The IMS (UK) Pension Plan
The Chair's Annual Governance Statement ('Statement')

This Statement has been prepared by the Trustee of the IMS (UK) Pension Plan (the 'Plan') to demonstrate how the Trustee has complied with the governance standards introduced under the Occupational Pension Schemes (Charges and Governance) Regulations 2015 in respect of the Money Purchase section of the Plan (the 'Money Purchase Section'). The Statement covers the period from 6 April 2020 to 5 April 2021 (the 'Plan Year').

This Statement is not relevant for the Final Salary section of the Plan (the 'Final Salary Section'), except for additional voluntary contributions (AVCs), which Final Salary Section members may have paid in the past.

Default Arrangements

The Trustee is responsible for the Plan's investment governance, which includes setting and monitoring the investment strategy for the Plan's default investment arrangements. In order to do this the Trustee maintains a dedicated Statement of Investment Principles (SIP) for the Plan. This document contains important information such as the Trustee's aims and objectives in relation to the default arrangements, its policies in relation to the types of investments to be offered, how risks will be measured and managed etc. The SIP was formally updated by the Trustee on 25 September 2020. The current SIP is appended to this Statement and is also available at the following website: https://iqvia.pensions-directory.co.uk/

The objective of the default arrangements, as stated in the SIP, is to provide capital growth for members in the early years of their career and then de-risk into a more diversified portfolio as members approach retirement, in expectation that members will opt for an income drawdown focused retirement proposition and therefore want to retain some investment risk at retirement.

The Plan is not being used as an automatic enrolment vehicle. All new members are required to make an investment decision on joining the Money Purchase Section. However, during the Plan Year the Plan had three funds/strategies classified as default arrangements:

1. 15-year lifecycle strategy: drawdown focused
2. LGIM Pre-Retirement Fund – following the 2015 investment review, members invested in the LGIM Over 15 Year Gilts Index had their assets automatically moved into this fund.
3. LGIM Global Equity Market Weights (30:70) Index Fund - following the 2015 investment review, members invested in the LGIM UK Equity Index and LGIM World (ex UK) Equity Index had their assets automatically moved into this Fund.

The Trustee started the investment strategy review on 3 November 2020 (with the previous review taking place in 2017), which included a review of the current default strategy, the drawdown focused lifecycle. In January 2021 the Trustee analysed the Money Purchase Section's member demographics, which included member risk tolerance and predicted retirement activity. The results of the review found that there was now a more diverse population of member (a higher number of older and younger members) which means a range of investment options with varying degrees of risk should continue to be made available. The Trustee, in conjunction with its advisors, concluded that the current drawdown-targeted lifecycle remains appropriate as the default strategy.

The second stage of the investment strategy review took place in April 2021, following the outcome of the member survey completed in Q1 2021 which focused on members' views about ESG (Environmental, Social and Governance). The main purpose of this review was to decide whether it would be beneficial to integrate ESG considerations into the Money Purchase Section investment range, taking into account member views from the survey. The Trustee came to a decision that changes would be made to the global equity design, and that ESG would be integrated into the new default strategy. The review has continued after the reporting period; more information will be provided in next year's Statement.

Investment Monitoring

The Trustee reviews the performance of all the Plan's Money Purchase funds, including those underlying the lifecycle strategies, every quarter. A more detailed assessment of the Investment Managers is also included with the fund performance monitoring on an annual basis. In conjunction with the Trustee's advisers, the performance of the Investment Managers is compared against the agreed performance objectives. The Trustee may decide to replace an Investment Manager if it feels it is appropriate.

In July 2020, following advice from its investment adviser, the Trustee arranged for a transfer of all members in the Utmost AVC arrangement to the LGIM fund range administered by Capita. This was following the previous move from the Equitable Life With-profits Fund into the Secure Cash Fund with Utmost. Members invested either:

- In line with their current investment instructions, where a Capita pension record was already held for the member; or
- Into the Plan's default lifecycle strategy, where the member did not previously have a Capita pension record. The decision to use the default strategy was to allow the relevant members a degree of growth, gradually switching into a lower volatility position approaching retirement.

Core Financial Transactions

The Trustee has appointed Capita to provide administration services for the Plan. The Trustee has received assurance from Capita and has taken steps to try and ensure that core financial transactions have been processed promptly and accurately during the Plan Year. 'Core financial transactions' include (but are not limited to):

- Investment of contributions in the Plan;
- Transfers of assets relating to members into and out of the Plan;
- Transfers of assets relating to members between different investments within the Plan; and
- Payments from the Plan to, or in respect of members.

The Plan has a service level agreement ("SLA") in place with Capita which covers the processing of all core financial transactions. In order to help it meet its SLAs, Capita has a dedicated administration team for the Plan and all administration tasks are logged and automatically monitored by a workflow system that is managed by a senior member of the dedicated team. All financial and investment transactions are processed and then checked (with an additional level of review undertaken where amounts are over certain limits.) All financial transactions processed are reviewed, with transactions over £250,000 receiving an additional review from senior personnel who are authorised to approve such transactions.

Capita's Finance team monitors the bank accounts daily. The separate Scheme Event team at Capita manage the processing of contributions. All investment and banking transactions are checked and sanctioned separately before they are actioned to ensure that all core financial transactions are processed promptly and accurately. The SLA for investing contributions is five working days from reconciliation and ten working days from date of receipt of the contributions into the Trustee bank account. A similar checking process is implemented for regular core financial transactions, for example, where a member requests a transfer and provides all the relevant transfer forms, a processor will review the documentation and a list of risk checks. After which, they will raise the transaction on the member's record. This transaction cannot be sanctioned by the same person who has processed the payment as the administrator's systems restrict this. A checker will then review the documentation and the payment and subject to all being correct will then authorise and sanction the transaction.

During the Plan Year, the Trustee closely monitored the Plan's core financial transactions through the quarterly administration reporting provided by Capita to ensure that no issues arose, and the Trustee continues to be engaged with Capita to improve the service experienced by the Plan. Quarterly administration reporting is tabled at all Trustee Board meetings and the administrator attends these meetings. Quarterly reporting includes the relevant monthly contribution dates of payment and investment so that the Trustee can monitor the end-to-end process for contribution payments. The average SLA rating over the Plan Year was 96% (for the full Plan and not just the Money Purchase Section members).

Capita employs an independent auditor to prepare an annual report (AAF Report) on their internal controls. The report covers all processes and the 2020 report confirmed that Capita's descriptions of services was fairly presented. The controls were designed, implemented and operated effectively throughout the Plan Year.

Where any complaints or issues arise, these are reported to the Trustee in the quarterly reporting in detail, including the resolution status. Capita will also raise any specific service issues directly with the Plan Secretary with a service recovery approach to be agreed. In addition, a representative from Capita attends the quarterly meetings to discuss service levels and future plans. During the Plan Year there were no justified complaints that related to core financial transactions.

The Plan's Accounts are also audited annually by the Plan's appointed auditors.

Based on the above, the Trustee is satisfied that the Plan's core financial transactions have been processed promptly and accurately during the Plan Year.

Charges and transaction costs

The Trustee is 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. The stated charges exclude any administration costs since these are not met by members.

The Trustee is 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 Plan's fund managers buy and sell assets within investment funds.

The level of charges applying to members during the Plan Year ranged from 0.10% p.a. to 0.46% p.a. (for example if you have £1,000 invested you will be charged £1 a year based on a 0.10% charge). The charges and transaction costs are set out below and rounded to the nearest basis point:

Default arrangements:	**% Total member borne deductions (Annual Management Charge plus additional expenses)**	**Transaction costs to 31 March 2021***
Lifecycle: Drawdown focused	0.10 – 0.22%*	-0.002 - 0.039%
LGIM Pre-Retirement Fund	0.15%	0.037%
LGIM Global Equity Market Weights (30:70) Index Fund	0.22%	0.039%

Other funds/strategies	**% Total member borne deductions (Annual Management Charge plus additional expenses)**	**Transaction costs to 31 March 2021***
Lifecycle: Annuity focused	0.12 – 0.22%*	-0.002% - 0.039%

LGIM World Emerging Markets Equity Index Fund	0.46%	0.019%
LGIM Diversified Fund	0.20%	0.001%
LGIM Over 5 Year Index-linked Gilts Fund	0.10%	0.025%
LGIM Cash Fund	0.12%	-0.002%
HSBC Islamic Global Equity Index Fund	0.30%	0.038%
Utmost Secure Cash Fund	0.50%	0.00

Fund charges shown are the total charge on the fund and consist of the annual management charge plus additional expenses (these include trading fees, legal fees, auditor fees, and other operational expenses).

* The range shown illustrates the range of charges for the underlying component funds that make up the lifestyle strategy.

** LGIM has provided transaction costs incurred by members at a fund level (based on the fund values at 31 March 2021). LGIM has calculated the transaction costs as the average cost incurred over the last financial year (1 April 2020 to 31 March 2021) as a necessary part of buying and selling each of the fund's underlying investments in order to achieve the investment objective. Utmost has provided transaction costs information as at 31 December 2020.

Transaction Costs

Transaction costs are those incurred by the investment managers, Legal & General Investment Management (LGIM) & HSBC as a result of buying, selling, lending or borrowing investments, these are typically categorised as:

- **Explicit costs** which are directly observable and include broker commissions and taxes, or
- **Implicit costs** which cannot be observed in the same way but can also result in a reduction in the value of capital invested. Implicit costs include market impact or delay costs which can also result in a gain for the fund (i.e., negative transaction cost).

From 6 April 2015, trustee boards have been required (insofar as they are able) to assess transaction costs and report on them in the Chair's Statement. The provision of transaction cost information from investment managers has been very limited due to the complex nature of investments and lack of standard disclosure requirements.

The information provided is shown in the tables above. The Trustee has taken account of statutory guidance in preparing this section of the Statement.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 requires the Trustee to produce an illustration showing the compounding effect of costs and charges on DC funds and include this in the annual Chair's Statement. As a result, the Trustee has set out an illustration in the Appendix which shows the projected values based on three example members of the Plan (these are not actual members). The three examples show members at different ages, with different average pension savings and investing in a range of different investment options.

The projections compare what the investments could grow to at age 65 before and after charges have been deducted.

Value for Members (VFM)

The Trustee acknowledges the legal requirement for pension arrangements to annually assess their plan against the value of services and features that members pay for (through transaction costs and charges), or where members share the cost with the employer. The Trustee is committed to ensuring that members receive value from the Plan and have gone beyond the legal requirements.

The 2021 VFM assessment centred on investment costs, as this is the only aspect of the Plan that members bear the cost of, however the assessment also considered the value derived from the wider features of membership, such as the design of the default arrangement and the range of investment options and strategies. The assessment also included the quality of the Plan's administration processes and SLAs performance, communications to members and support services, oversight and governance of the Trustee and management.

Within each section we have considered:

- **Need –** the Trustee considered the need of the service from members. This covers both the appropriateness of the service for the membership as well as the actual and perceived value members gain.
- **Performance –** the Trustee considered the quality of the service to meet the need. This looks at the current service provided, the performance of the service provider and how well this meets the needs of the membership.

Overall, the Trustee's VFM assessment concluded that the Plan continues to offer good value, although it was noted that the specific services that members bear the costs for offer excellent value. Key aspects that led to this conclusion include:

- The Trustee reviews the lifecycle strategies every three years as part of the default investment review. (Further information is provided above in the 'Default Arrangements' section about the most recent review.) The 2021 VFM assessment picked up that the purpose of the most recent investment review was to examine the relevance and continued suitability of the current investment offering, focusing particularly on the potential integration of Environmental, Social and Governance (ESG) into the components of the fund range.
- The Trustee undertook a member survey exercise to establish members' views and needs focusing mainly on ESG. There was positive engagement in this survey and feedback from the membership. The Trustee is taking the feedback into account as part of its ongoing review of the fund range.
- An analysis of the membership indicated that members are still more likely to access their Plan accounts via income drawdown at retirement, which is supported by the majority of members being invested in the default lifecycle strategy and by members retirement decisions.
- The funds that make up the lifestyle strategies and the self-select fund range all performed in line with their agreed objectives over the Plan Year.
- The charges that members pay are competitive compared to charges paid for similar investment strategies in other similar pension schemes. The Trustee has also been seeking to reduce the charges further in the recent review of its global equity fund and will share further updates in the next Statement. The Plan's charges are compared against similar (unbundled) trust-based arrangements, along with the wider market trends across Master Trusts and contract-based arrangements (within the FTSE 350), as part of a benchmarking exercise.
- Following receipt of full transaction cost data from LGIM and HSBC, the Trustee was able to benchmark these costs against market averages payable within similar fund types. The Trustee found that the transaction costs experienced for the majority of the Plan's fund range are in line with current market averages.
- A large range of additional services are provided across the areas of administration, communication and governance which members do not pay for but which add significant value. Examples of these additional services are the Plan governance and management oversight by the Trustee and Pension Manager, the investment governance processes in place to ensure Plan's investment options continue to meet their performance objectives and member needs, as well as the standard communications and access to the member site provided by the Plan administrator. In addition, the Plan administrator provided good performance relative to its service targets.

- Funds in the legacy Utmost (formerly Equitable Life) AVC were transferred from the Utmost Secure Cash Fund into the main LGIM fund range in July 2021 as it was felt that the LGIM funds would provide better value (both in terms of lower charges and suitability of the investment design).

The Trustee continually seeks to ensure the Plan provides VFM and will be reviewing this on an annual basis.

Trustees' Knowledge and Understanding (TKU)

The Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively.

The Trustee has 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 Plan Year are set out below.

The Trustee Directors are generally long standing and have worked together for a number of years and as such have learnt to operate in a way which plays to each other's strengths and areas of expertise. The Trustee Directors have a good working knowledge of the documents governing the Plan (such as the Trust Deed and Rules, the SIP and all other documents setting out the Trustee's current policies and procedures) but they take advice from advisers when it is appropriate to do so. In particular the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases, and the SIP is formally reviewed at least every three years and as part of making any change to the Plan's investments. The SIP is updated informally on an annual basis to ensure it is fully up to date. The last review was in September 2020.

The Trustee has a TKU process in place. Taking this into account along with the knowledge and experience of the Trustee Directors, together with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustee Directors believe they are well placed to exercise their functions as Trustee Directors of the Plan properly and effectively.

The Trustee's approach to meeting the TKU requirements includes the following:

- New Trustee Directors are provided with copies of the Plan documentation and attend external 'new trustee' training sessions;
- The Trustee Directors each undertake bespoke training and maintain a training log;
- All of the Trustee Directors have completed the core modules within The Pensions Regulator's trustee toolkit (this is a free online learning programme from The Pensions Regulator) and reviews its content on an ongoing basis;
- A number of Trustee Directors have pension specific qualifications (including PMI Award in Trusteeship units 1, 2 and 3);
- The Trustee Directors receive relevant updates and bulletins from their advisers as well as attend seminars to maintain and enhance their knowledge;
- The Trustee's investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them;
- Trustee training is a standing item on the agenda for Trustee Board meetings. This involves discussions which enable each Trustee Director to identify any knowledge gaps and required training. The training programme is reviewed annually;
- The training that has been carried out by the Trustee Directors over the Plan Year (in relation to defined contribution (DC)) include:
    - Trustee meeting sessions:
        - ESG / Sustainable investment (April 2021, July 2020)
        - Investment strategy review (September 2020)
    - External training sessions:
        - COVID-19 issues (April 2020, May 2020, June 2020 July 2020)

    - ESG webinar (July, August 20200
    - Protecting member outcomes (July 2020)
- ‘Hot Topics’ reports are tabled at each meeting to give the Trustee Directors latest updates on DC-related themes in pensions;
- The Trustee Directors undertook a trustee effectiveness assessment in July 2021, the results of which will be reported in the next Statement. These self-assessments involve a review of individual knowledge and understanding of pension and trust legislation, investment requirements, and being conversant with the main governing documents. Where any gaps are identified within the assessment, relevant training will be allocated in the training/business plan to ensure this is picked up.
- The Trustee Directors agree a business plan covering planned Plan activity for each Plan year which is reviewed throughout the year. The Trustees carried out an evaluation of the performance and effectiveness of the Trustee Board as a whole as measured against the objectives of the Plan’s business plan after the reporting period; as a result, this will be picked up in the next Statement.

Signed: G Paton **Date: 3 November 2021**

Trustee Chairman
IMS (UK) Pension Plan

Appendix - Illustration of the effect of costs and charges on a members' pension pot

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. In order to achieve greater transparency about costs, regulations came into force on 6 April 2018 which require the Trustee to provide members with additional information in relation to investment charges and transactions costs.

The illustration has 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" and reflects the impact of costs and charges for three typical examples of members within the Plan, using:

- The Default Lifecycle strategy since this the arrangement with the most members invested in it
- The fund that has attracted the greatest volume of contributions during the Plan Year – this is the LGIM Global Equity 30:70 Fund
- The fund with the highest before costs expected return (this is also the fund with the highest charges) – this is the LGIM World Emerging Markets Equity Index Fund
- The fund with the lowest annual member borne costs – this is the LGIM Over 5 Year Index Linked Gilts

The illustrations below show the projected fund values based on certain assumptions before and after charges so that the potential impact of charges is clearly shown. Members should be aware that these are simply illustrations, and so the actual fund values and implication of charges for members' investments may be different if members' personal details or investment choices differ from those shown or the assumptions are not borne out. This means that the information contained in this Appendix is not a substitute for the individual and personalised illustrations which are provided to members each year by the Plan.

Example Member	Projection period (years)	Lifecycle drawdown focused strategy (Default)		LGIM Global Equity 30:70 Fund		LGIM World Emerging Markets Equity Index Fund		LGIM Over 5 Year Index Linked Gilts	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member	1	£2,400	£2,400	£2,400	£2,400	£2,400	£2,400	£2,300	£2,300
	3	£7,300	£7,300	£7,300	£7,300	£7,300	£7,300	£6,800	£6,800
	5	£12,500	£12,500	£12,500	£12,500	£12,500	£12,400	£11,100	£11,000
	10	£26,900	£26,600	£26,900	£26,600	£26,900	£26,300	£21,000	£20,800
	15	£43,500	£42,700	£43,500	£42,700	£43,500	£41,800	£29,800	£29,500
	20	£62,500	£60,900	£62,500	£60,900	£62,500	£59,300	£37,800	£37,200
	25	£84,300	£81,600	£84,300	£81,600	£84,300	£78,800	£44,900	£44,100
	30	£109,300	£105,100	£109,300	£105,100	£109,300	£100,800	£51,200	£50,100
	35	£138,000	£131,900	£138,000	£131,800	£138,000	£125,300	£56,900	£55,500
	40	£168,600	£160,000	£171,000	£162,100	£171,000	£152,800	£62,000	£60,300
	45	£196,200	£185,200	£208,900	£196,500	£208,900	£183,700	£66,500	£64,500
Average member	1	£46,600	£46,500	£46,600	£46,500	£46,600	£46,400	£44,500	£44,400
	3	£60,300	£60,000	£60,300	£60,000	£60,300	£59,600	£53,100	£52,900
	5	£74,900	£74,200	£74,900	£74,200	£74,900	£73,400	£61,300	£60,900
	10	£114,900	£113,000	£114,900	£113,000	£114,900	£110,900	£80,400	£79,500
	15	£160,900	£157,100	£160,900	£157,000	£160,900	£152,900	£97,500	£96,000
	20	£210,700	£204,400	£213,700	£207,000	£213,700	£199,900	£112,800	£110,700
	25	£258,200	£249,100	£274,200	£263,800	£274,200	£252,700	£126,500	£123,700

Approaching retirement	1	£88,100	£87,900	£88,600	£88,400	£88,600	£88,200	£84,500	£84,300
	3	£104,200	£103,700	£106,600	£106,000	£106,600	£105,200	£93,100	£92,700
	5	£120,200	£119,200	£125,600	£124,400	£125,600	£123,000	£101,400	£100,700

1. Projected pension account values are shown in today's terms.
2. Contributions and costs/charges that are shown as a monetary amount and reductions are made halfway through the year.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Contributions are assumed to be paid from age 20 to 65 for the youngest member, 40 to 65 for the average member, and 60 to 65 for the member approaching retirement.
8. Salaries are assumed to increase in line with inflation
9. Values shown are estimates and are not guaranteed.
10. The real projected growth rates for each fund are as follow:
    - Lifecycle drawdown focused strategy – from 1.42% to 2.80% (adjusted depending on term to retirement)
    - LGIM Global Equity 30:70 Fund – 2.80%
    - LGIM World Emerging Markets Equity Index Fund – 2.80%
    - LGIM Over 5 Year Index Linked Gilts – -2.20%
11. Transactions costs and other charges have been provided by LGIM and cover the period from 1 April 2018 to 31 March 2021. Transaction costs have been averaged by WTW using a time-based approach.
12. Pension Plan's normal retirement age is 65.
13. Example members
    - Youngest: age 20, total initial contribution: £2,340, starting fund value: nil.
    - Average: age 40, total initial contribution: £5,400, starting fund value: £40,000.
    - Approaching retirement: age 60, total initial contribution: £6,300, starting fund value: £80,000.