Benchmarking by the Trustees' advisers has shown investment managers' charges to be reasonable when compared against peer funds.
- The Trustees' investment advisers accord high ratings to each of the funds. The ratings are designed to be a measure of the likelihood of the fund attaining its objective.
- Performance of the funds could only be assessed since inception, which was less than 12 months. While most of the funds underperformed their benchmark over this period, this was largely due to exceptional circumstances in Q1 2020. The funds were outperforming their respective benchmarks up to the end of Q4 2019.

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

- The Trustee board's advisory costs are borne entirely by the Fund.
- Members bear the investment fees whilst the employer meets other general running costs such as communication and administration costs.
- The MWS service includes access to a market-leading investment platform and highly rated investment funds and the ongoing monitoring and oversight of the investment platform. The service also includes the provision of annual reporting to the Trustee on the investment platform service delivery, its compliance with future regulatory changes and future proposition development plans.
- Access to Mercer OneView, an online portal that allows members to view their account balances, notify the Trustee of any change to their personal data, change their contribution rates and/or investment strategy and model future benefit outcomes.
- Access to the pensions team and also additional member communication services including pension presentations and the production of notices, leaflets and other explanation material.

The changes to investment arrangements completed in 2019 aimed at improving member value by introducing new lifestyle strategies that target different benefit withdrawal options at retirement and improving investment diversification.

5. Trustee knowledge and understanding

The Pensions Act 2004 requires individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustee to exercise the function in question.

The Trustee is also required to explain how the combined knowledge and understanding of its Directors, together with the advice which is available to them, enables them to properly exercise their functions as Trustee of the Fund.

During the year, the Trustee undertook a number of activities with regard to the Defined Contribution Section that required it to give detailed consideration of pensions law and the Fund's governing documents, including its trust deed and rules and Statement of Investment Principles. These activities and the input from their advisers in relation to them helped the Trustee Directors to maintain their knowledge, understanding and conversance with these areas. Examples include:

- The Company proposed alterations to the Fund's contribution structure in order to comply with changes to statutory minimum contribution requirements under pension plans used for automatic enrolment. This necessitated the Trustee to review the Fund documentation, including the trust deed and rules. It also required them to remain abreast of legislative requirements regarding automatic enrolment rules and alterations to contribution rates.
- The Trustee has undertaken ongoing training within its regular meetings to keep abreast of relevant developments, including dedicated training on investments specific to each stage of the transition to Mercer Workplace Savings funds in May 2019.
- The Trustee updated their Statement of Investment Principles ('SIP') and therefore gave detailed consideration to this document. Firstly, the SIP was updated to reflect the changes to the fund range that took place in May 2019. Secondly, the SIP was further updated to incorporate the new statutory disclosures required by 1 October 2019. Among these are disclosures relating to Environmental, Social and Governance ('ESG') considerations in relation to investment strategy, which resulted in the Trustee having fresh discussions with its advisers on ESG in order to strengthen their knowledge and understanding.
- Reflecting new regulatory requirements, the Trustee prepared a series of investment objectives for its investment consultant. In doing so, the Trustee reappraised their own investment objectives in order to ensure that those set for the investment consultant align with these.

In order to maintain their knowledge and understanding, the Trustee also has additional processes in place. Examples include:

- The Trustee Directors review their training needs regularly and maintain a group training log. An exercise to identify the Director's future training needs is planned for later in 2020.
- A Trustee information pack is issued to all new Trustee Directors and all Trustee Directors are expected to complete The Pensions Regulator's Trustee Toolkit.

- The Trustee also receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.
- The Trustee meeting agendas are prepared by professional advisers who do so with a view to ensuring compliance and best practice.
- The Trustee receives detailed quarterly investment reports from its professional adviser.
- The Trustee receives a briefing on pension legislation and relevant regulatory developments at each meeting.

The Trustee of the Fund will also, on an ongoing basis, review and assess whether the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice 13.

Chair's declaration

I confirm that the above statement has been produced by DC Thomson & Co Pension Trustee Limited.

A handwritten signature in black ink, appearing to read 'C.H.W. Thomson', written over a horizontal line.

Signature:

Name: Christopher HW Thomson

Chairman of DC Thomson & Co Pension Trustee Limited
September 2020

Appendix

Statement of Investment Principles effective September 2019