

## **PGIM UK Retirement Savings Plan**

### **Annual Report for the year ended 5 April 2023**

#### **Annual Statement regarding Governance of the Defined Contribution Section**

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##### **Introduction**

The Trustees of the PGIM UK Retirement Savings Plan (the 'Plan') present their Chair's Statement of Governance (the 'Statement'), as required under legislation set out in regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the 'Administration Regulations'), as amended by the Occupational Pension Plans (Charges and Governance) Regulations 2015.

This Statement sets out how the Trustees met the requirements of the Regulations over the period 6 April 2022 to 5 April 2023 (the 'Plan year'). This Statement covers the following key areas:

The Default Investment Strategy;

- Requirements for processing financial transactions;
- Charges and transaction costs within the Plan, including the disclosures for the impact of costs and charges;
- Net returns on investments;
- Value for Members assessment; and
- The Trustees' compliance with the statutory knowledge and understanding requirements.

In accordance with the Administration Regulations, the Trustees have appended the latest copy (September 2020) of the Statement of Investment Principles (the 'SIP') prepared for the Plan under Section 35 of the Pensions Act 1995 (the '1995 Act') and regulation 2/regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the 'Investment Regulations'). This Statement will be published online at <https://www.pgim.com/terms-use/uk-regulatory-disclosures> and this publicly available website will be signposted in the annual benefit statements.

##### **The Default Investment Strategy**

The Default Investment Strategy (the 'Default' or 'Default Fund') is a Lifestyle Strategy.

Over the Plan year the growth element of the strategy was invested in the blended Diversified Fund, which comprises 50% equities (via the BlackRock Aquila 30:70 Global Equity – Currency Hedged Fund) and 50% Diversified Growth Funds (20% in the Insight Broad Opportunities Fund and 30% in the Baillie Gifford Diversified Growth Fund). Global equities offer higher potential growth in the early years, while diversified growth funds provide exposure to a wide variety of assets and investment strategies. These strategies aim to deliver growth relative to cash but with a lower volatility of returns than equities. The structure of the Default's growth phase is designed to provide growth with some downside protection and some protection against inflation erosion.

When a member is six years from selected retirement age, their assets will begin de-risking gradually into the Mercer Diversified Retirement Fund and BlackRock Sterling Liquidity Fund. This transition will continue until the final asset allocation of 75% Mercer Diversified Retirement Fund and 25% BlackRock Sterling Liquidity Fund is reached, one year before the member's retirement. This allocation is designed for members withdrawing 25% of their funds as tax-free cash, with the remainder used to access a drawdown policy outside of the Plan. Members who plan to take their retirement benefits differently have the option to switch to an alternative lifestyle strategy before retirement, or select their own investment strategy from the self-select fund range.

Following the Plan year end, the Trustees have implemented changes to the blended Diversified Fund, resulting from the triennial investment strategy review carried out by the Trustees during 2022 and 2023 with support from our investment advisers. Specifically:

- The previous 50% allocation to BlackRock Aquila 30:70 Global Equity – Currency Hedged Fund has been replaced with a 45% allocation to the BlackRock World ESG Equity Tracker Fund (50% Hedged) and a 5% allocation to the BlackRock Emerging Markets Equity Fund.
- and The Baillie Gifford Diversified Growth Fund has been replaced with the Ruffer Diversified Return Fund.

These decisions were made after the Trustees received advice from their investment advisers, Mercer Limited, under relevant legislation (Section 36 of the Pensions Act 1995). The changes to the Diversified Fund were implemented in September 2023. The remaining changes are due to be implemented in October 2023.

The Default is designed with the aim of being in the best interests of most DC Section members, taking into account the profile of membership as a whole. The assets are invested in a manner which aims to ensure the security, quality, liquidity and long term performance of a member's portfolio as a whole.

In designing and reviewing the Default Fund, the Trustees have taken into account the demographics of the Plan's membership and how the membership may behave at retirement. They have also considered the trade-off between risk and expected returns.

The Additional Voluntary Contributions ("AVCs") for the Plan relate to the Defined Benefit members and these are invested in policies with Prudential Assurance Company Limited and Standard Life Assurance Limited. These policies are closed to new members.

## **PGIM UK Retirement Savings Plan**

### **Annual Report for the year ended 5 April 2023**

#### **Annual Statement regarding Governance of the Defined Contribution Section**

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The Trustees do not operate a default investment arrangement within the meaning of Pensions Act 2008 in relation to AVC policies. For this reason, the Trustees believe that the disclosures required in the Regulations with regard to default investment arrangements are not applicable to AVCs. For the same reason, the DC Section's Statement of Investment Principles does not contain wording relating to default investment arrangements for AVCs.

The Plan's objective is to help members attain a good financial outcome for life after work. This statement describes the work the Trustees have carried out to achieve that, and how they seek to ensure that the Plan is well-managed and delivers good services to members. In doing so, the Trustees provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

#### **Requirements for processing financial transactions**

As required by the Administration Regulations, the Trustees must ensure that core financial transactions are processed promptly and accurately.

This includes:

- Investment of contributions paid to the Plan;
- Transfer of members' assets into and out of the Plan;
- Switching of members' assets between different investment options available in the Plan; and
- Payments from the Plan to, or in respect of, members.

The Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Plan in accordance with legislative requirements. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Company. Once received, contributions are invested in accordance with the timescales set out in the administration agreement with Scottish Widows, the Plan Administrators of the DC section of the Plan. Timescales are reviewed every quarter and reported in the Scottish Widows Governance Report.

The service level agreement with Scottish Widows sets out the approach (including timescales) regarding the transfer of members' assets into and out of the Plan, the switching of members' assets between different investment options available in the Plan and payments from the Plan to, or in respect of, members. The service level standards are reviewed periodically to ensure they remain appropriate and meet legislative requirements. Additional disclosures are required in respect of any transactions and benefit processing activity that has not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the proposed remedial measures.

Over the year to 5 April 2023, 97.2% of core financial transactions relating to individual member requests, such as processing retirements and transfers, were completed within the required Service Level Agreement ("SLA") targets. This is in line with the standards expected by the Trustees.

The Trustees receive detailed quarterly administration reports produced by Scottish Widows which are reviewed by the Trustees and their pension consultant at each of their meetings and enable the Trustees to monitor that the requirements for the processing of financial transactions are being met. There have been no persistent breaches of SLAs over the year to 5 April 2023.

#### **Charges and transaction costs**

As required by the regulations, the Trustees are required to report on the charges and transaction costs for the investment options available to members during the Plan year and their assessment on the extent to which the charges and costs represent good value for members.

The total charges payable under the Default Fund will vary depending on the stage that each member has reached in the strategy's de-risking process. The following table provides information on the total expense ratios ("TERs") and transaction costs for the full fund range, sourced from Scottish Widows:

## PGIM UK Retirement Savings Plan

### Annual Report for the year ended 5 April 2023

#### Annual Statement regarding Governance of the Defined Contribution Section

Fund	TER (% p.a.) <sup>2</sup>	Transaction Costs (% p.a.)
Diversified Fund <sup>1</sup>	0.70	0.26
Mercer Diversified Retirement Fund <sup>1</sup>	0.52	0.10
BlackRock Sterling Liquidity Fund <sup>1</sup>	0.32	0.02
BlackRock Passive (30:70) Global Equity - Currency Hedged Fund	0.38	0.00
L&G Passive Global Equity (60:40) Fund	0.33	0.02
BlackRock Passive World ex UK Equity Fund	0.31	0.00
BlackRock Passive UK Equity Fund	0.32	0.07
BlackRock Passive Emerging Market Equity Fund	0.54	-0.04
L&G Ethical Global Equity Fund	0.49	0.00
HSBC Islamic Global Equity Fund	0.58	0.02
Majedie UK Equity Fund	0.93	0.27
Baillie Gifford Diversified Growth Fund	1.01	0.74*
Insight Broad Opportunities Fund	0.98	0.19
M&G UK Corporate Bond Fund	0.73	0.14
L&G Future World Annuity Aware Fund	0.35	0.00
BlackRock Aquila Over 5 Year Index-Linked Gilts Fund	0.32	0.02

Source: Scottish Widows. TERs as at 31 March 2023. Transaction costs over the 12 months to 5 April 2023.

<sup>1</sup> Used with the Default Investment Strategy

<sup>2</sup> The Total Expense Ratio includes the Annual Management Charge, Additional Fund Expenses and Fund Based Charges.

\*The Baillie Gifford Diversified Growth Fund is an active multi asset fund. We have seen a c.0.39% rise in implicit costs i.e. the slippage costs through the trading of the fund manager managing the fund to meet its objectives. 2022, in particular the second half of 2022, would have seen more turbulence in the equity, fixed interest and bond market which would also have an impact on the costs of trading which would feed through into the annual average transaction cost.

The TERs shown above include the Annual Management Charge (AMC) and additional expenses associated with the running and management of the funds (which will vary slightly from time to time). The charges on the funds used in the Default Fund comply with the charge cap legislation requirements.

Charges related to investment management and administration for the DC Section are deducted from members' funds. All other costs related to running the Plan including advisory, audit, legal, investment platform management and member communication costs are paid by the Company.

#### Transaction Costs

Transaction costs are not explicitly deducted from a fund but are reflected in its investment performance (in other words, the higher the transaction costs, the lower the returns produced by a fund, all else being equal). The Financial Conduct Authority has provided guidance (PS17/20) to investment managers regarding calculations and disclosures of transaction costs which comply with regulations. The transaction costs shown in this Statement are calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was fulfilled with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be negative as well as positive. A negative figure is effectively a gain from trading activity, whilst a positive figure is a cost from trading activity.

The Trustees requested this information from Scottish Widows, as their platform provider. In turn, Scottish Widows worked with the various investment firms to collate the required data on transaction costs. The total transaction cost reported by Scottish Widows for each fund is shown in the previous table.

The Trustees fully support transparency of charges and costs for members. However, a key consideration for members is the performance produced net of combined charges and costs; a lower cost fund does not necessarily deliver the best value for money.

To illustrate the impact of charges and costs on a typical member's pension pot, the Trustees have received example illustrations from Scottish Widows. The illustrations cover the Default Investment Strategy and the funds with the lowest and highest charges. These illustrations take into account pot sizes, contributions, investment returns above inflation (before charges and costs), and adjustment for the effects for costs and charges and time.

## PGIM UK Retirement Savings Plan

### Annual Report for the year ended 5 April 2023

#### Annual Statement regarding Governance of the Defined Contribution Section

For the Default Investment Strategy the development of the projected pension pot depends on the member's current age because the mix of funds changes as the member approaches retirement. Given this, Scottish Widows have also provided a second table showing illustrations of the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Investment Strategy.

##### Illustrations for a Typical Active Member: funds with the lowest and highest charges

We have shown example illustrations of what money invested (including existing and future contributions, as well as investment returns) in each of these funds could be worth in one year and five year intervals, taking inflation, investment costs and charges into account. These figures are shown in today's terms, meaning they show what those pots could buy today. For example, the table below shows that a typical active member with a pot size of c. £23,000 in the BlackRock World ex-UK Index today may have a pot size of £690,000 in 35 years' time, in today's terms (based on the assumptions set out below the table). The figures shown in the table are illustrations and are not a guarantee of future values.

Years	Lowest cost fund: BlackRock Passive World ex UK Equity		Highest cost fund: Baillie Gifford Diversified Growth	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£36,100	£36,000	£35,800	£35,300
3	£63,300	£62,900	£62,100	£59,900
5	£91,900	£91,000	£89,100	£84,300
10	£169,000	£166,000	£160,000	£144,000
15	£257,000	£250,000	£236,000	£204,000
20	£356,000	£343,000	£319,000	£263,000
25	£468,000	£447,000	£407,000	£320,000
30	£593,000	£562,000	£502,000	£377,000
35	£736,000	£690,000	£605,000	£434,000

Source: Scottish Widows

##### Assumptions:

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.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £23,000.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £1,050 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
  - BlackRock Passive World ex UK Equity: 2.4% above inflation
  - Baillie Gifford Diversified Growth: 1.4% above inflation
1. The charges assumed for each fund are the current charges as shown in the Chair's Statement.



## PGIM UK Retirement Savings Plan

### Annual Report for the year ended 5 April 2023

#### Annual Statement regarding Governance of the Defined Contribution Section

##### Illustrations for a Typical Active Member: Default Investment Strategy

The table below shows the development of the projected pot size over time for a sample of ages assuming the typical active member's pension pot is invested in the Default Investment Strategy. For the Default Investment Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£35,900	£35,700	£35,900	£35,700	£35,900	£35,700	£35,900	£35,700
3	£62,300	£61,300	£62,700	£61,500	£62,700	£61,500	£62,700	£61,500
5	£89,000	£87,200	£90,500	£87,800	£90,500	£87,800	£90,500	£87,800
10			£161,000	£154,000	£164,000	£155,000	£164,000	£155,000
15					£246,000	£227,000	£246,000	£227,000
20					£330,000	£299,000	£337,000	£302,000
25							£436,000	£381,000
30							£534,000	£459,000

Source: Scottish Widows

Assumptions:

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.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £23,000.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £1,050 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement: Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

The average projected growth rate takes account of the growth rate on the assumed contributions made over the projection period. As the projected growth rate on contributions at older ages is lower than that on the initial pot size, the average projected growth rate is generally slightly lower for the typical active member, than for the typical deferred member shown later in this statement.

Years to Retirement	Projected Growth Rate (Average)	
1	1.2%	Above Inflation
3	1.3%	Above Inflation
5	1.4%	Above Inflation
10	1.6%	Above Inflation
15	1.7%	Above Inflation
20	1.7%	Above Inflation
25	1.7%	Above Inflation
30	1.8%	Above Inflation
35	1.8%	Above Inflation

8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

## PGIM UK Retirement Savings Plan

### Annual Report for the year ended 5 April 2023

#### Annual Statement regarding Governance of the Defined Contribution Section

##### Illustrations for a Typical Deferred Member: lowest and highest cost funds

We have shown example illustrations of what money invested (existing contributions, as well as investment returns) in each of these funds could be worth in one year and five year intervals, taking inflation, investment costs and charges into account. These figures are shown in today's terms, meaning they show what those pots could buy today. For example, the table below shows that a typical deferred member with a pot size of c. £23,000 in the BlackRock World ex-UK Index today may have a pot size of £48,000 in 35 years' time, in today's terms (based on the assumptions set out below the table). The figures shown in the table are illustrations and are not a guarantee of future values.

Years	Lowest cost fund: BlackRock Passive World ex UK Equity		Highest cost fund: Baillie Gifford Diversified Growth	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£23,500	£23,400	£23,300	£22,900
3	£24,700	£24,400	£24,000	£22,700
5	£25,900	£25,500	£24,700	£22,600
10	£29,200	£28,300	£26,500	£22,300
15	£33,000	£31,500	£28,600	£21,900
20	£37,200	£35,000	£30,700	£21,600
25	£42,000	£38,900	£33,000	£21,300
30	£47,300	£43,200	£35,500	£21,000
35	£53,400	£48,000	£38,200	£20,700

Source: *Scottish Widows*

Assumptions:

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.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £23,000.
4. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
  - BlackRock Passive World ex UK Equity: 2.4% above inflation
  - Baillie Gifford Diversified Growth: 1.4% above inflation
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

## PGIM UK Retirement Savings Plan

### Annual Report for the year ended 5 April 2023

#### Annual Statement regarding Governance of the Defined Contribution Section

##### Illustrations for a Typical Deferred Member: Default Investment Strategy

The table below shows the development of the projected pot size over time for a sample of ages assuming the typical deferred member's pension pot is invested in the Default Investment Strategy. For the Default Investment Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35	
	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£23,400	£23,200	£23,400	£23,200	£23,400	£23,200	£23,400	£23,200
3	£24,100	£23,600	£24,300	£23,600	£24,300	£23,600	£24,300	£23,600
5	£24,700	£23,900	£25,300	£24,100	£25,300	£24,100	£25,300	£24,100
10			£27,200	£25,100	£27,900	£25,300	£27,900	£25,300
15					£30,700	£26,600	£30,700	£26,600
20					£33,000	£27,600	£33,800	£27,900
25							£37,200	£29,300
30							£40,100	£30,500

Source: Scottish Widows

Assumptions:

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Retirement is assumed to be at age 65
- The starting pot size is assumed to be £23,000.
- Inflation is assumed to be 2.5% each year.
- It is assumed that no further contributions are made.
- Values shown are estimates and are not guaranteed.
- For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement: Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.  
The average projected growth rate takes account of the growth rate on the assumed contributions made over the projection period (zero contributions, in the case of the deferred member). The projected growth rate at older ages is generally slightly higher for the typical deferred member, than for the typical active member shown earlier in this statement because there are no longer any contributions being paid.

Years to Retirement	Projected Growth Rate (Average)	
1	1.2%	Above Inflation
3	1.3%	Above Inflation
5	1.4%	Above Inflation
10	1.7%	Above Inflation
15	1.7%	Above Inflation
20	1.8%	Above Inflation
25	1.8%	Above Inflation
30	1.8%	Above Inflation
35	1.8%	Above Inflation

- The charges assumed for each fund are the current charges as shown in the Chair's Statement.

#### Net Return on Investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of 'relevant' occupational pension schemes.

From 1 October 2021, trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual chair's statement and published on a publicly accessible website.

## PGIM UK Retirement Savings Plan

### Annual Report for the year ended 5 April 2023

#### Annual Statement regarding Governance of the Defined Contribution Section

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Plan year.

Diversified Lifestyle – Targeting Drawdown	Annualised returns to 31 March 2023 (%) net of costs and charges	
	1 year	5 years
Age of member at start of performance period		
25	-6.6	3.5
45	-6.6	3.5
55	-6.6	3.5

Legacy Global Equity Lifestyle – Targeting Annuity Purchase	Annualised returns to 31 March 2023 (%) net of costs and charges	
	1 year	5 years
Age of member at start of performance period		
25	1.3	6.5
45	1.3	6.5
55	1.3	6.5

Self-select Funds	Annualised returns to 31 of March 2023 (%) net of costs and charges	
	1 year	5 years
Diversified Fund	-6.6	3.5
Mercer Diversified Retirement Fund	-3.6	3.2
BlackRock Sterling Liquidity Fund	2.0	0.5
BlackRock Passive (30:70) Global Equity – Currency Hedged Fund	-5.0	6.5
L&G Passive Global Equity (60:40) Fund	1.3	6.5
BlackRock Passive World ex UK Equity Fund	-4.2	10.8
BlackRock Passive UK Equity Fund	1.5	4.7
Majedie UK Equity Fund	1.5	2.7
BlackRock Passive Emerging Market Equity Fund	-6.8	1.3
L&G Ethical Global Equity Fund	-2.1	11.5
HSBC Islamic Global Equity Fund	-3.2	14.5
Baillie Gifford Diversified Growth Fund	-8.9	0.1
Insight Broad Opportunities Fund	-6.9	1.0
M&G UK Corporate Bond Fund	-8.0	-0.3
L&G Future World Annuity Aware Fund	-20.5	-3.4
BlackRock Aquila Over 5 Year Index-Linked Gilts Fund	-29.7	-4.3
L&G Ethical Global Equity Fund	-2.1	11.5

Source: Scottish Widows. Performance shown net of all charges and transaction costs.

#### Value for members assessment

In accordance with regulation 25(1)(b), the Trustees are required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members.

The Trustees are committed to ensuring that members receive value from the DC Section (i.e. the costs and charges deducted from members' pots and contributions paid provide good value in relation to the benefits and services provided by or on behalf of the DC Section) compared to plans of a similar size and structure. For example, effective from 1 July 2023, the Trustees successfully negotiated a fee reduction with Scottish Widows, the Plan's provider, to lower the ongoing charges applied to members' savings.

Members are provided with online access to their pension funds by Scottish Widows, together with a good range of investment fund options, the cost of which is met by the members.

The Trustees and their investment advisers have undertaken an assessment of whether the total costs and wider services of the Plan represented value for money for the membership over the Plan year. In accordance with the Pensions Regulator's DC Code of Practice No. 13 (paragraphs 18-41) and with the relevant legislation, the Trustees concluded that



## **PGIM UK Retirement Savings Plan**

### **Annual Report for the year ended 5 April 2023**

#### **Annual Statement regarding Governance of the Defined Contribution Section**

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the level of charges and transaction costs incurred by Plan members represents reasonable value for money overall, for its members. Following the review the Trustees intend to negotiate further with Scottish Widows regarding ongoing member charges, having concluded that for a DC arrangement with the Plan's characteristics, there is scope for member charges to be further reduced based on independent, anonymised market data. The Trustees have also noted:

- Charges for the Plan's default investment arrangement are well below the charge cap of 0.75% per annum;
- The majority of funds used by the Plan in the DC Section are highly rated by Mercer as having above average prospects of achieving their objectives over the long term;
- The performance (net of costs and charges) of the majority of Plan's funds over the three and five year periods to 31 March 2023 was reasonable in light of the adverse market conditions seen during 2022. Changes to the investment strategy are being implemented during the 2023/24 Plan year resulting from the investment strategy review completed during 2023, with a view to improving performance going forward.

This Statement and the assessment the Trustees have undertaken does not contain regulated investment advice in respect of actions that members should take and is not intended to be used for that purpose. If members or readers need advice, a list of local independent financial advisers can be obtained from the website at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk).

As noted, the Trustees do not operate default investment arrangements within the meaning of Pensions Act 2008 in relation to AVC policies. The Trustees reviewed the AVC policies in February 2022 and continue to review and monitor the policies on a regular basis.

#### **Trustees' Knowledge and Understanding (TKU)**

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Plan.

The Trustees must also be conversant with the Plan's own documentation. These are described in legislation as the Trustees Memorandum and Articles of Association, trust deed and rules and statement of investment principles. The Trustees must also be conversant with any other document recording current policy relating to the administration of the Plan generally. The Pensions Regulator interprets 'conversant' as having a working knowledge of those documents such that the Trustees are able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustees.

The Trustees are required to disclose how these duties have been fulfilled and how their combined knowledge and understanding, together with the advice which is available to them, enables them to properly exercise their duties and responsibilities.

**PGIM UK Retirement Savings Plan**

**Annual Report for the year ended 5 April 2023**


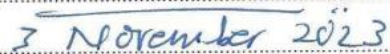
**Annual Statement regarding Governance of the Defined Contribution Section**

The Table below shows how these requirements have been met during the Plan year.

Requirement	How met
Trustees must have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets	<p>The Trustees have completed the Trustee toolkit. The two new trustees joining the board have commenced TPR trustee toolkit, which they are expected to have completed by calendar year end. In addition, both trustees completed the Plan's internal trustee induction and attended the CMS trustee training day course.</p> <p>Training was undertaken during the meetings on several topics, namely on: ESG factors including Climate Change; Pension Scams; Stronger Nudge and on the requirements of the upcoming General Code of Practice.</p>
Trustees must be conversant with the Plan's own documentation and current policies	<p>The Trustees have access to all key Plan documentation and the Trustees feel they have a good working knowledge of the Trust Deed and Rules. The current investment strategy is set up in line with the SIP. The web-based portal used for Trustees meetings management and board papers includes a 'resources' section which comprises all the relevant library of key documents for the Plan which is maintained with current information and which all Trustees are able to access at any time.</p>
Knowledge and resources generally	<p>The Trustee Board comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the challenges that its governance must address.</p> <p>The Employer pays all reasonable expenses of Trustees attending conferences relevant to their role.</p> <p>The Trustees actively work with the employer on member engagement issues and matters, including relevant and appropriate member communications The Trustees meet with their professional investment advisers at least three times a year.</p> <p>The Trustees professional advisers attend all meetings and are asked to input into the agenda.</p> <p>The Chairman as an independent trustee regularly attends industry seminars, conferences and knowledge sharing networks with CPD accreditation.</p>

I confirm that the above Statement has been produced by the Trustees to the best of our knowledge.

This Annual Statement regarding Governance of the Defined Contribution Section was approved by the Trustees of the PGIM UK Retirement Savings Plan and signed on their behalf by:


 ..... Chairman and Trustee  

 ..... Date