The Keepmoat Pension Plan ("the Plan")

Chair's annual statement regarding governance of defined contribution benefits

Reporting period covered - 6 April 2021 to 5 April 2022

1. Introduction

1.1 This statement has been prepared by the Plan's Trustee, BESTrustees Limited ("the Trustee"), to report on compliance with governance standards.

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

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

1.4 The Principal 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. MoneyHelper offers a 'beginner's guide to scams' at https://www.moneyhelper.org.uk/en/money-troubles/scams/a-beginners-guide-to-scams. If you have any doubts at all about whether you are being scammed you should contact MoneyHelper on 0800 011 3797 to discuss this with them.

1.6 From 1 June 2022, the Trustee is required to provide you with a 'stronger nudge' to take guidance from Pension Wise, a government service from MoneyHelper, before you are able to access your DC pension savings or after age 50 transfer them. You can find details of the Pension Wise service at Pension Wise: free pension guidance | MoneyHelper.

2. Default investment arrangement

2.1 Details of the 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 last updated 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 and the individual funds it uses. The Trustee received investment monitoring reports for the 6 month periods to 30 September 2021 and 31 March 2022. In other quarters the Trustee reviewed performance data published by LGIM.

2.4 The Trustee last undertook a formal review of the default investment arrangement (which was put in place with effective from 17 June 2017) during June 2020. The key conclusion arising from this review was that the default investment arrangement remains appropriate for the average Plan member.

2.5 The Trustee will undertake their next formal review of the default investment arrangement by June 2023. As part of the review the Trustee will consider impact of the increase in Normal Minimum Pension Age which is due to increase from age 55 to age 57 with effective on 6 April 2028 on the current default approach.

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. FCA 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 period the Trustee was made aware of a system error in the implementation of the lifestyling administration process that did not switch a small proportion of Plan members at the pre assigned ages to the correct investment holding. Barnett Waddingham informed the Trustee in a timely manner and implemented a solution that resulted in no members suffering any loss due to the incident.

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 TER applicable to the default investment arrangement was been between 0.2120% and 0.2685%, depending on the weighting of funds held by the member, as 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	0.2120%
LGIM Dynamic Diversified Fund	0.4118%
LGIM All Stocks Index-Linked Gilts Index Fund	0.0996%
LGIM Investment Grade Corporate Bond – All Stocks – Index Fund	0.1507%
LGIM Cash Fund	0.1249%

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 2021 to 31 March 2022. 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	0.0119%
LGIM Dynamic Diversified Fund	0.0411%
LGIM All Stocks Index-Linked Gilts Index Fund	0.0193%
LGIM Investment Grade Corporate Bond – All Stocks – Index Fund	-0.0249%
LGIM Cash Fund	0.0202%

5. Costs & Charges - Illustrative Examples

5.1 The Trustee has produced illustrations in line with October 2021 guidance from the Department for Work & Pensions entitled "Reporting of costs, charges and other information: guidance for trustees and managers of occupational schemes".

Parameters used

5.2 The membership of the Plan and the investment options offered were analysed in determining the parameters to be used.

5.3 Pot size: pot sizes of £10,000, £30,000 (rounded median) and £100,000 have been used. Pot sizes of £10,000 and £100,000 are used as a guide for members whose pot size is materially lower or higher than the median.

5.4 Contributions: the Trustee has determined not to include future contributions 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.

5.5 Timeframe: the illustrations are shown over a 37 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

5.6 Investment options: the investment options selected for the illustrations include the default investment arrangement and the highest and lowest charge self-select funds.

Guidance to the illustrative examples

5.7 For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

5.8 Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason some funds show negative real growth.

5.9 The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1.

5.10 Values shown are estimates and not guaranteed.

5.11 The starting date for the illustrations is 5 April 2022.

5.12 The illustrations are presented in two different ways:

5.12.1 For the default, a 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.

5.12.2 For the 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.

5.13 The projected growth rates (gross, i.e. before inflation) and costs and charges used are as follows:

Fund	Assumed return	TER	Transaction costs*
LGIM Global Equity Fixed Weights (50:50) Index Fund	6.0%	0.2120%	0.0090%
LGIM Dynamic Diversified Fund	5.0%	0.4118%	0.0914%
LGIM All Stocks Index-Linked Gilts Index Fund	0.5%	0.0996%	0.0455%
LGIM Investment Grade Corporate Bond Fund	1.5%	0.1507%	-0.0415%
LGIM Cash Fund	0.5%	0.1249%	0.0054%

* The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have data for the last four years only, the figures used are four year averages.

Default investment arrangement - Lifestyle Strategy

Years from taking benefits	Starting pot size: £30,000		Starting pot size: £10,000		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	£30,017	£10,037	£10,006	£100,366	£100,058
3	£30,353	£30,074	£10,118	£10,025	£101,175	£100,247
5	£30,627	£30,160	£10,209	£10,053	£102,090	£100,535
10	£33,247	£32,306	£11,082	£10,769	£110,824	£107,688
15	£39,325	£37,815	£13,108	£12,605	£131,082	£126,051
20	£46,513	£44,263	£15,504	£14,754	£155,043	£147,544
25	£55,015	£51,811	£18,338	£17,270	£183,384	£172,703
30	£65,072	£60,646	£21,691	£20,215	£216,906	£202,152
35	£76,967	£70,987	£25,656	£23,662	£256,556	£236,623
37	£82,313	£75,601	£27,438	£25,200	£274,376	£252,004

Highest charge self-select fund - LGIM Dynamic Diversified Fund

Years of investment	Starting pot size: £30,000		Starting pot size: £10,000		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	£30,584	£10,244	£10,195	£102,439	£101,948
3	£32,249	£31,788	£10,750	£10,596	£107,497	£105,959
5	£33,841	£33,038	£11,280	£11,013	£112,805	£110,127
10	£38,175	£36,384	£12,725	£12,128	£127,249	£121,281
15	£43,063	£40,069	£14,354	£13,356	£143,543	£133,563
20	£48,577	£44,127	£16,192	£14,709	£161,923	£147,090
25	£54,797	£48,596	£18,266	£16,199	£182,657	£161,986
30	£61,814	£53,517	£20,605	£17,839	£206,045	£178,391
35	£69,729	£58,937	£23,243	£19,646	£232,429	£196,458
37	£73,172	£61,256	£24,391	£20,419	£243,905	£204,187

Lowest charge self-select fund - LGIM Cash Fund

Years of investment	Starting pot size: £30,000		Starting pot size: £10,000		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	£29,376	£9,805	£9,792	£98,049	£97,922
3	£28,278	£28,168	£9,426	£9,389	£94,260	£93,894
5	£27,185	£27,009	£9,062	£9,003	£90,617	£90,031
10	£24,634	£24,317	£8,211	£8,106	£82,115	£81,056
15	£22,323	£21,893	£7,441	£7,298	£74,410	£72,976
20	£20,229	£19,710	£6,743	£6,570	£67,429	£65,701
25	£18,331	£17,746	£6,110	£5,915	£61,102	£59,152
30	£16,611	£15,977	£5,537	£5,326	£55,369	£53,255
3	£15,052	£14,384	£5,017	£4,795	£50,174	£47,946
37	£14,470	£13,792	£4,823	£4,597	£48,235	£45,974

6. Net investment returns

6.1 The Trustee is required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Plan year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

6.2 For the default investment arrangement, net returns are shown over various periods to the end of the Plan year for a member aged 27, 45 and 55 at the start of the period.

Default investment arrangement - Lifestyle Strategy

Age of member at start of investment period	Annualised Return –1 year to 31 March 2022	Annualised Return – 5 years to 31 March 2022
28	11.53%	7.12%
45	11.53%	7.12%
55	11.53%	4.10%

Self-select funds

Investment fund	Annualised Return –1 year to 31 March 2022	Annualised Return – 5 years to 31 March 2022
Global Equity Fixed Weights (50:50)	11.53%	7.12%
Dynamic Diversified Fund	3.80%	4.34%
Investment Grade Corporate Bond Fund	-5.65%	1.01%
All Stocks Index-Linked Gilts Index Fund	4.03%	2.74%
Cash Fund	-0.14%	0.18%

7. Value for members

7.1 Regulations require the Trustee to assess the extent to which the Plan provides value for members.

7.2 The value for members assessment was undertaken in accordance with the statutory guidance for the Plan year. Analysis was undertaken by Barnett Waddingham LLP and the findings considered and the outcome confirmed at a Trustee meeting on 13 September 2022.

7.3 The outcomes of the three components of the assessment were:

7.3.1 Giving greater weight to the default investment arrangement, in which the large majority of assets are invested, costs and charges for the Plan were moderately lower than the average for the comparator schemes. The Trustee therefore concluded that the Plan provides good value for members in relation to costs and charges.

7.3.2 Again, giving greater weight to the default investment arrangement, in which the large majority of assets are invested, net returns for the Plan were significantly higher than the average for the comparator schemes. The Trustee therefore concluded that the Plan provides good value for members in relation to net investment returns.

7.3.3 The Trustee considered all seven metrics across scheme administration and governance.The Trustee concluded that the Plan provides good value for members in relation to administration and governance.

7.4 Taking the three components into account, the Trustee concluded that overall the Plan provides good value for members.

7.5 The method to be used for this assessment changed for schemes with assets of less than £100m that have been operating for three years or more, effective for scheme years ending after 31 December 2021. The Plan fits these criteria.

7.6 The assessment comprises three components:

7.6.1 An assessment of costs and charges relative to the average costs and charges for three comparator schemes.

7.6.2 An assessment of net investment returns relative to the average net investment returns for three comparator schemes.

7.6.3. A self-assessment across seven key metrics of scheme administration and governance.

7.7 For the relative assessments, costs and charges and net returns for default arrangements should be compared with those for the default arrangements of the comparator schemes. In addition, costs and charges and net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator schemes (or, where there is no comparable fund, a comparator scheme's default arrangement).

7.8 The following comparator schemes were used for the relative components of the assessment: Aegon Master Trust, Aviva Master Trust and Legal & General WorkSave Mastertrust.

7.9 The method of assessment is prescribed. Factors that were not considered but that add value include:

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

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

7.9.3 the employer contributions available through the Plan; and

7.9.4 the operation of salary sacrifice for employee contributions.

8. Trustee knowledge and understanding

The Trustee Board

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

8.2 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.

8.3 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.

8.4 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.

8.5 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 it to properly exercise its functions.

8.6 The Trustee is conversant with the Plan's history and has built up significant knowledge in relation to the Company's treatment of special terms members.

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

Trust documentation and policies

8.8 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:

8.8.1 Revised Definitive Trust Deed & Rules

8.8.2 Payment Schedule covering the 2021/22 Plan year

8.8.3 Internal Disputes Resolution Procedure

8.8.4 Conflicts of interest policies

8.8.5 Risk Register

8.8.6 Implementation Statement as at June 2022

8.9 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.

8.10 Items 8.8.2 to 8.8.6 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

8.11 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.

8.12 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

8.12 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.

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

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

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

8.13.3 Changes to the reporting requirement for the annual Value for Member assessment and Chair Statement

8.13.4 Undertaking the annual value for members assessment;

8.13.5 Investment accumulation rate assumptions used for members' statutory money purchase illustrations; and

8.13.6 The Pension Regulator's requirements for having in place an Effective System of Governance Framework (ESoG)

Assessment

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

....	....
A Boorman, Chair of the Trustee	
Representing BESTrustees Limited	Date

Keepmoat Pension Plan

Statement of Investment Principles

Barnett Waddingham LLP

1 June 2020

Contents

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.

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

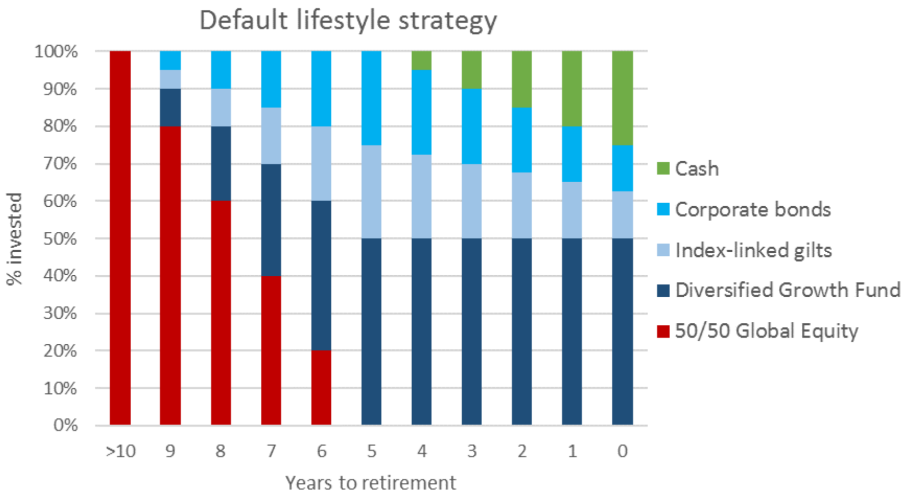
The Trustee has made available a range of funds to suit the individual needs of the Plan's members. For example, an equity fund is available for those members willing to accept a greater level of volatility in pursuit of higher expected retirement savings. Bond and cash funds are also offered for those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