

THE ANNUAL GOVERNANCE STATEMENT 2022

This Statement has been prepared by the Trustee of “Cromwell Group (Holdings) Limited Retirement Benefits Scheme” (‘the Scheme’) in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustees have met the statutory defined contribution (DC) governance standards during the Scheme year ended 31 July 2022.

The Trustees continually review and assess systems, processes, and controls across key governance functions to determine whether these are consistent with those set out in the Pensions Regulator’s:

- Code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits
- Regulatory guidance for defined contribution schemes.

Additionally, the Trustees review periodically whether there have been any changes to the Regulations, to ensure they are working towards meeting the highest standards expected of them.

To aid the Trustees they are currently assessing the presence of the DC Code of Practice standards using the Pensions Regulator’s self-assessment template. Their findings are documented and discussed during the annual Trustee meeting.

The template sets out the key quality features that underpin both the code of practice and regulatory guidance which The Pensions Regulator considers should be present in well-governed pension schemes.

Sufficient Knowledge and Understanding

20-20 Trustee Services Limited are the Sole Professional Trustee of the Scheme. There following changes were made to the Trustee post year end:

Name	Date of appointment	Date of resignation
Jonathan Jones	24 January 2018	28 February 2023
Antony Miller	15 April 2014	
Antonio Gusmao	3 August 2022	28 February 2023
Naomi L’Estrange	29 April 2014	
Julia Yates	15 January 2020	
Duncan Willsher	15 January 2020	
Nadeem Ladha	15 January 2020	
Angela Winchester	15 October 2021	

Actions taken by the Trustees to gain the appropriate knowledge and understanding required to effectively run the Scheme with good governance.

- All Trustees have completed the online Trustee Toolkit including the new modules or amended modules as they are added or changed. In addition, the Trustees will revisit modules to refresh their knowledge periodically as necessary.
- The Trustee is a professional company with several directors, all of whom keep their knowledge up to date by attending seminars and reading material from the Regulator and other pension service providers.
- 20-20 Trustees work for a broad range of clients and are familiar with the law relating to pensions and trusts. This can be demonstrated through the qualifications held by the Trustee and their continued involvement with many pension schemes.
- The Trustees receive regular training and are encouraged to identify gaps in their knowledge.
- The Trustees receive regular investment training and receive manager presentations.

- The Trustees maintain a training register to keep a log of all training undertaken. The log is assessed from time to time to identify knowledge gaps.
- The Trustees are conversant with the Trust Deed and Rules and the powers granted to them.
- The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules by having access to the documents on their online directory and providing decisions in line with the Rules. If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Scheme's Lawyers.
- The Trustees are conversant with the Statement of Investment Principles for the time being maintained under Section 35 of the Pensions Act 1995.
- The Trustees keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.
- The Trustee has a training program for all their staff and are subject to independent audit on their controls and processes through the AAF02/07 reporting. As part of the AAF process the Trustee is required to confirm that the current team have appropriate level of knowledge and understanding to be able to represent 20-20 as Trustee of the Scheme. The Trustee maintains a log of both required and voluntary training.
- The Trustee seeks advice on its arrangements from its appointed professional advisers.
- 20-20 Trustee Services Limited operate a governance framework which includes policies on how the Trustee will deal with conflicts, manage risk, ensure key tasks are completed in time and deal with member complaints. The Trustee reviews these documents on an annual basis to ensure they are still suitable and makes any changes as required. The Trustee will also be undertaking a review of the DC section against the code of practice 13 requirements.
- All Trustees are accredited under the **APPT Accreditation Scheme for professional Trustees and as such, have received the Association of Professional Pension Trustees (APPT).**

During the Scheme year the Trustees have met the requirements of Section 247 and 248 of the 2004 Act (requirement for knowledge and understanding) by holding regular Trustee meetings, with at least one per year set aside for monitoring the Scheme governance and ensuring it is run in accordance with the Scheme rules and in line the Pensions Regulator's guidance notes. Additional ad hoc meetings by conference call or as a 'special' meeting are also held when required.

The Trustee, together with assistance from their professional advisers, use their combined knowledge and understanding of Pension Law, specific Scheme documentation, legal requirements and the Pensions Regulator's guidance to ensure that the Scheme is run effectively and members' benefits are paid in accordance with the Scheme rules and to carry out the fiduciary duties required of them. This combined knowledge helps the Trustees to ensure that good Scheme governance is a priority and where any improvements can be made to existing procedures and processes. The Trustees knowledge of the Scheme rules ensures that they can consider non-standard benefit request options and whether this is permissible under the current rules and whether legal opinion is required and / or a rule change needed.

Ensuring good governance helps the Trustees determine whether the Scheme is good value for money and whether members and beneficiaries are being treated fairly and seeks to safeguard the interests of all members and beneficiaries.

The Trustees currently use the Pension Regulator's Self-assessment template – "Presence of DC code standards" to assess whether they can improve further their Scheme governance and whether better practices can be established.

Administration Standards & Core Financial Transactions

- The Trustee has appointed professional advisers and have delegated the day to day running of the Scheme.

- The Trustee is aware that the responsibility of the running of the Scheme remains with them and they have implemented adequate internal controls, which are reviewed periodically.
- The Trustee has appropriate service agreements in place with their advisers and are aware of their key contacts.
- The Trustees use a reputable professional pensions administration service who are trained and completely conversant with the Scheme's Trust Deed and Rules
- Service agreements set out the scope of work covered by professional appointments. Royal London, the appointed administrators of the DC section of the Scheme, work to industry standards providing timely turnaround times for both non-financial and financial matters.

a) SLA with professional advisers Royal London – Key Terms:

1. To provide retirement benefits to our members in accordance with the Rules of the Cromwell Group (Holdings) Ltd Retirement Benefit Scheme for all Employees, and relevant legislation and regulations.
2. To manage the DC Scheme assets on behalf of the Trustees.
3. To report any breaches or maladministration to the Trustees once identified.
4. To meet the agreed service level standards.

b) Processes adopted by Royal London to meet the SLA targets:

1. Dedicated investment team who carry out checks on investments.
2. Ensure that member benefits are invested in line with the member's instruction
3. To provide an annual report to the Trustee confirming the transactions that have taken place within the Scheme year

c) Issues arising during the scheme year and how they were resolved:

1. There have been no issues or breaches of the requirements on these core financial transactions during the 2021-2022 Scheme year.

It is worth noting that in the prior year, winding up lump sums (WULS) were settled from the DC Scheme, however the DC scheme wind up is now on hold as some of these members are in scope as part of the wider DB rectification project, which includes the bulk transfer DC members. This could mean that those that took a WULS may be due further benefits from the Scheme. This error is likely to give rise to an unauthorised payment for any members that may be due additional benefits from the Scheme. Investigations into the data error are still ongoing and regular Trustee meetings are being held with their advisers to establish the full scope of the DB data rectification work and how this will impact on this group of members.

d) Plan for resolving any unresolved issues during the scheme year:

As noted above there were no breaches of the requirements on the core financial transactions that took place during the 2021 – 2022 Scheme year. However, the administrators of the DB section of the Scheme are carrying out review of the benefits as part of a wider data rectification project. Once the data has been reviewed and the correct entitlement is known, the administrators will check whether the transfer value from the DB to the DC fund reflects the member's correct entitlement.

Royal London have already confirmed that they are unable to accept any top ups to the members existing funds and therefore the Trustee will need to secure the additional benefits with another provider.

The unauthorised payments in respect of the WULS members will also need to be addressed once the data issues have been resolved. The Trustee has already made the Scheme Lawyer aware of the situation and will seek advice on how to treat these members specifically.

e) Reporting to Trustees

1. The Trustees receive the annual review from Royal London post year end.

- The Trustee has considered all areas of risk and specifically risks of significant impact such as, fraud (including pension liberation), investment, management of costs, administration, regulatory requirements, operational procedures, communications and member understanding, corporate activity relevant to the Scheme (including employer covenant) and options at retirement.
- The Trustees identify, evaluate, manage, and monitor risk. By incorporating risks identified into a risk register they are categorised in accordance to its likelihood of occurring and the potential impact it would have if it did occur.
- The Trustees have recently reviewed all their data management procedures and those of their service providers. The Trustee can confirm that both them and their providers have a post 25 May 2018 data protection policy currently in place.
- In line with Anti-Money Laundering regulations the Trustees hold an up to date register of beneficial owners.
- The Trustees use dual authorisation banking process for all investment and benefit payments.
- Any errors are resolved immediately.
- Where errors have been identified the Trustee has established a plan together with their advisors to rectify any issues.
- The Trustees require the Insurers to provide details on potential forthcoming retirements
- All data is backed up daily.
- Member files are stored electronically.
- All financial transactions are subject to annual audit requirements as part the Trustees' Annual Report and Accounts.

In accordance with regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustees have reviewed their core financial transactions to ensure that they continue to be processed promptly and accurately. There have been no notifiable events arising during the year.

Costs and Charges borne by members

In accordance with regulation 25(1)(a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustees are required to calculate the charges and transaction costs paid by members and assess the extent to which these charges paid by members represent good value for money.

Explicit charges paid by members are the fund annual management charges, range from 0.69% to 1.45% depending on the fund selected. The higher management charges relate to the Deposit Admin fund, which is a subset of the Scottish Life with profits fund and its aim of to maximise the return on its long-term investments. The maximum fund charge currently utilised is 1.45%.

Members are not charged additional fees on entry or exit from any of the investment funds available to them providing they remain invested in that asset class for 12 months and there are no dilution levies payable.

All investment funds have "transaction costs" which are not charged directly to the investor (member). However, these charges are taken from the fund and therefore reflected in the performance of the fund and in the overall return received by the investor (member).

Different funds have different levels of transaction costs depending on the number of assets that are bought or sold within the fund. It is generally expected that the more actively a fund buys and sells assets the higher the transaction fees will be.

A full list of charges for the current Royal London funds in use (including the transaction charges during the period from 1 August 2021 to 31 August 2022) are available by request.

The investment providers' annual management charges will be assessed as part of the DC review, where the Trustees will consider the current charges against other providers in the market.

Full details of the annual management charges on each of the funds available to members are documented and stored on Royal London's website under the Investment section which does not require a member to login.

The funds available for investment on the Trustee Investment Platform are pooled funds which are provided through insurance contracts. As such they do not have International Security Identification Numbers (ISINs).

The Scheme's Statement of Investment Principles, was last reviewed in February 2023, which was prepared in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and regulation 2A (default investment strategy) of the Occupational Pension Scheme (Investment) Regulations 2005.

The annual management fees (along with transaction fees) payable by members at each stage of the lifestyle strategy are covered in below. Members do not pay towards any of the administration costs of running the Scheme, these are met by the Employer separately.

Although Members do not directly cover the other costs associated with the Scheme, as these are met by the Employer, the Trustees carefully consider the other costs incurred and monitor these to ensure the Employer receives good value too.

	RLP Deposit Fund	RLP Fixed Interest Fund	RLP UK Equity Fund	RLP Managed Fund	Royal London With Profits Fund
Aim	Designed to outperform its benchmark	Designed to outperform its benchmark	Designed to outperform its benchmark	The fund is designed to maximise "real returns" over a ten-year period.	See below
Investment process	The fund invests in money market instruments. These may include cash, bank deposits and very short-term fixed interest investments. There may be periods when the return available from money market instruments is less than the plan charge which will result in a negative return from this fund.	The fund invests in a spread of fixed interest investments including government and corporate bonds. A bond is a loan made to a company or government agency for a defined period at a specific interest rate. The fund can invest in longer and shorter-term bonds as appropriate.	The fund invests in shares of UK companies from all economic sectors. The main emphasis will be on shares in companies quoted on the London Stock Exchange. The core of this fund is invested in a FTSE 350 Tracker fund with the remainder being invested in other actively managed UK equity funds.	The fund is a mixed asset fund which invests in another Royal London Asset Management (RLAM) funds. The manager ensures the maximum potential for capital growth exists for the given level of risk. The underlying investments include the Global Managed, Property, Medium (10yr) Index Linked and Medium (10yr) Corporate Bond funds.	

Management style	Active	Active	Active	Active	
Benchmark	LIBID GBP 7 Day Index	FTSE A British Govt All Stocks Interest	FTSE All Share Index	See below*	
Fund Management Charge	1.00%	1.00%	1.00%	1.00%	
Investment Expenses	0.00%	0.00%	0.00%	0.00%	
Total Expense Ratio	1.00%	1.00%	1.00%	1.00%	

* 30.25% FTSE World, 19.25% FTSE All Share Index, 5.50% MSCI EM Leaders, 12.5% ABI UK - UK Direct Property, 5% Bloomberg Commodity Index, 5% BofA Merrill Lynch Global HY Constrained GBP Hedged Index, 5% Various FTSE Actuaries UK Conventional Gilt Indices that are blended together to reflect a 10 year investment horizon, 5% Various FTSE Actuaries UK Index-Linked Gilt Indices that are blended together to reflect a 10 year investment horizon, 5% Various Markit iBoxx Sterling Non Gilts Indices that are blended together to reflect a 10 year investment horizon, 7.50% SONIA

RLP Crest Growth Plan

Under the Crest Growth plan contributions are invested in units of the Pension Investment Funds which participate in the investment performance of Royal London.

Under a Crest Growth account, all or part of the members retirement savings in that account may be pooled with those made by other investors in unit-linked funds. The With-Profits fund is invested in a mixed portfolio which includes company shares (both UK and overseas), Government and other bonds and property. The aim of the investment strategy is to maximise the long-term return on investments for with profits policyholders whilst recognising the need for the fund to meet the guarantees provided to policyholders.

Royal London work out the value of the investment in each unit-linked fund based on the total number of units the member has in the fund and the bid price (the price at which Royal London sell units). If the price rises or falls, so will the value of the investment in the unit-linked fund.

Members can switch any funds held in a Crest Growth account between our unit-linked and with profits funds to change the mix of their investments, although there may be conditions and a charge for doing so. Royal London do not currently charge for a switch of investments, but this is subject to change.

In exceptional circumstances, Royal London have the right to delay a transfer of the member's retirement savings out of the plan, a switch of their investments or a request for retirement savings not at the member's normal retirement date. Royal London would only do this to protect the interests of everyone invested in that fund.

Please note that the Crest Growth part of the plan qualifies for ProfitShare.

Table 1 shows the current overall investment mix and how Royal London have changed the mix of the investments backing the asset shares of with profits policies in the With Profits fund since 2015.

Table 1

	Company shares %	Property %	Government and other bonds %	Cash and other investments %
31/12/2021	54	15	31	0
31/12/2020	44	13	36	7
31/12/2019	49	12	36	3
31/12/2018	47	13	37	3
31/12/2017	51	12	33	4

Expenses

Before the contributions are used to buy units, they are adjusted by the allocation rate which is dependent upon the size and type of the contribution.

Units in the funds are bought using the Offer price and sold using the Bid price, which is 5% lower.

Each Pension Investment is subject to an annual fund management charge of 1% deducted daily and reflected in the Fund price.

Increase in fund value

Where an Individuals Account is invested in one or more of the Pension Investment Funds its value at any time will depend on market conditions and may fall as well as rise.

The below table provides an illustrative example of the cumulative effects over time of charges and costs borne by members. Three separate periods of accumulation have been considered for the illustrations covering a 30-year period, a 20-year period and a 10-year period.

Occupational pension scheme - typical paid-up member data**Table 1**

This table shows the projected value of a typical member's plan in the current scheme as at 01/04/2022.

Projected pension pot in today's money				
Fund choice				
Default Fund				
Years	Value of payments made, no investment	Before Charges	After all charges + costs deducted	
1	£ 28,143	£ 29,600	£ 29,600	
3	£ 26,787	£ 31,400	£ 31,300	
5	£ 25,496	£ 33,300	£ 33,200	
10	£ 22,535	£ 38,500	£ 38,200	
15	£ 19,918	£ 44,500	£ 44,000	
20	£ 17,604	£ 51,500	£ 50,700	
25	£ 15,560	£ 59,500	£ 58,300	
30	£ 13,752	£ 68,800	£ 67,100	
35	£ 12,155	£ 79,500	£ 77,200	
40	£ 10,743	£ 91,900	£ 89,000	

Table 2

This table shows the projected growth rate for each fund as at 01/04/2022.

Fund choice	Investment name	Investment growth rate	Plans with this investment	AMC	Transaction costs*
Default fund	BALANCED RETIREMENT INVESTMENT STRATEGY	2.9%	27	1.00%	0.11%

*Transaction costs are incurred by asset managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account via the daily unit price for each Royal London fund your policy is invested in.

Transactions costs are not available for all funds because the information has not been provided by all of our external fund management partners.

The transaction costs shown are the maximum transaction costs incurred for each strategy over the lifetime of the policies.

Notes

- The projected pension values are shown in today's terms and take into account the effect of future inflation, which we've assumed will be 2.5%.
- The starting pot size is assumed to be £28,847 and that no further contributions will be made.
- Lifestyle strategies reduce how much exposure is placed upon the retirement savings the closer the member gets to their chosen retirement age. Plans are invested in company stocks and shares in the early years and the closer they are to their retirement, are gradually switched into other assets. And whilst this reduces their exposure to the stock market, the expected growth rate can change depending on how long is left until retirement. Within these projections we've calculated these on a single equivalent growth rate using an average time to retirement over a full projection period.
- Values shown are estimates and are not guaranteed.
- Member data, including the fund value and contribution levels were last reviewed on 01 April 2022.
- TERs and transaction costs provided by Royal London are correct at 01 April 2022.

Default arrangement

Lifestyle strategies recognise that, as retirement approaches most people will want to reduce the risk to their retirement savings. As such, lifestyle strategies aim to provide maximum investment growth in the early years (often by investing in company stocks and shares). As retirement approaches, investments are gradually switched into other asset classes to help reduce exposure to the stock market.

Royal London offer three traditional lifestyle strategies:

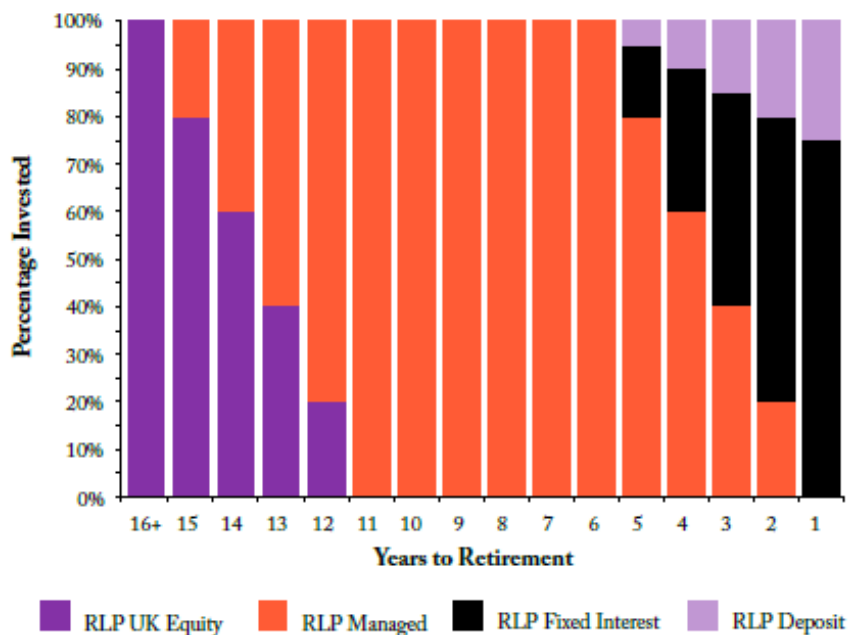
- The Balanced Retirement Investment Strategy
- The Cautious Retirement Investment Strategy
- The Opportunity Retirement Investment Strategy.

The default fund for this Scheme is the 'Balanced Retirement Investment Strategy'.

Switching between each phase of retirement investment strategies is free, automatic and takes place over a period to minimise the effects of buying into or selling out of a particular market when values are at extreme highs or lows.

Starting at a given date before the member's selected retirement age (65), existing funds are switched annually. This strategy initially invests solely in the RLP UK Equity fund. Investments are then gradually switched into the RLP Managed fund which gives access to a wider mix of markets, including property. In the later years, investments are switched into the RLP Fixed Interest and Deposit funds.

The latest asset allocation is detailed in the following chart. Royal London's expectation is that the high level of fixed interest investments will be maintained in the future.



* For protected rights contributions the RLP Deposit fund is replaced by the RLP Fixed Interest fund. Protected rights contributions were National Insurance Contributions funded by the Department for Work and Pensions which were paid into the members plan if you were previously contracted out of the State Second Pension.

Royal London have based this default investment on the Department for Work and Pensions (DWP) guidelines, to give comfort that the default investment solution is in line with the regulator's recommendations. The current strategy is due to be reviewed this year to ensure it remains a suitable default for members invested in it.

The Trustee and their advisors monitor the performance of the default option at various stages in the lifestyle cycle, against its benchmark and general market performance and will raise and discuss any concerns they have

and whether action should be taken. The next full review of the default option will take place during the annual review of the Scheme governance during 2023.

Full details of the Default Option and how it works are documented and stored on the Royal London's website under the Investment section which does not require a member to login.

Copies of all Factsheets are available to members on request.

Communicating with members

- The Trustees endeavour to provide Scheme communication that is accurate, clear, understandable, and engaging.
- The Trustees, with their advisers, carefully consider all member communications and review common communications periodically (such as retirement quotation packs and benefit statements). The Trustees work closely with the Scheme advisers to try to ensure member interests are understood and represented in all decision making.
- Members are regularly informed about the importance of reviewing their investment choices where there is the option to do so.
- Extensive retirement packages are sent to members which cover all disclosure requirements, including clear details of the retirement choices available to them, how they work and details of the Government's Money Helper service.
- In addition to annual benefit statements, Newsletters are sent to all members providing details of current issues in pensions.
- Ad hoc announcements are sent periodically as the Trustees deem necessary
- The Trustees always advise members to seek independent financial advice when considering taking their benefits from the Scheme.
- The Trustees regularly warn members about pension scams in their communications.
- The Trustee is required to provide members with information on the effect of costs and charges on their pension pot. This information is publicly available on the following website <https://2020Trustees.co.uk/chair-statement-cromwell/> and members are directed towards this information in their annual benefit statements.
- In accordance with the Trustee's legal obligations under the Data Protection Act 2018, we are required to provide members with some information about the data we hold and what we intend to do with it. A copy of the Trustee's current privacy policy can be accessed via the following link: <https://2020Trustees.co.uk/privacy-policy/>
- The Trustees have previously issued their privacy notice covering General Data Protection Regulation requirements to all members.

Signed: Martin Collins

Nadeem Ladha

Date: 21 March 2023