The Keepmoat Pension Plan ("the Plan")

Chair's annual statement regarding governance of defined contribution benefits

Reporting period covered - 6 April 2020 to 5 April 2021

1. Introduction

1.1 This statement has been prepared by the Plan's Trustee ("the Trustee") and reports on how the Trustee, during the reporting period, complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 and amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 ("the Regulations").

1.2 The governance standards relate to defined contribution ("DC") benefits, also commonly referred to as money purchase benefits. The Plan only provides benefits on a DC basis.

1.3 The Plan is closed to new members, but active members continue to accrue benefits in the Plan.

1.4 The Participating Employer, Keepmoat Limited, uses the Plan as a 'Qualifying Scheme' in order to satisfy its auto-enrolment obligations for its employees who are existing active members in the Plan.

1.5 The Financial Conduct Authority ("FCA") has confirmed that it has evidence that people are being contacted unexpectedly and offered a free pension review. This could be a phone call, an email, text message or an offer in an online advert. Most of the companies making these offers are not authorised by the FCA, though they often falsely claim they are acting on its behalf. The FCA is also aware that some callers are claiming to represent the Government after its announcement to introduce free retirement guidance. The FCA's advice is to ignore cold callers, text messages and any other offers you may find online of a 'free pension review'. Professional advice on pensions is not free. Further information can be found online at www.fca.org.uk/scamsmart and www.pension-scams.co.uk. The Pensions Advisory Service ("TPAS") offer a tool to assist with identifying a pension scam at www.pensionsadvisoryservice.org.uk. If you have any doubts at all about whether you are being scammed you should contact TPAS on 0800 011 3797 to discuss this with them. As TPAS says, "it's better to be safe than sorry".

2. Default investment arrangement

2.1 Details of the current default investment arrangement are set out in Appendix 1 of the attached Statement of Investment Principles, which sets out the Trustee's investment objectives and the strategy of the Plan. It was prepared in accordance with regulation 2A of The Occupational Pension Schemes (Investment) Regulations 2005. The Statement of Investment Principles was updated during the reporting period and signed on 18 June 2020.

2.2 The Plan's default investment arrangement is managed by Legal & General Investment Management ("LGIM") and is a Lifestyle Strategy, which targets a normal retirement age ("NRA") of 65 and de-risks over a 10 year switching period prior to NRA.

2.3 During the reporting period the Trustee, with the support of its investment adviser, monitored the performance of the default investment arrangement strategy and the individual funds which make up the default investment arrangement. The Trustee received investment monitoring reports for the 6 month periods to 30 September 2020 and for the 6 month period to 31 March 2021. In other quarters the Trustee reviewed performance data published by LGIM.

2.4 The Trustee undertook a review of the current default investment arrangement (which was put in place in June 2017) during June 2020.

2.5 This review was completed in conjunction with the Trustee's investment adviser and focussed on the degree to which the default investment arrangement, and the range of alternative investment options, remain suitable for the needs of members. As part of this review, the Trustee considered the membership profile of the Plan and undertook analysis to ascertain the potential needs of members. This analysis encompassed a review of the demographics of members (for example term to NRA and current investment choice), consideration of current and projected pension account values of members and what these factors may mean for the retirement income options selected by members. The review also considered the degree to which the investment options provided through the Plan had performed in line with stated objectives.

2.6 Analysis of projected pot sizes indicated that active members of the Plan continue to be likely to view drawdown as a suitable route for accessing their pension savings, whilst deferred members are more likely to take cash lump sums. Therefore, whilst capital preservation is important in the design of the default investment arrangement, the Trustee decided to continue targeting some inflation-protected growth as pension savings will need to extend many years into the future.

2.7 The key conclusion arising from this review was that the default investment arrangement remains appropriate for the average Plan member. An investment strategy that targets inflation-protected growth remains aligned to the members' needs. The Statement of Investment Principles was updated to reflect the findings of the review and was signed on 18 June 2020.

3. Core financial transactions

3.1 The Regulations require the Trustee to ensure that 'core financial transactions' are processed promptly and accurately.

3.2 For this purpose, the Plan's core financial transactions comprise:

3.2.1 investment of contributions

3.2.2 transfers into and out of the Plan

3.2.3 investment switches within the Plan

3.2.4 payments out of the Plan.

Controls in place

3.3 The Trustee delegates administration functions to Barnett Waddingham LLP ("Barnett Waddingham"), which is the appointed Plan administrator.

3.4 The Trustee has Service Level Agreements ("SLAs") in place with Barnett Waddingham. Barnett Waddingham undertakes to ensure that 95% of the core financial transactions are processed within the SLAs set out below:

Core financial transaction	Service Level Agreement
Contribution/allocations	5 working days
Transfer payments in	5 working days
Transfer payments out	3 working days
Investment switches	5 working days
Retirement payments out of the Plan	5 working days

3.5 Barnett Waddingham monitors that contributions are paid within regulatory timescales.

3.6 The controls in place in relation to the accuracy of core financial transactions are:

3.6.1 Barnett Waddingham operates a pooled banking facility. The Barnett Waddingham pension administration system is updated daily to show reconciled balances to the pooled banking system. Financial Conduct Authority regulations for holding client monies mean that Barnett Waddingham must carry out an internal and external reconciliation every day. Barnett Waddingham is audited annually and this is evidenced to the independent auditor. The Trustee has received a demonstration of the cash handling systems to show how transactions are reconciled and approved.

3.6.2 Monitoring of accuracy is undertaken via the auditing of the Plan's annual report and accounts and periodic auditing of the Plan's membership data. In addition, Barnett Waddingham's processes are subject to internal controls procedures.

3.6.3 Barnett Waddingham also publishes an annual Assurance Report on Internal Controls which is externally audited. The Trustee has reviewed the report and is content that there are no concerns which need to be brought to attention.

3.7 During the Plan year, Barnett Waddingham provided the Trustee with quarterly administration reports that include cash flow monitoring, summaries of member transactions, reporting of service performance against the SLAs and identifying any issues arising regarding administration timeliness and/or accuracy.

3.8 The Trustee believes that these measures enabled it to monitor the promptness and accuracy of core financial transactions.

Issues occurring during the Plan year

3.9 During the reporting period, a member correction exercise had been undertaken by Barnett Waddingham due to a minority of members' contributions not being invested in line with their current investment profile. The correction exercise put members in the position they would have been in had the error not occurred. The error was flagged promptly by Barnett Waddingham to the Trustee and was corrected in a timely manner with no immediate impact on members' benefits. Barnett Waddingham confirmed to the Trustee that updates to their internal controls had been implemented to avoid the situation reoccurring.

3.10 The Trustee believes that all other core financial transactions were processed promptly and accurately during the Plan year.

4. Charges and transaction costs

4.1 Members bear charges deducted from the funds in which their DC benefits are invested. The charges differ between the investment funds available.

4.2 All administration, communication and other costs associated with running the Plan are met by Keepmoat Limited.

Charges in relation to the default investment arrangement

4.3 The charges applied to members within the Plan are structured by the investment managers as an annual Total Expense Ratio ("TER") which covers the cost of investment management.

4.4 The annual member-borne charge applicable to the default investment arrangement has been between 0.193% and 0.246%, depending on the point at which a member sits within the lifestyle strategy. The weighting of funds held by the member are determined by the period to NRA.

4.5 The charges for the individual investment funds used by the default investment arrangement were:

Fund	TER
LGIM Global Equity Fixed Weights (50:50) Index Fund	0.193% p.a.
LGIM Dynamic Diversified Fund	0.389% p.a.
LGIM All Stocks Index-Linked Gilts Index Fund	0.100% p.a.
LGIM Investment Grade Corporate Bond – All Stocks – Index Fund	0.150% p.a.
LGIM Cash Fund	0.125% p.a.

4.6 The five LGIM funds which make up the default investment arrangement are also offered to members on a self-select basis. There are no other investment funds offered through the Plan.

Additional transaction costs

4.7 In addition to the charges above, transaction costs are incurred in the day-to-day operation of the investment funds, e.g. in relation to an investment fund's trades and switching between investment funds. Transaction costs in particular will vary significantly depending on a fund's investment remit and on the market environment.

4.8 The Trustee approached LGIM to obtain details of any unreported costs incurred by members during the reporting period.

4.9 LGIM provided details of transaction costs incurred within the funds for the period 1 April 2020 to 31 March 2021. It should be noted that a positive figure is where the transaction costs have been a drag on the fund and a negative figure is where transaction costs have actually resulted in a gain. This may occur, for example, when buying an asset, the valuation price when placing the order might be higher than the actual price paid. This gain may offset other transaction costs resulting in a total negative transaction cost for the fund.

Investment fund	Transaction costs within fund (%)
LGIM Global Equity Fixed Weights (50:50) Index Fund	0.002%
LGIM Dynamic Diversified Fund	0.043%
LGIM All Stocks Index-Linked Gilts Index Fund	0.023%
LGIM Investment Grade Corporate Bond – All Stocks – Index Fund	-0.141%
LGIM Cash Fund	-0.002%

5. Cost & Charge Illustrative Examples

5.1 The Trustee has produced illustrations in line with February 2018 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational schemes". These illustrations are set out below, and are designed to cater for representative cross-sections of the membership of the Plan. For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund the member is invested in and then again, but adjusted for the cumulative effect of the costs and charges of the fund.

5.2 To determine the parameters used in these illustrations, the Trustee has analysed the Plan membership data relevant to the reporting period of this statement and ensured that the illustrations take into account the following:

- A representative range of real terms investment returns, including the lowest, the highest and the most popular (by number of members);
- A representative range of costs and charges, including the lowest and the highest;
- Representative pot sizes – the following illustrations have been provided:
  - median pot size;
  - illustrative pot size of £10,000; and
  - Illustrative pot size of £100,000.
- The approximate duration that the youngest member using the fund would take to reach NRA.

5.3 The Trustee has determined not to include future contributions in these illustrations as it would be disproportionately burdensome, the Plan does not levy charges on contributions, and less than 5% of the Plan's membership are active members of the Plan.

5.4 The illustrations are presented in two different ways:

5.4.1 For the default investment arrangement (the Lifestyle Strategy), the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

5.4.2 For the individual self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Default investment arrangement (the Lifestyle Strategy)

This is the investment strategy that is used by the largest number of members in the Plan (either because they have selected this strategy or due to it being the default investment arrangement).

Years from taking benefits	Age: 25 Starting pot size: £30,000*		Age: 25 Starting pot size: £10,000 **		Age: 25 Starting pot size: £100,000 ***	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£30,000	£30,000	£10,000	£10,000	£100,000	£100,000
1	£30,110	£30,018	£10,037	£10,006	£100,366	£100,061
3	£30,353	£30,077	£10,118	£10,026	£101,175	£100,257
5	£30,627	£30,165	£10,209	£10,055	£102,090	£100,550
10	£33,565	£32,636	£11,188	£10,879	£111,885	£108,786
15	£40,646	£39,149	£13,549	£13,050	£135,487	£130,496
20	£49,221	£46,962	£16,407	£15,654	£164,070	£156,540
25	£59,604	£56,334	£19,868	£18,778	£198,681	£187,781
30	£72,178	£67,577	£24,059	£22,526	£240,594	£225,257
35	£87,405	£81,064	£29,135	£27,021	£291,349	£270,212
40	£105,843	£97,242	£35,281	£32,414	£352,811	£324,139

* This is the median pot size for the membership.

** This pot size is provided as a guide for members whose pot size is materially lower than the median

*** This pot size is provided as a guide for members whose pot size is materially larger than the median

LGIM Dynamic Diversified Fund

This fund incurs the highest costs by members within the Plan.

Years from taking benefits	Age: 25 Starting pot size: £30,000*		Age: 25 Starting pot size: £10,000 **		Age: 25 Starting pot size: £100,000 ***	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£30,000	£30,000	£10,000	£10,000	£100,000	£100,000
1	£30,732	£30,586	£10,244	£10,195	£102,439	£101,954
3	£32,249	£31,793	£10,750	£10,598	£107,497	£105,977
5	£33,841	£33,047	£11,280	£11,016	£112,805	£110,158
10	£38,175	£36,405	£12,725	£12,135	£127,249	£121,348
15	£43,063	£40,103	£14,354	£13,368	£143,543	£133,675
20	£48,577	£44,176	£16,192	£14,725	£161,923	£147,254
25	£54,797	£48,664	£18,266	£16,221	£182,657	£162,213
30	£61,814	£53,607	£20,605	£17,869	£206,045	£178,691
35	£69,729	£59,053	£23,243	£19,684	£232,429	£196,843
40	£78,657	£65,052	£26,219	£21,684	£262,191	£216,839

* This is the median pot size for the membership.

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*** This pot size is provided as a guide for members whose pot size is materially larger than the median

This is the median pot size for the membership.

LGIM Global Equity Fixed Weights (50:50) Index Fund

This fund is the fund anticipated to have the highest future real terms investment returns.

Years from taking benefits	Age: 25 Starting pot size: £30,000		Age: 25 Starting pot size: £10,000 **		Age: 25 Starting pot size: £100,000 ***	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£30,000	£30,000	£10,000	£10,000	£100,000	£100,000
1	£31,171	£31,112	£10,390	£10,371	£103,902	£103,706
3	£33,651	£33,461	£11,217	£11,154	£112,170	£111,536
5	£36,329	£35,987	£12,110	£11,996	£121,096	£119,957
10	£43,993	£43,169	£14,664	£14,390	£146,642	£143,897
15	£53,273	£51,785	£17,758	£17,262	£177,577	£172,615
20	£64,511	£62,119	£21,504	£20,706	£215,038	£207,065
25	£78,120	£74,517	£26,040	£24,839	£260,402	£248,389
30	£94,601	£89,388	£31,534	£29,796	£315,335	£297,961
35	£114,557	£107,228	£38,186	£35,743	£381,857	£357,426
40	£138,724	£128,627	£46,241	£42,876	£462,413	£428,758

* This is the median pot size for the membership.

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LGIM All Stocks Index-Linked Gilts Index Fund

This fund is one of the funds anticipated to have the lowest future real terms investment returns and incurs the lowest costs by members within the Plan.

Years from taking benefits	Age: 25 Starting pot size: £30,000*		Age: 25 Starting pot size: £10,000 **		Age: 25 Starting pot size: £100,000 ***	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£30,000	£30,000	£10,000	£10,000	£100,000	£100,000
1	£29,415	£29,370	£9,805	£9,790	£98,049	£97,898
3	£28,278	£28,148	£9,426	£9,383	£94,260	£93,827
5	£27,185	£26,977	£9,062	£8,992	£90,617	£89,925
10	£24,634	£24,259	£8,211	£8,086	£82,115	£80,865
15	£22,323	£21,815	£7,441	£7,272	£74,410	£72,717
20	£20,229	£19,617	£6,743	£6,539	£67,429	£65,391
25	£18,331	£17,641	£6,110	£5,880	£61,102	£58,802
30	£16,611	£15,863	£5,537	£5,288	£55,369	£52,878
35	£15,052	£14,265	£5,017	£4,755	£50,174	£47,550
40	£13,640	£12,828	£4,547	£4,276	£45,466	£42,759

* This is the median pot size for the membership.

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*** This pot size is provided as a guide for members whose pot size is materially larger than the median

LGIM Cash Fund

This fund is one of the funds anticipated to have the lowest future real terms investment returns.

Years from taking benefits	Age: 25 Starting pot size: £30,000*		Age: 25 Starting pot size: £10,000 **		Age: 25 Starting pot size: £100,000 ***	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£30,000	£30,000	£10,000	£10,000	£100,000	£100,000
1	£29,415	£29,378	£9,805	£9,793	£98,049	£97,927
3	£28,278	£28,172	£9,426	£9,391	£94,260	£93,908
5	£27,185	£27,016	£9,062	£9,005	£90,617	£90,054
10	£24,634	£24,329	£8,211	£8,110	£82,115	£81,098
15	£22,323	£21,910	£7,441	£7,303	£74,410	£73,032
20	£20,229	£19,730	£6,743	£6,577	£67,429	£65,768
25	£18,331	£17,768	£6,110	£5,923	£61,102	£59,227
30	£16,611	£16,001	£5,537	£5,334	£55,369	£53,337
35	£15,052	£14,410	£5,017	£4,803	£50,174	£48,032
40	£13,640	£12,976	£4,547	£4,325	£45,466	£43,255

* This is the median pot size for the membership.

** This pot size is provided as a guide for members whose pot size is materially lower than the median

*** This pot size is provided as a guide for members whose pot size is materially larger than the median

LGIM Investment Grade Corporate Bond Fund

This fund is one of the funds anticipated to have the lowest future real terms investment returns.

Years from taking benefits	Age: 25 Starting pot size: £30,000*		Age: 25 Starting pot size: £10,000 **		Age: 25 Starting pot size: £100,000 ***	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£30,000	£30,000	£10,000	£10,000	£100,000	£100,000
1	£29,707	£29,677	£9,902	£9,892	£99,024	£98,923
3	£29,130	£29,041	£9,710	£9,680	£97,102	£96,804
5	£28,565	£28,419	£9,522	£9,473	£95,216	£94,731
10	£27,198	£26,922	£9,066	£8,974	£90,661	£89,739
15	£25,897	£25,503	£8,632	£8,501	£86,324	£85,011
20	£24,658	£24,160	£8,219	£8,053	£82,195	£80,532
25	£23,479	£22,887	£7,826	£7,629	£78,263	£76,288
30	£22,356	£21,681	£7,452	£7,227	£74,519	£72,269
35	£21,286	£20,538	£7,095	£6,846	£70,954	£68,461
40	£20,268	£19,456	£6,756	£6,485	£67,560	£64,854

* This is the median pot size for the membership.

** This pot size is provided as a guide for members whose pot size is materially lower than the median

*** This pot size is provided as a guide for members whose pot size is materially larger than the median

Notes to costs and charge illustrative examples

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. It is for this reason some funds show negative real growth
2. Inflation is assumed to be 2.5% each year
3. No further contributions are assumed to be paid
4. Values shown are estimates and are not guaranteed
5. Charges for each fund used in the illustrations are those outlined in this statement
6. The projected growth rates for each fund or arrangement are in line with those produced for the Plan's 2021 Statutory Money Purchase Illustrations , and are as follows:

Fund	Assumed Investment Return	TER	Average transactions cost within the fund
LGIM Global Equity Fixed Weights (50:50) Index Fund	6.5%	0.193%	0.008%
LGIM Dynamic Diversified Fund	5.0%	0.389%	0.108%
LGIM All Stocks Index-Linked Gilts Index Fund	0.5%	0.100%	0.054%
LGIM Investment Grade Corporate Bond Fund	1.5%	0.150%	-0.047%
LGIM Cash Fund	0.5%	0.125%	0.000%

6 Value for members

6.1 Regulations require the Trustee to assess the extent to which the charges and transaction costs borne by members represent good value.

6.2 The charges and transaction costs borne by members cover the costs of providing the investment management services. All other charges, including the costs of administration services and communications are met by Keepmoat Limited.

6.3 An annual value for members' assessment was undertaken as at 5 April 2021 with the assistance of the Trustee's advisers. Analysis was undertaken by Barnett Waddingham LLP and the findings set out in a report dated June 2021. The Trustee considered the report and confirmed its value for members' assessment at the 8th June 2021 Trustee meeting.

6.4 The assessment considered in relation to investment services:

6.4.1 the range of investment options available and the design of the default;

6.4.2 the arrangements for monitoring the performance of the investment funds; and

6.4.3 the governance arrangements.

6.5 The Trustee concluded that the Plan continues to offer excellent value in relation to the charges and transaction costs borne by members.

6.6 In reaching this conclusion, the Trustee recognised:

6.6.1 low cost does not necessarily mean better value;

6.6.2 a default investment arrangement which includes automatic de-risking as members approach retirement based on continual analysis of the membership profile remains in effect. The de-risking phase offers protection to members' investments, in the event of an equity market downturn, as they approach retirement, in contrast to the previous default arrangement;

6.6.3 a suitable range of self-select funds are available to members;

6.6.4 monitoring processes of the default investment arrangement strategy and fund performance continue to remain in place; and

6.6.5 the Trustee has adopted a policy around Environmental, Social & Governance ("ESG") issues and monitors how these are implemented with the investment manager.

6.7 In relative terms, the comparative charge for the Plan (i.e. 0.193% to 0.246% p.a. depending on where in the Lifestyle Strategy a member sits) is comfortably below the average charge of 0.49% p.a. identified for unbundled trust based schemes in the 2020 Pension Charges Survey (published by The Pension Regulator and Government Social Research in January 2021).

6.8 The assessment considered just those services for which members bear or share the costs. Factors that were not considered but that add value include:

6.8.1 the services fully paid for by Keepmoat Limited, e.g. the administration and communication services, and the services of legal advisers, consultants and auditors;

6.8.2 the operation of the professional Trustee, with a duty to act in the best interest of members, which is paid for by Keepmoat Limited;

6.8.3 the Employer contributions available through the Plan; and

6.8.4 the operation of salary sacrifice for Employee contributions.

7 Trustee knowledge and understanding

The Trustee Board

7.1 The Trustee Board is made up of a sole independent professional trustee, BESTrustees Limited.

7.2 BESTrustees Limited is represented by Andrew Boorman, who has the requisite trustee qualifications, knowledge, skills and support from BESTrustees Limited to undertake a trustee role effectively.

7.3 Andrew Boorman has completed the Pensions Regulator's Trustee Toolkit and completed the Pensions Management Institute Award in Pensions Trusteeship. Andrew Boorman has completed refresher modules of the Trustee Toolkit throughout the Plan year.

7.4 Andrew Boorman is 'fully accredited' as a professional trustee by the Association of Professional Pension Trustees ("APPT") through its official accreditation programme. The official accreditation framework, which is overseen by the APPT, is designed to promote and maintain the highest possible standards across the professional trustee industry. In order to become accredited, professional trustees need to demonstrate their competency through passing exams covering technical and soft skills, as well as demonstrating that they are fit and proper, through criminal record and professional reference checks.

7.5 The Trustee is required to be conversant with the Plan's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts and investment of Plan assets to enable them to properly exercise their functions.

7.6 The Trustee addresses the requirements through a combination of training and taking professional advice.

Trust documentation and policies

7.7 Having conducted formal reviews since appointment as Trustee, with the assistance of its professional advisers, the Trustee is conversant with the following Trust documents and policies:

7.7.1 Revised Definitive Trust Deed & Rules

7.7.2 Payment Schedule covering the 2020/21 Plan year

7.7.3 Statement of Investment Principles which was updated on 18 June 2020

7.7.4 Internal Disputes Resolution Procedure

7.7.5 Conflicts of interest policies

7.7.6 Risk Register

7.7.7 Member booklet as at April 2018

7.8 The Definitive Trust Deed & Rules were reviewed extensively by the Trustee, with the assistance of its legal advisers, in 2018. This led to a Revised Definitive Trust Deed & Rules being drafted and then executed by the Trustee on 26 June 2018. The Trustee keeps the Revised Definitive Trust Deed & Rules under review.

7.9 Items 7.7.2 to 7.7.7 form part of the Trustee's annual business calendar and are scheduled to be considered at least annually by the Trustee as part of the quarterly Trustee's meetings. Outcomes of these reviews are recorded in the Trustee's meetings minutes. There are no further documents setting out the Trustee's current policies.

Trustee training

7.10 Training is a standing item on each agenda and a record of training undertaken during meetings is maintained. The Trustee supplements this with activities such as attending seminars and conferences, and reading pensions-related articles. As per the Trustee's responsibility as a professional trustee, the Trustee maintains a log of training undertaken and complies with the Continuous Professional Development ("CPD") requirements of the APPT.

7.11 The Trustee is represented by a named executive, in this case Andrew Boorman, who has access to and the support of a broad multi-disciplinary team at BESTrustees Limited who meet regularly to discuss topical pension issues. There is also formal peer review and reporting to the BESTrustees Limited Board on all sole trustee appointments. Andrew is a member of the APPT and is required to undertake a minimum of 20 hours CPD each year which is monitored by the BESTrustees Limited Board and the APPT. In addition Andrew reports to a reviewing Director who oversees a training plan to ensure any knowledge gaps identified form part of the CPD.

Access to professional advice

7.12 The Trustee consults with professional advisers as and when required, for example on consultancy, governance and legal matters. The professional advisers alert the Trustee, and where appropriate provide training, on relevant changes to pension and trust law.

7.13 During the period covered by this statement, the Trustee took professional advice on the operation of the Plan, in particular:

7.13.1 Setting the Trustee's policy to Environmental, Social and Governance (ESG) issues;

7.13.2 Triennial review of the default investment strategy which included analysis of the membership demographics, de-risking structure, continued suitability of each of the funds and the availability of ESG investment options;

7.13.3 Monitoring the performance of the default investment arrangement strategy and performance of the individual funds which make up the default investment arrangement;

7.13.4 Undertaking the annual value for members assessment; and

7.13.5 Investment accumulation rate assumptions used for members' statutory money purchase illustrations.

Assessment

7.14 The Trustee considers that its knowledge, skills and understanding together with the advice which is available to them from its advisers enables it to properly exercise its trustee functions in relation to the Plan.

A Boorman 16/09/2021

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A Boorman, Chair of the Trustee

Representing BESTrustees Limited Date

Keepmoat Pension Plan

Statement of Investment Principles

Barnett Waddingham LLP

June 2020

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1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Keepmoat Pension Plan (the Plan). This statement sets down the principles which govern the decisions about investments that enable the Plan to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by subsequent regulations.

1.2. In preparing this statement the Trustee has consulted Keepmoat Holdings Plc, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates).

1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustee are set out in Clause 13 and 14 of the Definitive Trust Deed & Rules, dated 3 April 1992. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustee's policy is to offer a default investment arrangement suitable for the Plan's membership profile plus a core range of investment funds into which members can choose to invest their contributions and those contributions made by the employer(s). In doing so, the Trustee considers the advice of its professional advisers, whom it considers to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Plan's assets is delegated to one or more investment managers. The Plan's investment managers are detailed in the Appendix to this statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustee reviews the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Plan's membership profile as well as the constraints the Trustee faces in achieving these objectives.

3.2. The Trustee's main investment objectives are:

- to provide a suitable default investment option that is likely to be suitable for a typical member;

- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- to maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to reduce the risk of the assets failing to meet projected retirement income levels.

3.3. The Trustee is responsible for the design of the default investment option and for choosing which funds to make available to members. Members are responsible for their own choice of investment options.

4. Kinds of investments to be held

4.1. The Plan is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

5. The balance between different kinds of investments

5.1. Members can choose to invest in any of the funds detailed in the Appendix or can elect to invest in a lifestyle strategy. Where members do not choose where their contributions, and those made on their behalf by the employer, are invested, the Trustee will invest these contributions according to the default investment strategy set out in the Appendix.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the investment strategy and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this statement.

5.3. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and therefore the asset allocation will be expected to change as the membership profile evolves.

6. Risks

6.1. Investment risk lies with the members themselves. However, the Trustee has considered the following risks when making available suitable investment choices:

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustee makes available investment options that are expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available to members (see Appendix), the Trustee increases the proportion of assets that more closely match how they expect members to access their retirement savings.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustee periodically reviews the appropriateness of the fund range offered to members to ensure member outcomes can be maximised, whilst providing communication to members from time to time explaining the importance of the level of contributions.
Investment manager risk	The Trustee monitors the performance of each of the Plan's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	Members' retirement savings will be denominated in sterling. The Plan may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging may be employed to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee also undertakes an annual review of the internal controls and processes of each of the investment managers.

7. Expected return on investments

7.1. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by its professional advisors on these matters, whom it deems to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.2. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities.

7.4. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions. The Trustee meets the Plan's investment managers as frequently as is appropriate in order to review performance.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.

9. Financially material considerations

9.1. There are a wide range of factors which may be financially material over the investment time horizon of the Plan, including many environmental, social and governance (ESG) factors. In particular, climate changes poses a key systemic risk to many investments.

9.2. The Trustee believes that ESG factors should be considered alongside other material factors, including but not limited to historical performance and fees.

9.3. As the Plan's investments are held in pooled funds, ESG considerations are managed by each of the investment managers.

9.4. Where the Trustee engages the services of an active manager, the Trustee will consider the manager's ability to assess ESG risks as part of the manager selection process. Where the Trustee engages a manager to track an index, the Trustee will consider ESG risks as part of the selection of the index. In both cases ESG risks will be considered alongside other material factors, including but not limited to historical performance or fees.

10. Non-financial matters

10.1. The Trustee does not currently research members' views when selecting the Plan's investments. If a significant number of members expresses to the Trustee a desire to incorporate their views into the investment choices then the Trustee may take members' views into account.

11. Engagement and Voting Rights

Exercise of rights

11.1. The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The Trustee delegates the exercise of rights (including voting rights) attached to the Plan's investments to investment managers, who are signatories of the UK Stewardship code or equivalent.

Engagement on relevant matters

11.2. The Trustee acknowledges the importance of ESG and climate risk within their investment making framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

11.3. The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

11.4. The Trustee considers it to be a part of their investment manager's role to assess and monitor developments in the capital structure for each of the companies in which the manager invests as part of the pooled funds in which the Plan holds units.

11.5. The Trustee also considers it to be part of their investment manager's role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the manager invests on behalf of the Plan.

11.6. Should an investment manager be failing in these respects, this should be captured in the Plan's regular performance monitoring.

11.7. The Plan's investment manager is granted full discretion over whether or not to hold the equity, debt or other investment in the Principal Employer's business. Through their consultation with the Principal Employer when setting this Statement of Investment Principles the Trustee has made the Principal Employer aware of their policy on ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

11.8. The Plan's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

11.9. The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

11.10. In selecting and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented.

12. Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment polices

12.1. Prior to appointing an investment manager, the Trustee discusses the investment manager's approach to the management of ESG and climate related risks with the Plan's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.

12.2. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

12.3. The Trustee carries out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Plan's membership and their aims, beliefs and constraints. The Trustee monitors the investment manager's approach to ESG and climate related risks in conjunction on an annual basis.

12.4. In the event that the investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated. The investment manager has been informed of this by the Trustee.

12.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

12.6. The Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in their investment management arrangements.

12.7. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

12.8. The Trustee expects investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan monitors this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

Method and time horizon for assessing performance

12.9. The Trustee monitors the performance of their investment managers over medium to long time periods that are consistent with the Trustee's investment aims, beliefs and constraints.

12.10. The Plan invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. Details of the fee structures for the Plan's investment manager are contained in Appendix 1.

12.11. The Trustee believes that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

12.12. The Trustee asks the Plan's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered every three years as part of the review of the Plan's default investment strategy.

Portfolio turnover costs

12.13. The Trustee acknowledges that portfolio turnover costs can impact on the performance their investments. Overall performance as well as transaction costs is assessed as part of the half-yearly investment monitoring process.

12.14. During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified deviations from the expected level of turnover may be investigated with investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

12.15. For the open-ended pooled funds in which the Plan invests, there are no predetermined terms of agreement with the investment managers.

12.16. The suitability of the Plan's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

13. Agreement

13.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Plan auditor upon request.

A Boorman 18.6.2020

Signed:.. **Date:**....................

On behalf of the Keepmoat Pension Plan

Appendix 1

Note on investment policy of the Plan in relation to the current Statement of Investment Principles dated June 2020

1. The balance between different kinds of investment

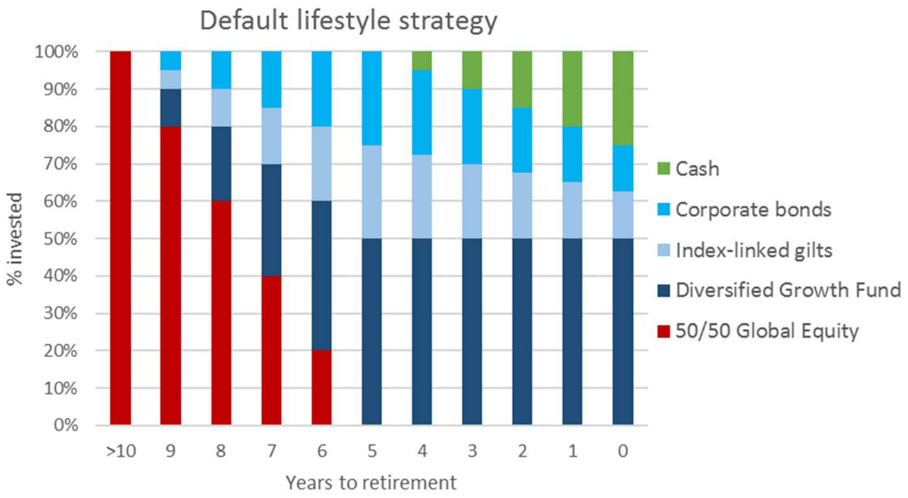
The Trustee has made available a range of funds to suit the individual needs of the Plan's members. For example, an equity fund is available for those members willing to accept a greater level of volatility in pursuit of higher expected retirement savings. Bond and cash funds are also offered for those members who are less comfortable with the likely volatility of the equity funds.

Alternatively, the Trustee has made available a lifestyle arrangement, whereby a member's assets are automatically invested in line with a pre-determined strategy that changes as the member gets closer to accessing their retirement savings. Emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term inflation-protected growth whilst the member is a long way off accessing their retirement savings, switching progressively to protection assets over the years preceding the member's target retirement date so as to protect the purchasing power of the retirement savings.

The lifestyle arrangement is constructed from some of the funds mentioned above that are offered to members wanting to manage their own asset allocation decisions.

2. Default option

The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a default investment option that will be suitable for all. However, having analysed the Plan's membership profile, the Trustee decided that the lifestyle arrangement set out below represents a suitable default investment option for the majority of members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested.



An analysis of projected pot sizes indicated that active members of the Plan are likely to view drawdown as a suitable route for accessing their pension savings, whilst deferred members are more likely to take a cash lump sum. Therefore, whilst capital preservation is important in the design of the above default investment strategy, it is important to target inflation-protected growth as pension savings will need to extend many years into the future.

3. Choosing investments

The Trustee has appointed Legal & General Investment Management ("LGIM") to carry out the day-to-day investment of the Plan. They are authorised and regulated by the Financial Conduct Authority.

The investment benchmarks and objectives for each of the funds offered to members are given below:

Fund	Benchmark	Objective
LGIM Global Equity Fixed Weights (50:50) Index Fund	Composite of underlying geographical benchmarks	The Fund aims to capture the sterling total returns of the UK and overseas equity markets, as represented by the FTSE All-Share Index in the UK and appropriate sub-divisions of the FTSE All World Index overseas. A 50/50 distribution between UK and overseas assets is maintained with the overseas distribution held in fixed weights in Europe (ex-UK) 17.5%, North America 17.5%, Japan 8.75%, and Asia Pacific (ex-Japan) 6.25%.
LGIM Dynamic Diversified Fund	Composite	The Fund has a long-term return objective of the Bank of England Base Rate +4.5% per annum, over a full market cycle.
LGIM All Stocks Index-Linked Gilts Index Fund	FTSE A Index-Linked (All Stocks) Index	The Fund aims to track the sterling total return of the benchmark to within +/- 0.25% p.a. for two years in three
LGIM Investment Grade Corporate Bond – All Stocks – Index Fund	Markit iBoxx £ Non-Gilts All Stocks Index	The Fund aims to track the sterling total return of the benchmark to within +/- 0.50% p.a. for two years in three
LGIM Cash Fund	7-Day LIBID	The Fund aims to perform in line with 7 Day LIBID, without incurring excessive risk.

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

4. Environmental, Social and Governance factors

The Plan currently invests mainly in passive funds with a market capitalisation weighted ("market-cap") index. The Dynamic Diversified Fund has an element of active decision making in setting the asset allocation, however the underlying funds are also largely passive. This provides members with investments which are simple to understand and straightforward to monitor, as well as incurring low charges for members.

The Trustee accepts that when investing in a market-cap index, there is little that the manager can do to allow for ESG considerations within the investment process selecting stocks. However, the Trustee believes that positive engagement on ESG issues can lead to improved risk-adjusted returns. Therefore, the Trustee looks to the investment manager to positively engage with companies where there is scope to improve the way ESG issues are taken into account when running the company.

The Trustee considers Legal & General to be market leading in its approach to ESG engagement with investee companies. The Trustee will regularly review the performance of Legal & General in this regard.

5. Fee agreements

The fee arrangements with the investment manager is summarised below:

Fund	Total Expense Ratio (%p.a.)
LGIM Global Equity Fixed Weights (50:50) Index Fund	0.169
LGIM Dynamic Diversified Fund	0.392
LGIM All Stocks Index-Linked Gilts Index Fund	0.100
LGIM Investment Grade Corporate Bond – All Stocks – Index Fund	0.150
LGIM Cash Fund	0.125