CHAIR'S ANNUAL STATEMENT:

The KB Refrigeration Limited Retirement Benefits Plan ("the Scheme")

Introduction

Governance requirements apply to Defined Contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. In March 2015 the Department of Work and Pensions (DWP) set out new rules for the governance of Defined Contribution (DC) pension schemes. Since 6 April 2015, Trustees have had to produce an annual report, signed by their Chair, setting out a number of prescribed matters. This statement covers governance and charge disclosures in relation to the following:

- The investment options in which members’ funds are invested (this means the “default arrangement” and other funds members can select or have assets in, such as self-select or “legacy” funds);
- The requirements for processing financial transactions;
- The charges and transaction costs borne by members;
- An illustration of the cumulative effect of these costs and charges;
- A ‘value for members’ assessment; and
- Trustees' knowledge and understanding.

This is the Chair's statement and covers the period from 1 May 2019 to 30 April 2020.

The Scheme was set up on 1 May 1987. The funds you have that result from any contributions paid before 31 March 1998 are subject to certain guarantees from the Company (see note below) whereas the funds you have that result from contributions paid after that date are not. The Scheme was closed on 31 March 2005 and no member contributions have been received since that date. The Scheme, therefore, does not have a “default fund” in the context of the meaning assigned to such a Fund in connection with auto enrolment.

Note: at retirement, the Company guarantees that funds resulting from contributions paid before 31 March 1998 will provide a certain minimum amount of pension (you should refer to your scheme booklet for more information). This is known as an "underpin". Funds resulting from contributions paid after that date do not have an underpin.

The Scheme operates under a Trust Deed and Rules dated 16 December 1999. These are available from Lisa Brady at KB Refrigeration Limited. This Statement has been prepared to comply with the requirements of the law and the guidance published by the Pensions Regulator.

Investment Arrangements

The Trustees documents their approach to investments within the Statement of Investment Principles (SIP). A copy of the latest SIP dated 28 September 2020 is attached to this Chair's Statement. The updated SIP includes amendments to document the Trustees' policies on Environmental, Social and Governance factors and on stewardship. Unless you have asked the Trustees to do otherwise, your funds have been invested in the Secure Growth Fund. This is a With Profits Fund managed by Aviva plc. The aim of this Fund is to invest in a mixture of traditional bonds and equities and provide smoother performance by applying interest to the investment annually and historically through special bonus payments and more recently additional interest on monies leaving the Fund. If a member is invested in this Fund, then, unless they make an active choice, they will remain invested in this fund until they reach retirement and choose to access their benefits. During this Scheme Year, no changes have been made to the default strategy. Members are also able to invest in the Managed Fund.

We considered the appropriateness of the funds being used, their performance and whether they deliver value for money to you in the year to 30 April 2020. We made no changes to the investment strategy during the year as the structure of the contract and level of historic bonuses make it inefficient to move the funds. We provide further comment later in this statement on our views on the value for money offered by the fund.

The Trustees receive periodic updates on the performance of the funds. We are comfortable that the Fund continues to meet the objectives that it is stated to achieve, although do note that the level of bonuses has been, and is expected to be, lower than that achieved in the past.

The Trustees have not reviewed the continued appropriateness of the fund during the period covered by this Statement. The fund was last reviewed in 2018.

Processing of core financial transactions

Processing of core financial transactions is delegated to JLT which has subsequently moved to Mercer, as during the year, JLT was bought by Mercer and Mercer has taken on the running of the administration. There is a contract in place between Mercer and the Trustee, clearly setting out the services that they will provide and the cost for these services. The Trustees have agreed Service Level Agreements ("SLAs") for the work undertaken by Mercer which covers the accuracy and timeliness of all core financial transactions, and performance against these SLAs are reported to the Trustees in regular administration reports. The SLAs are as follows:

Work Type	Service Level Agreement
Benefit Quotation	5 working days
Benefit Payments	5 working days
Death Benefit Quotation	1 working day
General Member Correspondence	5 working days
Investment / Disinvestment Request	10 working days
Member Updates	5 working days

Mercer have confirmed that 95.71% of tasks were completed within the agreed SLAs for the year to 30 April 2020. During the year Mercer received 71 tasks and completed 67 tasks within the agreed SLAs, three were completed outside of the agreed SLAs and one task was carried forward, but subsequently completed within SLA.

The Trustees are comfortable that all core financial transactions have been carried out promptly and accurately, including:

- The transfer of assets relating to members out of the Scheme
- The transfer of assets relating to members between different investments within the Scheme
- Payments from the Scheme to, or in respect of, members

The Trustees have an agreement with Mercer to process core financial transactions as third party administrator on behalf of the fund manager, Aviva plc. As part of the contract with Aviva, Mercer reports management information on a monthly basis to demonstrate that core financial transactions are processed to the agreed standards.

The Trustees have reviewed Mercer's (previously JLT's) internal controls document for the year ended 31 December 2019 including the commentary from PriceWaterhouseCoopers confirming JLT had complied with these controls. As part of the contract with Aviva, Mercer reports management information on a monthly basis to demonstrate core financial transactions are processed to the agreed standards. The Trustees are satisfied that they have done all that they reasonable could to secure that core financial transactions are processed promptly and accurately.

Mercer has confirmed to the Trustees that the membership movements that occurred during the year to 30 April 2020 were processed within their standard service level agreements.

Member borne charges and transaction costs and value for members

The Trustees are required to assess the costs which are paid by the members. The charge applied to the arrangement during the year was a management charge of 1% of the assets. The annual charge to other funds available to members is also 1% of the assets. In addition, a per member charge of £50.60 was applied in the year (£48.80 as at 30 April 2019).

On 6 April 2015 rules came into force imposing a duty of the governance bodies of DC workplace pension schemes to request and report on the level of charges and transaction cost in their scheme on an annual basis.

On 20 September 2017, the FCA made rules (PS17/20) placing an equivalent duty on asset managers to provide the necessary information about charges and transaction costs and specified a detailed methodology for calculating transaction costs. These rules came into force on 3 January 2018. Transaction cost arise as a result of buying and selling the funds' underlying investments in order to achieve their investment objective or to raise or invest cash.

Transaction costs are comprised of both explicit and implicit components and include payments such as stockbroker commissions, custodian fees, and transaction taxes such as stamp duty. The table below shows the administration and transaction costs for each fund in the Scheme in which members hold assets.

Fund Name	Administration Cost	Buying and Selling Transaction Costs	Lending and Borrowing Costs	Total Transaction Costs
Managed Fund	1.04%	0.0876%	0.000%	0.0876%
Secure Growth Fund - With Profit	1.09%	0.0120%	0.002%	0.0140%

The Trustees are required to consider whether the charges represent good value for members. The Regulations do not prescribe how to go about assessing this and instead it is up to Trustees to develop their own assessment framework. The Trustees have identified the following assessment criteria:

- Scheme management and governance;
- Administration;
- Investment governance; and
- Communication

The Trustees have considered the services, features, benefits and costs associated with the Scheme. Our conclusion is that:

- you are getting good value in relation to the funds you have that result from any contributions paid before 31 March 1998 as a result of the impact of the underpin; but
- you are not getting good value in relation to any other funds in relation to contributions paid after 31 March 1998 as a result of the level of charges being levied in comparison to other products available on the market.

The level of administration and investment governance carried out by Mercer and Aviva are believed to be reasonable. However, it would be possible to provide a higher level of engaging paper and online communications to members that help them understand the choices that they should be making and highlighting the need to review their investments and retirement plans regularly. The returns offered by the Secure Growth Fund are awarded as bonuses. These have typically been around 6.5% (plus some special bonuses) in the past, but have now reduced to around 4%. It is now questionable whether the bonuses are at a level that provides good value for money in relation to the fees that are being charged.

The Trustees are constrained with the investment choices that can be made available to members given the historic nature of the contract underpinning the actuarial, administration and investment services provided under it. To enjoy more flexibility the Trustees would have to disaggregate these services and consider moving members out of With Profits Fund. In the past, the benefits of doing this have not been deemed to sufficiently outweigh the costs and complexities of doing so. The Trustees continue to review this position and will carry out a more detailed review of the viability of making changes to the Funds available to members over the course of 2020.

The illustration set out in Appendix A, shows the impact of the cumulative effect over time of the charges that are applied to your funds. We have provided two illustrations:

1) An "Average" member aged 53 (the average age of the Scheme's membership) with a pot size of £23,034 (based on the median pot size of the Scheme's membership); and
2) A "Young" member aged 44 (based on the average of the youngest 10% of members) with a pot size of £16,951 (based on the median pot size for the youngest 10% of members).

Our advisers have prepared this part of the statement for us and have taken account of statutory guidance.

Trustees' knowledge and understanding

Legislation requires the Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustees each have a copy of the Scheme's Trust Deed and Rules and a short "Balance of Powers" report, setting out their key powers. The Trustees also each have a copy of the Scheme's Statement of Investment Principles. They have no other policies.

The combined knowledge of the Trustees together with the advice which is available to them enables them to properly exercise their functions.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee Board. In addition, we would note that:

- The Trustees have made progress in completing the Pensions Regulator's online trustee toolkit and have committed to completing this over the next 6 months.
- The Trustees receive the relevant training prior to decision points and as and when there are changes to legislation. As a result of this continuous training, the Trustees are able to draw on the their understanding of legislation and best practice when considering important agenda items.
- Relevant advisers are in attendance at meetings and in frequent contact with the Trustee Board to provide information on topics under discussion, either specific to the Plan or in respect of pension or trust law.
- The Trustees have a training plan in place which ensures that they are conversant with the legislation and best practice.

As a result of the training activities which have been completed by the Trustee Board individually and collectively, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the Trustees enables us to properly exercise our functions as Trustees.

A copy of this Chair's Statement can be found at https://www.ptluk.com/chairs-annual-statements

Approved by the Trustees of the KB Refrigeration Limited Retirement Benefits Plan on 10 November 2020

Appendix A- Cumulative Effect of Charges

Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

Illustrations for an "Average" member				
	Secure Growth Fund		**Managed Fund**	
Years from now	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**
1	£23,326	£23,068	£23,326	£23,061
3	£23,922	£23,136	£23,922	£23,114
5	£24,532	£23,204	£24,532	£23,167
7	£25,158	£23,272	£25,158	£23,221
9	£25,801	£23,340	£25,801	£23,274
11	£26,459	£23,409	£26,459	£23,328
12 (retirement)	£26,795	£23,443	£26,795	£23,355
Total Fees	£3,125		£3,207	
Illustrations for a "Young" member				
	Secure Growth Fund		**Managed Fund**	
Years from now	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**
1	£17,166	£16,976	£17,166	£16,971
3	£17,604	£17,026	£17,604	£17,010
5	£18,054	£17,076	£18,054	£17,049
10	£19,228	£17,202	£19,228	£17,147
15	£20,478	£17,328	£20,478	£17,246
20	£21,810	£17,456	£21,810	£17,346
21 (retirement)	£22,087	£17,482	£22,087	£17,366
Total Fees	£4,051		£4,152	

It could be helpful to provide the context for the investment returns and charges presented above. If savings were not invested at all (i.e. there were no investment returns or fees) then, according to our modelling, the value of the "Average" and "Young" members' pots at retirement would be £17,127 and £10,092 respectively in today's money.

Assumptions

The above illustrations have been produced for an "average" member and a "young" member of the Scheme based on the Scheme's membership data. The individual fund illustrations assume 100% of the member's assets are

invested in that fund up to Scheme retirement age. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown. You will note that the total fee figure is lower than the difference between the pot size before and after fees. The total fee reflects what has actually been taken from the pot to pay for the management of assets and other expenses, whereas the difference between before and after fee pot values reflects the effect of compounding.	
Age • "Average" member • "Young" member	 53 *(the average age of the Scheme's membership)* 44 *(the average age of the youngest 10% of members)*
Scheme Retirement Age	65
Starting Pot Size • "Average" member • "Young" member	 £23,034 *(the median pot size of the Scheme's membership)* £16,951 *(the median pot size for the youngest 10% of members)*
Inflation	2.5% p.a.
Expected future nominal returns on investment: • Secure Growth Fund • Managed Fund	 1.3% above inflation 1.3% above inflation

Appendix B- Statement of Investment Principle

KB Refrigeration Limited Retirement Benefits Plan

Statement of Investment Principles

September 2020

Statement of Investment Principles

The Trustees of K B Refrigeration Ltd Retirement Benefits Plan ("the Plan") have prepared this Statement of Investment Principles ("the SIP") in accordance with the Pensions Act 1995[1] ("the Act") as amended and the Occupational Pension Scheme (Investment) Regulations 2005 as well as the principles recommended by the Myners Code.

It supersedes any previous SIP and reflects the investment policy agreed by the Trustees. This SIP will be reviewed at least every three years or immediately after any significant change in investment policy. Before preparing this SIP the Trustees have:

- Obtained and considered the written advice from the Plan's Investment Consultant, XPS Pensions Group, who is suitably qualified through ability and experience and has appropriate knowledge.
- Consulted the employer.

Structure of Plan benefits

The Plan is split into two sections providing different benefits:

- Pre April 1998 Section – Provides the greater of, an annual pension based on length of service and final salary, and the pension that could be purchased using each member's Personal Account. In addition to members' Personal Accounts, the Plan holds assets in a General Account that is used to top-up benefits where required.
- Post April 1998 Section – The benefits accrued after 1 April 1998 are comparable to a conventional Defined Contribution arrangement. A number of members have also made additional voluntary contributions which are invested alongside the Plan assets.

Choosing investments

The Trustees set the investment strategy and policies for the Plan. The Trustees are however constrained with their investment choices given the historic nature of the contract underpinning the actuarial, administration and investment services provided under it. They acknowledge the restrictions and have adopted a strategy that is pragmatic and workable within these constraints. The Trustees have agreed to separate the DB and DC section of the Plan, which is currently underway and it is expected the investment strategy will change, which will also disaggregate the bundled services in the future..

The Trustees have considered the Plan's liabilities and strength of Employer covenant when setting the investment strategy and policies.

The Trustees rely on Investment Managers for the day-to-day management of the Plan's assets but retain control over all decisions made about the investments in which the Plan invests.

Where Investment Managers are delegated discretion under Section 34 of the Act, the Investment Manager will exercise their investment powers in accordance with the Act, relevant and subsequent regulations, and this SIP.

The Trustees rely on the Investment Managers to appoint appropriate Custodians for pooled funds who are responsible for the safekeeping of the assets of the Plan.

The Trustees rely on the Investment Managers to appoint appropriate Administrators or Registrars for pooled funds who are responsible for keeping records of the Plan's entitlement within the pooled funds.

[1] *As amended 30th November 2018*

Investment objective and strategy

Investment objective

The Trustees have set the following objectives:

- To achieve a fully funded position on a Technical Provisions basis.
- To implement an investment strategy targeting a return of in excess of that assumed in the liability valuation.
- To acquire suitable assets to achieve the above objective whilst controlling volatility and the long term costs of the Plan.
- To adhere to the provisions contained within this SIP.

Based on the structure set out in the Appendix, the Trustees consider the arrangements with the Investment Managers to be aligned with the Plan's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through asset allocation parameters set by the Trustees or governing the pooled funds in which the Plan is invested.

The Trustees will ensure that the Plan's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Plan's investment strategy – and hence the fees they receive – are dependent upon them doing so.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Plan. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns and on the importance placed by the Trustees on investing according to the principles set out within the mandate guidelines. The Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

Investment strategy

The Trustees intend to meet the investment objective by investing in a diversified portfolio of return-seeking assets within a number of pooled funds.

The Trustees can utilise a wide range of passively and actively managed investments, including (but not limited to):

- Assets or funds primarily used to outperform the liabilities over the long term including equity, private markets, hedge funds, commodities, currency, bon ds and other forms of credit, property, infrastructure and insurance including the use of derivatives and leverage. Illiquid assets can be used where a higher return or lower risk is expected.
- Assets or funds primarily used to provide immediate liquidity such as cash or cash instruments.

For the reasons set out on the previous page the Trustees have limited investment freedom given the dislocation of the Plan's services that would result from the disaggregation of these services.

A number of funds were offered under the arrangement for investment of members Personal accounts and Post 1998 Section investments.

The actual strategy adopted for the Plan, including the allocation to different assets is set out in the Appendix.

Investment Manager arrangements

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. Such reviews will include analysis of each Investment Manager's performance and processes and an assessment of the diversification of the assets held by the Investment Manager. The review will include consideration of the continued appropriateness of the mandate given to the Investment Manager within the framework of the Trustees' investment policies

The Investment Consultant has also carried out a review of how well ESG factors are incorporated into each Investment Manager's processes and the Trustees will re-assess progress on ESG issues periodically.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

Portfolio turnover

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

Investment restrictions

The Trustees intend to adhere to the following restrictions:

- No more than 5% of Plan assets can be held in investments related to the Employer.
- Whilst borrowing on a temporary basis is permitted, this option will only be utilised where absolutely necessary or where it is expected to reduce overall risk (e.g. for very short time periods during an asset transfer).
- Investment in derivative instruments may only be made where they contribute to risk reduction or facilitate efficient portfolio management.
- Stock lending is permitted at the discretion of the Plan's Investment Managers in line with their overall investment objectives, policies and procedures.

Investment risk

The Trustees have identified a number of risks including (but not limited to):

- **Employer covenant risk**
- **Liability risks**: Interest rate risk, Inflation risk, Longevity risk
- **Asset risks**: Equity risk, Property risk, Currency risk, Credit risk, Interest rate risk, Inflation risk
- **Strategy risks**: Asset allocation risk, Liquidity risk (including collateral risk), Growth asset risk (including currency risk)
- **Implementation risks**: Investment manager risk, Counterparty risk, Operational risk

These risks are measured and managed by the Trustees as follows:

- The Trustees have set an investment strategy that adheres to the contents of this SIP.
- The Trustees receive strategic investment advice from the Investment Consultant that may include risk modelling and quantification (e.g. Value at Risk) whenever strategic changes are considered.
- The Trustees undertake regular monitoring of the Plan's investments supplemented by information provided by both the Investment Managers and Investment Consultant, as well as advice from the latter.
- The Trustees periodically assess the strength of the Employer covenant and uses external expertise where appropriate.
- The Trustees delegate the day-to-day management of some of these risks to the appointed Investment Managers.
- The Trustees consider the Investment Managers' role and approach to managing risk is considered when selecting appropriate Investment Managers.
- The Trustees utilise custodian relationships to ensure Plan assets are held securely.
- The Trustees assess whether appropriate controls are put in place by themselves, the Investment Consultant, Investment Managers and Custodians (where there is a direct relationship).

Realising investments

The Trustees recognise that assets may need to be realised to meet Plan obligations at any time.

The Trustees will ensure that an appropriate amount of readily realisable assets are held at all times, and this will be part of the assessment for including new investments within the strategy.

The Trustees will from time to time agree a policy for sourcing cash from the investments as required. Further details are set out in the Appendix.

Responsible investment and voting policies

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Plan and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Managers. The Trustees require the Plan's Investment Managers to take ESG and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees will seek advice from the Investment Consultant on the extent to which their views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises. Furthermore, the Trustees, with the assistance of the Investment Consultant, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement.

As the Plan invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Plan, although they have neither sought, nor taken into account, the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact. The Trustees will review this policy if any beneficiary views are raised in future.

Approved by the Trustees of the KB Refrigeration Ltd Retirement Benefits Plan on 28 September 2020.

Appendix – Investment strategy

Overall strategy

The investment strategy of the Plan is summarised in the table below.

Asset class	Current allocation	Manager and fund	Objective
Multi-Asset	42%	Baillie Gifford Multi Asset Growth Fund	Achieve growth with a fraction of the volatility experienced in equity markets. *Comprises General Account assets in respect of Pre 1998 Section benefits.*
With-Profits	56%	Aviva Secure Growth Fund	Invest in a mixture of traditional bonds and equities and provide smoothed performance by applying interest to the investment annually and historically through special bonus payments and more recently additional interest on monies leaving the Fund. *Comprises members' Personal Accounts underpinning the Pre 1998 Section Benefits, Post 1998 Section DC Funds, and some of the Plan's AVCs.*
Multi-Asset	3%	Aviva Balanced Managed Fund	Invest in a broad range of assets to provide stable growth. *Comprises a small amount of AVCs.*
	100%		

*May not sum due to rounding

Rebalancing investments

The Plan does not have any formal rebalancing arrangements in place. The Trustees will review the allocation regularly and if required will instruct the Investment Managers to rebalance towards the strategic allocation.

Realising investments

Where assets need to be realised, the Trustees will consult with the Investment Consultant regarding the source and timing of disinvestments. It is envisaged that where assets need to be realised, the primary source of disinvestments will be the Baillie Gifford Multi Asset Growth Fund.

AVCs

The Trustees have made the following AVC investment options available to members of the Plan:

- Aviva Balanced Managed Fund

The Trustees will review the AVC provider, as well as the available fund, in the light of their performance on a periodic basis. Performance of this Fund will be measured relative to the individual benchmark and objective for the funds offered and/or to other providers offering similar fund options.

The Trustees are aware that the members' AVC fund are subject to the same risks faced by the Plan's investments, such as inflation risk eroding real returns. In addition, AVC members face the risk that their investments will not meet their future expectations (for example, if they are planning to purchase an annuity at retirement), lack of transparency on how their fund is managed and also that their AVC fund may fall in value.

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