Benjamin R. Vickers & Sons Limited Pension Scheme (2010) ("the Scheme")

Annual Governance Statement by the Chair of the Board of Directors of Vickers Oils Pension Trustees Limited ("the Trustee")

For the Scheme Year 1 January 2018 to 31 December 2018

Introduction

As the Chair of the Trustee, I am required to provide a yearly statement which explains what steps have been taken by the Trustee, with help from our professional advisers, to meet the relevant governance standards. The law sets out what information has to be included within the statement and this is covered in sections 1 to 4 below.

The Trustee is committed to having high governance standards and meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration.

If you have any questions about anything that is set out below, or any suggestions about what can be improved, please contact me at Vickers Oils Pension Trustees Limited, Airedale Mills, 6 Clarence Road, Leeds, LS10 1ND.

During the Scheme year we have continued to review and assess our systems, processes and controls across the key governance functions to ensure they remain consistent with those set out in The Pensions Regulator's:

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

These are underpinned by the defined contribution (DC) quality features.

Based on our assessment we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. These help demonstrate the presence of DC quality features, which we believe help deliver good outcomes for members at retirement.

1. Default investment arrangement

The default investment arrangement is provided for members who join the Scheme and do not choose an investment option for their contributions. Members can also choose to invest in the default investment arrangement which is set up by the Trustee. As at 31 December 2018, 68% of members had their contributions invested in the default investment arrangement.

Setting and reviewing an appropriate investment strategy

The Trustee is responsible for investment governance. This includes setting and continuously monitoring the investment strategy for the Scheme's default arrangement.

We have chosen a lifestyling arrangement initially using the Standard Life Managed Pension Fund and then when a member approaches five years of normal retirement age also utilising the Standard Life Annuity Purchase Fund and the Legal & General Cash Fund as the Scheme's default arrangement.

The objective of this arrangement is to provide investment growth by investing in return seeking assets in a diversified portfolio with a moderate risk profile, with a gradual switching of assets over the remaining years before the member's expected retirement date, towards a final position of 25% cash and 75% gilts.

Currently the default lifestyling arrangement is targeting 25% tax free cash plus annuity purchase at the member's retirement age.

No review of the default strategy has been undertaken during the Scheme year. With the introduction of Pension Freedoms, the Trustee considered in depth at a meeting on 27 November 2017 whether to amend the default investment lifestyling strategy to take into account the wider range of options available to members upon retirement. It was concluded that given the size of the membership of the Scheme and its demographics, amending or adding to the present default investment arrangement to cover all potential eventualities on retirement could potentially result in more uncertainty amongst members rather than appreciation of greater choice.

The Trustee decided to facilitate an enhanced communication exercise to provide members with greater education in this area so as to allow them to make more informed decisions regarding their own investment strategy. This was delivered in May 2018 in the form of member presentations.

At their meeting on 10 December 2018, the Trustee agreed the default strategy should be regularly reviewed, with the next review scheduled for April 2019.

Members are however encouraged to make their thoughts on this matter known to Trustee Directors at any time.

Monitoring performance and suitability

The Trustee receives and reviews the performance and suitability of each of the underlying funds that make up the default investment arrangement at every Trustee' meeting and quarterly outside of the regular meeting cycle.

At the Trustee meeting held on 20 February 2018 and 10 December 2018 the performance of the underlying funds remained acceptable.

The Trustee also monitors the use of the default investment arrangement and the choices being made by members when benefits come into payment. This will help to inform us about changes which may become appropriate in the future.

Details of the investment strategy and investment objectives of the default arrangement are recorded in a document called the Statement of Investment Principles (SIP). A copy of this document is attached for reference in Appendix 1.

2. Charges and transaction costs paid by members

We are required to explain the charges and transaction costs which are paid by members rather than the Employer.

As members may know the Employer pays the cost of actually administering the scheme: the production of scheme literature, annual member statements, annual accounts and external audits, dealing with day-to-day events like processing contribution payments, existing members leaving,

members wishing to change their investment funds, paying transfers out for members who have left, providing the member help-line, handling member enquiries, quoting and paying benefits.

Members, however, are subject to the annual management charges (AMCs) and transaction costs incurred in connection with your investments. AMCs are the charges covering the cost of managing members' funds or investments and ensuring they are performing as expected. The AMC applying is dependent on which fund in which investment is made. Transaction costs are the costs incurred when the fund manager buys, sells, lends or borrows assets that make up the fund's investments.

Default investment arrangement

The AMC applying whilst investment is only in the Standard Life Managed Pension Fund prior to normal retirement age is 0.57% per annum. Once additional funds are included, it is slightly more difficult to be precise as the fund is then made up of a blend of three separate underlying funds each with different transaction charges applying. This is considered in more detail in the table below.

The Scheme operates a lifestyle strategy using a blend of the three investment funds, as explained in section 1 above; the individual allocation of which changes as retirement approaches. The AMC applying to each of these funds as a standalone investment is shown in the attached SIP. Unfortunately it is therefore not possible to identify a single definitive figure that applies at all times, however we can broadly assess the annual cost to members who are in the default lifestyle arrangement on the date that their fund is rebalanced (which happens each year on 1 January) as follows:

Period to Normal Retirement Age	Annual Management Charge
5 years or more	0.5700%
4 - 5 years	0.5175%
3 - 4 years	0.4650%
2 - 3 years	0.4125%
1 - 2 years	0.3600%
1 year or less	0.3075%

Self-select funds

Members may elect to invest in any of the options set out in the SIP in Appendix 1. Details of the AMC applying for each of these funds are also shown.

As at 31 December 2018, self-select investments were held in the Standard Life Annuity Purchase Pension Fund, the Standard Life Managed Pension Fund, the L&G Life Cash Fund (the LGIM Cash Fund) and the Newton Multi-Asset Growth Fund.

Transaction costs

These costs arise mainly as a result of endeavouring to deliver a fund's target investment return, where an active or passive investment approach is used. For example, a fund will buy or sell assets when a member has money paid into or has money taken out of a fund, and the buying or selling of assets will incur a cost. As these costs arise as a result of participating in a financial market, they are separate from any Scheme administration charge or AMC.

The Scheme invests assets through Mobius Life. As such, the total transaction costs for each fund is made up of two elements: the transaction costs incurred by the underlying fund when buying and selling its underlying assets, and the costs incurred by Mobius Life when buying or selling the underlying fund.

Mobius Life has provided details of the total transaction costs applying for each underlying fund during the Scheme year. These are set out in the following table:

Fund	Total Transaction Costs
Standard Life Annuity Purchase Pension Fund	0.047%
Standard Life Managed Pension Fund	0.086%
L&G Life Cash Fund	0.003%
Newton Multi-Asset Growth Fund	0.249%

The total transaction cost for the Scheme as a whole is 0.119%, determined as the weighted average of all the held funds' transaction costs.

In providing this information, Mobius Life contacted all fund managers to request their transaction cost data for the Scheme year. Some fund managers were constrained with the data they could provide retrospectively and the periods reported did not always match the Scheme year. Where this happened, Mobius Life used the most up-to-date information. The Trustee, via Ascot Lloyd, has requested that Mobius Life pressure any fund manager unable to provide full details to do so as expediently as possible. This matter will be kept under review at Trustee meetings until such time as it is resolved.

The details above show the total transaction costs for each underlying fund, whether used within the default investment arrangement or as a self-select fund. No breakdown of these costs has been provided for the default investment arrangement only or for each of the funds excluding transactions in the default investment arrangement.

The Trustee has taken account of statutory guidance, only deviating from this approach as outlined above.

Illustrative examples

The Trustee is required to present the costs paid by a member as a "pounds and pence figure". The Department of Work and Pensions (DWP) has prepared a sample table for this purpose which has been used for the examples shown in Appendix 2, duly adapted and populated in accordance with the DWP guidance using Scheme specific information. Unless otherwise stated, the examples have regard to the relevant statutory guidance.

The information in these examples is only intended to be illustrative. Members should therefore exercise caution before relying on the information for the purposes of making any decisions about savings, investment and retirement choices. In particular, the values shown are estimates only, based on a number of assumptions and are not guaranteed. For further information about investment options, members should refer to the Scheme documentation available, and should consider taking independent financial advice where and when appropriate.

Good value for members

In considering the investment strategy (covered in more depth in section 1) the Trustee does, at all times, take into account the charges applying to the different elements and will recommend switches in the event that they considered that overall a particular fund did not represent value for money.

The Trustee defines value for money as being a combination of the investment returns achieved, the risks applying and the annual management charges.

The return on the default lifestyle investment policy for the year ended 31 December 2018 for a member more than five years from retirement was 1.4%. Whilst this is disappointing the performance was greatly affected by a general downturn in the markets in the last two months in the year. Over the longer term the Trustee still believes the asset allocation and associated risks to be appropriate to the aims of the Scheme. However, as mentioned in section 1 above, this is due for review in April 2019.

The Trustee pays for and receives independent advice from Ascot Lloyd in order to specifically satisfy themselves that the Scheme provides good value for money for the members, in comparison to the wider pension scheme market, in terms of costs, risks, returns and the quality and level of service provided. Ascot Lloyd report their findings and views at each Trustee meeting to provide comfort that the Scheme continues to provide good value for money. Further, each of the Trustee Directors has extensive experience of pension schemes, both as part of their every day roles with the Employer and in working closely on the additional pension schemes offered by the Employer, and in their opinion, with this advice and experience in mind, the terms that apply in the Scheme do indeed presently represent decent value for money.

The Trustee continuously monitors this position and have a standing item on the Trustee meeting agenda to consider the ongoing suitability of the Scheme and also what can be done further to improve the value for money for members. In the Scheme year formal trustee meetings were held on 20 February 2018 and 10 December 2018 where this issue was discussed in depth.

It should be noted that the fee structure in place between the Trustee and Ascot Lloyd does not include any investment fund performance related element as the Trustee feels that doing so may drive the wrong behaviours.

3. Core financial transactions

The Trustee is required to report about the processes and controls in place in relation to the "core financial transactions". The law specifies that these include the following:

- ensuring the contributions are paid on time;
- investing contributions paid into the Scheme;
- transferring assets related to members into or out of the Scheme;
- transferring assets between different investments within the Scheme; and

- making payments from the Scheme to or on behalf of members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the Scheme administrator. Our Scheme administration is delivered by Ascot Lloyd.

The Trustee has a Service Level Agreement in place with Ascot Lloyd which includes a defined level of performance (in terms of turnaround times) for all of the key specified events noted above.

Ascot Lloyd report at all Trustee' meetings their actual performance against these agreed standards and in the event of any failure to meet the required standard this is noted and discussed with remedial actions agreed where appropriate and any anomalies or discrepancies are explained.

This structure is supported by annual external audits of the Scheme carried out by our auditors, Grant Thornton.

Following receipt of a relevant report from Ascot Lloyd covering the period from 1 November 2017 to 31 January 2018, at the Trustee' meeting on 20 February 2018, Ascot Lloyd confirmed that they had met their overall Service Level Agreement standards (including events in addition to those noted above) on all of occasions. At the meeting on 10 December 2018, following receipt of the relevant report covering the period from 1 February 2018 to 31 October 2018, Ascot Lloyd confirmed their overall Service Level Agreement standards had been met on 92% of all occasions. Ascot Lloyd provided explanation regarding the 8% of cases in which this was not achieved, giving the Trustee reassurance that there have been no administrative or financial issues requiring investigation. We remain content that the administrators continue to act promptly and efficiently in all aspects of their work.

4. Trustee knowledge and understanding

The legal requirement on the Trustee Directors is that they should have, or have access to, sufficient knowledge and ability to run the Scheme correctly. Specifically the Trustee Directors need to demonstrate a continued working knowledge of key Scheme documents, namely the Trust Deed and Rules and any amending deeds and also the SIP.

Two of the three present Directors of the Trustee have an intimate working knowledge of these documents having been involved with the Scheme since its inception in 2010. Relevant and comprehensive training was given on each occasion that the Rules have been amended. Further, the agreement between the Trustee and their advisers ensures that they are kept fully abreast of any changes in overriding legislation or law that de facto change the terms and conditions of the Rules and full training is given as necessary. A copy of the Trust Deed and Rules and all subsequent Deeds of Amendment is present at all trustee meetings and cross referred to as required.

The two long-standing Directors were also responsible for the construction of the first and all subsequent iterations of the SIP and this document is also present at all trustee meetings and cross referred to as required.

Any new Director will, in line with the practices applying to the existing Directors, within 3 months of their appointment, receive a comprehensive training session which encompasses the duties and responsibilities of a trustee, a review of all Scheme working documents such as the Trust Deed and Rules and any amending Deeds, understanding how these work and impact on members, a review of all Scheme policies and practices, understanding how these work and impact on members, together with a session concentrating on the principles of investment and how these impact on the Scheme.

Such training will be undertaken during normal business hours. Trustee meetings are also undertaken during normal business hours.

During the Scheme year, Capital Cranfield Pension Trustees Limited, represented by Mr Hugh Creasy, became a Director of the Trustee with effect from 1 September 2018, replacing Mr Morgan Morris who stepped down. Mr Creasy is an experienced independent trustee with many years of experience in advising on and running pension schemes. Notwithstanding this, he undertook appropriate training relevant to his role as set out above. His appointment expands the knowledge available to the Trustee and its ability to run the Scheme correctly, and in December 2018, he replaced Mr Peter Vickers as the Chair of the Board of Directors of Vickers Oils Pension Trustees Limited.

The Trustee Directors undertake regular training events in order to meet this requirement. All Trustee meetings include, where possible and practicable, a training event run by the Scheme's advisers, Ascot Lloyd, and these are supplemented where appropriate in specialist areas by our legal advisers (CMS Cameron McKenna Nabarro Olswang llp) and our auditors (Grant Thornton). The training events run during the Trustee meetings are chosen to be relevant to current events or to re-emphasise issues relating to agenda items.

To confirm our capability, a record has been established of past training and development. That record is reviewed regularly and if any gap is identified, an action plan is agreed to ensure that gap is adequately filled. During the Scheme year, the Trustee Directors noted a gap in their knowledge pertaining to the new General Data Protection Regulations which was filled by means of a training session delivered by CMS Cameron McKenna Nabarro Olswang llp on 20 February 2018. No training session was delivered at the Trustee meeting on 10 December 2018 as training was held over until the next Trustee meeting.

Trustee training is an agenda item at each meeting. The Trustee Directors are also Trustee Directors of the Benjamin R. Vickers & Sons Limited Retirement Benefits Plan (1975) ("the Plan"). At the meeting on 20 February 2018, it was noted the Trustee Directors had received a trustee training session on investments and liability driven investment (LDI) as Trustee Director of the Plan. It was further noted, at the meeting on 10 December 2018, the two Directors present had received a risk management within investments trustee training session in their role with the Plan.

This assessment and process, when combined with the training undertaken, is integral to meeting the requirements for knowledge and understanding, which includes the relevant principles relating to the funding and investment of occupational pension schemes.

As Trustee Directors we are also cognisant of the necessity to take advice as and when required and in particular would seek legal advice from our legal advisers in any contentious cases or if we were unclear in any aspect of the operation of the Trust Deed and Rules. We can confirm that there were no contentious cases to consider in the Scheme year and therefore we did not seek any additional legal advice in this period.

We trust that this information has been informative and useful. If you have any questions about any of the matters above, or any suggestions about what can be improved, please contact the Trustee at Vickers Oils Pension Trustees Limited, Airedale Mills, 6 Clarence Road, Leeds, LS10 1ND.

Signed..... Date.....22 July 2019.....

Hugh Creasy
Chair of Vickers Oils Trustees Limited
for and on behalf of Capital Cranfield Pension Trustees Limited

APPENDIX 1

THE BENJN. R. VICKERS & SONS LIMITED PENSION SCHEME (2010)
STATEMENT OF INVESTMENT PRINCIPLES

This Statement sets out the principles governing decisions concerning investments for The Benjn. R. Vickers & Sons Limited Pension Scheme (2010) (the Scheme) in accordance with the requirements of the Pensions Act 1995 & 2004 and, the Occupational Pension Schemes (Investment) Regulations 2005. It is subject to periodic review by the Trustees.

The Trustees have obtained the appropriate professional advice from Ascot Lloyd Benefit Solutions and have consulted the Principal Employer.

The Scheme is a Contracted-In Money Purchase Scheme and the assets are held in Trust by the Trustees for the benefit of the members. Investment powers of the Trustees are set out in clause 9 of the Scheme's Rules.

INVESTMENT OBJECTIVE

To provide a range of investment options suitable to meet members' needs, by providing options that give members a reasonable expectation of:

- optimising the value of their assets at retirement, allowing for individual members' risk tolerances
- maintaining the purchasing power of their savings in real (i.e. post-inflation) terms
- providing protection for accumulated assets in the years approaching retirement against a sudden (downward) volatility in the capital value, and fluctuations in the cost of annuities

whilst taking into account the impact that increased complexity may have on administration requirements and the overall cost of the arrangements.

A Lifestyle default option will be offered which aims to provide an investment option which is suitable for the majority of members, taking into account their proximity to retirement.

STRATEGY

The Scheme's investment objective is implemented using the range of investment options which were determined as set out below.

The Trustees in consultation with Ascot Lloyd Benefit Solutions decided that it was appropriate to offer actively managed pooled funds as well as passive index-tracking pooled funds. These are designed to produce a return as close as possible to the relevant market benchmark and to be accessed via Trustee Investment Plans provided by insurance companies. The choice of these Plans may vary from time to time.

Members can choose a default lifestyle arrangement which operates under a predetermined lifestyle strategy or make their own decisions on the funds in which to invest. The lifestyle strategy is based on

a general principle that investment needs change as a member approaches retirement and that at retirement the member will take part of the account as cash and purchase an annuity with the balance.

The funds that members can choose to invest in are given risk ratings and members who choose to invest outside of the lifestyle option are made aware of the dangers of investing in lower risk funds some years from retirement and of remaining invested in higher risk funds up until retirement. Members opting for the lifestyle strategy are made aware that it may not be the most appropriate investment strategy for their personal circumstances and attitude to risk.

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment consultant. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.

The Trustees expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash/Deposit style funds will provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

RISK MEASUREMENT AND MANAGEMENT

The Trustees consider the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an on-going basis thereafter.
- Risk of the default fund being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustees consider these risks as part of each formal strategy review. The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle option annually.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance expectations.

Social, Environmental and Ethical Considerations

The Pensions Act 1995 requires the Trustees to include a Statement concerning the extent to which (if any) social, environmental and ethical considerations are taken into account in the selection, management and retention of investments.

The Trustees believe their primary duty is to act in the best financial interests of the scheme beneficiaries. In order to achieve appropriate diversification, the schemes assets and contributions are currently invested in collective investments.

The Investment Manager has discretion over investment policy. The Trustees expect the Manager to take into account social, environmental and ethical considerations to the extent they are judged to have material impact on the projected performance of any particular investment.

Corporate Governance

The Pensions Act 1995 requires Trustees to include a Statement of their policy (if any) on the exercise of rights (including voting rights) attaching to investments.

The Trustees expect the Investment Manager to exercise the rights attaching to investments on behalf of all participants in the manner which supports the investment and performance objectives of the Fund.

Investment Realisation and Options

Having taken advice from Ascot Lloyd Benefit Solutions, the Trustees have chosen to access pooled investment funds via the investment platform offered by Mobius Life under their Trustee Investment Plan. The Mobius Life investment platform was selected as a result of the wide range of funds offered, the availability of daily dealing, free switching between funds which aid the lifestyling process, competitive institutional fund charges and financial strength. The present Investment Options are detailed below.

Active Management
LGIM Cash Fund – AMC 0.15% - Risk: Very Low
Invests in deposits and short term money market instruments.
Standard Life Annuity Purchase Fund – AMC: 0.36% - Risk: Low
The fund invests predominantly in fixed interest assets whose prices are normally expected to rise and fall broadly in line with the cost of purchasing pension income. *(NB: Previously known as the (Pension Protection Fund)*
Standard Life **Global Absolute Return Strategies Fund (GARS)** - AMC: 0.745% Risk: Low to Medium
Aims to provide investors with positive investment returns in a variety of market conditions. The Fund objective is to outperform the London Interbank Offer Rate (LIBOR) by 5% over three to five years.
Standard Life Corporate Bond Fund – AMC: 0.36% - Risk: Low to Medium
Provides long term growth mainly from the reinvestment of income generated by investing

predominantly in Sterling denominated corporate bonds.
SL Pooled Property Fund – AMC: 0.56% Risk: Medium
Aims to provide long term capital appreciation and growth by investing in prime quality UK commercial properties.
Standard Life Pension Managed Fund – AMC: 0.57% Risk: Medium
A balanced managed fund, investing in a diversified portfolio including equities, fixed interest and property.
Newton Multi-Asset Growth Fund - AMC: 0.65% Risk: Medium
Aims to provide long term growth by investing in a portfolio of Institutional UK and overseas equity assets.
Standard Life Pension Ethical Fund – AMC: 0.57% Risk: Medium
Aims to provide long term growth by investing in equities and corporate bonds, but avoiding companies who fail to make a positive contribution to society.
Passive Management
LGIM UK Equity Index Tracker Fund – AMC: 0.15% Risk: Medium
A Tracker fund that invests mainly in equities and to a lesser extent government securities, cash and other fixed interest investments in the UK and overseas in line with the CAPS Balanced managed fund sector.

Default Lifestyle Option

The default lifestyle option makes use of the three funds highlighted in green above and the following table sets out how the funds are moved as members approach retirement:

The table below shows the proportions of a member's fund that will be moved as they approach retirement.

Years to Retirement	Medium Risk %	Low Risk Bond Fund %	Low Risk Cash Fund %
5	100	0	0
4	80	15	5
3	60	30	10
2	40	45	15
1	20	60	20
0	0	75	25

_____ Date:_____

Signed: Peter J Vickers - Director
Vickers Oils Trustees Limited

_____ Date:_____

Signed: Brian Jelbert - Director
Vickers Oils Trustees Limited

_____ Date:_____

Signed: Dennis Connell - Director
Vickers Oils Trustees Limited

The Statement of Investment Principles was signed by each Director on 26 May 2016.

APPENDIX 2

Charges and transaction costs paid by members

Illustrative examples

Default investment arrangement

Projected Pension Pot in Today's Money (as at 31 December 2018 with a starting pot size of £13,000)		
Years	Projected fund value **before** the deduction of costs and charges	Projected fund value **after** the deduction of costs and charges
1	£13,444	£13,356
3	£14,378	£14,097
5	£15,376	£14,879
10	£18,187	£17,029
15	£21,513	£19,489
20	£25,445	£22,306
25	£30,096	£25,529
30	£35,598	£29,219
35	£42,106	£33,442
40	£49,803	£38,275
45	£55,081	£41,313

Notes to the default investment arrangement illustration:

1. Values shown are estimates and are not guaranteed.

2. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.

3. Inflation is assumed to be 2.5% each year.

4. **The starting pot size is assumed to be £13,000 at age 23 for a member retiring at age 68**. This reflects the median fund size of those currently invested in the default investment arrangement, together with a time horizon reflecting the youngest member in that arrangement.

5. As no charges are levied on contributions made to the Scheme, for the purposes of this illustration, no further contributions are assumed to be made.

6. Assumed investment growth for each of the funds making up the default investment arrangement are in line with those used in the production of the Statutory Money Purchase Illustrations for the Scheme. Thus the accumulation rates used are:

Standard Life Annuity Purchase Pension Fund	4.00% each year
Standard Life Managed Pension Fund	6.00% each year
L&G Life Cash Fund	1.74% each year

7. All charges and transaction costs (TC) have been included as follows:

Standard Life Annuity Purchase Pension Fund	AMC 0.36% each year; TC 0.047% each year
Standard Life Managed Pension Fund	AMC 0.57% each year; TC 0.086% each year
L&G Life Cash Fund	AMC 0.15% each year; TC 0.003% each year

8. The transaction costs noted above are those applying over the Scheme year, being the only data available. These are however subject to the comments under "transaction costs" in this respect.

Self-select funds

Standard Life Annuity Purchase Pension Fund

Projected Pension Pot in Today's Money (as at 31 December 2018 with a starting pot size of £7,750)		
Years	Projected fund value **before** the deduction of costs and charges	Projected fund value **after** the deduction of costs and charges
1	£7,863	£7,831
3	£8,095	£7,996
5	£8,334	£8,165
10	£8,961	£8,602
15	£9,636	£9,064
20	£10,362	£9,550
24	£10,982	£9,958

Standard Life Managed Pension Fund

Projected Pension Pot in Today's Money (as at 31 December 2018 with a starting pot size of £15,750)		
Years	Projected fund value **before** the deduction of costs and charges	Projected fund value **after** the deduction of costs and charges
1	£16,288	£16,181
3	£17,420	£17,080
5	£18,630	£18,028
10	£22,036	£20,634
15	£26,064	£23,616
20	£30,829	£27,030
25	£36,465	£30,936
30	£43,131	£35,408
35	£51,015	£40,525
40	£60,340	£46,382
41	£62,401	£47,651

L&G Life Cash Fund

Projected Pension Pot in Today's Money (as at 31 December 2018 with a starting pot size of £31,500)		
Years	Projected fund value **before** the deduction of costs and charges	Projected fund value **after** the deduction of costs and charges
1	£31,266	£31,219
3	£30,804	£30,663
5	£30,349	£30,117
10	£29,239	£28,796

Newton Multi-Asset Growth Fund

Projected Pension Pot in Today's Money (as at 31 December 2018 with a starting pot size of £16,500)		
Years	Projected fund value **before** the deduction of costs and charges	Projected fund value **after** the deduction of costs and charges
1	£17,144	£16,990
3	£18,508	£18,015
5	£19,981	£19,101
10	£24,196	£22,112
15	£29,300	£25,596
20	£35,481	£29,628
25	£42,966	£34,297
30	£52,030	£39,702
35	£63,006	£45,958
40	£76,298	£53,201
41	£79,275	£54,781

Notes to the self-select funds illustrations:

1. Values shown are estimates and are not guaranteed.

2. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.

3. Inflation is assumed to be 2.5% each year.

4. The starting pot size reflects the median fund size of those currently invested in the relevant self-select fund, together with a time horizon reflecting the youngest member in that appropriate fund. Thus:

   For the Standard Life Annuity Purchase Fund, the starting pot size is assumed to be £7,750 at age 43 for a member retiring at age 67.

   For the Standard Life Managed Pension Fund, the starting pot size is assumed to be £15,750 at age 27 for a member retiring at age 68.

   For the L&G Life Cash Fund, the starting pot size is assumed to be £31,500 at age 57 for a member retiring at age 67.

   For the Newton Multi-Asset Growth Fund, the starting pot size is assumed to be £16,500 at age 27 for a member retiring at age 68.

5. As no charges are levied on contributions made to the Scheme, for the purposes of these illustrations, no further contributions are assumed to be made.

6. Assumed investment growth for each of the funds are in line with those used in the production of the Statutory Money Purchase Illustrations for the Scheme. Thus the accumulation rates used are:

Standard Life Annuity Purchase Pension Fund	4.00% each year
Standard Life Managed Pension Fund	6.00% each year
L&G Life Cash Fund	1.74% each year

Newton Multi-Asset Growth Fund	6.50% each year

7. All charges and transaction costs (TC) have been included as follows:

Standard Life Annuity Purchase Pension Fund	AMC 0.36% each year; TC 0.047% each year
Standard Life Managed Pension Fund	AMC 0.57% each year; TC 0.086% each year
L&G Life Cash Fund	AMC 0.15% each year; TC 0.003% each year
Newton Multi-Asset Growth Fund	AMC 0.65% each year; TC 0.249% each year

8. The transaction costs noted above are those applying over the Scheme year, being the only data available. These are however subject to the comments under "transaction costs" in this respect.