



St. Modwen Pension Scheme

September 2021

Annual Governance Statement for the year ending 5 April 2021

Defined Contribution Section



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INTRODUCTION

This statement sets out how the Defined Contribution (“DC”) Section of the St. Modwen Pension Scheme (“the **Scheme**”) has complied with the DC governance requirements introduced in April 2015 under Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, between 6th April 2020 and 5th April 2021 (the ‘**Scheme Year**’).

In preparing this Statement, information has been gathered from the following organisations:

- Legal & General Assurance Society Limited (“L&G”); and
- Barnet Waddingham LLP

The investment and administration of the DC Section of the Scheme is structured as an insurance policy with L&G, known as the WorkSave Pension Trust. L&G also provide bespoke member communications and access to a range of online member facilities.

Barnet Waddingham LLP is the Trustee’s Investment Adviser.

The Scheme is used by St Modwen Properties Limited in compliance with its Automatic-Enrolment requirements under the Pensions Act 2008.

In preparing this Statement, consideration has also been given to the Pensions Regulator’s ‘A quick guide to the chair’s statement’ and to the Department for Work and Pensions guide on ‘Reporting of costs, charges and other information’, both published in September 2018. A copy of the Scheme’s latest Statement of Investment Principles (“SIP”) can be found at <https://www.stmodwen.co.uk/about-us/policies-and-governance/pension-statements/> for your information. Please note this latest SIP was updated in September 2020.

During the Scheme Year the Scheme has been governed by a Trustee Company, St. Modwen Pensions Limited (Company number 00878604) (the “Trustee”), whose directors (the “Trustee Directors”), were Mr Raymond Hill, Mrs Lesley Henderson, Mr Alastair Budd, Mr Richard Edwards and Dalriada Trustees Limited – an independent, professional trustee company. Mrs Lesley Henderson resigned as a Trustee Director after the Scheme Year end on 10 May 2021. The Trustee Directors met 5 times during the Scheme Year - 10th June 2020, 3rd Sept 2020, 3rd Dec 2020, 29th January 2021 & 11 March 2021.

DEFAULT ARRANGEMENT

A ‘Default investment arrangement’ is one which is designed for and offered to members of the Scheme who do not choose an alternative investment option themselves and into which the contributions for these members are invested.

As outlined in the 2019 Annual Governance Statement, the Trustee and its advisors, Barnett Waddingham LLP, completed a full review of the suitability of the Default investment arrangement in 2018 and the new Default investment arrangement was implemented in July 2019.

This section of the Annual Governance Statement is intended to outline the Scheme’s Default investment arrangement after this change.

Description of Default Investment Arrangement

The 2018 Default investment review concluded with the decision to implement the ‘Pathway Journey Plan 2’ as the Scheme’s new Default arrangement, provided by Legal and General Investment Management Ltd (“LGIM”). The ‘Pathway Journey Plan 2’ investment arrangement is designed for and offered to members of the Scheme who do not choose an alternative investment option and are undecided about their retirement approach.

When deciding upon the design of the Default investment arrangement, the Trustee took into account the fact that most members do not make active investment decisions and therefore most members will be invested in the default investment arrangement, which aims to provide an investment solution that represents good value and secures good outcomes for members over the long-term. As at 31st March 2021, 92.57% of members were invested in the Scheme's default investment arrangement.

L&G's Pathway funds, including the 'Pathway Journey Plan 2' are constructed from a range of Target Date Funds ("TDF"). TDFs mix several different types of investments, which gradually get more conservative over time as members near their selected retirement date.

There are four investment phases; 'growth', 'steady growth', 'preparing for retirement' and 'retirement', depending on how close the member is to retirement. Over time, as the member's pension fund moves through the four phases, the proportion of riskier investments, such as equities, is decreased and the proportion of less risky investments, such as government and corporate bonds, is increased.

L&G's Pathway funds are put together using a range of TDFs which target 5-year 'windows', rather than a specific date. The Trustee believes this approach is more suitable as only few members will know exactly when they expect to retire. However, please ensure the retirement date you have selected is as accurate as you can be. This will then ensure that the target date for you is as accurate as possible.

In comparison to the previous Default investment arrangement, the mechanics of the 'Pathway Journey Plan 2' are more tailored and specific to how members intend to access their pension savings.

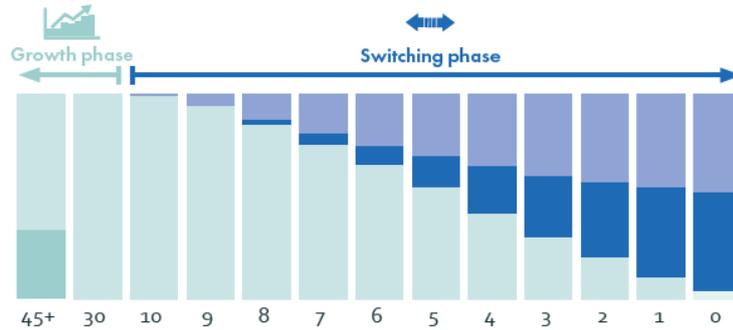
The 'Pathway Journey Plan 2' is not an investment fund, it is a pre-designed process (also referred to as an investment arrangement or strategy) that invests in a number of L&G funds which automatically change overtime to achieve the target outcome. The target outcome for the Pathways Journey Plan 2 process is for members to take some tax-free cash and income directly from their pension fund and keep the rest invested, i.e., via an income drawdown arrangement.

The 'Pathway Journey Plan 2' process invests in L&G's Generation 3 funds, e.g., L&G PMC 2015 - 2020 Pathway Fund 3. When reviewing L&G's fund list and Transaction Costs, the relevant funds for the 'Pathways Journey Plan 2' process are L&G's Generation 3 funds.

As detailed last year, the Trustee concluded that the 'Pathway Journey Plan 2' is likely to suit most members' needs. This option offers flexibility and is especially suitable for those members who are undecided about how and when they plan to retire. This Journey Plan is most suitable for members who wish to take some tax-free cash and income directly from their pension fund and keep the rest invested, i.e., via an income drawdown.

The chart overleaf illustrates how the 'Pathway Journey Plan 2' fund's investment mix changes, gradually to be more conservative over time, by moving from the growth phase investments to the switching phase investments, as members near their selected retirement date.

Pathway Journey Plan 2 – Income Drawdown (Default)

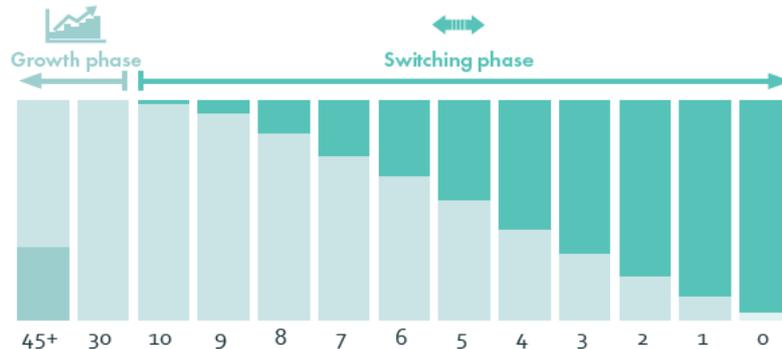


Growth phase investments													
Diversified Equity Fund (%)	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Multi-Asset Fund (%)	66.7	100.0	98.8	94.0	85.7	75.9	65.7	54.6	42.6	31.2	20.9	11.9	
Switching phase investments													
Retirement Income Multi Asset Fund (%)	0.0	0.0	0.0	0.0	1.0	4.6	8.8	14.6	22.0	29.3	36.1	42.3	47.0
Inflation Sensitive Pre-Retirement Fund (%)	0.0	0.0	1.2	6.0	13.3	19.5	25.5	30.8	35.4	39.5	43.0	45.8	47.9

Although the 'Pathway Journey Plan 2' fund is the Scheme's Default fund, members are able to invest in L&G's other Pathways funds:

Pathway Journey Plan 1 - Annuity

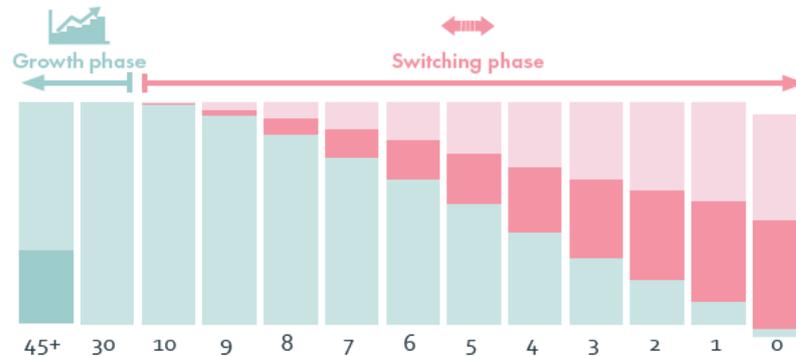
The Pathway Journey Plan 1 fund is an option designed for members who plan to use 25% of their pension savings for a tax-free cash sum and the balance to buy a guaranteed income for life (or annuity). Again, the pathway gradually switches the investment to be more conservative over time, as members near their selected retirement date, but targets the outcome of the member's fund then being used to purchase a guaranteed income for life, rather than drawing income directly from their pension fund and keeping the rest invested.



Growth phase investments													
Diversified Equity Fund (%)	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Multi-Asset Fund (%)	66.7	100.0	98.8	94.0	85.7	75.9	65.7	54.6	42.6	31.2	20.9	11.9	
Switching phase investments													
Inflation Sensitive Pre-Retirement Fund (%)	0.0	0.0	1.2	6.0	14.3	24.1	34.3	45.4	57.4	68.8	79.1	88.1	94.9

Pathway Journey Plan 4 - Cash

Pathway Journey Plan 4 is designed for members who plan to take all their pension savings as a single cash lump sum at, or close to their retirement. Again, the pathway gradually switches the investment to be more conservative over time, as members near their selected retirement date but targets the outcome of the member's entire fund then being paid as a cash lump sum, rather than being used to purchase a guaranteed income for life or drawing income directly from their pension fund and keeping the rest invested. If taking this option please remember only 25% of the fund is tax free, the remaining 75% is taxable.



Growth phase investments		45+	30	10	9	8	7	6	5	4	3	2	1	0
Diversified Equity Fund (%)		33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multi-Asset Fund (%)		66.7	100.0	98.8	94.0	85.7	75.9	65.7	54.6	42.6	31.2	20.9	11.9	5.1
Switching phase investments		45+	30	10	9	8	7	6	5	4	3	2	1	0
Short-Dated Credit Fund (%)		0.0	0.0	0.6	3.0	7.2	12.1	17.2	22.7	28.7	34.4	39.6	44.1	47.5
Sterling Liquidity Fund (%)		0.0	0.0	0.6	3.0	7.1	12.0	17.1	22.7	28.7	34.4	39.5	44.0	47.4

Self-select Funds

The full list of self-select funds available to St Modwen members, including the charging information and transaction costs is provided on page 9 of this statement.

Review of Strategy and Performance of Default Arrangement

The Trustee monitors the investment performance of the Default investment arrangement at every DC focused meeting (at least twice a year) to ensure that investment returns (after the deduction of any charges) are consistent with the aims and objectives of the default arrangement and to check that it remains appropriate given the Scheme's membership. This is supported by the quarterly reports provided by Barnett Waddingham and recorded in the minutes of the Trustee's meetings.

At least every 3 years and without delay after any significant change in investment policy or demographic of membership, the Trustee carries out a formal strategic review of the default arrangement. The strategy of the default arrangement was not reviewed during this Scheme Year. The last full review of the performance and strategy of the default arrangement was undertaken on 7 December 2017 and completed on 1 July 2019. The Trustee is satisfied that the default arrangement remains appropriate but will be commencing the next strategic review later this year.

Statement of Investment Principles

The Statement of Investment Principles ("SIP") governs decisions about investments and explains the aims and objectives of the Trustee, which are intended to ensure that the money held in the Scheme is invested in the best interests of members and beneficiaries. It also describes the strategy and objectives for the default arrangement and the self-select

funds. The SIP can be found online at <https://www.stmodwen.co.uk/about-us/policies-and-governance/pension-statements/>. The SIP has been prepared in accordance with the Pensions Act 1995 and The Occupational Pension Schemes (Investment) Regulations 2005.

Self-Select Funds

As part of the 2018 investment review the Trustee conducted a member survey and considered the responses received alongside analysis of the evolution of the behaviours of DC members as reflected in the market data available from the Association of British Insurers, as well as Barnett Waddingham's membership segmentation and analysis of the Scheme's data. From this, the Trustee, having received advice from Barnett Waddingham, devised a self-select fund list for Scheme members, recognising that no single default investment strategy can be designed to suit the needs of all Scheme members.

The Trustee monitors the performance of the self-select funds, in which the members invest, at each meeting, supported by the L&G quarterly governance reports and investment advice from Barnett Waddingham.

CORE FINANCIAL TRANSACTIONS

The Trustee has a duty to ensure that "core financial transactions" relating to the Scheme are processed promptly and accurately, and that the controls in place are reported to members.

Core financial transactions include, but are not limited to:

- Investment of contributions;
- Transfer of member assets into and out of the Scheme;
- Transfers between different investments within the Scheme; and
- Payments to and in respect of members and beneficiaries.

The Trustee has, in accordance with its powers under the rules of the Scheme, delegated the day to day administration of the Scheme, including the processing of core financial transactions, to the Scheme administrator, L&G. During the reporting period, the following arrangements have been made to ensure that core financial transactions are processed promptly and accurately:

- Investment fund administration and custody of assets is undertaken by L&G;
- The Trustee has in place with the Scheme's administrators and investment managers a Service Level Agreement which includes relevant key performance indicators (KPIs) regarding the accuracy and timescales for processing core financial transactions;
- The Trustee receives quarterly governance reports from the Scheme's administrators which set out the administrators' performance against the KPIs in the service level agreement, including in relation to accuracy and timeliness of processing;
- The reports also note any errors identified by the administrators in relation to the processing of core financial transactions, together with the steps taken to rectify those errors and any changes to the administrators' processes which have been implemented to ensure that there is no repetition of such errors;
- The governance reports also monitor the timely receipt of contributions;
- The Trustee regularly reviews the L&G quarterly governance reports.

Service Level Agreements

The Trustee has a contract with the Scheme administrator and has agreed the service level standards set out in the table below. Breaches of these standards are reported to the Trustee:

Core financial transaction	Length of time to process
Processing Joiner Files	24 hours
Investing Contributions	24 hours
Processing Investment Switches	24 hours
Processing Lump Sum Payments	5 working days
Processing Transfers Out	5 working days

The overall service level target is to complete 95% of all tasks within the above timescales.

The Trustee receives quarterly Governance Reports from the Scheme administrator, which report on the administration of the Scheme over the reporting period, including details of the core financial transactions over the period. The Trustee reviews these reports and investigates any errors or delays, to decide if any action is required e.g. the Trustee would ask for explanation of the breach, details of what caused the breach and the controls put in place to stop it re-occurring.

The Trustee has continued to closely monitor the performance of L&G throughout the COVID 19 pandemic and the periods of Lockdown and is satisfied that the Scheme administrator is performing core financial transactions promptly and accurately.

The results detailed within the most recent Governance Report for the Scheme are provided on pages 20 and 21 of this statement.

Independent Audit

The Trustee has appointed an independent auditor, Cooper Parry Group Ltd, to carry out an audit of a sample of the Scheme's transactions. This includes the core financial transactions that have taken place during the Scheme year. The auditor has also carried out some sample checking of the investment switching in the default fund to ensure that switching occurs as intended.

The Trustee's Assessment of Core Financial Transactions

Overall, the monitoring and reporting activities undertaken, along with the independent sources of assurance (e.g., the audited Scheme accounts) allow the Trustee to be confident that the core financial transactions were processed promptly and accurately during the Scheme Year. The Trustee is also satisfied that L&G's response to the COVID-19 pandemic has been appropriate and satisfactory.

Additional Disclosures

In addition, acknowledging that the Trustee needs accurate member data for the processing of member benefits, contributions, and payments, the Trustee has carried out analysis of 'common data' and 'scheme specific data' (as defined by the Pensions Regulator). This helps the Trustee ensure the integrity of member data that is processed by the Scheme administrator on behalf of the Board.

L&G reported 98% common data accuracy with a number of addresses recorded as 'gone away'. The scheme-specific data accuracy is 100% (rounded). With the assistance of the Employer, the Trustee has addressed this small number of data gaps where possible.

L&G also perform daily bank reconciliations for all Scheme bank accounts. The purposes of these reconciliations is to ensure that all transactions processed through the bank accounts (money in and out) can be accounted for. Any transactions which cannot be accounted for are investigated and corrected if required.

CHARGES AND TRANSACTION COSTS

The Trustee has a duty to tell you about the member borne charges and transactions costs for the investments used in the default arrangement and the self-select funds, and to assess the extent to which these charges and costs represent good value for money for members.

In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs.

Default arrangement:

Members invested in the Pathways options (in any of the three Journey Plans) pay an ongoing annual fee of 0.19% on their invested funds.

Self-select funds:

The below table sets out the level of charges (%) applicable to the range of self-select funds:

Fund	Fund Management Charge % p.a.	Annual Management Charge % p.a.*	Additional Annual Expenses e.g. custodian, legal, accounting costs % p.a.	Total Expense Ratio i.e. the total charge %p.a.
L&G PMC Global Equity Market Weights 30:70 Index 3	0.14	0.2	0	0.34
L&G PMC Over 15 Year Gilts Index 3	0.08	0.2	0	0.28
L&G PMC UK Equity Index 3	0.10	0.2	0	0.30
L&G PMC Over 5 Year Index Linked Gilts Index 3	0.08	0.2	0	0.28
L&G PMC World (Ex-UK) Equity Index 3	0.12	0.2	0	0.32
L&G PMC Cash 3	0.09	0.2	0	0.29
L&G PMC World Emerging Markets Equity Index 3	0.25	0.2	0	0.45
L&G PMC BMO Responsible Global Equity Fund 3	0.74	0.2	0	0.94
L&G PMC M&G PP All Stocks Corporate Bond 3	0.36	0.2	0	0.56
L&G PMC Multi-Asset 3	0.13	0.2	0	0.33
L&G PMC Threadneedle Dynamic Real Return Fund 3	0.55	0.2	0	0.75
L&G PMC Property 3	1.23	0.2	0	1.43

*There is no Annual Management Charge for active non-casual employees as this is met directly by the Employer. The remaining categories of members are subject to an Annual Management Charge levied by L&G of 0.20% per annum. This is a reduced rate negotiated as part of the 2018 review of the Default arrangement. For active non-casual employees, the Total Expense Ratio is therefore 0.2% p.a. less than in the table above.

Transaction Costs

The charges referred to above do not include transaction costs. These are costs which fund managers incur when buying, selling, borrowing or lending the assets that make up the investment funds. In addition, investment and disinvestment costs are paid when members buy and sell funds. These costs are paid by members.

Due to the way in which transaction costs have been calculated, it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term, the Trustee has shown any negative figure as zero.

Illustration of Costs and Charges Over Time

To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations:

- The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.
- Pot size: pot sizes of £2,000, £7,000 and £17,000 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500) of DC Section members as at 5 July 2021.
- Active members and deferred members: illustrations have been provided for active members assuming total regular contributions of 9% of pensionable salary, and for deferred members assuming no future contributions.
- Pensionable salary: a starting pensionable salary of £25,000 has been used for the illustrations that represent active DC Section members. Pensionable salary is assumed to grow at 2.5% per year.
- Investment options: the investment options selected for the illustrations include the most popular by number of members, the highest charged fund, and the lowest charged fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost to 31 March 2021	Aggregated transaction costs**
L&G PMC 2050 – 2055 Pathway Fund 3	Most popular option (by members)	0.10% - 0.90% *	0.15% (Actives) 0.35% (Deferreds)	0.10%	0.06%
L&G PMC Property 3	Highest charged option	2.00%	1.23% (Actives) 1.43% (Deferreds)	0.00%	0.00%
L&G PMC Over 15 Year Gilts Index 3	Lowest assumed investment return (jointly) and lowest charge	-1.80%	0.08% (Actives) 0.28% (Deferreds)	0.00%	0.01%
L&G PMC World Emerging Markets Equity Index 3	Highest assumed investment return	2.50%	0.25% (Actives) 0.45% (Deferreds)	0.02%	0.01%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2021 Statutory Money Purchase Illustrations (SMPIs).

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations.

- Timeframe: the majority of illustrations are shown over a 50-year time frame as this covers the approximate duration that the youngest member would take to reach retirement age. The exception to this is the illustration for the L&G PMC 2050-55 Pathway Fund 3, which as a time frame of 35 years as members are not expected to be invested in this fund for longer than 2055.

Guidance to the illustrations:

- For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.
- Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.
- Values shown are estimates and not guaranteed.
- The starting date for the illustrations is 5 April 2021.
- The illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

L&G PMC 2050-2055 Pathway Fund 3

This is part of the default strategy for the DC Section and the most popular choice by number of members.

Illustration basis	Years of membership	Starting pot size £2,000		Starting pot size £7,000		Starting pot size £17,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£13,047	£12,971	£17,998	£17,873	£27,901	£27,676
	10	£24,211	£23,948	£29,172	£28,810	£39,094	£38,533
	15	£35,882	£35,314	£40,936	£40,217	£51,043	£50,023
	20	£47,809	£46,813	£52,962	£51,762	£63,268	£61,661
	25	£60,027	£58,476	£65,287	£63,476	£75,806	£73,478
Starting pensionable Salary: £25,000	30	£73,226	£70,966	£78,652	£76,074	£89,504	£86,289
	35	£87,781	£84,628	£93,444	£89,905	£104,770	£100,460
	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£1,981	£1,941	£6,932	£6,795	£16,835	£16,503
Deferred member	10	£1,984	£1,907	£6,945	£6,574	£16,868	£16,209
	15	£2,021	£1,904	£7,075	£6,666	£17,183	£16,188
Contribution level: 0%	20	£2,061	£1,904	£7,214	£6,663	£17,520	£16,183
	25	£2,104	£1,905	£7,363	£6,668	£17,882	£16,193
	30	£2,170	£1,927	£7,596	£6,744	£18,448	£16,378
	35	£2,265	£1,972	£7,928	£6,901	£19,253	£16,759

Note on how to read this table: If an active member had £7,000 invested in this option on 5 April 2021, when they came to retire in 20 years, the savings pot could be worth £52,962 if no charges are applied but £51,762 with charges applied.

L&G PMC Property 3

This is the highest charged investment option with the DC Section.

Illustration basis	Years of membership	Starting pot size £2,000		Starting pot size £7,000		Starting pot size £17,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member Starting pensionable Salary: £25,000 Contribution level: 9%	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£13,410	£12,954	£18,608	£17,850	£29,005	£27,642
	10	£25,272	£23,681	£30,677	£28,475	£41,485	£38,063
	15	£37,605	£34,184	£43,223	£38,879	£54,460	£48,268
	20	£50,426	£44,469	£56,267	£49,066	£67,950	£58,260
	25	£63,756	£54,540	£69,828	£59,041	£81,974	£68,044
	30	£77,614	£64,402	£83,927	£68,809	£96,554	£77,624
	35	£92,021	£74,058	£98,584	£78,374	£111,712	£87,006
	40	£106,999	£83,514	£113,823	£87,740	£127,471	£96,192
	45	£122,571	£92,773	£129,665	£96,911	£143,854	£105,187
50	£138,760	£101,839	£146,136	£105,891	£160,887	£113,995	
Deferred member Contribution level: 0%	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£2,079	£1,939	£7,277	£6,788	£17,674	£16,484
	10	£2,162	£1,880	£7,566	£6,581	£18,374	£15,984
	15	£2,247	£1,823	£7,866	£6,382	£19,103	£15,498
	20	£2,336	£1,768	£8,178	£6,188	£19,860	£15,028
	25	£2,429	£1,714	£8,502	£6,000	£20,647	£14,572
	30	£2,525	£1,662	£8,839	£5,818	£21,466	£14,129
	35	£2,625	£1,612	£9,189	£5,641	£22,316	£13,700
	40	£2,730	£1,563	£9,553	£5,470	£23,201	£13,285
	45	£2,838	£1,515	£9,932	£5,304	£24,121	£12,881
50	£2,950	£1,469	£10,326	£5,143	£25,077	£12,490	

Note on how to read this table: If an active member had £7,000 invested in this option on 5 April 2021, when they came to retire in 20 years, the savings pot could be worth £56,267 if no charges are applied, but £49,066 with charges applied.

L&G PMC Over 15 Year Gilts Index 3

This is the lowest charged investment option and the fund within the DC Section with the (joint) lowest assumed return (gross of costs and charges).

Illustration basis	Years of membership	Starting pot size £2,000		Starting pot size £7,000		Starting pot size £17,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£12,290	£12,258	£16,754	£16,700	£25,681	£25,586
	10	£21,476	£21,372	£25,461	£25,320	£33,430	£33,215
	15	£29,677	£29,471	£33,234	£32,979	£40,349	£39,995
	20	£36,998	£36,668	£40,173	£39,785	£46,525	£46,019
	25	£43,533	£43,062	£46,368	£45,832	£52,039	£51,371
	30	£49,368	£48,744	£51,899	£51,205	£56,961	£56,127
	35	£54,577	£53,793	£56,836	£55,980	£61,355	£60,353
	40	£59,227	£58,279	£61,244	£60,222	£65,278	£64,109
	45	£63,378	£62,266	£65,178	£63,992	£68,780	£67,446
Starting pensionable Salary: £25,000 Contribution level: 9%	50	£67,084	£65,808	£68,691	£67,342	£71,906	£70,411
	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£1,785	£1,759	£6,249	£6,158	£15,176	£14,955
	10	£1,594	£1,548	£5,579	£5,417	£13,548	£13,157
	15	£1,423	£1,362	£4,980	£4,766	£12,095	£11,574
	20	£1,270	£1,198	£4,446	£4,193	£10,798	£10,182
	25	£1,134	£1,054	£3,969	£3,688	£9,639	£8,958
	30	£1,012	£927	£3,543	£3,245	£8,605	£7,880
	35	£904	£816	£3,163	£2,855	£7,682	£6,933
	40	£807	£718	£2,824	£2,511	£6,858	£6,099
Deferred member Contribution level: 0%	45	£720	£631	£2,521	£2,209	£6,122	£5,365
	50	£643	£555	£2,251	£1,944	£5,466	£4,720

Note on how to read this table: If an active member had £7,000 invested in this option on 5 April 2021, when they came to retire in 20 years, the savings pot could be worth £40,173 if no charges are applied, but £39,785 with charges applied.

L&G PMC World Emerging Markets Equity Index 3

This is the fund within the DC Section with the highest assumed return (gross of costs and charges).

Illustration basis	Years of membership	Starting pot size £2,000		Starting pot size £7,000		Starting pot size £17,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£14,464	£14,357	£20,378	£20,198	£32,206	£31,879
	10	£29,207	£28,792	£36,202	£35,615	£50,192	£49,259
	15	£46,644	£45,653	£54,918	£53,623	£71,465	£69,561
	20	£67,269	£65,349	£77,055	£74,658	£96,628	£93,275
	25	£91,664	£88,356	£103,239	£99,229	£126,389	£120,976
	30	£120,519	£115,230	£134,210	£127,931	£161,592	£153,334
	35	£154,648	£146,621	£170,842	£161,458	£203,228	£191,131
	40	£195,016	£183,289	£214,169	£200,620	£252,477	£235,281
	45	£242,763	£226,122	£265,417	£246,366	£310,727	£286,853
Starting pensionable Salary: £25,000 Contribution level: 9%	50	£299,237	£276,154	£326,033	£299,801	£379,625	£347,095
	0	£2,000	£2,000	£7,000	£7,000	£17,000	£17,000
	5	£2,366	£2,314	£8,280	£8,100	£20,108	£19,671
	10	£2,798	£2,678	£9,793	£9,372	£23,783	£22,761
	15	£3,309	£3,098	£11,583	£10,844	£28,131	£26,336
	20	£3,914	£3,585	£13,701	£12,548	£33,273	£30,474
	25	£4,630	£4,148	£16,205	£14,519	£39,355	£35,261
	30	£5,476	£4,800	£19,167	£16,800	£46,549	£40,800
	35	£6,477	£5,554	£22,671	£19,439	£55,058	£47,210
	40	£7,661	£6,427	£26,815	£22,493	£65,122	£54,626
Deferred member Contribution level: 0%	45	£9,062	£7,436	£31,717	£26,027	£77,026	£63,208
	50	£10,718	£8,604	£37,514	£30,115	£91,106	£73,137

Note on how to read this table: If an active member had £7,000 invested in this option on 5 April 2021, when they came to retire in 20 years, the savings pot could be worth £77,055 if no charges are applied, but £74,658 with charges applied.

VALUE FOR MEMBERS (VFM)

Regulations require trustees to make an assessment of charges and transaction costs borne by members and the extent to which those charges and costs represent good 'Value for Members'.

Generally, trustees should assess the extent to which the charges and costs represent 'good value' during the Scheme Year, by considering the level of member borne charges against the benefits attributable to such charges and costs.

As for the previous Scheme Year and to comply with regulations, the Trustee has received an in-depth Value for Member assessment from Barnett Waddingham LLP, the Trustee's Investment Adviser.

In the report dated August 2021 Barnett Waddingham LLP states:

"We believe that overall the Scheme continues to represent excellent value for members.

The work the Trustee has undertaken to introduce a further option to members 'at retirement' via signposting to a cost-effective flexi-access drawdown solution continues to enhance our assessment that the Scheme offers excellent value.

We believe that the fund charges remain appropriate and competitive but should be kept under review on an ongoing basis. The Scheme's Annual Management Charge (AMC) is 0.20% p.a. This is met by the Employer for 'active non-casual' members of the DC Section. Therefore, the relative value for these members is excellent. Even where members meet the AMC, the relative value is still very good."

As mentioned above, following advice received from Barnett Waddingham during the Scheme Year, the Trustee agreed to introduce a sign posted 'at retirement solution' for flexi-drawdown. This will be via the Legal and General WorkSave Master Trust – Pension Access Scheme and will provide members with relatively seamless access to a drawdown facility. The Trustee are currently working with Barnett Waddingham and Legal and General to implement this arrangement and will shortly be communicating details to members.

TRUSTEE KNOWLEDGE AND UNDERSTANDING (TKU)

The Trustee is required to maintain appropriate levels of knowledge and understanding.

The Trustee therefore has measures in place to ensure compliance with the requirements regarding its knowledge and understanding including investment matters, pension and trust law. This, together with the advice available from service providers, enables the Trustee to exercise its functions and run the Scheme properly and effectively.

All new trustees are provided with a training plan and aim to complete the Pension Regulator’s tool kit within six months of their appointment and there are no concerns regarding the level of knowledge and understanding of the Trustee board overall.

Training needs is an item on each meeting agenda to allow the Trustee Directors to identify any knowledge gaps by being asked whether they would benefit from any specific training.

Ad-hoc training is provided as and when required. The Trustee reviews the trust deed and rules, SIP and all other documents setting out the Trustee’s current policies as appropriate to ensure they have a good working knowledge of these documents.

The non-professional Trustee Directors maintain a training log, documenting the date, content, training provider and Trustee Directors in attendance.

All professional trustee representatives of Dalriada Trustees Limited are professionally qualified and maintain up-to-date CPD with an emphasis on the skills and knowledge required to act as a professional trustee.

Taking into account the knowledge and experience of the Board together with the specialist advice received from the appointed professional advisors (including the investment consultants, and legal advisers), the Trustee believes it is well placed to properly exercise its functions as Trustee of the Scheme.

The Trustee Directors must be conversant with the Scheme’s own documentation including the Trust Deed and Rules and Statement of Investment Principles. The Trustee Directors must also be conversant with any other document recording current policy relating to the Scheme generally. The Pensions Regulator interprets ‘conversant’ as having a working knowledge of those documents such that the Trustee is able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustee.

This requirement has been met during the course of the Scheme year as the Trustee has undertaken ongoing training, both as a group and individually to keep abreast of relevant developments. During the year, the Trustee completed the following:

Requirement	How met
Trustees must have appropriate knowledge and understanding of the law relating to pensions and trusts and the funding and investment of the assets	<p>The Trustee Directors consider their annual training plan on a quarterly basis at each meeting, which includes specific consideration of whether any further training is required in respect of these statutory areas.</p> <p>In addition, the Trustee Directors receive updates from their advisors at regular Trustee meetings and throughout the year to keep abreast of recent developments in these areas. They are also required to complete The Pension Regulator’s Trustee Tool Kit and any new/revised relevant modules released.</p>

Requirement	How met
	<p>During the year the Trustee Directors undertook ongoing training both as a group within the regular meetings. The current training log is included in this statement on page 22.</p> <p>For Dalriada Trustees Limited, each Trustee Representative records their ongoing training in accordance with the Dalriada Learning & Development structure.</p>
<p>Trustees must be conversant with the Scheme's own documentation including the Trust Deed and Rules, Statement of Investment Principles and current policies</p>	<p>The Trustee Directors undertake a quarterly evaluation of training requirements, which includes specific consideration of whether any further training is required in respect of these documents.</p> <p>The Trustee Directors have been provided with copies of all key Scheme documentation.</p> <p>Business plan/ risk register is considered at every trustee meeting.</p> <p>For Dalriada Trustees Limited, each Trustee Representative records their ongoing training in accordance with the Dalriada Learning & Development structure, which includes specific consideration of whether any further training is required in respect of these documents, and others e.g. the risk register, which is considered at every trustee meeting.</p>
<p>Knowledge and resources generally</p>	<p>The Trustee comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the issues that may arise in respect of DC pensions.</p> <p>The Trustee's investment advisor reports quarterly on the performance of the Scheme's investments and on their views regarding the Scheme's funds and their managers.</p> <p>The Trustee Directors receive email bulletins and quarterly updates from its advisors including the latest developments affecting defined contribution pensions, which helps to keep their knowledge and understanding up to date.</p> <p>Dalriada Trustees Limited comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the issues that may arise in respect of DC pensions.</p>

The table above shows how these duties have been fulfilled and how the combined knowledge and understanding, together with the advice which is available to the Trustee enables them to properly exercise their duties and responsibilities.

Signed for and on behalf of St Modwen Pensions Limited.

Date

Signature

Chairman

LINKS TO FURTHER INFORMATION

Legislation

<http://www.legislation.gov.uk/ukxi/1996/1715/part/PARTV/chapter/CHAPTER1>

TPR Guidance

<https://www.thepensionsregulator.gov.uk/en/trustees/managing-dc-benefits/6-communicating-and-reporting/#6662df02d32046b292360baf721cb1a2>

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/chair-statement-quick-guide-new.ashx>

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/chair-statement-quick-guide-appendix.ashx>

<https://www.thepensionsregulator.gov.uk/en/trustees/managing-dc-benefits/5-value-for-members>

DWP Guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/557888/charge-cap-guidance.pdf

<https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes/a>

Statement of Investment Principles - <https://www.stmodwen.co.uk/about-us/policies-and-governance/pension-statements/>

Appendix 1 – L&G Service Level Agreement performance 1st January 2021 – 31 March 2021

Appendix 2 – Trustee Training Log – June 2021

Appendix 1
Extract from L&G Governance Report

▶ ADMINISTRATION PERFORMANCE.

COMMITMENT.

Legal & General commits to provide a robust and timely level of service to the trustees in relation to the administration of your pension scheme. This document outlines the component parts of Legal & General's service standards and contact management as they relate to your scheme to ensure service excellence.

SERVICE STANDARDS.

For the period between 1 January 2021 and 31 March 2021.

Legal & General undertake to ensure that 95% of all processes identified below are completed within the defined Service Level Agreements.

PROCESS	SERVICE TARGET	COMPLETED IN TARGET	NOT COMPLETED IN TARGET	TOTAL	SERVICE LEVELS (SLA)	AVERAGE DAYS OUTSIDE OF SLA (FOR CASES NOT COMPLETED IN TARGET)
JOINER FILES	24 hours	3	0	3	100%	-
CONTRIBUTION FILES	24 hours	3	0	3	100%	-
CASH ALLOCATION	24 hours	3,289	0	3,289	100%	-
MATURITY PACK	5 working days	4	1	5	80.00%	7
RETIREMENT QUOTE	5 working days	-	-	-	-	-
RETIREMENT PAYMENT	5 working days	-	-	-	-	-
DRAWDOWN QUOTE	9 working days	-	-	-	-	-
DRAWDOWN PAYMENT	10 working days	-	-	-	-	-
LUMP SUM QUOTE	5 working days	7	0	7	100%	-
LUMP SUM PAYMENT	5 working days	2	0	2	100%	-
DEATH QUOTE	5 working days	-	-	-	-	-
DEATH PAYMENT	5 working days	-	-	-	-	-
ILL HEALTH QUOTE	5 working days	-	-	-	-	-
ILL HEALTH PAYMENT	5 working days	-	-	-	-	-

PROCESS	SERVICE TARGET	COMPLETED IN TARGET	NOT COMPLETED IN TARGET	TOTAL	SERVICE LEVELS (SLA)	AVERAGE DAYS OUTSIDE OF SLA (FOR CASES NOT COMPLETED IN TARGET)
SERIOUS ILL HEALTH QUOTE	5 working days	-	-	-	-	-
SERIOUS ILL HEALTH PAYMENT	5 working days	-	-	-	-	-
DIVORCE QUOTE	5 working days	3	1	4	75.00%	2
DIVORCE PAYMENT	5 working days	-	-	-	-	-
TRANSFER QUOTE	5 working days	-	-	-	-	-
TRANSFER PAYMENT	5 working days	6	1	7	85.71%	1
LEAVER OPTION PACK	5 working days	30	0	30	100%	-
SHORT SERVICE REFUNDS	5 working days	-	-	-	-	-
SURRENDER	5 working days	-	-	-	-	-
TRANSFERS IN (BULK)	Agreed individually with ER, case by case	-	-	-	-	-
TRANSFERS IN (INDIVIDUAL)	5 working days	3	0	3	100%	-
CUSTOMER UPDATES & ENQUIRIES	5 working days	95	3	98	96.94%	16
STATEMENTS	5 working days	-	-	-	-	-
INVESTMENT MANAGEMENT (SWITCHES)	24 hours	4	0	4	100%	-

Appendix 2
Trustee Training Log – Training Undertaken

Date	Training Log	R Hill	A Budd	R Edwards
March 2016	Investment strategy review, undertaken by Xafinity	X		
March 2016	Integrated risk management (IRM), undertaken by Xafinity and Dalriada Trustees	X		
May 2016	Investment manager selection, undertaken by Xafinity	X		
June 2016	Investment transitions, undertaken by Xafinity	X		
December 2016	Actuarial factors, undertaken by Barnett Waddingham and Dalriada Trustees	X		
December 2016	DC governance, undertaken by Dalriada Trustees	X		
June 2017	Integrated Risk Management and Valuation Process	X		
September 2017	DC Investment Training and Legal Update	X		
December 2017	Legal update, undertaken by Squire Patton Boggs, valuation journey planning by Dalriada Trustees, Target Date Funds presentation by LGIM and Barnett Waddingham	X		
March 2018	DC Strategy Update undertaken by LGIM, Valuation Journey planning by XPS, GDPR training.	X		
July 2018	LDI Strategy & Pooled LDI fund selection, undertaken by XPS	X		
September 2018	DC Fund Self Select update undertaken by BW	X		
December 2018	DC Asset Transition Update by BW	X	X	X

January 2019	Legal Update undertaken by SPB	X	X	X
March 2019	ESG, CMA Output & Journey Planning undertaken by XPS	X	X	X
June 2019	Trustee Report & Accounts, undertaken by Dalriada Trustees.	X	X	X
September 2019	Impact of Gilt Yields on scheme funding, undertaken by Dalriada Trustees.	X	X	X
December 2019	GMP Equalisation Training undertaken by Dalriada Trustees.	X	X	
March 2020	DC Investment Monitoring	X	X	X
September 2020	Valuation Results Update by BW and DC Investment Monitoring	X	X	X
December 2020	Mortality Analysis by BW	X	X	X
March 2021	Investment Strategy Review by XPS, DC Investment Monitoring, Flexi-access drawdown options	X	X	X
June 2021	CETV and Commutation Factor Advice Review by DTL	X	X	X