
1 Background

Governance requirements apply to Defined Contribution (DC) arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Fluid Transfer International Retirement Benefit Scheme are required to produce an annual Chair Statement to describe how these governance requirements have been met in relation to:

- 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
- Trustee Knowledge and Understanding.

This statement covers the period from 6th April 2019 to 5th April 2020.

This statement should be read in conjunction with the Scheme's Statements of Investment Principles (SIP) which is subject to regular review by the Trustees. The most recent SIPs for the Defined Benefit (DB) and Defined Contribution (DC) sections are both dated 30th September 2019 and the DC SIP is appended to this statement.

The Scheme has been closed to new DC members and contributions since 31 August 2006.

The Scheme is not being used as a qualifying scheme for automatic enrolment purposes.

I value this opportunity to explain over the following pages what the Trustees have done to help to ensure the Scheme is run as effectively as it can be with the help of our professional advisers. If you have any questions about anything that is set out below, or any suggestions about what can be improved, I welcome your comments and opinions. Please do feel free to contact me at Punter Southall Governance Services, using the following contact details:

Punter Southall Governance Services

11 Strand

London

WC2N 5HR

Email: mark.homer@psgovernance.com

2 Default Investment Arrangements

As at 5 April 2020 the DC Section of the Scheme is administered by Royal London, who is also the investment manager.

Members who do not choose an investment option for their contributions are placed into the Lifestyle fund (the “default investment arrangement”). The Trustees are responsible for the Scheme’s investment governance, which includes setting and monitoring the investment strategy for the Scheme’s default investment arrangement.

Details of the objectives and the Trustees’ policy regarding the default investment arrangement can be found in a document called the “Statement of Investment Principles” (“SIP”). The Scheme’s SIP covering the default investment arrangement is attached to this annual statement regarding governance.

The aims and objectives of the default investment arrangement, as stated in the SIP, are as follows:

- To generate investment growth in excess of price inflation over the long-term;
- To reduce the potential variability of returns as members approach retirement; and
- As members approach retirement, to reduce uncertainty in the level of cash at retirement and post-retirement income that will be paid to members.

In order to meet these aims and objectives the Trustees have considered the membership profile of the Scheme and, as noted above, chose a Lifestyle fund as the default investment arrangement. The Lifestyle approach is designed to ‘lock in’ accumulated investment growth in a member’s retirement pot as a member gets closer to their retirement date. As such it involves investing in riskier assets in the period furthest away from retirement. As a member gets closer to retirement, in this case 15 years before, switching from these riskier assets into less risky ones, such as cash or fixed interest, that aren’t as likely to be affected if the investment markets were to fall sharply, helps to lock in the investment growth, during the period up to retirement.

The Royal London lifestyling approach works as follows:

- Between 15 and 10 years from retirement, the weightings reduce gradually from UK Equity 100% to Managed 100%
- More than 10 years from retirement - Managed 100%
- More than 5 years from retirement - Deposit 5%, Fixed Interest 15%, Managed 80%
- More than 4 years from retirement - Deposit 10%, Fixed Interest 30%, Managed 60%
- More than 3 years from retirement - Deposit 15%, Fixed Interest 45%, Managed 40%
- More than 2 years from retirement - Deposit 20%, Fixed Interest 60%, Managed 20%
- At retirement - Deposit 25%, Fixed Interest 75%

In addition to the default strategy, there are a number of Royal London funds that members can self select and these are the RLP Deposit Fund, RLP Fixed Interest Fund, RLP Managed Fund and RLP UK Equity Fund. These funds also make up the component parts of the Lifestyle Fund.

As all assets are managed in pooled funds, the Trustees accept that the assets are subject to the investment managers' policies on social, environmental or ethical considerations relating to the selection, retention and realisation of investments.

The default strategy and the performance of the default investment arrangement were not reviewed during the period covered by this statement. There has not been a detailed review of the default strategy during the period covered by this Statement. However at the Trustees' Meeting held on 28 February 2019 the Trustees discussed a report prepared by Broadstone dated 18 February 2019, which confirmed that the existing strategy and use of the current lifestyling approach, that targets 25% in the deposit fund and 75% in the fixed interest fund was the most appropriate for those individuals approaching retirement, taking into account the membership profile of the Scheme. This paper led to discussions regarding appropriateness of the current arrangements, and the Trustees reviewed the Scheme's current DC arrangements in general at their Trustees' Meeting held on 23 October 2019. At this meeting it was agreed in principle to securing the Scheme's DC benefits outside the Scheme with an Insurance Company or with an authorised DC MasterTrust. The Trustees discussed this further at the Trustees' Meeting held on 4 February 2020 and confirmed their decision to discharge the benefits of the DC Section via a bulk transfer without consent to the Smart MasterTrust arrangement. The Trustees will write to members in due course with more information on what this means to them. As part of this transfer, Smart have proposed an appropriate default arrangement to replace the existing default.

In the past, members of the DC Section had the option to make Additional Voluntary Contributions (AVCs). The investment choices are with Royal London and the same default fund, investment options and costs apply. These will also be transferred to the Smart MasterTrust.

3 Requirements for processing core financial transactions

The Trustees have received assurance from the Scheme's administrator (Broadstone Consultants & Actuaries Limited, "Broadstone") and have taken steps to try and ensure that there were adequate internal controls to ensure that core financial transactions relating to the DC Section of the Scheme were processed promptly and accurately during the Scheme Year. This includes the investment of contributions, processing of transfers out of the Scheme, transfers of assets between different investments of the Scheme, and payments to

members/beneficiaries. Royal London hold the membership data, with Broadstone keeping skeleton member records and dealing with members on a day to day basis including when they wish to take their benefits or amend their investment choice. The Scheme has a “service level agreement” (“SLA”) in place with Broadstone which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator to help meet the SLA are as follows:

- a named senior member of staff for the Scheme and clear reporting lines within the team;
- agreed checking and review procedures reflecting the size of a particular transaction or payment.

The administration team reports quarterly to the Trustees including information such as:

- detailed performance statistics, work processed, and major events over the quarter;
- details of contribution receipts and investments such that the Trustees can monitor compliance with statutory and regulatory guidelines;
- a summary of any investment decisions effected by the members.

Using this information provided by the administrators, which has been reviewed by the auditors, the Trustees are satisfied that over the period covered by this statement:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLAs;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Scheme Year.

The Trustees met on two occasions during the period and reviewed the administration reports with Broadstone. There were no new contributions paid and no new investments to monitor. There are no issues to report to members.

4 Member borne charges and transaction costs

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (“TER”). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges exclude any costs in respect of the running of the Scheme, such as administration and adviser expenses, as these are not met by the members and are met directly by the Company.

The investment management charges of Royal London's Lifestyle Strategy, as supplied by Royal London, is 1% per annum, regardless of how close to retirement members are. The investment charges and costs of the self-select Funds were also supplied by Royal London, the current investment managers for the DC Section. These have not been reviewed since last year, due to the forthcoming bulk transfer of the DC Section to a MasterTrust arrangement. The charges are set out below:

DC Section – Royal London Funds			
Fund	Management Charge	Investment Charge	TER Expenses
Deposit	1.00%	0.00%	1.00%
Fixed Interest	1.00%	0.00%	1.00%
Managed	1.00%	0.00%	1.00%
UK Equity	1.00%	0.00%	1.00%

Investment management charges are communicated annually as part of the member's annual benefit statement.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds. Information obtained from the investment manager shows that these are in a range of -0.28% to 0.12% per fund, per annum. These illustrate the implicit cost of the difference between the strike price of a deal and the mid-market asset price at the time the order was placed and include costs such as transaction taxes and broker commissions. In light of the scale of the imminent bulk transfer to a MasterTrust, the transaction costs have not been reviewed during the Scheme Year. Please note that the bulk transfer to the Smart MasterTrust is due to be completed during the Autumn of 2020.

An illustrative example of the cumulative effect over time of the relevant costs and charges on the value of a member's benefits, assuming their benefits are invested in the Lifestyle Fund, is appended to this Statement.

When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

5 Value for members assessment

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but the Trustees consider that it broadly means that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market.

In comparison with other DC investment products, the Trustees are of the view that the member-borne investment charges and transaction costs no longer represents reasonable value for members. This view contributed to the conclusion that a transfer to a MasterTrust arrangement would provide better value. A ‘Value for Members’ Assessment has not been carried out in any depth as it was anticipated that the transfer to the DC Section would be completed before this would be required. Due to delays, partly caused by the Covid19 pandemic, this will not be completed until during the Autumn of 2020. However, as part of the aforementioned overall review of the DC Section and decision to transfer the DC Section to a MasterTrust arrangement, the Trustees considered the quality of services provided by Royal London, the charging structure, member communications, administration services, investment governance and performance and scheme management and agreed at the Trustees’ Meeting held on 23 October 2019 that a MasterTrust arrangement would provide better value for the members of the DC Section.

6 Trustee knowledge and understanding

The Scheme's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee must:

- be conversant with the trust deed and rules of the Scheme, the Scheme's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally;
- have to the degree that is appropriate for the purposes of the individual properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pension and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below:

- self study, including completion of the Pensions Regulator's trustee toolkit;
- reading consultant prepared briefing notes and pension periodicals to keep up to date with topical issues;
- discussions at meetings to ensure that knowledge is tailored to the requirements of the Scheme; and
- the Trustee body includes a professional trustee, Punter Southall Governance Services ("PSGS"); and
- the Trustees received advice from their advisers during the Scheme Year when reviewing the DC arrangements of the Scheme and bulk transfer to a MasterTrust arrangement.

The combination of trustee training, the appointment of a professional trustee and advice from advisers means the Trustees were able to exercise their function as trustees of the Scheme.

Further, the Trustees consider that they have sufficient 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 to fulfil their duties.

All the Trustees are required to commit to completing the training either at the relevant meetings, or by personal study. All the lay trustees have completed, with distinction, the Pensions Regulator's Trustee Toolkit (a free online learning programme from the Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law). The professional

trustee, PSGS, is subject to the requirements of Continued Professional Development and undertakes its own training to maintain knowledge and understanding of defined contribution arrangements.

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Scheme Year. A training log is maintained in line with best practice and the training requirement is reviewed annually to ensure it is up to date.

PSGS is a professional trustee with considerable experience of DB and DC pension schemes and the governance of DC pension arrangements. I am the nominated representative of PSGS and Chair for the purposes of this Statement. PSGS and I as the nominated individual only provide independent trustee services to the Trust.

As PSGS is the professional trustee, and as Chair of the Trustee board, I have access to, and benefit from, support from the wider intellectual capital of PSGS including the significant experience available from other colleagues as well as technical resource from the Punter Southall Group. This additional resource includes working closely with the Head of Trusteeship at PSGS whose experience includes an early career in DC administration with a leading administration provider and who leads PSGS's trustee training programme for lay trustees. My own experience in pensions of over 35 years' began with a life office working in their DC pension unit-linked administration department. Our combined experience means we understand that timely and accurate administration is a cornerstone in providing a good outcome for members.

PSGS has multiple DC appointments including trusteeships of DC mastertrusts, DC single trust schemes as well as hybrid schemes and the governance of contract-based arrangements and as such we are working with the majority of the pension advisory market and use knowledge and experience gained in other schemes for the benefit of the Scheme. Our experience includes input to the design of default funds, understanding member requirements, member communications and oversight of the administration function. In addition to completing the Continuing Professional Development requirements to satisfy our own individual professional bodies such as the CII and the PMI, PSGS has AAF (Assurance Reporting) obligations and procedures that require training is undertaken, recorded and monitored to ensure that the PSGS team has the required level of trustee knowledge and understanding to undertake its duties. This includes keeping up to date with market developments, practice and changes to Regulations. Each member of the PSGS team's training logs are reviewed annually and considered to ensure that collectively our knowledge and understanding is suitable for discharging our duties. We additionally attend seminars provided by a range of providers, meet regularly with different advisers to discuss new ideas, trends and developments and read pensions periodicals.

Taking into account the combination of the experience of PSGS and the knowledge and experience of my fellow Trustees, with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers the Trustees believe they are well placed to exercise their functions as Trustees effectively and properly.

Signed



Name

Mark Homer

Date

19 August 2020

Signed by the Chair of the Trustees, on behalf of the Trustees of the Fluid Transfer International Retirement Benefits Scheme

Appendix A – Statement of Investment Principles

1. Background

Purpose of Statement	This Statement sets out the principles governing decisions relating to the investment of the assets of the Defined Contribution Section (the DC Section) of the Fluid Transfer International Retirement Benefits Scheme (the Scheme).
Nature of Scheme	The Scheme is set up under trust and registered with HM Revenue and Customs (HMRC). The Scheme has a Defined Benefit Section and Defined Contribution Section. This statement relates to the Defined Contribution Section, and a separate statement has been prepared for the Defined Benefit Section.
Compliance with Legislation	This Statement has been prepared to meet the requirements of Section 35 of the Pensions Act 1995, Section 244 of the Pensions Act 2004, the Occupational Pension Scheme (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
Availability to Members	A copy of this Statement will be made available to DC Section members on request to the Trustees of the Scheme.
Investment Advice	<p>The Trustees have obtained and considered professional advice on the content of this Statement from BBS Consultants & Actuaries Ltd (BBS), their appointed investment adviser, as well as from previous advisers. The Trustees' advisers have confirmed to the Trustees that they have the appropriate knowledge and experience to give the advice required under legislation.</p> <p>The Trustees will obtain such advice as they consider appropriate and necessary whenever they intend to review or revise this Statement.</p>
Consultation with the Principal Employer	<p>The Trustees have consulted the Principal Employer, Sturrock and Robson (UK) Limited, when setting the Scheme's investment options, and in the preparation of this Statement.</p> <p>Responsibility for maintaining the Statement and deciding on investment policy rests solely with the Trustees.</p>
Investment Powers	The Trustees' investment powers are set out in Rule 39 of the Rules of the Scheme adopted 9 November 1999, as amended. The rules imply that the Scheme's assets need to be primarily invested in policies issued by 'Recognised Insurance Companies'.

2. Investment Objectives

Investment Objectives

The Trustees' investment objectives, in relation to the DC Section, are as follows:

Investment options provided to members

The Trustees' objective is to provide members with access to a suitable range of funds that provide an appropriate range of expected risk and returns. The Trustees recognise that members are exposed to different risks at different stages of their working lifetimes and the investment policy aims to address the following risks:

- Investment Return Risk – the risk that a member is not invested in those asset classes that are expected to generate the highest returns over the long-term;
- Annuity Rate Risk – the risk that, when close to retirement, a member has not invested the part of their fund that might be used to purchase a pension in asset classes which protect against annuity rate movements;
- Lump Sum Risk – the risk that when close to retirement, a member has invested the part of their fund that might be used to provide a tax-free lump sum in those asset classes which are subject to volatility in capital-value terms; and
- Market Switching Risk – the risk that if there is to be switching between investment vehicles, a large investment switch is made a one time, thereby unnecessarily exposing members to unfavourable market pricing.

The range of funds should also offer value for money to members, have clear objectives that can be easily communicated and be sufficiently limited to avoid the risk of confusion from excessive choice.

Members who do not make their own choices

Where members do not make any investment choices, the Trustees will provide a default investment approach with the following objectives:

- To generate investment growth in excess of price inflation over the long-term;
- To reduce the potential variability of returns as members approach retirement; and
- As members approach retirement, to reduce uncertainty in the level of cash at retirement and post-retirement income that will be paid to members.

3. Principles for Setting the Investment Strategy

Investments that may be used in the DC Section

The Trustees may use a wide range of asset classes including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, money market securities and alternative asset classes, such as hedge funds, private equity and infrastructure.

The investments used will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.

The Trustees may offer options that make use of derivatives where this is for the purpose of risk or efficient portfolio management.

The Trustees may hold insurance policies, such as immediate and deferred annuities.

The Trustees may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.

Selection of Funds for use by Members

Investment decisions regarding the fund choices to be made available to members are taken by the Trustees based on advice, and taking into account the views of the Principal Employer.

In selecting funds to offer to members of the DC Section, the Trustees will consider the investment objectives, expected returns, risks and other relevant characteristics of each fund.

The Trustees regularly review the suitability of the fund options provided and, from time to time, may change investment managers or introduce additional investment options as appropriate.

Delegation to Investment Managers

The Trustees will delegate the day-to-day management of the assets to professional investment managers and are not involved in the buying or selling of investments.

Arranging Investment Transactions

The Trustees will invest, disinvest and transfer members' investments with the assistance of the Scheme's administrator, BBS.

4. The Investment Strategy

Investment Managers

The Trustees entered into a contract with Royal London Mutual Insurance Society Limited (Royal London) in September 2002 to manage the DC Section's investments.

The day-to-day investment management of the Section's assets is carried out by Royal London.

Royal London is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

Investment Options

The Trustees have made the following Royal London Pensions (RLP) pooled funds available for members to invest in and use them in constructing the default investment approach used for members who do not make an investment choice.

Asset Class	Underlying Fund
UK Equities	RLP UK Equity Fund
Multi-asset	RLP Managed Fund
Fixed Interest	RLP Fixed Interest Fund
Cash	RLP Deposit Fund

Investment Fees

The investment management charges for each of the funds available to members are set out below.

Fund Name	TER (p.a.)
RLP UK Equity Fund	1.0%
RLP Managed Fund	1.0%
RLP Fixed Interest Fund	1.0%
RLP Deposit Fund	1.0%

Benchmarks and Performance Objectives

The benchmarks and performance objectives for each of the funds available for members to invest in are given below:

5. Fund name	6. Benchmark	7. Performance objective
RLP UK Equity Fund	FTSE All Share Index	To outperform the benchmark
RLP Managed Fund	Composite benchmark made up of a number of equity, property, commodity, bond and cash indices.	To maximise real returns over a ten year period*
RLP Fixed Interest Fund	FTSE A British Govt All Stocks Index	To outperform the benchmark
RLP Deposit Fund	LIBID GBP 7 Day Index	To outperform the benchmark

*Note the RLP Managed Fund's objective is not related to its benchmark

Default Investment Approach

For members who do not wish to make an investment choice, the Trustees will provide a default investment approach. The broad aim of the default investment approach is to provide investment growth in excess of price inflation for the majority of a typical member's working life before gradually reducing the uncertainty in the level of benefits emerging as a member approaches retirement.

In choosing the default investment approach, the Trustees considered the needs of the members of the DC Section, and took advice from their previous investment advisers. The Royal London Lifestyle Fund has been chosen to target a cash benefit with 25% of the member's accumulated fund at retirement and a fixed interest holding with the remainder of the fund.

Under the default investment approach, a member's accumulated fund will be invested as follows, with phased switches to achieve the following allocations at each period prior to member's normal retirement age:

Period prior to member's normal retirement age	Investment Default Approach
More than 15 years	100% RLP UK Equity Fund
10 years	100% RLP Managed Fund
5 years	80% RLP Managed Fund 15% RLP Fixed Interest Fund 5% RLP Deposit Fund
4 years	60% RLP Managed Fund 30% RLP Fixed Interest Fund 10% RLP Deposit Fund
3 years	40% RLP Managed Fund 45% RLP Fixed Interest Fund 15% RLP Deposit Fund
2 years	20% RLP Managed Fund 60% RLP Fixed Interest Fund 20% RLP Deposit Fund
At normal retirement age	75% RLP Fixed Interest Fund 25% RLP Deposit Fund

Employer Related Investment

Neither the Trustees nor the investment manager directly hold any employer related investments, as defined by Section 40 of the Pensions Act 1995.

Additional Voluntary Contributions (AVCs)

The Trustees historically put in place arrangements for members to invest AVCs into any of the investment options available under the DC Section. There are also separate AVCs held with Equitable Life Assurance Company.

5. Expected Returns and Risks

Expected Returns

Over the long-term, the Trustees' expectations are as follows:

Asset class	Expected return
UK equities	In excess of UK price inflation, as measured by the Retail Prices Index, and in excess of the yield currently available on long-dated gilts.
Multi-asset	Similar to the return on a diversified portfolio of global equities but subject to less short-term volatility.
Fixed Interest bonds	To achieve returns broadly in line with the market yields available on purchase of the underlying government and corporate bonds assuming that they are held to redemption.
Cash	Broadly in line with rates of interest available on short-term money market instruments.

Consideration of Risks

The Trustees have considered the various risks faced by members in determining the default investment approach and in choosing the funds to be offered to members who wish to select their own investments. These include: market risk, interest rate risk, inflation risk, default risk, political risk, manager risk and fraud risk.

The Trustees consider that the default investment approach strikes a reasonable balance between seeking an appropriate level of return for members, whilst suitably mitigating key risks relative to a target benefit of a cash lump sum and annuity at retirement.

The Trustees also consider that the funds offered provide members with an appropriate range of investment approaches that enable them to express their own attitudes to risk and return.

Diversification

The Trustees believe that the default investment approach provides an appropriately diversified strategy over the course of a member's working life-time, whilst the range of investment options offered to members allows them to construct a suitably diversified investment approach, if they decide to select their own investments.

Manager Controls

The day-to-day activities that Royal London carries out for the Trustees are periodically reviewed by the fund manager and its independent auditors to ensure that their internal operating procedures, guidelines and restrictions remain appropriate.

Safe-keeping of assets is performed by external custodians on behalf of Royal London, and the ongoing appointment of the custodians is reviewed by Royal London from time to time.

Manager Security

The Trustees have considered the corporate structure of the Investment Manager and the investment structures of the pooled funds in which members of the DC Section invest in. The Trustees consider that the financial strength of the fund manager and the protection offered to members to be reasonable and appropriate.

Monitoring and Management of Risks

The Trustees will monitor the investment faced by the DC Section with the assistance of their investment advisers at least every three years.

In addition, the Trustees will review wider operational risks as part of maintaining

their risk register.

6. Responsible Investing, Governance and Engagement

Financially Material Considerations Related to Environmental, Social and Governance Considerations	<p>The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which members invest. In turn, ESG issues can and will have a material financial impact on the returns provided by those assets.</p> <p>The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager will consider ESG issues in selecting investments, or will otherwise engage with the issuers of the underlying holdings of the DC Section on such matters in a way that is expected to improve the long-term return on its assets.</p> <p>The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive regular information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.</p> <p>With regard to the specific risk to performance of the investments of the DC Section associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees will continue to monitor market developments in this area in conjunction with their adviser.</p>
Views of Members and Beneficiaries	<p>The DC Section is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the underlying funds used by members.</p>
Engagement and Voting Rights	<p>Responsibility for engagement with the issuers of the underlying investment holdings, including the use of voting rights, is delegated to the Investment Manager. The Trustees can therefore only indirectly influence engagement and voting policy.</p> <p>The Investment Manager provides information to the Trustees on its actions in relation to engagement and use of voting rights. The Trustees are therefore aware of the policies adopted by the Investment Manager.</p>
Capital Structure of Investee Companies	<p>Responsibility for monitoring the make up and development of the capital structure of investee companies is delegated to the Investment Manager. The Trustees expect the extent to which the Investment Manager monitors these capital structures to be appropriate to the nature of the mandate.</p>

Conflicts of Interest

The Trustees maintain a separate conflicts of interest policy and register.

Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Manager, while also setting out a process for their management.

Incentivisation of Investment Managers

The Investment Manager is remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

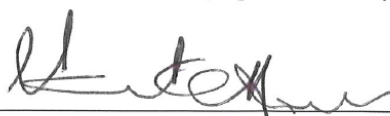
Neither the Trustees nor the members directly incentivise the Investment Manager to align the approach it adopts for a particular fund with the policies and objectives of the Trustees and/or members. Instead, the Investment Manager is selected so that the returns produced are expected to meet the investment objectives of members.

Neither do the Trustees or members directly incentivise the Investment Manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expect such assessment of performance and engagement to be undertaken as appropriate and necessary to meet members' investment objectives.

7. Review and Monitoring

Frequency of Review	The Trustees will review this Statement at least every three years or if there is a significant change in the DC Section's circumstances of the regulations that govern pension scheme investment.
Monitoring the Investment Strategy and Manager	<p>The Trustees employ BBS to assist in monitoring Royal London, and to help review the investment options and default investment approach.</p> <p>The Trustees receive reports from Royal London, and meets with its representatives to review investment performance and processes.</p> <p>The Trustees will monitor Royal London's performance against their stated performance objectives.</p> <p>The appropriateness of the Investment Manager's remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the default and fund options, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.</p>
Portfolio Turnover Costs	<p>The Trustees expect the Investment Manager to change underlying holdings only to an extent required to meet its investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.</p> <p>The Trustees therefore do not set a specific portfolio turnover target for the underlying funds used by members.</p> <p>The Investment Manager can provide information on portfolio turnover and associated costs to the Trustees so that this can be monitored, as appropriate.</p>
Review of Investment Manager	The Trustees will consider on a regular basis whether or not Royal London has the appropriate knowledge, philosophy, experience and processes to continue to manage the investments on behalf of members.
Information from Investment Manager	Royal London will supply the Trustees with sufficient information to enable the Trustees and their advisers to monitor the financial and non-financial performance of the underlying funds used by members.

Signed



Name

Andrew G. Howarth

Date

30 - 9 - 2019

On behalf of the Trustees of the Fluid Transfer International Retirement Benefits Scheme

Appendix B – Illustrative Example

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out below illustrations of the impact of charges and transaction costs on the default lifestyle strategy, as that is where most members are invested. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

Current Age: 40		
£	Default Lifestyle Strategy	
Future Age	Before charges	After all charges + costs deducted
40	20,000	20,000
45	23,656	22,561
50	27,980	25,450
55	32,474	28,165
60	36,633	30,287
63	37,741	30,308
65	37,140	29,242

Assumptions:

- The starting pot size is assumed to be £20,000.
- Future price inflation is assumed to be 2.5% each year in the period up to the member's retirement. The projected pension pot values are shown in today's term, and do not need to be reduced further for the effect of future inflation.
- The projected growth rates for each fund are as follows:
 - RLP UK Equity Fund: 3.5% above inflation each year
 - RLP Managed Fund: 2.5% above inflation each year
 - RLP Fixed Interest Fund 1% below inflation each year
 - RLP Deposit Fund 1.75% below inflation each year

- Values shown are estimates and not guaranteed.
- Any regular charges deducted from the funds are assumed to remain at current level (noted above on page 4).