Irwin Mitchell 1989 Pension Scheme ("the Scheme")

Chair's annual statement regarding governance of defined contribution benefits

Scheme Year - 6 April 2020 to 5 April 2021

1. Introduction

1.1. This statement has been prepared by the Scheme's Trustees and reports on how during the Scheme Year they complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 and amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 ("the Regulations").

1.2. The governance standards relate to defined contribution ("DC") benefits, also commonly referred to as money purchase benefits. The Scheme provides benefits on a DC basis only. The information provided within this Statement relates to the period from 6 April 2020 to 5 April 2021.

1.3. The Scheme is open to new members and the Irwin Mitchell Group uses the Scheme to meet its auto-enrolment obligations by auto-enrolling newly Eligible Jobholders into the Scheme and by maintaining the Scheme as a 'Qualifying Scheme' for the active membership. Irwin Mitchell LLP is the Scheme's principal employer.

1.4. Members contribute 3% of pensionable salary to the Scheme and their employer contributes 5%. The members' contributions are paid on a salary sacrifice basis where possible, and this reduces the amount of national insurance they and their employer pays. Members can also pay Additional Voluntary Contributions ("AVCs").

1.5. The Scheme is structured on a bundled basis with Royal London Mutual Insurance Society Limited ("Royal London") providing investment, administration and communication services on behalf of the Trustees.

1.6. The Trustees will make this statement available on Irwin Mitchell's publicly available website and this is referred to in members' annual benefit statements.

1.7. The Trustees also take consultancy and investment advice from Barnett Waddingham LLP.

2. The Scheme's Default investment arrangement

2.1. During the Scheme Year, the Scheme had four default investment arrangements for the purposes of the Regulations. These were:

2.1.1. **For members who joined the Scheme from 1 April 2015** – The Irwin Mitchell Adventurous Tracker Lifestyle Strategy, which uses a 15 year de-risking profile and targets cash on retirement. This default strategy uses Royal London's governed portfolios 7, 8 and 9 (which are funds of funds) in various weightings, and the Royal London Deposit Fund. This means through the growth phase, members are invested in a combination of passive UK and overseas equities together with an allocation to property and commodities. Members' funds are switched into a wider range of funds, incorporating gilts and bonds of various durations, over the 15 years up to retirement, finally switching into 100% in the Royal London Deposit Fund at retirement. Royal London regularly adjusts the asset allocation of its governed portfolios 7, 8 and 9 to reflect their views of the market (both in the growth phase and the run up to retirement). The amount that a member has in each of these funds is dependent on the length of time that the member has to retirement. Under the

Scheme's Rules, the member's normal retirement age is 65 but the member can, subject to the restrictions imposed in those Rules, select an earlier or later retirement.

2.1.2. **For members who joined the Scheme prior to 1 January 2010 and who were aged 50 or over on 1 January 2010** - The Irwin Mitchell Retirement Investment Strategy, which uses a 15 year de-risking profile and targets annuitisation on retirement. This default strategy initially invests in the Royal London BlackRock Aquila UK Equity Index Fund, which from 15 years prior to retirement switches into the Royal London BlackRock Aquila Consensus Fund for a period before switching again so that at retirement, 75% is invested in the Royal London BlackRock Aquila Life long Gilt fund and 25% in the Royal London Deposit Fund. The amount that a member has in each of these funds is dependent on the length of time that the member has to retirement. Under the Scheme's Rules, the member's normal retirement age is 65 but the member can, subject to the restrictions imposed in those Rules, select an earlier or later retirement.

2.1.3. **For members who were contributing to the RLP Property Fund as at 30 March 2020** – Due to the impact of the COVID-19 lockdown, the RLP Property Fund closed on 30 March 2020. Royal London automatically redirected new contributions to the RLP Deposit Fund from this date. This therefore created a new temporary default strategy within the Scheme. The RLP Property Fund reopened to contributions on 29 September 2020 and all redirected contributions moved back into the RLP Property Fund, therefore removing this new default fund.

2.1.4. **For all other members of the Scheme** – a lifestyle strategy is in place which targets annuitisation on retirement (known as the "Irwin Mitchell 2010 Default Lifestyle Strategy"). The growth phase is the Royal London BlackRock Aquila Life Global Equity (60/40) Fund which then switches as members approach retirement so that at retirement 75% is invested in the Royal London BlackRock Aquila Life long Gilt fund and 25% in the Royal London Deposit Fund. The amount that a member has in each of these funds is dependent on the length of time that the member has to retirement. Under the Scheme's Rules, the member's normal retirement age is 65 but the member can, subject to the restrictions imposed in those Rules, select an earlier or later retirement.

2.2. A copy of the latest Statement of Investment Principles ("SIP"), signed on behalf of the Trustees on 27 July 2021 and prepared in accordance with regulation 2A of The Occupational Pension Schemes (Investment) Regulations 2005, is attached to this governance statement as Appendix 2

2.3. During the Scheme Year the Trustees, with the support of its investment adviser (Barnett Waddingham LLP), monitored the performance of the default investment arrangement strategies and the individual funds which make up the default investment arrangements. The Trustee received investment monitoring reports for the six month periods to 30 June 2020 and 31 December 2020. In other quarters the Trustees reviewed past performance data published by Royal London.

Review of the default

2.4. No formal review of the Scheme's investment defaults was undertaken during the Scheme year.

2.5. The Trustees and the Sponsoring Employer commenced a review the Scheme's strategic investment objectives during the 2019/2020 Scheme year but this remains paused, due, in part to market fluctuations caused by Covid 19 and wider strategic projects. It should also be noted that the last formal strategic review of the default investment arrangements was undertaken in November 2018 which took into account the membership profile of Scheme, its members and their needs, as well as Barnett Waddingham LLP's knowledge and market experience, to ascertain the suitability of their default fund strategy, and the default fund arrangements, and to ensure that they provide good retirement outcomes for members. The next formal investment review is due to commence in late 2021.

3. Core financial transactions

3.1. The Regulations require trustees to ensure that core financial transactions are processed promptly and accurately and to report to you on what processes and controls have they put in place.

3.2 For this purpose, the Scheme's core financial transactions comprise:

3.2.1 investment of contributions (including AVCs)

3.2.2 transfers into and out of the Scheme (including AVCs)

3.2.3 investment switches within the Scheme (including AVCs)

3.2.4 payments out of the Scheme to or on behalf of members, including retirements (including AVCs).

3.3. During the Scheme Year:

3.3.1. The Trustees outsourced the administration functions to Royal London as part of its services as the bundled provider to the Trustees. In addition, the Trustees have outsourced a limited post box role to facilitate communication between the Trustees and Royal London to the Irwin Mitchell in-house pensions team. This additional post box covers member requests for retirement transfer in and out of the Scheme, and other miscellaneous member questions and sending out all member packs for new joiners, retirements and wake up packs. The costs of this post box service is paid for by Irwin Mitchell LLP. Royal London are also responsible for the upkeep of members' records, except member addresses and member death benefit nomination forms.

Monitoring of core financial transactions

3.3.2. Royal London provided governance reports at each Trustees' meeting which allows the Trustees to monitor administration standards, including reporting against service level standards in place. The Trustees have an informal service level agreement between the Trustees and the in-house pensions team. Brief reports are made on this post box function at each Trustees' meeting.

3.3.3. The Trustees have Service Level Commitments ("SLCs") in place with Royal London. The SLCs are set out overleaf:

Core financial transaction	Service Level Commitment
Contribution/allocations	5 working days
Transfer payments in	5 working days
Transfer payments out	5 working days
Investment switches	5 working days
Retirement payments out of the Scheme	5 working days

3.3.4. Royal London monitors that contributions are paid within regulatory timescales.

3.3.5. Royal London are also responsible for the allocation of units in all the funds, including the default investment arrangements and any AVCs that are paid.

3.3.6. The Trustees have reviewed and assessed whether Royal London's systems, processes and controls across all their key governance function, when combined with the post box role described in paragraph 3.3.1 above, are consistent with those set out in the Pension Regulator's Code of Practice 13 and Regulatory Guidance for the Trustees and the Trustees were broadly satisfied with the arrangements.

3.4 The controls in place in relation to the accuracy of core financial transactions are:

3.4.1 Governance reports are provided are provided by Royal London showing financial summaries which are reviewed by the Trustees.

3.4.2 The Trustees have approved individually every benefit payment out of the Scheme in the Scheme Year.

3.4.3 Monitoring of accuracy is undertaken via the auditing of the Scheme's annual report and accounts and periodic auditing of the Scheme's membership data. In addition, Royal London's processes are subject to internal controls procedures.

3.4.4 Royal London no longer publishes an annual Assurance Report on Internal Controls. Whilst the Trustees have requested this, Royal London has not provided a copy.

3.5 During the Scheme Year, Royal London provided the Trustees with governance reports that include cash flow monitoring, summaries of member transactions, reporting of service performance against the SLCs and identifying any issues arising regarding administration timeliness and/or accuracy.

3.6 As part of the investment monitoring reports produced by Barnett Waddingham LLP, the number of members invested within each investment option available is monitored.

3.7. In May 2021 the Trustees issued annual benefit statements to members with details of each member's pension fund and with an illustration of their benefits at their normal retirement age. Members are able to access up-to-date details values of their pension account, reflecting recent transactions, via Royal London's online member portal and via Royal London's smart phone app.

3.8. The Trustees believe that these measures enabled them to monitor the promptness and accuracy of core financial transactions.

3.9. Progress on Deeds of Assignment for the Scheme's pensioners continues progress. The Deeds of Assignment can't be completed until after the Deed of Amendment has been produced by the Trustees and ratified by each of the four participating companies that make up the pension scheme. This work is envisaged to be completed late 2021/early 2022.

3.10. Over the period the Royal London Property Fund was suspended due to the impact of Covid on the market. Two self-select active members were affected due to the closure of the property fund and had their contributions re directed to a cash fund. Royal London confirmed that no communication had been sent to these members. However, the property fund re-opened in September 2020 and the two affected members' funds were re-balanced and put back in the designated property fund.

Trustees view of core financial transactions

3.11. The Trustees believe that, other than the issues set out in paragraphs 3.9 to 3.10, the core financial transactions were processed promptly and accurately during the Scheme Year.

4. Charges and transaction costs

4.1. The charges applied to members within the Scheme are structured as an annual Total Expense Ratio ("TER"), which during the Scheme Year covered the cost of investment management and governance, administration functions and most Scheme communications.

4.2. All other costs associated with running the Scheme are met by the Sponsoring Employer.

4.3. The annual TER applicable to all the funds which make up the three default investment arrangements during the Scheme Year was 0.45% p.a.

4.4. The annual TERs applicable to other investment funds not part of the default arrangement and in which members' retirement accounts were invested during the Scheme Year ranged from 0.45% p.a. to 1.41% p.a.

4.5. During the year Royal London applied a profit share of 0.15% of members' fund values as at 1 April 2021 to eligible members' fund values which has the effect of mitigating the TERs met by members during the year. Royal London defined the eligible members as those who had funds invested with Royal London as at 31 December 2020 and who retained funds with Royal London as at 1 April 2021.

4.6. For all funds, including the funds used within the default investment arrangements, there are additional charges incurred by members which will apply when changes are made to the underlying investment funds or when members transact within the fund. These are known as transaction costs. These costs are normally either factored into the unit price of an investment fund or recognised by the investment manager before returns are declared.

4.7. The Trustees approached Royal London for details of the transaction costs that would have applied to the funds used within the Scheme during the Scheme Year.

4.8. Royal London provided the following information:

The Irwin Mitchell Adventurous Tracker Lifestyle Strategy – 2015 Default Strategy

Investment option	Total Expense Ratio ("TER") p.a.	Transaction Costs & underlying costs not included in standard TER
Governed Portfolio 7	0.45%	0.13%
RLP Property		
RLP Deposit		
RLP Global High Yield Bond		
RLP Short Duration Global High Yield		
RLP Commodity		
RLP/BlackRock Aquila Global Blend		
Governed Portfolio 8	0.45%	0.12%
RLP Property		
RLP Deposit		
RLP Medium (10yr) Gilt		
RLP Medium (10yr) Corporate Bond		
RLP Medium (10yr) Index Linked		
RLP Global High Yield Bond		
RLP Short Duration Global High Yield		
RLP Commodity		
RLP/BlackRock Aquila Global Blend		
Governed Portfolio 9	0.45%	0.11%
RLP Cash Plus		
RLP Property		
RLP Deposit		
RLP Short (5yr) Gilt		
RLP Short (5yr) Corporate Bond		
RLP Short (5yr) Index Linked		
RLP Global High Yield Bond		
RLP Short Duration Global High Yield		
RLP Commodity		
RLP Absolute Return Government Bond		

Investment option	Total Expense Ratio ("TER") p.a.	Transaction Costs & underlying costs not included in standard TER
RLP/BlackRock Aquila Global Blend		
Deposit Fund	0.45%	0.00%
RLP Deposit		

Underlying funds within Governed Portfolios

The 2010 Default Lifestyle Strategy – 2010 Default Strategy

Investment option	TER p.a.	Transaction Costs & underlying costs not included in standard TER
RLP/BlackRock Aquila Global Equity Index (60:40)	0.45%	0.00%
RLP/BlackRock Aquila Long Gilt Index	0.45%	0.00%
RLP Deposit	0.45%	0.00%

The Irwin Mitchell Retirement Investment Strategy – 2005 Default Strategy

Investment option	TER p.a.	Transaction Costs & underlying costs not included in standard TER
RLP/BlackRock Aquila UK Equity Index	0.45%	0.00%
RLP/BlackRock Aquila Consensus	0.45%	0.09%
RLP/BlackRock Aquila Long Gilt Index	0.45%	0.00%
RLP Deposit	0.45%	0.00%

Deposit Fund – Default Strategy

Investment option	TER p.a.	Transaction Costs & underlying costs not included in standard TER
RLP Deposit	0.45%	0.00%

Other funds utilised on a self-select basis

Investment option	TER p.a.	Transaction Costs & underlying costs not included in standard TER
RLP/Corporate Bond	0.45%	0.00%
RLP/Global Managed	0.45%	0.11%
RLP/BlackRock Aquila Global Equity Index (50:50)	0.45%	0.01%
RLP/BlackRock Aquila European Equity Index	0.45%	0.00%
RLP/BlackRock Aquila US Equity Index	0.45%	0.01%

Investment option	TER p.a.	Transaction Costs & underlying costs not included in standard TER
RLP/Baillie Gifford UK Equity Fund	0.84%	0.03%
RLP/Baillie Gifford Worldwide Equity (60:40) Fund	0.87%	0.17%
RLP Long (15yr) Gilt	0.45%	0.00%
RLP Long (15yr) Corporate Bond	0.45%	0.00%
RLP Long (15yr) Index Linked	0.45%	0.00%
RLP Sterling Extra Yield Bond	0.45%	0.00%
RLP Jupiter Financial Opportunities Fund	1.41%	0.79%
RLP Adventurous Managed	0.45%	0.12%
RLP Emerging Markets ESG Leaders Equity Tracker	0.45%	0.000%
RLP Emerging Markets Core Plus (JPM Emerging Markets)	1.30%	0.850%
RLP Sustainable Diversified Trust	0.45%	0.330%
RLP Worldwide	0.45%	0.030%
RLP/Fidelity Asia	1.34%	0.180%
RLP/HSBC Islamic Global Equity Index	0.70%	0.040%
RLP/JPMorgan Emerging Europe Equity	1.30%	0.850%
RLP/Sarasin Food & Agriculture Opportunities	1.38%	0.320%

Notes to charges information supplied by Royal London:

1. The quoted charges and transaction costs for each lifestyle strategy are calculated as a composite of the underlying fund charges and transaction costs. These will vary depending upon each member's term to Normal Retirement Age.
2. The transactions costs cover the period 6 April 2020 to 5 April 2021. Royal London outlines the different costs and how they are calculated in its 'Transaction costs' information sheets which can be found at https://adviser.royallondon.com/globalassets/docs/adviser/investments/sa5pd0004-transaction-cost-sales-aid.pdf.
3. In certain circumstances the methodology used for calculating transaction costs can lead to negative costs being reported. Royal London states that these can occur for a couple of reasons:
    a. Anti-dilution levies – If an investor withdraws a large amount of money which leads to the fund manager having to sell securities they otherwise wouldn't have, we'll pass this charge on to the leaving investor which we then recycle back into the fund.
    b. Slippage costs – Due to the regulation around calculating these types of costs, slippage costs is the difference between the price of an asset when the trade is placed with a broker and the price it's actually traded at. If the price falls between a trade being placed and actioned then this can lead to negative transaction costs.

4.10 The Trustees confirm that all their charges are within the statutory management charge cap for the default fund arrangements of defined contributions schemes used for auto-enrolment. However, there are exit charges for some members (those who joined the Scheme before 6 April 2005) who elect to transfer their pension fund out of the Scheme or to retire before the Scheme's normal pension age of 65.

5. Cost & Charges Illustrative Examples

5.1. The Trustees, with the assistance of Royal London, have produced illustrations in line with the February 2018 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational schemes". These illustrations together with a further explanatory note, are included in Appendix 1, and provide an illustration of a typical member in each default fund which shows the cumulative effect the cost and charges have on their pension fund.

5.2. For each individual illustration, each member's pension fund has been projected twice; firstly to allow for the assumed investment return gross of costs and charges of the fund the members is invested in and then again, but adjusted for the cumulative effect of the costs and charges of the default fund.

6. Value for members

6.1. The Regulations require the Trustees to assess the extent to which the charges and transaction costs borne by members represent value.

6.2. The charges and transaction costs borne by members covered the cost of investment management and governance, administration services and most Scheme communications.

6.3. The annual Value for Members analysis was undertaken by the Trustees' professional advisers, Barnett Waddingham LLP, for the period up to 5 April 2021. The Trustees considered the assessment methodology and analysis at a meeting dated 23 September 2021. The Trustees noted that there is no legal definition of "good value" and so the process of determining good value for members is a subjective one.

6.4. The assessment considered:

6.4.1. in relation to investment services:

6.4.1.1. the range of investment options available and the design of the default investment arrangement

6.4.1.2. the arrangements for monitoring the performance of the investment funds

6.4.1.3. the governance arrangements

6.4.2. in relation to administration services:

6.4.2.1. the delegated administration service in place

6.4.2.2. the processes around financial transactions

6.4.2.3. data and record keeping monitoring

6.4.3. in relation to communication services:

6.4.3.1. communication strategy in place

6.4.3.2. breadth and quality of pre-retirement communications

6.4.3.3. breadth and quality of at/post-retirement communications

6.5. The Trustees concluded that the Scheme offers reasonable value in relation to the charges and transaction costs borne by members.

6.6. In reaching this conclusion, the Trustees recognised:

6.6.1. Low cost does not necessarily mean better value.

6.6.2. The ongoing monitoring of the performance of the default strategies and individual funds which make up the strategies.

6.6.3. The administration service and communications provided by Royal London are not yet at a level the Trustees wish and the Trustees continue to work with Royal London to understand how it can improve its services to members.

6.7. There were some areas identified as requiring attention, these included:

6.7.1. Exit penalties that would be applied to pre-6 April 2005 joiners if they put their benefits into payment early, or through retirement or transfers out.

6.7.2. The pricing of passively managed funds in comparison to actively managed funds.

6.7.3. The monitoring of the administration services provided by Royal London (and its interaction with Irwin Mitchell LLP's internal pension administration team) and identifying what additional steps can be taken. The Trustees continue to keep an increased governance oversight by commissioning the 6-monthly investment monitoring report from Barnett Waddingham's investment team.

6.7.4. The appropriateness of the communications produced by Royal London, with particular reference to the Scheme membership and how to communicate more effectively with members on their views more generally about the Scheme.

6.8. In light of these issues, some of which are consistent with areas of concern noted in previous Scheme Year statements, the Trustees continue to work with their advisers and the Sponsoring Employer with regards to how to improve the Scheme and the Sponsoring Employer's pension offering. As part of this, the Trustees and the Sponsoring Employer are;

6.8.1. Continuing with their legal challenge on the penalties that Royal London apply to pre-April 2005 joiners if they put their benefits into payment early and are looking at and;

6.8.2. Undertaking a strategic review of the future of the Scheme and are aiming to provide details of the review outcome to members in late 2021.

6.9. The assessment considered just those services for which members bear or share the costs. Factors that were not considered but that add value include:

6.9.1. the services fully paid for by the Sponsoring Employer e.g. the services of legal advisers, consultants and auditors and the in-house pension team performing the post box role.

6.9.2. the Employer contributions available through the Scheme and the operation of salary sacrifice for Employee contributions.

7. Trustee knowledge and understanding

The Trustee Board

7.1 The Trustee board comprised six trustees, three of which were member nominated. The Trustee board includes specialist in investment, IT and trust law. Two of the member nominated trustees are members of the Association of Member Nominated Trustees.

7.2 All the Trustees have undertaken the Pensions Regulator's Trustee Toolkit.

7.3 All the Trustees' comply with the Scheme's governance processes. This includes, for example, declaring any conflicts of interest that they might have on appointment, as well as any that might subsequently arise. This enables the Trustees to monitor, and as necessary, properly manage those conflicts of interest.

Trust documentation and policies

7.4 The Trustees are conversant with the Trust documents and policies. During the Scheme Year, with the assistance of its professional advisers, the Trustees reviewed the following Trust documents and policies:

7.4.2 Statement of Investment Principles

7.4.3 Risk Register

7.4.5 Internal dispute resolution procedure

7.4.6 GDPR policies and documents

7.4.7 Annual Scheme calendar

7.5 The Trustees operate a business plan with a timetable for reviewing all the Scheme's policies and procedures, this results in them being regularly considered and reviewed, as well as reviewed in detail when required.

Trustee training

7.6 The Trustees are required to be conversant with the Scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts and investment of Scheme assets to enable them to properly exercise their functions.

7.7 The Trustees address the requirements through a combination of training and taking professional advice.

7.8 Training on current pension issues is a standing item on each agenda and training undertaken during meetings is minuted. The Trustees supplement this with activities such as attending seminars and conferences, and reading pensions-related articles.

7.9 Over the year, the Trustees regularly received training updates from their advisers. These included publications called 'PerioDiC' and 'Current Pensions Issues' produced by Barnett Waddingham LLP and subject specific briefings by Irwin Mitchell LLP which were circulated to the Trustees.

7.10 The Trustees consult with professional advisers as and when required, for example on consultancy, governance and legal matters when, for example, specific clarification is needed about the Scheme and its governing documentation. The professional advisers also alert the Trustees, and whether appropriate provide training, on relevant changes to pension and trust law and other changes applicable to the Scheme. This means that they benefit from having ongoing training through the advice provided to them by the advisers, particularly Barnett Waddingham LLP and their legal advisers who attend all the main trustee meetings. The Trustees maintain a training log (held centrally) of each Trustee's training. They review their performance and training needs at each Trustees' meeting to ensure it remains up to date and relevant. The Trustees are due to undertake a formal assessment of these with the help of their advisers. This will then be used to prepare and maintain a more formalised trustee training programme.

7.11 During the period covered by this statement, the Trustees took professional advice on the operation of the Scheme, in particular:

7.11.2 Monitoring the performance of the default investment arrangement strategy and performance of the individual funds which make up the default investment arrangement

7.11.3 Undertaking the annual value for members assessment

7.11.4 ESG legislation and incorporating the Trustees' ESG and stewardship policy into the SIP

7.11.5 Specialist advice on the Crest charges which Royal London apply

7.11.6 Investment adviser objectives

7.11.7 ESG monitoring requirements

Assessment

7.12 The Trustees consider that their knowledge, skills and understanding together with the advice which is available to them from their advisers enable them to properly exercise their trustee functions in relation to the Scheme.

Member communication

7.13 Member's views are obtained through approaching and direct feedback to Royal London, the Irwin Mitchell LLP's pensions team, the Trustees, Irwin Mitchell Group's HR team and/or Irwin Mitchell Group's finance/payroll.

7.14 If any member would like to get in touch with the Trustees or provide feedback on the Scheme, please contact Penny Cogher, at penny.cogher@irwinmitchell.com and on 0207 400 8798.

Adrian Budgen | 01 November 2021

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Mr A Budgen | Date

Chair of the Trustees of the Irwin Mitchell 1989 Pension Scheme

Appendix 1

Notes for the occupational pension scheme member data

The Trustees, with the assistance of Royal London, have produced illustrations in line with the February 2018 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational schemes". These illustrations are attached, and provide an illustration of a typical member and the cumulative effect the cost and charges have on their fund value.

For each individual illustration in Table 1, each member's pension fund has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund in which the member is invested (i.e. 'Before Charges') and then again, but adjusted for the cumulative effect of the costs and charges of the fund (i.e. 'After all charges are costs are deducted).

Within the cost illustrations provided, the fund labelled:

- **Default Fund**: '**Irwin Mitchell Adventurous Tracker Lifestyle Strategy**' – this is the default investment arrangement for members who joined the Scheme from 1 April 2015;
- **Fund A:** '**Irwin Mitchell 2010 Default Lifestyle Strategy**' – this is the default investment arrangement for members who joined the Scheme between 1 January 2010 and 31 March 2015, or for members who on 1 January 2010 were already members of the Scheme but were under the age of 50 on that date;
- **Fund B:** '**Irwin Mitchell**' – this is the default investment arrangement for members who joined the Scheme prior to 1 January 2010 and who were aged 50 or over on 1 January 2010; and
- **Fund C:** '**RLP/BlackRock Long Gilt Index 75% RLP Deposit 25%**' – this is an alternative self-select strategy that a member would have had to choose to invest in.

Some further notes when looking at these illustrations are that:

- The illustrations that are titled '**typical member data**' provide illustrations for active members and assume contributions continue to be paid to the Scheme – these use the average contribution figure of £2,672 p.a. which used is based on current Scheme data, using the current active members.
- The illustrations that are titled '**typical paid-up member data**' make no allowance for future contributions and are therefore aimed at members who no longer contribute to the Scheme
- The starting pension fund size used in the illustrations is the average across all members pension funds within the Scheme.
- The fund values shown in Table 1 are the expected values of the fund at the end of each of the years.
- The starting pension fund size for the illustrations is £15,210 but the reason why the average members' pension fund value of £15,210 doesn't appear in 'Table 1' is because the value in year 1 is at the end of year 1, which means the fund values have been discounted. They are the expected values of the fund at the end of each of the years.

Occupational pension scheme - typical member data

Table 1

This table shows the projected value of a typical member's plan in the current scheme as at 01/10/2021.

Projected pension pot in today's money									
		Fund choice		Fund choice					
		Default Fund		Fund A		Fund B		Fund C	
Years	Value of payments made, no investment	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£ 14,839	£ 18,200	£ 18,100	£ 18,200	£ 18,100	£ 18,100	£ 18,100	£ 17,600	£ 17,500
3	£ 14,124	£ 24,500	£ 24,200	£ 24,400	£ 24,200	£ 24,300	£ 24,000	£ 22,300	£ 22,000
5	£ 13,443	£ 31,000	£ 30,500	£ 31,000	£ 30,400	£ 30,700	£ 30,100	£ 26,900	£ 26,400
10	£ 11,882	£ 48,900	£ 47,200	£ 48,600	£ 47,100	£ 47,700	£ 46,200	£ 38,100	£ 37,000
15	£ 10,502	£ 68,900	£ 65,600	£ 68,300	£ 65,200	£ 66,300	£ 63,400	£ 48,800	£ 46,800
20	£ 9,282	£ 91,400	£ 85,700	£ 90,100	£ 85,000	£ 86,700	£ 81,800	£ 59,000	£ 56,100
25	£ 8,204	£ 116,000	£ 107,000	£ 114,000	£ 106,000	£ 109,000	£ 101,000	£ 68,900	£ 64,800
30	£ 7,251	£ 144,000	£ 131,000	£ 141,000	£ 129,000	£ 133,000	£ 122,000	£ 78,300	£ 73,000
35	£ 6,409	£ 175,000	£ 157,000	£ 171,000	£ 155,000	£ 159,000	£ 144,000	£ 87,400	£ 80,800
40	£ 5,665	£ 210,000	£ 186,000	£ 204,000	£ 182,000	£ 188,000	£ 168,000	£ 96,300	£ 88,300

Table 2

This table shows the projected growth rate for each fund as at 01/10/2021.

Fund choice	Investment name	Investment growth rate	Plans with this investment	AMC	Transaction costs*
Default fund	Irwin Mitchell Adventurous Tracker Lifestyle Strategy.	2.0%	1,920	0.45%	0.06%
Fund A	Irwin Mitchell 2010 Default Lifestyle Strategy	1.9%	784	0.45%	0.01%
Fund B	Irwin Mitchell Investment Strategy (IMS)	1.6%	10	0.45%	0.09%
Fund C	RLP/Blackrock Long Gilt Index 75%, RLP Deposit 25%	-1.5%	3	0.45%	0.01%

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

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

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

Notes

1. The projected pension values are shown in today's terms and take into account the effect of future inflation, which we've assumed will be 2.5%.
2. The starting pot size is assumed to be £15,210 and that Contributions are assumed from age 25 to 65 which will increase in line with assumed earnings inflation of 2.5% each year.
3. Lifestyle strategies reduce how much exposure is placed upon the retirement savings the closer the member gets to their chosen retirement age. Plans are invested in company stocks and shares in the early years and the closer they are to their retirement, are gradually switched into other assets. And whilst this reduces their exposure to the stock market, the expected growth rate can change depending on how long is left until retirement. Within these projections we've calculated these on a single equivalent growth rate using an average time to retirement over a full projection period.
4. Values shown are estimates and are not guaranteed
5. Member data, including the fund value and contribution levels were last reviewed on 01/10/2021.
6. TERs and transaction costs provided by Royal London are correct at 01/10/2021.

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Occupational pension scheme - typical paid-up member data

Table 1

This table shows the projected value of a typical member's plan in the current scheme as at 01/10/2021.

Projected pension pot in today's money									
		Fund choice		Fund choice					
		Default Fund		Fund A		Fund B		Fund C	
Years	Value of payments made, no investment	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted	Before Charges	After all charges + costs deducted
1	£ 14,839	£ 15,500	£ 15,400	£ 15,500	£ 15,400	£ 15,500	£ 15,400	£ 14,900	£ 14,900
3	£ 14,124	£ 16,200	£ 16,000	£ 16,200	£ 16,000	£ 16,100	£ 15,900	£ 14,500	£ 14,300
5	£ 13,443	£ 17,000	£ 16,600	£ 17,000	£ 16,600	£ 16,800	£ 16,400	£ 14,000	£ 13,700
10	£ 11,882	£ 19,100	£ 18,200	£ 19,100	£ 18,200	£ 18,700	£ 17,800	£ 13,000	£ 12,400
15	£ 10,502	£ 21,400	£ 19,900	£ 21,400	£ 20,000	£ 20,700	£ 19,400	£ 12,000	£ 11,200
20	£ 9,282	£ 24,100	£ 21,800	£ 24,000	£ 21,900	£ 23,000	£ 21,000	£ 11,100	£ 10,200
25	£ 8,204	£ 27,000	£ 23,900	£ 26,900	£ 24,100	£ 25,500	£ 22,800	£ 10,300	£ 9,240
30	£ 7,251	£ 30,300	£ 26,100	£ 30,200	£ 26,400	£ 28,300	£ 24,600	£ 9,600	£ 8,370
35	£ 6,409	£ 34,000	£ 28,600	£ 33,900	£ 28,900	£ 31,400	£ 26,600	£ 8,890	£ 7,580
40	£ 5,665	£ 38,200	£ 31,300	£ 38,000	£ 31,700	£ 34,800	£ 28,900	£ 8,240	£ 6,860

Table 2

This table shows the projected growth rate for each fund as at 01/10/2021.

Fund choice	Investment name	Investment growth rate	Plans with this investment	AMC	Transaction costs*
Default fund	Irwin Mitchell Adventurous Tracker Lifestyle Strategy.	2.3%	2,041	0.45%	0.06%
Fund A	Irwin Mitchell 2010 Default Lifestyle Strategy	2.3%	1,847	0.45%	0.01%
Fund B	Irwin Mitchell Investment Strategy (IMS)	2.1%	27	0.45%	0.09%
Fund C	RLP/Blackrock Long Gilt Index 75%, RLP Deposit 25%	-1.5%	5	0.45%	0.01%

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

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

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

Notes

1. The projected pension values are shown in today's terms and take into account the effect of future inflation, which we’ve assumed will be 2.5%.
2. The starting pot size is assumed to be £15,210 and that no further contributions will be made.
3. Lifestyle strategies reduce how much exposure is placed upon the retirement savings the closer the member gets to their chosen retirement age. Plans are invested in company stocks and shares in the early years and the closer they are to their retirement, are gradually switched into other assets. And whilst this reduces their exposure to the stock market, the expected growth rate can change depending on how long is left until retirement. Within these projections we’ve calculated these on a single equivalent growth rate using an average time to retirement over a full projection period.
4. Values shown are estimates and are not guaranteed
5. Member data, including the fund value and contribution levels were last reviewed on 01/10/2021.
6. TERs and transaction costs provided by Royal London are correct at 01/10/2021.

Appendix 2

Irwin Mitchell 1989 Pension Scheme

Statement of Investment Principles

Barnett Waddingham LLP

21 July 2021

Contents

1 Introduction

1.1 This Statement of Investment Principles ("the Statement") has been prepared by the Trustees of the Irwin Mitchell 1989 Pension Scheme ("the Trustees") and relates to the defined contribution (DC) benefits provided through the Irwin Mitchell 1989 Pension Scheme ("the Scheme"). The Statement sets down the principles which govern the decisions about the investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018; and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2019

1.2 In preparing this statement the Trustees have consulted Irwin Mitchell LLP, the Principal Employer, and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business.

1.3 This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates).

1.4 The Trustees will review this Statement at least every three years or if there is a significant change in any of the areas covered by the Statement or the demographic profile of members.

1.5 The investment powers of the Trustees are set out in Clause Rule 36 of the Definitive Consolidated Trust Deed &and Rules, dated 20 September 2016. This statement is consistent with those powers.

2 Choosing investments

2.1 The Trustees carefully consider their Investment Objectives, shown in the appendix, when designing the range of investment options to offer to their members. The Trustees also acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, they also consider the level of risk that is appropriate based on the anticipated needs of the membership profile of the Scheme.

2.2 The Trustees' policy is to offer a default investment arrangement plus a core range of investment funds suitable for the Scheme's membership profile into which members can choose to invest their contributions and those contributions made by the employer. Details of these are given in the appendix. In doing so, the Trustees consider the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.

2.3 The day-to-day management of the Scheme's assets is delegated to the investment managers. The Scheme's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.4 The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to their performance within any guidelines set. The Trustees will also consult the employer before amending the investment strategy.

3 Investment objectives

3.1 The Trustees have discussed and agreed key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustees face in achieving these objectives. These are set out in the Appendix.

4 Kinds of investments to be held

4.1 The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

5 The balance between different kinds of investments

5.1 The Trustees have made available lifestyle strategies. Through these options members' assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, whilst a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower risk assets so as to protect the value of the retirement savings relative to the way in which they are expected to be accessed.

5.2 Members can choose to invest in any of the funds detailed in the Appendix or can elect to invest in a lifestyle strategy. Where members do not choose where their contributions, and those made on their behalf by the employer, are invested, the Trustees will invest these contributions according to the default investment strategy set out in the Appendix.

5.3 The Trustees consider the merits of both active and passive management for the various elements of the Scheme's portfolio and may select different approaches for different asset classes.

5.4 The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

6 Risks

6.1 Investment risk in a defined contribution scheme lies with the members themselves. The Trustees have considered a number of risks when designing and providing suitable investment choices to members. A comprehensive list of risks is set out in the Trustees risk register, however, the main investment risks affecting all members are:

Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available investment options that are expected to provide a long-term real rate of return.

Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangements made available through the Scheme (see Appendix), the Trustees change the proportion and type of investments so that in the run up to retirement the investments gradually start to more closely match how the Trustees expect members to access their retirement savings. The Trustees keep under review the appropriateness of the strategies.
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the investment options offered to ensure member outcomes can be maximised. Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.
Investment manager risk	The Trustees monitor the performance of the Scheme's investment managers on a regular basis in addition to having meetings with them from time to time as necessary.
Concentration/ Market risk	The investment managers are expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment managers and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

7 Expected return on investments

7.1 The Trustees have regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, whom they have deemed to be appropriately qualified. However, the day-to-day selection of investments is delegated to the investment managers.

7.2 The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons

8 Realisation of investments

8.1 The Trustees have delegated the responsibility for buying and selling investments to the investment managers.

9 Financially material considerations

9.1 The Trustee believe that environmental, social and governance ("ESG") factors, including climate change, are potentially financially material over the lifetime of the Scheme. However, these factors should be considered alongside other material factors, including but not limited to historical performance or fees.

9.2 The Trustees are cognisant that Scheme members have a long investment time horizon, of up to around 40 or 50 years.

9.3 The Trustees received training from their investment adviser and one of their investment managers on ESG factors. The Trustees considered the research findings presented at these training sessions in forming their views on the financial materiality of ESG factors as they apply to the Scheme's current investments.

9.4 As the Scheme's investments are held in pooled funds, ESG considerations are set by each of the investment managers.

9.5 The Trustees believe that ESG factors have the potential to be financially material to the risk-adjusted returns achieved by the Scheme's active fund holdings. These types of funds are actively managed to achieve their outperformance targets with low volatility, so the managers are therefore expected to consider all financially material considerations, including ESG factors, when managing the funds. Where the Trustees engage the services of an active manager, the Trustees will consider the manager's ability to assess ESG risks as part of the manager selection process. ESG risks will be considered alongside other material factors, including but not limited to historical performance and fees.

9.6 The Trustees believe that ESG factors have the potential to be financially material to the risk-adjusted returns achieved by the Scheme's passive fund holdings. The Trustees accept that for passively managed funds the manager must invest in line with the specified index and therefore may not be able to select, retain or realise investments based on ESG related risks and opportunities. Where the Trustees engage a manager to track an index, the Trustees will consider ESG risks as part of the selection of the index. ESG risks will be considered alongside other material factors, including but not limited to historical performance and fees.

10 Non–financial matters

10.1 The Trustees do not currently take into account members' views when selecting their investments, however they will keep this position under review.

11 Engagement and voting rights

11.1 The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The Trustees delegate the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers, who are signatories of the UK Stewardship code or equivalent.

11.2 The Trustees also delegate undertaking engagement activities, which include entering into discussions with company management in attempt to influence behaviour, to the investment managers.

11.3 In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented. The Trustees will monitor and engage with the investment managers on relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

11.4 Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers.

11.5 The Trustees expect all investment managers and their consultants to have a conflict of interest policy in relation to their engagement and ongoing operations. The Trustees will review these policies to manage the potential for conflicts of interest in the appointment of the investment manager and consultants and conflicts of interest between the Trustees investment manager and the investee companies.

12 Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

12.1 When appointing and reviewing an investment manager, the Trustees consider the investment manager's benchmark, objectives, and approach to the management of ESG and climate related risks, and how they are aligned with the Trustees' own investment aims, beliefs and constraints.

12.2 The Trustees carry out a strategy review at least every 3 years where they assess the continuing relevance of the strategy in the context of the scheme and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

12.3 In the event that the investment manager does not meet the Trustees' requirements, including the management of ESG and climate related risks, their appointment will be reviewed. The investment managers have been informed of this by the Trustees.

12.4 Investment manager ESG policies are reviewed in the context of best industry practice and feedback is provided to the investment manager where necessary.

Incentivising assessments based on medium to long term, financial and non-financial considerations

12.5 When reviewing a managers performance against their objectives (including any ESG and climate risk objectives), the Trustees assess these over an agreed predetermined rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on a medium to long-term time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this to be sufficient to ensure an appropriate alignment of interests.

12.6 The Trustees expect investment managers to vote and engage on behalf of the Scheme's holdings and the Scheme monitors this annually. The Trustees do not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

Method and time horizon for assessing performance and remuneration

12.7 The Trustees monitor the performance of their investment managers over the medium to long-term time periods that are consistent with the Trustees' investment aims, beliefs and constraints.

12.8 The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on a fixed percentage of the assets under management. Details of the fee structures for the Scheme's investment managers are contained in Appendix 1.

12.9 The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

12.10 The Trustees consider whether the asset management fee is in line with the market when a manager is selected, and the continued appropriateness of the annual management charges are considered from time to time when the manager arrangements are reviewed.

Portfolio turnover costs

12.11 The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the regular investment monitoring process.

12.12 During the investment manager appointment process, the Trustees consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated if this has contributed to the underperformance. The Trustees consider that portfolio turnover costs are within their targeted range where they reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

12.13 For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

12.14 The suitability of the Scheme's strategy and its ongoing alignment with the Trustees' investment aims, beliefs and constraints is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

13 Monitoring

13.1 **Investment Performance** The Trustees review the performance of each investment option offered through the Scheme against the stated performance objective and, in doing this, the Trustees receive a performance monitoring report on a regular basis. This monitoring takes into account both short-term and long-term performance. The investment manager's overall suitability for each mandate will be monitored as frequently as the Trustees consider appropriate in light of both its performance and other prevailing circumstances.

13.2 **Objectives** The Trustees monitor the suitability of the objectives for the Scheme (as detailed in the appendix) and performance (net of fees) against these objectives at least every three years and also when there is any significant change in the investment policy, underlying economic conditions or the profile of the members.

13.3 **Investment Choices** The Trustees monitor the ongoing appropriateness of the investment choices offered on a periodic basis.

14 Agreement

14.1 This Statement was agreed by the Trustees, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the employer, the investment managers, the actuary and the Scheme auditor upon request.

Signed: Adrian Budge **Date**: 27 July 2021

Appendix 1 Note on the Scheme's investment policy

The balance between different kinds of investment

The Trustees' main investment objectives are:

- to provide a suitable default investment option that is likely to be suitable for a typical member;
- to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives;
- to seek to achieve good member outcomes net of fees and subject to acceptable levels of risk;
- to maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to ensure that the expected volatility of the returns achieved is managed through appropriate diversification of the use of asset types in order to control the level of volatility and risk in the value of members' pension pots; and
- to reduce the risk of the assets failing to meet projected retirement income levels.

The Trustees are responsible for the design of the default investment options and for choosing which investment options to make available to members. Members are responsible for their own choice of investment options (including where the default investment option is selected for them because they have not selected other funds).

The Trustees have made available various lifestyle arrangements, whereby a member's assets are automatically invested in line with a pre-determined strategy that changes as the member gets closer to accessing their retirement savings. Emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term inflation-protected growth whilst the member is a long way off accessing their retirement savings, switching progressively to protection assets over the years preceding the member's target retirement date so as to protect the purchasing power of the retirement savings.

Default options

The Trustees acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single investment option that will be suitable for each individual member. However, having analysed the Scheme's membership profile, the Trustees decided that the lifestyle arrangements set out below represent suitable default investment options for the majority of members who do not make a choice about how their contributions (and those made on their behalf by the employer) are invested.

The aims, objectives and policies relating to the default options are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries. The objectives are consistent with the Trustees' main investment objectives as set out in section 1 of this Appendix. The statements made in the main body of this Statement of Investment Principles also apply to the default arrangements.

The Scheme currently has three default strategies:

- The 2005 default strategy – this strategy was updated in 2010 and members then under the age of 50 were transferred across to the new strategy.

- The 2010 default strategy – this strategy targets the purchase of an annuity at retirement and remains the current default strategy for members who joined the scheme before 6 April 2015.
- The 2015 default strategy (the Irwin Mitchell Adventurous Tracker Lifestyle Strategy) – this strategy was introduced in 2015 following the introduction of Pensions Freedoms for members joining the Scheme on or after 6 April 2015.

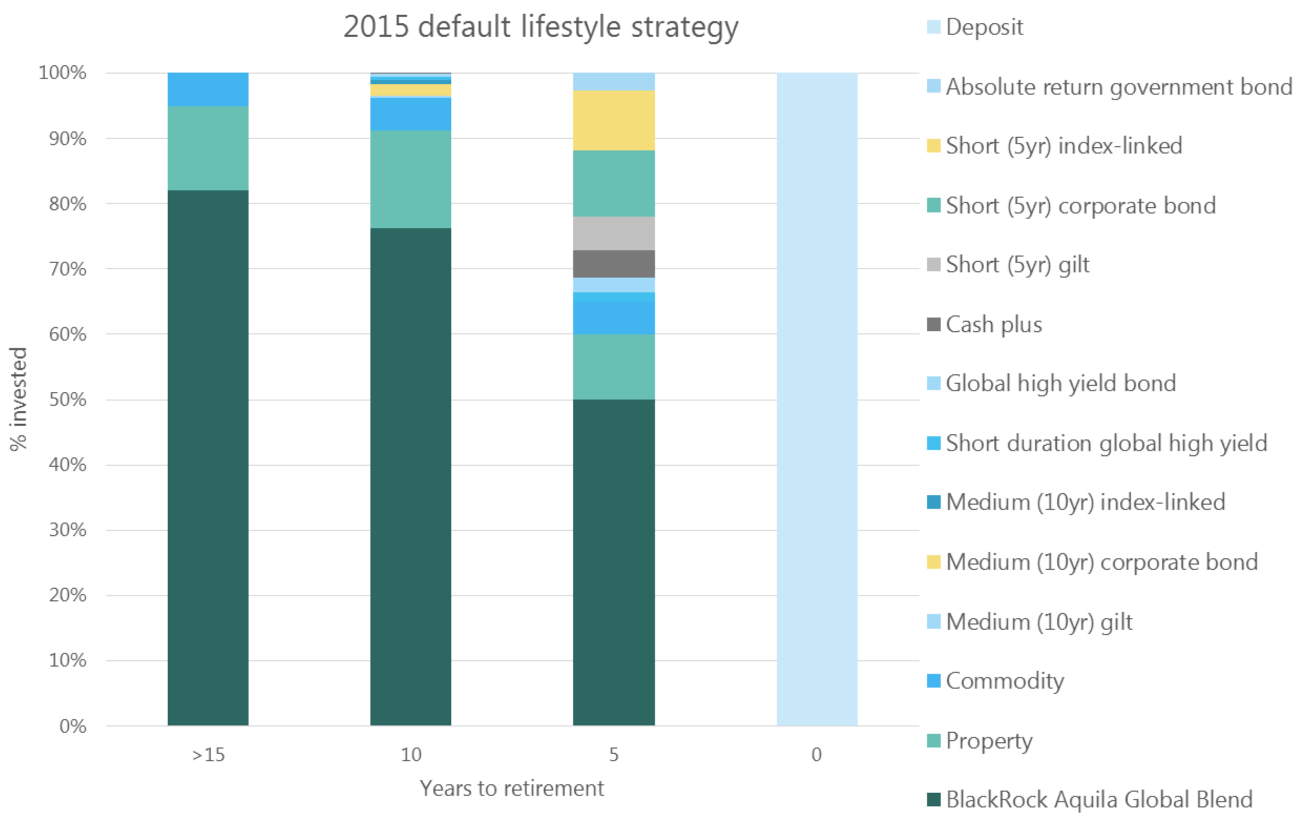
Further details on these strategies are set out below.

The 2015 default strategy (the Irwin Mitchell Adventurous Tracker Lifestyle strategy)

The 2015 default strategy was introduced following the introduction of Pension Freedoms in April 2015, recognising that members were no longer likely to purchase an annuity immediately on retirement. The strategy targets a 100% cash allocation at retirement.

This is the default arrangement for members who joined the Scheme on or after 6 April 2015. It is also available for members in the 2005 and 2010 default strategy if they wish to switch.

For members more than 15 years from retirement, their funds are invested in a version of Royal London's Governed Portfolio 7. Members' funds will then automatically transfer across into Governed Portfolio 8, then Governed Portfolio 9 before finally investing in the Royal London Deposit Fund at retirement. The switching takes place each month, based on the member's time to retirement. The following chart and table show how the 2015 default strategy progressively changes as members get closer to retirement.



Investment manager	Fund/ portfolio	Stage	Objective
Royal London	Governed Portfolio 7	More than 15 years to retirement	This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with a moderately adventurous or adventurous risk attitude over a long time period.
	Governed Portfolio 8	Between 5 and 10 years to retirement	This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with an adventurous risk attitude over a medium time period.
	Governed Portfolio 9	Less than 10 years to retirement	This portfolio aims to deliver above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with an adventurous risk attitude over a short time period.
	Deposit Fund	At the point of retirement	This is a liquid cash holding.

The current composition of each Governed Portfolio is summarised in the following table. Royal London periodically amend the composition of the portfolio based on their market views.

Governed Portfolio 7

Fund	% portfolio as at 8 July 2021
Aquila Global Blend	80.15%
Property	10.75%
Commodity	6.60%
Global High Yield Bond	2.50%

Benchmark as at 8 July 2021	
FTSE All Share Index	28%
FTSE World Index	44%
MSCI Emerging Market ESG Index	8%
ABI UK - UK Direct Property	12.50%
Bloomberg Commodity Index	5%
BofA Merril Lynch Global HY Constrained GBP Hedged Index	2.50%

Governed Portfolio 8

Fund	% portfolio as at 8 July 2021
Aquila Global Blend	71.50%

Benchmark as at 8 July 2021	
FTSE All Share Index	24.50%
FTSE World Index	38.50%

Property	11.65%
Commodity	7%
Medium (10yr) Gilt	0.50%
Medium (10yr) Corporate Bond	1.67%
Medium (10yr) Index Linked	0.50%
Global High Yield Bond	2.88%
Short Duration Global High Yield	0.83%
Deposit	3.47%

MSCI Emerging Markets ESG Index	7%
ABI UK - UK Direct Property	12.50%
Bloomberg Commodity Index	5%
BofA Merril Lynch Global HY Constrained GBP Hedged Index	2.50%
Various FTSE Actuaries UK conventional Gilt Indices that are blended together to reflect a 10-year investment horizon	1.66%
Various FTSE Actuaries UK Index-Linked Gilt Indices that are blended together to reflect a 10-year investment horizon	1.67%
Various Markit iBoxx Sterling Non Gilts Indices that are blended together to reflect a 10-year investment horizon	1.67%
Sterling Overnight Index Average (SONIA)	5%

Governed Portfolio 9

Fund	% portfolio as at 8 July 2021
Aquila Global Blend	46%
Property	9.15%
Commodity	7%
Short (5yr) Gilt	5.16%
Short (5yr) Corporate Bond	9.27%
Short (5yr) Index Linked	8.32%
Global High Yield Bond	3.25%
Short Duration Global High Yield	1.65%

Benchmark as at 8 July 2021	
FTSE All Share Index	15.75%
FTSE World Index	24.75%
MSCI Emerging Markets ESG Index	4.50%
ABI UK - UK Direct Property	10%
Bloomberg Commodity Index	5%
BofA Merril Lynch Global HY Constrained GBP Hedged Index	2.5%
Various FTSE Actuaries UK conventional Gilt Indices that are blended together to reflect a 5-year investment horizon	9.16%
Various FTSE Actuaries UK Index-Linked Gilt Indices that are	9.17%

Cash Plus	3.25%
Deposit	3.70%
Absolute Return Government Bond	3.25%

blended together to reflect a 5-year investment horizon	
Various Markit iBoxx Sterling Non Gilts Indices that are blended together to reflect a 5-year investment horizon	9.17%
Sterling Overnight Index Average (SONIA)	10%

Royal London regularly review the composition of each portfolio and their respective benchmarks.

The benchmark and objective of each fund in the 2015 default strategy is summarised below.

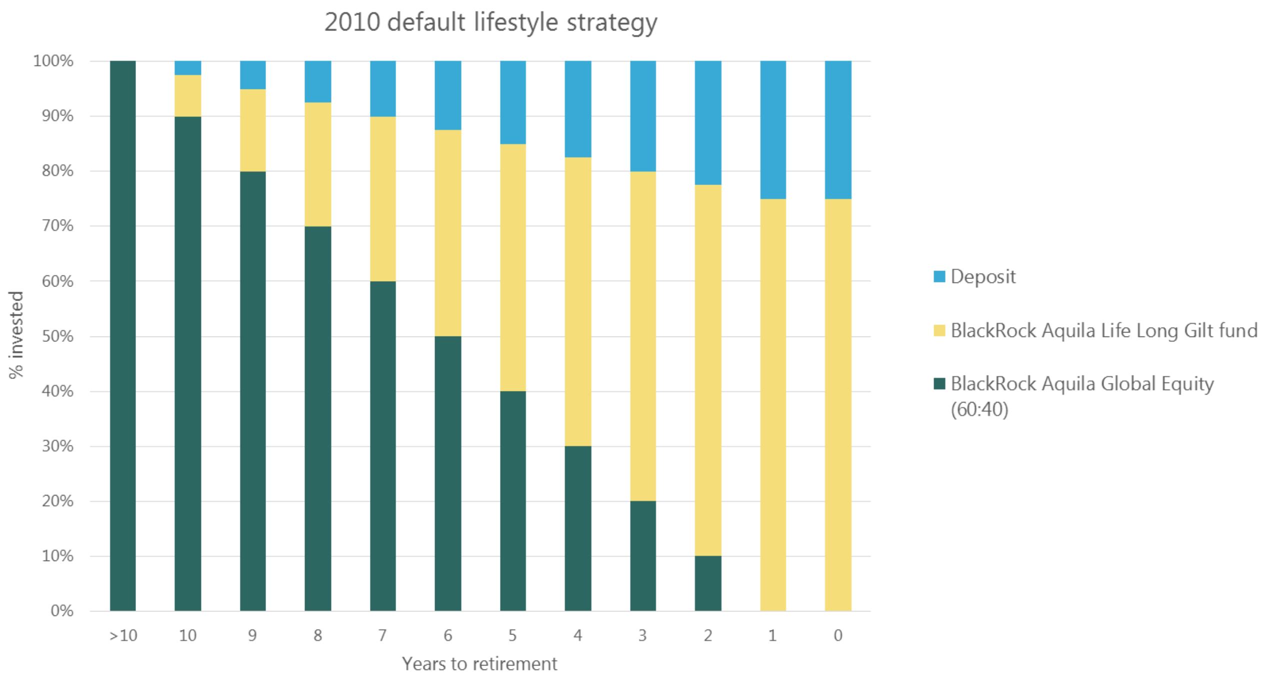
Investment manager	Fund	Benchmark	Objective
BlackRock	Aquila Global Blend	35% FTSE All Share Index 55% FTSE World Index 10% MSCI Emerging Markets ESG Leaders Index	Track the benchmark to within +/- 1%
Royal London	Property	ABI UK Direct Property Sector Average	To outperform its benchmark
	Deposit	Sterling Overnight Index Average (SONIA)	To outperform the benchmark
	Commodity	Bloomberg Commodity Total Return Index (USD)	To track the benchmark
	Short (5yr) Gilt	Combination of FTSE A British Government Gilt Indices with five-year time horizon, reviewed quarterly	To maximise returns over the benchmark with a five-year time horizon
	Short (5yr) Corporate Bond	Combination of Markit iBoxx Sterling Non-Gilts indices with five-year time horizon, quarterly reviewed	To maximise returns over the benchmark with a five-year horizon
	Short (5yr) Index Linked	Combination of FTSE A (Index-Linked) British Government Gilt Indices with five-year time horizon, quarterly reviewed	To provide returns linked to the rate of inflation with a five-year investment term

Investment manager	Fund	Benchmark	Objective
	Global High Yield Bond	BofA Merril Lynch Global HY Constrained GBP Hedged Index	To outperform its benchmark
	Short Duration Global High Yield	LIBOR GBP 3-month index	To outperform its benchmark by 2% p.a. over rolling three-year periods
	Cash Plus	Sterling Overnight Index Average (SONIA)	To outperform its benchmark by 0.75% gross of fees
	Absolute Return Government Bond	Sterling Overnight Index Average (SONIA)	To outperform its benchmark by between 2.5% and 3% p.a. over rolling three-year periods and to provide positive performance over 12-month periods
	Medium (10yr) Gilt	Combination of FTSE A British Government Gilt Indices with ten-year time horizon, reviewed quarterly	To maximise returns over the benchmark with a ten-year time horizon
	Medium (10yr) Corporate Bond	Combination of Markit iBoxx Sterling Non-Gilts indices with ten-year time horizon, quarterly reviewed	To maximise returns over the benchmark with a ten-year horizon
	Medium (10yr) Index Linked	Combination of FTSE A (Index-Linked) British Government Gilt Indices with ten-year time horizon, quarterly reviewed	To provide returns linked to the rate of inflation with a ten-year investment term

The 2010 default strategy

The 2010 default strategy was introduced in January 2010, targeting the purchase of an annuity at retirement. New joiners after the introduction of this strategy and before the introduction of the 2015 default strategy were automatically invested in the 2010 default strategy. Members aged under 50 in January 2010 were automatically transferred across to this strategy.

The below chart and table summarise the asset allocation of the 2010 default strategy through a member's journey to retirement. The strategy is designed to reduce the risk of large changes in the value of a member's assets relative to the expected price of an annuity as the member approaches retirement.



Years to retirement	%BlackRock Aquila Global Equity 60:40 Fund	%BlackRock Aquila Long Gilt Fund	% Deposit Fund (Cash)
More than 10	100%	0%	0%
10	90%	7.5%	2.5%
9	80%	15%	5%
8	70%	22.5%	7.5%
7	60%	30%	10%
6	50%	37.5%	12.5%
5	40%	45%	15%
4	30%	52.5%	17.5%
3	20%	60%	20%
2	10%	67.5%	22.5%
1	0%	75%	25%
0	0%	75%	25%

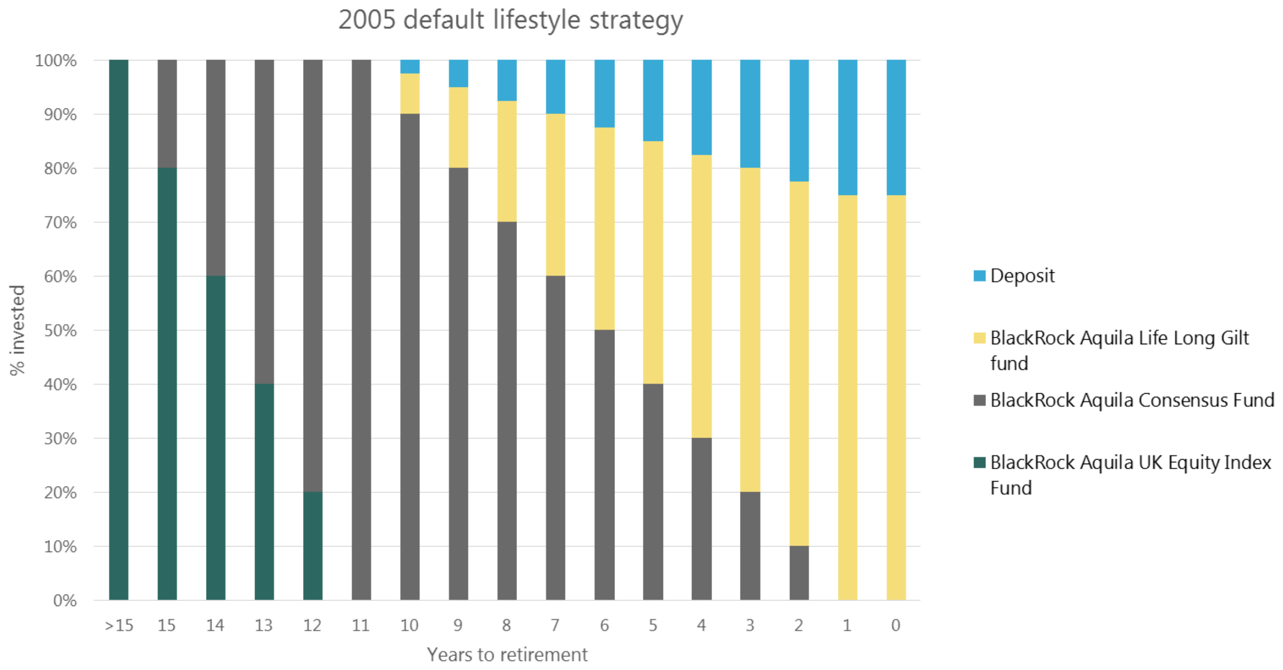
The following table shows each fund’s benchmark and objective.

Investment manager	Fund	Benchmark	Objective
BlackRock	Aquila Global Equity 60:40	60% FTSE All Share Index and 40% FTSE A World (ex. UK) Index	Track the benchmark to within +/- 1%
	Aquila Long Gilt	FTSE A over 15 years Gilt Index	Track the benchmark
Royal London	Deposit	LIBID 7-Day Index	To outperform the benchmark

The 2005 default strategy

The 2005 default strategy was the default arrangement from April 2005 until the 2010 default strategy was introduced. This strategy targets the purchase of annuity at retirement. In January 2010, members under the age of 50 were transferred to the 2010 default strategy, but members who were over 50 remained in the 2005 strategy, unless they elected to move to the 2010 default strategy.

The below chart and table summarise the asset allocation of the 2005 default strategy through a member's journey to retirement. The strategy is designed to reduce the risk of large changes in the value of a member's assets relative to the expected price of an annuity as the member approaches retirement.



Years to retirement	%BlackRock Aquila UK Equity Index Fund	%BlackRock Aquila Consensus Fund	%BlackRock Aquila Long Gilt Fund	%Royal London Deposit Fund
More than 15	100%	0%	0%	0%
15	80%	20%	0%	0%
14	60%	40%	0%	0%
13	40%	60%	0%	0%
12	20%	80%	0%	0%
11	0%	100%	0%	0%
10	0%	90%	7.5%	2.5%
9	0%	80%	15%	5%

Years to retirement	%BlackRock Aquila UK Equity Index Fund	%BlackRock Aquila Consensus Fund	%BlackRock Aquila Long Gilt Fund	%Royal London Deposit Fund
8	0%	70%	22.5%	7.5%
7	0%	60%	30%	10%
6	0%	50%	37.5%	12.5%
5	0%	40%	45%	15%
4	0%	30%	52.5%	17.5%
3	0%	20%	60%	20%
2	0%	10%	67.5%	22.5%
1	0%	0%	75%	25%
0	0%	0%	75%	25%

The following table summarises the benchmark and objective of each fund in the 2005 default strategy.

Investment manager	Fund	Benchmark	Objective
BlackRock	Aquila UK Equity Index	60% FTSE All Share Index and 40% FTSE A World (ex. UK) Index	Track the benchmark to within +/- 1%
	Aquila Consensus	ABI Mixed Investment (40-85% Shares) Sector Average	Performing consistently in line with the benchmark
	Aquila Long Gilt	FTSE A over 15 years Gilt Index	Track the benchmark
Royal London	Deposit	LIBID 7-Day Index	To outperform the benchmark

Alternative investment options

Acknowledging the challenge of identifying the best solution for different groups of members, and in focusing on its key objective, the Trustees have focused on the default strategies. Alongside the default investment options, members can choose the following funds available via Royal London's platform ("RLP"):

- RLP Absolute Return Government Bond Fund
- RLP Adventurous Managed Fund
- RLP Cash Plus Fund
- RLP Commodity Fund
- RLP Corporate Bond Fund
- RLP Deposit Fund
- RLP Emerging Markets ESG Leaders Equity Tracker Fund
- RLP Emerging Markets Core Plus (JPM Emerging Markets) Fund
- RLP Ethical Bond Fund
- RLP European Fund
- RLP Far East (Ex Japan) Fund
- RLP Global Equity Select Fund
- RLP Global High Yield Bond Fund
- RLP Global Managed Fund
- RLP Long (15yr) Corporate Bond Fund
- RLP Long (15yr) Gilt Fund
- RLP Long (15yr) Index Linked Fund
- RLP Managed Fund
- RLP Medium (10yr) Corporate Bond Fund
- RLP Medium (10yr) Gilt Fund
- RLP Medium (10yr) Index Linked Fund
- RLP Property Fund
- RLP Short (5yr) Corporate Bond Fund
- RLP Short (5yr) Gilt Fund
- RLP Short (5yr) Index Linked Fund

- RLP Short Duration Global High Yield Fund
- RLP Sterling Extra Yield Bond Fund
- RLP Sustainable Diversified Trust Fund
- RLP Sustainable Leaders Fund
- RLP Sustainable World Trust Fund
- RLP UK Equity Specialist Fund (Baillie Gifford)
- RLP Worldwide Fund
- RLP Baillie Gifford UK & Worldwide Equity Fund
- RLP/Baillie Gifford UK Equity Fund
- RLP Blackrock European Equity Index Fund
- RLP Blackrock Global Blend Fund
- RLP Blackrock Global Equity Index (50:50) Fund
- RLP Blackrock Global Equity Index (60:40) Fund
- RLP Blackrock UK Equity Index Fund
- RLP Blackrock US Equity Index Fund
- RLP Blackrock World (ex UK) Equity Index Fund
- RLP Blackrock Consensus 85 Fund
- RLP BlackRock Gold & General Fund
- RLP Blackrock Long Gilt Index Fund
- RLP BNY Mellon Multi-Asset Growth Fund
- RLP Fidelity Asia Fund
- RLP HSBC Islamic Global Equity Index Fund
- RLP JPMorgan Emerging Europe Equity Fund
- RLP Jupiter Financial Opportunities Fund
- RLP Liontrust Balanced Fund
- RLP Liontrust Global Alpha Fund
- RLP Sarasin Food & Agriculture Opportunities Fund
- RLP With Profits Fund

The above list of funds also include those funds that form part of the 2005, 2010 and 2015 default strategies. These funds are also available for members who wish to self-select their investments.

The investment managers are authorised and regulated by the Financial Conduct Authority.

The performance of the investment managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performances.

Fee arrangements

The funds are available through Royal London's platform and the fee arrangements were agreed with Royal London. The funds that are part of the default strategies have an annual management charge of 0.45%. For members who wish to select their own investments, the annual management charge is 0.45% p.a. if the annual management charge (AMC) of the selected funds is 1% p.a. or less, and if the AMC of the selected funds is more than 1% p.a., it is calculated by the AMC of the selected fund, minus 0.55% p.a. For example, for a fund with 1.5% AMC, the AMC for this Scheme's member would be 1.5%-0.55% = 0.95%.

The Trustees review these charges periodically as part of the Value for Money assessments.