

DC Chair's Statement regarding DC governance - 31 December 2021

Innovia British Pension Scheme

In previous years, the Trustee has agreed to accept transfers into the Scheme from all types of pension arrangements (including personal pensions but excluding Free Standing AVCs) subject to a minimum level of £3,000. The basis used for transfers into the Scheme was a defined contribution (DC) basis and the funds were placed in a Trustee Investment Plan (TIP) provided by Standard Life. In October 2008, following advice from the Actuary, the Trustee decided to no longer accept transfers into the Scheme.

Relative to the overall size of the Innovia British Pension Scheme, the TIP provides a small number of members with a relatively small benefit when compared with their defined benefit.

This statement also covers DC AVC arrangements held with Utmost Life (transferred from Equitable Life), the Prudential and Standard Life. As above, for members with AVCs, this makes up a small proportion of their overall benefit.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Innovia British Pension Scheme (the Scheme) is required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- Trustee knowledge and understanding
- Administration standards and communications
- The requirements for processing financial transactions
- Investment returns
- The charges and transaction costs borne by members
- A 'value for members' assessment; and an illustration of the cumulative effect of these costs and charges

This Statement has been prepared in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustee has met the statutory DC governance standards during the Scheme year ended 31 December 2021. This statement should be read in conjunction with the Scheme's Statement of Investment Principles (SIP) which is subject to regular review by the Trustee. The most recent SIP is dated 29 September 2020 and is appended to this statement (**Appendix A**).

The Trustee continually reviews and assesses systems, processes and controls across key governance functions to determine whether these are consistent with those set out in the following guidance published by the Pensions Regulator:

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

Trustee Knowledge and Understanding

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

- Be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally.
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Scheme's Trustee is a professional independent trustee firm, currently Align Pensions Limited. Align Pensions Limited is represented by Bhavna Kumar, who in turn is supported by her colleagues. They all have a number of years of experience in the pension industry. They complete regular training to keep up-to-date and are subject to Continuing Professional Development requirements from the Institute and Faculty of Actuaries and Association of Professional Pension Trustees. In addition, there is a Pensions Consultative Committee (PCC) made up of three members of the Scheme.

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 period covered by this statement are set out below.

- Over 2021, the Trustee maintained their completion of the online Trustee Toolkit
- In July 2020, the Trustee completed the requirements to be an accredited professional pension trustee with the Association of Professional Pension Trustees and maintains their annual renewal.
- The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps. The Trustee's investment advisers proactively raise any changes in governance requirements and provided training to the Trustee and PCC Environmental, Social and Governance matters (ESG) during the year. The Trustee's legal advisers also provided training in relation to the Pension Schemes Act 2021.
- During the period covered by this statement, the Trustee completed around 35 hours of CPD including sessions on professional skills, trusteeship and governance including technical developments, the expected requirements of the new "single code of practice" from the Pensions Regulator, combatting fraud, developments in relation to ESG and the new transfer regime.
- The Trustee is familiar with and has access to copies of the current Scheme governing documentation, including the Trust Deed & Rules (together with any amendments), the SIP and key policies and procedures. In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme and, where relevant, deciding individual member cases.
- The SIP is formally reviewed at least every three years and as part of making any change to the Scheme's investments. The SIP was reviewed in March 2020 and also in September 2020.
- The Trustee receives regular investment advice from their Investment Consultant on matters relating to the Scheme investments
- The Trustee keeps up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.
- The Trustee also carries out a periodic evaluation of the performance and effectiveness of the Board and PCC. The most recent evaluation was completed in Q2 2021, and the next evaluation will be during 2023.

During the Scheme year, the Trustee held four regular Trustee meetings with the PCC. They all included items in relation to monitoring the Scheme's governance and ensuring it is run in accordance with the Scheme rules and in line with the Pensions Regulator's guidance. The Trustee also concluded a Board effectiveness survey and will repeat the process in 2023. There were an additional two formal meetings with the Trustee's advisers and the sponsoring employer.

The Trustee, together with advice from its professional advisers, uses knowledge and understanding of Pension Law, specific Scheme documentation, 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. This combined knowledge helps the Trustee to ensure that good Scheme governance is a priority and to identify where any improvements can be made to existing procedures and processes.

The Trustee's 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, together with an assessment of the charges paid by members, helps the Trustee determine whether the Scheme provides good value for money and whether members and beneficiaries are being treated fairly and seeks to safeguard the interests of all members and beneficiaries.

Administration Standards

- The Trustee has appointed professional advisers and managers and has delegated the day to day running of the Scheme to the Pensions & Benefits Team at Innovia Films Ltd.
- 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 at least twice a year; the results of the reviews are reported to the Trustee and PCC at their regular meetings.
- The Trustee has appropriate service agreements in place with advisers and administrators of the scheme and is aware of their key contacts
- Service agreements set out the scope of work covered by professional appointments. Standard Life, the Prudential and Utmost Life work to industry standards providing timely turnaround times for both non-financial and financial matters. In the last Scheme year there have been no service issues relating to members that required reporting to the Trustee. Most tasks carried out by the providers are completed within 5-10 working days, however, there have been delays from the Prudential in obtaining the information required for the Chair's statement

- Each of the administration providers provide annual governance information which allows the Trustee to monitor membership movements, financial transactions and fund performance
- The Trustee considers 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 Trustee identifies, evaluates, manages, and monitors risk. By incorporating risks identified into a risk register they are categorised in accordance with the likelihood of occurring and the potential impact it would have if it did occur
- The Trustee has reviewed all data management procedures and those of their service providers and have a post 25 May 2018 data protection policy in place
- In line with Anti-Money Laundering regulations the Trustee holds an up-to-date register of beneficial owners
- The Trustee uses dual authorisation internet banking process for all investment and benefit payments
- Any errors are resolved and rectified, and procedures reviewed as soon as possible after detection
- The Trustee requires the administrators to provide details on potential forthcoming retirements
- All data is backed up on a nightly basis and copies are stored off site and can be fully restored in any eventuality
- All financial transactions are subject to annual audit requirements as part of the Trustee's Annual Report and Accounts

Communicating with members

- The Trustee endeavours to provide Scheme communication that is accurate, clear, understandable, and engaging
- The Trustee, with their advisers, carefully consider all member communications and review common communications periodically (such as retirement quotation packs and benefit statements). The Trustee works closely with the PCC and Scheme advisers to try to ensure member interests are understood and represented in all decision making
- Members are periodically informed about the importance of reviewing their benefits
- In addition to annual benefit statements, annual Newsletters are sent to all members providing details of current issues in pensions
- The Trustee issues general communications, for example in relation to General Data Protection Regulation requirements, to all members

Processing Core Financial Transactions

The Trustee has received assurance from the Scheme's administrators, the Pensions & Benefits Team at Innovia Films Ltd, Standard Life, Prudential, and Utmost Life that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme Year. The financial transactions have related to the processing of transfers out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

The AVC and TIP providers have standard timescales for processing core financial transactions. For example:

- Standard Life: The standard timescale for processes is within 10 working days – fund switches are processed the same day and withdrawals take 1 working day.
- The Prudential have implemented an end-to-end performance management system.
- Utmost Life: Investment switches are usually processed within 5 working days. Switch requests received before 5pm are processed using the close of business price for the following day. Switch requests received after 5pm will use the close of business price in two working days' time.

The Scheme also has an administration agreement with the Pensions & Benefits Team at Innovia Films Ltd. This team has oversight of all transactions.

The administrators monitor the bank accounts on at least a weekly basis, procedures are in place for any outbound payments such as the pensioner payroll and retirement benefit payments, that at least two people must check and authorise the payment. These procedures are checked annually by both internal and external auditors. The team have on-line access to the scheme bank accounts to enable easy tracking and monitoring of both incoming and outgoing monies, as well as on-going transaction charges. Payments out are made via a fully automated and controlled BACS TeIIP system which is operated via smartcards issued by the scheme's bank Barclays Bank PLC; these provide the necessary audit trails and transparency in all financial transactions processing.

The Trustee receives quarterly reports about the administrators' performance and compliance with the SLA; using information provided by the administrators, which has been reviewed by the auditors, the Trustee is satisfied that over the period covered by this statement:

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

Default Investment Arrangements

Within the TIP, the only fund available for members is the Standard Life Managed Fund, a passively managed unit-linked fund predominantly invested in equities. As the Scheme is closed to new members and no further contributions are invested, there is no requirement for the Trustee to set a default investment fund.

The following funds are used within the AVC arrangements:

- Prudential Cash Fund
- Prudential Deposit Fund
- Prudential With Profits Fund
- Standard Life At Retirement (Multi Asset Universal)
- Standard Life Deposit & Treasury Fund
- Standard Life FTSE Tracker
- Standard Life Pension Money Market Pension Fund
- Standard Life Managed Pension Fund
- Standard Life Multi Asset Managed (20-60% Shares) Fund
- Standard Life Investments Global Absolute Return Strategies Fund
- Standard Life UK Equity Pension Fund
- Standard Life International Equity Pension Fund
- Standard Life With Profits One
- Utmost Multi Asset Moderate Fund

Current position: overview

	Plan Type	Plan Value	Transfer Value	Date
Prudential Policy number AE99	AVC	£124,227.32	£179,859	22/4/22
Standard Life Policy number H91887	AVC	£1,468,464	£1,476,638.09	9/4/22
Utmost Life Policy number Q2608	AVC	£3,909.06	£3,909.06	1/4/22
Standard Life Policy number GBRT101447	TIP	£167,385	£167,385	23/6/22

Prudential

Fund Name	Total AUM (£)	Transfer Value (£)	Total AUM (as % of total fund)
Prudential With-Profits Cash Accumulation Fund	£78,044.27	£133676.77	74%
Prudential Deposit Fund	£30,685.33	£30,685.33	17%
Prudential Cash	£15,497.75	£15,497.75	9%

- The majority of assets are invested in the Prudential With-Profits Cash Accumulation Fund
- With Profits funds are charged differently to more traditional investment funds as they are accounted for in the bonuses declared on the fund. As at 30 September 2020 the key features documents estimate the charges to be 0.98% assuming the returns on the fund are at 5% per year. More up to date information has not been provided.
- More information is provided below outlining the recent bonus distribution and performance.

Investment performance

It is important to note that in the with-profits fund, the underlying fund performance and bonus declarations are not the same. With-profits uses smoothing to protect members from the volatility of markets resulting in a difference between what members will see in the published growth figures and the bonuses allocated. Historic figures are difficult to obtain so the table below shows both the growth of the underlying fund and the annual bonus rates that members will see applied to their funds:

Discrete fund performance (before charges and taxes)

Fund Name	Year to 31.12.21 (%)	ABI Sector Benchmark (%)	Year to 31.12.20 (%)	ABI Sector Benchmark (%)	Year to 31.12.19 (%)	ABI Sector Benchmark (%)
Prudential With-Profits Cash Accumulation Fund*	12.0%	N/A	1.7%	N/A	11.5%	N/A
	2022 Reversionary bonus rate (%)	ABI Sector Benchmark (%)	2021 Reversionary bonus rate (%)	ABI Sector Benchmark (%)	2020 Reversionary bonus rate (%)	ABI Sector Benchmark (%)
Prudential With-Profits Cash Accumulation Fund*	1%	N/A	1%	N/A	Not available	N/A
Fund Name	1 Year (%)	ABI Sector Benchmark (%)	3 Year (%)	ABI Sector Benchmark (%)	5 Year (%)	ABI Sector Benchmark (%)
Prudential Deposit Fund	0%	0%	0%	-0.3%	0%	-0.2%
Prudential Cash	-0.4%	0%	-1.3%	-0.3%	-1.7%	-0.2%

Standard Life

Fund Name	Total AUM (£)	Transfer Value (£)	Total AUM (as % of total fund)
Pension With Profits One Fund	£15,286.22	£23,459.22	1.0%
SL ASI Global Absolute Return Strategies Pension	£145,243.83	£145,243.83	9.8%
Standard Life At Retirement (Multi Asset Univ) Pn	£152,031.56	£152,031.56	10.3%
Standard Life Deposit and Treasury Pension Fund	£38,270.50	£38,270.50	2.6%
Standard Life FTSE Tracker Pension Fund	£24,024.90	£24,024.90	1.6%
Standard Life International Equity Pension Fund	£284,418.51	£284,418.51	19.2%
Standard Life Managed Pension Fund	£475,359.45	£475,359.45	32.2%
Standard Life Multi Asset Mgd (20-60% Shares) Pn	£276,316.86	£276,316.86	18.7%
Standard Life UK Equity Pension Fund	£65,493.20	£65,493.20	4.4%
Standard Life Money Market Pension Fund	£1,100.19	£1,100.19	0.1%

- The majority of assets (80.4%) are invested in four funds (Standard Life At Retirement (Multi Asset Univ) Pn; Standard Life International Equity Pension Fund; Standard Life Managed Pension Fund; Standard Life Multi Asset Mgd (20-60% Shares) Pn). Of these, the largest investment holding is with the Standard Life Managed Fund.
- Charges range from 0.61% and 1.13% depending on the fund invested in (see appendix B for full charge breakdown). Charges are high compared to ongoing DC arrangements, but this is not unusual for AVC schemes. A discount is applied to these charges of 0.4% and this is shown in the appendix.
- With Profits funds are charged differently but Standard Life does publish a notional charge of 1% for these funds.
- Standard Life offers a large range of alternative funds that members can select.

Investment annualised performance

Fund Name	1 Year (%)	ABI Sector Benchmark (%)	3 Year (%)	ABI Sector Benchmark (%)	5 Year (%)	ABI Sector Benchmark (%)
Pension With Profits One Fund ¹	Not published – reversionary bonuses of 1.25% p.a. are added					
SL ASI Global Absolute Return Strategies Pension	-8.4%	-5.9%	-2.4%	+5.1%	-2.5%	+14.2%
Standard Life At Retirement (Multi Asset Univ) Pn	-6.5%	-5.9%	+2.0%	+5.1%	+9.4%	+14.2%
Standard Life Deposit and Treasury Pension Fund	+0.2%	-0.1%	+0.6%	-0.3%	+1.4%	-0.2%
Standard Life FTSE Tracker Pension Fund	+0.7%	-7.2%	+5.0%	+1.6%	+14.0%	+8.2%
Standard Life International Equity Pension Fund	-4.7%	-4.1%	+20.7%	+20.2%	+35.5%	+41.0%
Standard Life Managed Pension Fund	-4.9%	-6.3%	+8.5%	+7.6%	+19.3%	+18.9%
Standard Life Multi Asset Mgd (20-60% Shares) Pn	-5.3%	-7.3%	+1.6%	+2.6%	+10.5%	+10.5%
Standard Life UK Equity Pension Fund	-16.4%	-7.2%	-3.7%	+1.6%	+8.3%	+8.2%
Standard Life Money Market Pension Fund	-0.3%	-0.1%	-0.5%	+0.4%	-0.3%	+1.0%

¹ Although a with profits fund protects members from falls in the value, the upside is limited, as the provider – Standard Life in this case will retain some of the returns to maintain bonus rates in years when the funds do not produce a positive return.

The Standard Life With Profits One fund provides guaranteed growth rates at 1.25% p.a. In addition to this, at the normal retirement age there is potentially a final bonus that will depend on the growth of the underlying assets. Once bonuses have been applied, they are guaranteed. However, the guarantee only applies when the member retires at the normal retirement date. Early or late retirement can lead to an adjustment in the final value that relates to the underlying fund performance. This is referred to as the Market Value Reduction (MVR).

In general, the returns from with profits funds are lower now, and likely to be in future, than they have been in the past. Until relatively recently, with profits funds had exposure to similar assets as balanced managed funds. As a result, they experienced similar returns, albeit that with profits fund returns were 'smoothed'. However, due to market falls in the early part of the last decade, retained funds were substantially reduced in an effort to maintain bonuses. To meet policy guarantees, there has been a trend to reduce with profits funds' exposure to equities (to about 40-50%) and increase exposure to fixed interest investment (to about 30-40%). As a result, the prospect for future investment returns (and therefore bonuses) has been reduced. Standard Life does not publish detailed information around asset allocation but general information on the assets allowed is available.

The emphasis of with profits funds is on the stability of payouts and this is the underlying concept of the 'smoothing' of with profits return. The individual policyholder should receive their own share of the assets underlying the with profits fund. If the assets have fallen in value, the value of a member's share will also fall but this will only be apparent if monies are switched out of the with profits fund prior to the expected maturity date i.e., the selected retirement date. Insurance companies may apply an MVR to with profits funds that are being surrendered prior to the expected maturity date. This is because the overall values allowing for declared bonuses are greater than the underlying asset share. The MVR is designed to bring the surrender value in line, such that the policyholder secures his/her fair share of the assets.

In light of the reduced guarantees, lack of transparency and possible MVRs, other investment options may be more suitable for future AVCs than with profits.

Performance is shown relative to sector-based benchmarks. These typically reflect the median performance of a universe of funds with similar objectives. While this provides a useful comparison, we do not feel these benchmarks are wholly appropriate in determining how well the fund has performed relative to the market. Of the most heavily used funds, the SL Managed Fund and the Multi-asset managed funds have performed slightly ahead of their benchmarks, with the International Equity fund and the At Retirement multi asset fund performing behind their benchmarks.

Underlying fund performance generally reflects market conditions over the long term, with growth funds delivering strong returns as equities rallied. Bond funds had a more challenging 12 months as yields rose.

The table below sets out the annual return, after the deduction of member borne charges and transaction costs, for the TIP arrangements.

Investment annualised performance for the TIP arrangements

5 years to 31/05/2022	3 years to 31/05/2022	1 year to 31/05/2022
4.14% p.a.	5.53% p.a.	1.43% p.a.

Utmost

Fund Name	Total AUM (£)	Transfer Value (£)	Total AUM (as % of total fund)
Utmost Multi-Asset Moderate Pension Fund	£3,909.06	£3,909.06	100%

- There is only one member investing in this fund.
- Charges for Utmost funds are relatively high when compared to the DC market as a whole

Investment annualised performance

Fund Name	1 Year (%)	ABI Sector Benchmark (%)	3 Year (%)	ABI Sector Benchmark (%)	5 Year (%)	ABI Sector Benchmark (%)
Utmost Multi-Asset Moderate Pension	-6.09	-5.35	N/A		N/A	

This fund was only opened in January 2020 so longer term performance is not available.

Costs and Charges borne by members

The Trustee is required to disclose the charges (including annual fund management charges and additional fund expenses such as custody costs) and transaction costs paid by members and assess the extent to which these charges paid by members represent good value for money.

Standard Life TIP

Standard Life currently applies an annual fee of £200 to the funds held in the Standard Life Managed Fund (where all TIP funds are currently invested). This is taken from the Scheme assets each year and is not borne directly by the members.

The Annual Fund Management Charge is currently 0.5% per annum annual management charges and 0.025% per annum additional fund expenses. The total charge of 0.525% per annum is deducted from the underlying fund value. This amount is clearly communicated to members in an annual statement issued at the beginning of each calendar year.

Members are not charged additional fees on entry or exit from any of the investment funds available to them 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).

Transaction costs are those incurred as a result of routine fund management activities such as buying and selling investments. The Managed Fund uses a “single swinging price” pricing methodology which means one price exists on any day, but this can either be the bid price or the offer price. The “bid” price is the lower price at which units are typically sold and the “offer” price is the higher price at which units are typically bought. The difference between these two prices is known as the “bid/offer spread”. In a pooled fund such as the Managed Fund, the manager looks at trades of all investors in the fund rather than the individual trades of a member or those of the Scheme. The price used is determined by whether the manager needs to buy assets into the fund or sell assets out of the fund.

- When the fund needs to sell assets (i.e. the net transactions are negative), then the fund uses the bid price.
- When the fund needs to buy assets (i.e. the net transactions are positive), then the fund uses the offer price.

Depending on the above, the transaction costs can in some cases be negative which results in a small “gain” as a result of trading.

For 2021, the transaction costs for the Standard Life Managed Fund were 0.02%.

For the Standard Life AVC funds a full list of charges, including the transaction charges, during the 12 month period to 31 December 2021 is included in Appendix B.

The Utmost fees are correct up to 31 December 2021, the Prudential fees and charges are up to 31 December 2020 as further information has not been provided.

The investment providers’ annual Fund Management Charges were assessed as part of the last DC review in 2021 and considered against other providers in the market.

Appendix C 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 10, 20 and 30 year periods.

Value for members assessment

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but the Trustee considers that it broadly means that the combination of costs and the quality of what is provided in return for those costs is appropriate for the membership of this Section when compared to other options available. The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the DC arrangements and in particular, noting that they are legacy arrangements which do not provide material benefits relative to their defined benefit from the Scheme to the affected members.

The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment along with the specifics of this set-up.

In the context of the assets under management, these being legacy arrangements and limited options being available for AVC provision, a proportionate approach is taken to reviewing the arrangements and the latest external review was undertaken in Q2 2021. The outcome of the review, which was completed by First Actuarial LLP, was that there are no significant concerns but that consideration should be given to more frequent oversight and communication as well as the long-term future of these arrangements. The review included consideration of the performance of the Scheme’s investment funds (after all charges).

The fees for the TIP are competitive for this type of contract. Charges for the AVCs are high compared to ongoing DC arrangements, but this is not unusual for AVC schemes. The scheme is closed to new entrants and with no ongoing contributions this restricts the leverage available to encourage AVC providers to review their charges.

The Trustee also believes the transaction costs provide reasonable value for members as the ability to transact forms an integral part of the investment approaches, and we expect this to lead to greater investment returns net of fees over time.

As detailed in the earlier sections, the Trustee is also broadly comfortable with the administration processes which directly impact members.

The Trustee is continuing to review whether the TIP continues to be a practical way of providing the benefits agreed when members transferred in and is considering alternative options with its advisers. Any changes to be made to the TIP are being communicated and discussed separately with the effected members. The Trustee is also reviewing options available for the AVC arrangements alongside other DC arrangements made by the Company.

In the meantime, the Trustee is comfortable that members of the Scheme are broadly receiving reasonable value for money for the charges and cost that they incur. The Trustee believes this because the fund related charges are not unreasonable when considered against other options and no administration costs are borne by the members.

Signed: *Bhavna Kumar*

Date: 22/07/2022

Chair

Trustee of the Innovia British Pension Scheme

For and on behalf of Align Pensions Limited

Appendix A

Statement of Investment Principles

Appendix B

Fund charges

Fund charges for the AVC funds are shown below:

Fund	Total Annual Management Charge (%)	Actual After Rebate (%) ²	Transaction costs (%)	Total TER
Standard Life At Retirement (Multi Asset Universal)	1.00	0.60	0.04	0.64
5Standard Life Deposit & Treasury Fund	1.00	0.60	0.01	0.61
Standard Life FTSE Tracker	1.00	0.60	0.01	0.61
Standard Life Pension Money Market Pension Fund	1.00	0.60	0.01	0.61
Standard Life Managed Pension Fund	1.00	0.60	0.02	0.62
Standard Life Multi Asset Managed (20-60% Shares) Fund	1.00	0.60	0.02	0.62
Standard Life Investments Global Absolute Return Strategies Fund	1.42	1.02	0.11	1.13
Standard Life UK Equity Pension Fund	1.00	0.60	0.02	1.02
Standard Life International Equity Pension Fund	1.00	0.60	0.01	1.01
Standard Life With Profits One ⁴	n/a	n/a	n/a	n/a
Prudential Cash Fund ³	0.55	n/a	0.00	0.55
Prudential Deposit ⁴ Fund ³	n/a	n/a	n/a	n/a
Prudential With Profits Fund ³	n/a	n/a	n/a	n/a
Utmost Multi Asset Moderate Fund	0.75	n/a	0.00	0.75

² Standard Life applies a rebate to their fees to the benefit of members.

³ The costs for the Prudential are from 1 January 2020 to 31 December 2020.

⁴ The Prudential Deposit Fund and With Profits funds for both Prudential and Standard Life do not have any explicit charges. The costs of managing these funds are implicitly included within the declared bonus and interest rates.

Appendix C

Illustration of Charges

Illustration of total charges (including transaction costs) on fund values over time

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

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be.

The assumptions are explained below: The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs. The allowance for costs in the illustrations are based on those noted above for the TIP and for an example AVC investment.

The following illustration projects the cumulative value of starting fund values of £10,000, £20,000, £30,000 and £40,000 over 10, 20 and 30 years, based on assumed returns after inflation (of 2.5% p.a.) of either 2% p.a., 2.5% p.a. or 4% p.a., offset by the charges of either 0.60% or 0.70% each year.

It should be noted that these are only illustrations and actual fund values will depend on actual investment returns achieved on investments, the time under investment and the amounts invested.

Appendix C

Illustration of Charges

Fees of 0.60% per year

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
10	£12,190	£11,492	£12,801	£12,071	£14,802	£13,970
20	£14,859	£13,206	£16,386	£14,571	£21,911	£19,517
30	£18,114	£15,175	£20,976	£17,588	£32,434	£27,266

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
10	£24,380	£22,983	£25,602	£24,142	£29,605	£27,941
20	£29,719	£26,411	£32,772	£29,142	£43,822	£39,034
30	£36,227	£30,351	£41,951	£35,177	£64,868	£54,531

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
10	£36,570	£34,475	£38,403	£36,213	£44,407	£41,911
20	£44,578	£39,617	£49,158	£43,712	£65,734	£58,551
30	£54,341	£45,526	£62,927	£52,765	£97,302	£81,797

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000
10	£48,760	£45,966	£51,203	£48,284	£59,210	£55,881
20	£59,438	£52,823	£65,545	£58,283	£87,645	£78,068
30	£72,454	£60,701	£83,903	£70,353	£129,736	£109,063

Appendix C

Illustration of Charges

Fees of 0.70% per year

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
10	£12,190	£11,379	£12,801	£11,953	£14,802	£13,836
20	£14,859	£12,948	£16,386	£14,287	£21,911	£19,143
30	£18,114	£14,733	£20,976	£17,078	£32,434	£26,486

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
10	£24,380	£22,757	£25,602	£23,906	£29,605	£27,672
20	£29,719	£25,895	£32,772	£28,575	£43,822	£38,286
30	£36,227	£29,465	£41,951	£34,156	£64,868	£52,971

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
10	£36,570	£34,136	£38,403	£35,859	£44,407	£41,507
20	£44,578	£38,843	£49,158	£42,862	£65,734	£57,429
30	£54,341	£44,198	£62,927	£51,234	£97,302	£79,457

Year	2% return		2.5% return		4% return	
	Without fees	With fees	Without fees	With fees	Without fees	With fees
0	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000
10	£48,760	£45,515	£51,203	£47,812	£59,210	£55,343
20	£59,438	£51,790	£65,545	£57,150	£87,645	£76,571
30	£72,454	£58,931	£83,903	£68,311	£129,736	£105,942