

The Chair's Statement Money Purchase Scheme Governance 1 July 2021 – 30 June 2022

This Statement has been produced by Capital Cranfield Pension Trustees Limited ("CCPTL") for the Commonwealth Bank of Australia (UK) Staff Benefits Scheme (the "Scheme") and sets out how the Scheme has met the governance standards that apply to occupational pension schemes that provide money purchase benefits during the year, in line with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent Regulations.

CCPTL (the "Trustee") is the sole Trustee of the Scheme.

INVESTMENT

Default investment arrangement

Members of the Money Purchase Category of the Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default investment strategy. A copy of the current Statement of Investment Principles which covers the default investment strategy follows this Statement and is also held on the Bank's website at: <https://www.commbank.com.au/about-us/our-company/international-branches/europe.html>

The Trustee believes that it is in the best interests of members to operate a default arrangement which manages the principal investment risks that members face during their membership of the Money Purchase Category of the Scheme. The default arrangement for the majority of the Scheme year covered by this statement was the Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund (this was the case until 17 June 2022).

The suitability of the investment strategy is reviewed at least every three years. It was last reviewed on 28 September 2021 when the Trustee commissioned and received an investment update to their in-depth three-yearly review from 2019 (given the passage of time) to ensure it remained suitable for most members. This involved:

- Considering market conditions and developments in investment thinking for DC arrangements;
- Considering the time over which members will be invested in the investment options;
- Deciding whether any changes to the default arrangement's and other investment options' objectives were necessary;
- Considering whether the design of the default arrangement and other investment options, as well as the funds they use, still met their investment objectives;
- Obtaining investment advice on any changes to the default arrangement and other investment options.

The Trustee decided to make the changes outlined below to ensure that the default arrangement will meet the needs of most members on an ongoing basis. These changes were implemented between 17 and 23 June 2022.

- The Trustee introduced a lifestyle strategy whereby members' investments are gradually moved from higher risk funds to lower risk funds as they approach their selected retirement date. This replaced the previous single fund approach.
- Within the lifestyle strategy, when members are more than 15 years from their target retirement age (TRA), their savings are now 100% invested in the LGIM Future World Global Equity Index Fund. This is a passively managed fund that invests in equities across the world while factoring environmental, social and governance (ESG) factors into the investment process. The aim of the lifestyle strategy at this stage is to maximise exposure to high growth investments which will deliver a return above the rate of inflation.
- Once a member is 15 years from their TRA, their savings and contributions start to move into the LGIM Future World Multi-Asset Fund (MAF) and the Baillie Gifford Multi-Asset Growth Fund (MAGF). These are both multi-asset funds which invest in a broad range of assets including equities, corporate bonds and government bonds. Between 10 and 3 years to TRA, members will hold a 50:50 split between these two funds. The aim of the lifestyle at this stage is to reduce the volatility of the investments while still providing opportunities for investment growth ahead of the rate of inflation.
- In the final 3 years before TRA, a portion of a member's holdings are gradually moved into the LGIM Cash Fund, a cash fund which holds low-risk short duration securities and deposits. This fund has a very low expected level of volatility and therefore will reduce volatility further as members prepare to access their savings.
- Upon reaching TRA, members will be invested 37.5% in LGIM Future World MAF, 37.5% in Baillie Gifford MAGF and 25% in LGIM Cash Fund. The strategy is therefore tailored towards members who will take their 25% tax-free cash lump sum and then use the remainder of their savings for income drawdown. The Trustee believes this will be the most likely outcome for the Scheme's members based on the membership demographics of the Scheme and the expected sizes of members pots at retirement.

- As members cannot be invested in a lifestyle strategy and the Freestyle range simultaneously, the Trustee created an additional 'inadvertent' default arrangement (the L&G Future World Multi Asset fund) to enable members who were invested in both the Freestyle range and the previous default arrangement to maintain this approach. It also served as the location of member contributions following the closure of two Standard Life funds where members did not make an alternative investment decision. The Stewart Investors Worldwide Sustainability fund is also an 'inadvertent' default arrangement as explained last year.

The Trustee monitors the performance of the default arrangement and inadvertent defaults on a quarterly basis against their respective benchmarks to assess whether they are consistent with the aims and objectives set out in the SIP. Over the year, performance of the historic default arrangement (Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund) continued to underperform relative to benchmark. The inadvertent default arrangement, the Stewart Investors Worldwide Sustainability Fund, has performed in line with its benchmark over 1- and 3-year periods.

Other investment options (the 'Freestyle Range')

The Trustee also makes available a range of funds which may be chosen by members as an alternative to the default investment strategy. These funds allow members to take a more tailored approach to managing their own pension investments.

The Trustee decided to make the following changes in June 2022 to ensure that the other investment options meet the needs of members:

- Removed both the Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund (the previous default arrangement) and the Standard Life Global Absolute Return Strategies Fund due to continued underperformance and failure to meet their specified objective;
- Added the LGIM Future World Global Equity Index Fund and the LGIM Future World Multi-Asset Fund (both utilised in the default arrangement) to provide members with access to funds that incorporate ESG factors.
- Added the Baillie Gifford Multi Asset Growth Fund (utilised in the default arrangement) to provide an additional multi-asset fund for members which differs in style and management from the LGIM Future World Multi Asset Fund.

Information for each fund is available via the Benpal member portal which is available to all active and deferred members. This is also published in the annual newsletter which is issued to all members via Benpal or by post to those members who have opted out of electronic communications.

MEMBER BORNE CHARGES AND TRANSACTION COSTS

The charges and transaction costs borne by Money Purchase Category members are assessed to the extent they represent good value for money for members. These costs are not limited to the ongoing charges on member funds, but also include trading costs incurred within such funds. Details of the charges and transaction costs within this Statement are presented as a percentage of the value of benefits held by each member. The Trustee is satisfied that investment costs are in line with expectations for the asset classes they invest in.

Ongoing Charges Figure (OCF)

The OCF includes the Annual Management Charge and a variety of other operating costs to cover the cost of running the fund. It includes administrative costs such as maintaining records, custody and audit fees, producing reports and calculating the daily unit price, as well as the research that goes into deciding what assets to buy and sell. Whilst all the Annual Management Charges are fixed, the additional charges can vary from day to day.

Transaction costs

Transaction costs can arise when the:

- fund manager buys or sells part of a fund's portfolio of assets; or
- platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on how each fund is invested and prevailing market conditions. Direct transaction costs include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes) while indirect transaction costs are incurred through bid-offer spreads.

Direct transaction costs are taken into account when the funds' unit prices are calculated. This means that transaction costs are not readily visible but will be reflected in a fund's investment performance.

The Financial Conduct Authority (FCA) requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the values of assets immediately before and after a transaction has taken place. These costs can be negative in some cases if the value falls during the transition.

These transaction costs do not include indirect transaction costs that members may incur from buying or selling units in any of the funds.

Table of charges and transaction costs

The OCF and transaction costs applicable to the funds offered by the Scheme were:

Fund	Ongoing Charges Figure (OCF)		Transaction costs	
	% p.a. of the amount invested	£ p.a. per £1,000 invested	% p.a. of the amount invested	£ p.a. per £1,000 invested
Stewart Investors - Asia Pacific Leaders	0.840	8.40	0.081	0.81
Stewart Investors - Global Emerging Markets Leaders	0.880	8.80	0.215	2.15
Stewart Investors - Worldwide Sustainability*	0.660	6.60	0.201	2.01
First Sentier - Global Listed Infrastructure	0.800	8.00	0.450	4.50
First Sentier - Global Property Securities	0.850	8.50	-0.09	-0.90
First Sentier - Greater China Growth	1.070	10.70	0.200	2.00
L&G - Cash	0.125	1.25	0.025	0.25
L&G - Global Equity Fixed Weights (50:50) Index	0.211	2.11	0.021	0.21
L&G - Over 5 Years Index-Linked Gilts Index	0.100	1.00	0.016	0.16
L&G - UK Equity Index	0.186	1.86	0.027	0.27
L&G - Ethical UK Equity Index	0.206	2.06	0.028	0.28
L&G – Future World Global Equity	0.230	2.30	0.028	0.28
L&G – Future World MAF*	0.310	3.10	0.035	0.35
M&G - All Stocks Corporate Bond Fund	0.320	3.20	0.000	0.00
Baillie Gifford - Global Alpha	0.590	5.90	0.05	0.50
Baillie Gifford MAGF	0.710	7.10	0.470	4.70
Standard Life - Global Absolute Return Strategies	0.72	7.20	0.571	5.71
Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund*	0.50	5.00	0.762	7.62

Source: Investment Managers

Notes:

The Trustee requested information for the year ended 30 June 2022.

All funds marked with an * are default (or 'inadvertent' default) arrangements. The OCF for default arrangements within schemes used for auto enrolment must not exceed 0.75% p.a. (the DC Charge Cap). All default arrangements within the fund met this requirement.

The negative transaction costs arise as a result of the prescribed calculation methodology, which allows for the 'delay cost' that takes the difference between mid-market price of an asset immediately before the order is placed in the market and the price at which the deal is struck. A negative transaction cost would result in a positive additional return for the fund.

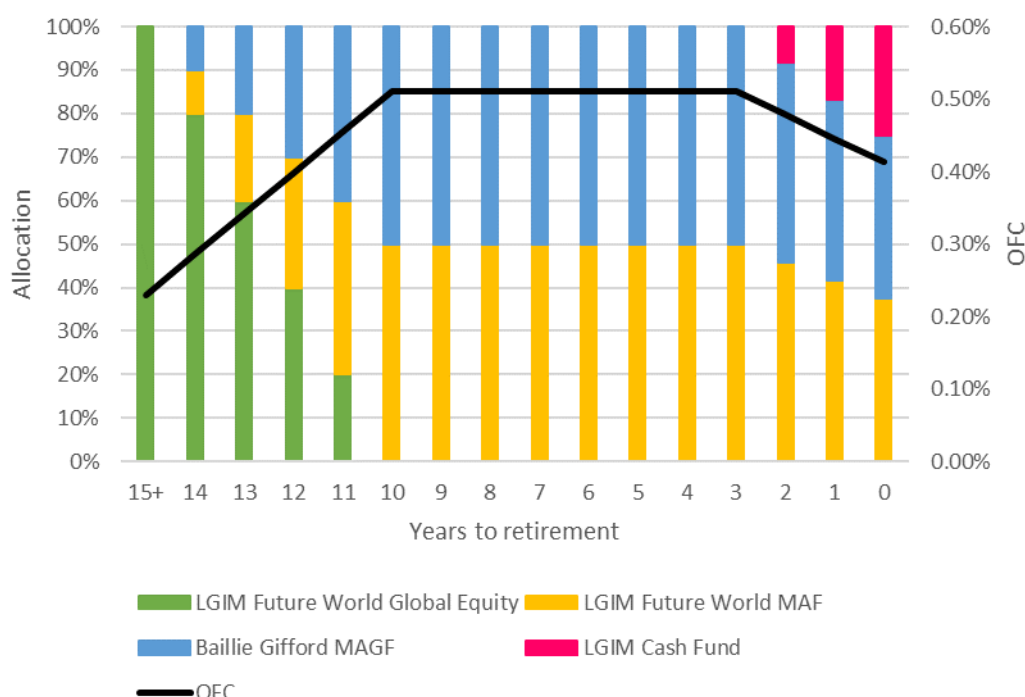
The Trustee notes the transaction costs for the default arrangement in place for the majority of the Scheme year, Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund are the highest incurred across the fund range.

The costs and charges for the new lifestyle default arrangement varies dependent upon where in the glidepath of the lifestyle strategy the members sits (i.e. how far they are from retirement). For the period covered by this statement, annualised charges and transaction costs for the new lifestyle default arrangement are set out in the table below.

Period to selected retirement date	Ongoing Charges Figure (OCF)		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
>15 years [when charges are at their lowest]	0.230%	2.30	0.028%	0.28
12 years	0.398%	3.98	0.163%	1.63
10 years to 3 years [when charges are at their highest]	0.510%	5.10	0.253%	2.53
1 year	0.446%	4.46	0.215%	2.15
At retirement	0.414%	4.14	0.196%	1.96

Source: LGIM, Baillie Gifford

The following chart also shows graphically how these charges vary from year to year:



Transition costs associated with the updated strategy review

During the year there was a large-scale transfer between funds affecting a number of members as a result of the change in the investment strategy as described earlier in this statement. The Trustees are satisfied that this bulk transfer was conducted efficiently to mitigate the costs and risks for members as far as practicable.

The transition costs were approximately £10k on a transfer of approximately £14m (i.e. 0.07% of the funds moved). The Trustee is awaiting confirmation of costs from one manager which they continue to request, however this is in respect of a small proportion of the overall transfer.

Illustrations of the impact of charges and costs

The following tables show the potential impacts of the costs over time and charges borne by members on projected values at retirement in *today's money* for typical members over a range of ages. They do not need to be reduced further for the effect of future inflation. The illustrations have been prepared in line with the statutory guidance, however transaction costs are based on the data readily available from the managers and are not an average of the previous 5 years.

As these are forward looking costs, the Trustee have included the new lifestyle default arrangement as well as the previous default arrangement, the two inadvertent default arrangements and the highest and lowest cost funds from the Freestyle range.

The Money Purchase Category of the Scheme is a non-contributory Scheme with employer contributions of either 10% or 12% for active members.

All three scenarios presented assume:

- All three members have a retirement age of 65;
- The starting DC pot sizes are based on the type of member being considered. The 25 year old active member has a current pot size of £0, the 41 year old active member has a current pot size of £55,000 (the average pot size of an active member) and the 42 year old member who has left the Scheme has a current pot size of £45,000 (the average pot size of an deferred member). An individual member's pot may be higher or lower than this;
- The starting salaries are also based on the type of member being considered. The 25 year old active member has a salary of £60,000 (representative of a new joiner), the 41 year old active member has a salary of £101,000 (the average salary of an active member) and the 42 year old member who has left the Scheme has a current salary of £0. An individual member's salary may be higher or lower than this; and
- The rate of inflation is assumed to be 2.5% each year.

The transaction costs and charges assumed for each fund are the current charges as shown in the table of charges and transaction costs shown across pages 3 and 4. Where transaction costs over the year were negative, we have used a transaction cost of zero for the illustrations.

Please note that these illustrated values:

- Are estimates using assumed rates of future investment returns and inflation;
- Are not guaranteed; and
- May not prove to be a good indication of how an individual member's savings might grow.

The illustrations have been carried out using the following funds, which represent a range of different risk levels. The return assumptions used for these funds are also shown. These are consistent with the Statutory Money Purchase Illustrations included as part of members' annual benefit statements.

Fund*	Return assumption
Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund (previous default arrangement)	4.5% p.a.
L&G Future World Global Equity Fund	5.0% p.a.
L&G Future World MAF	4.5% p.a.
Baillie Gifford MAGF	4.5% p.a.
L&G Cash Fund	0.75% p.a.
Stewart Investors Worldwide Sustainability Fund	5.0% p.a.
First State Greater China Fund	5.0% p.a.

L&G Over 5 Years Index-Linked Gilts Index	0.75% p.a.
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Source: Mercer

* Funds in bold make up the new default arrangement.

Scenario 1 - Active member, total contributions of 10%, age 25, current pot size of £0, salary of £60,000

Years invested	Scheme DC Default Lifestyle Strategy <i>New default arrangement</i>		Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund <i>Previous default arrangement</i>		L&G Future World MAF <i>Inadvertent default arrangement</i>		Stewart Investors Worldwide Sustainability <i>Inadvertent default arrangement</i>		First State Greater China Growth <i>Highest cost fund</i>		L&G Over 5 Years Index-linked Gilts <i>Lowest cost fund</i>	
	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £
0	0	0	0	0	0	0	0	0	0	0	0	0
1	5,998	5,991	5,984	5,948	5,998	5,974	5,984	5,974	5,998	5,964	5,876	5,872
2	12,143	12,112	12,085	11,938	12,143	12,043	12,085	12,045	12,143	12,002	11,651	11,637
5	31,490	31,292	31,110	30,171	31,490	30,839	31,110	30,854	31,490	30,578	28,392	28,308
10	67,013	66,156	65,376	61,447	67,013	64,226	65,376	64,289	67,013	63,129	54,441	54,127
15	107,083	105,000	103,118	93,869	107,083	100,370	103,118	100,520	107,083	97,780	78,341	77,675
20	152,285	148,278	144,689	127,478	152,285	139,500	144,689	139,782	152,285	134,668	100,270	99,152
25	203,275	196,495	190,477	162,317	203,275	181,862	190,477	182,328	203,275	173,936	120,389	118,740
30	258,405	245,643	240,910	198,433	260,794	227,723	240,910	228,432	260,794	215,738	138,849	136,605
35	315,729	291,406	296,459	235,871	325,678	277,373	296,459	278,393	325,678	260,238	155,785	152,899
40	375,520	337,474	357,643	274,681	398,871	331,123	357,643	332,532	398,871	307,609	171,325	167,759

Scenario 2 - Active member, total contributions of 12%, age 41, current pot size of £55,000, salary of £101,000

Years invested	Scheme DC Default Lifestyle Strategy <i>New default arrangement</i>		Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund <i>Previous default arrangement</i>		L&G Future World MAF <i>Inadvertent default arrangement</i>		Stewart Investors Worldwide Sustainability <i>Inadvertent default arrangement</i>		First State Greater China Growth <i>Highest cost fund</i>		L&G Over 5 Years Index-linked Gilts <i>Lowest cost fund</i>	
	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £

	£	£	£	£	£	£	£	£	£	£	£	
0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
1	68,458	68,303	68,161	67,411	68,458	67,947	68,161	67,959	68,458	67,739	65,930	65,858
2	82,244	81,897	81,578	79,913	82,244	81,100	81,578	81,127	82,244	80,637	76,673	76,518
5	125,653	124,488	123,422	117,960	125,653	121,838	123,422	121,926	125,653	120,316	107,814	107,346
10	205,352	201,908	198,785	183,226	205,352	194,197	198,785	194,449	205,352	189,848	156,270	155,087
15	291,384	280,638	281,793	250,882	295,257	272,534	281,793	273,039	295,257	263,866	200,729	198,630
20	383,785	359,721	373,221	321,015	396,674	357,340	373,221	358,201	396,674	342,661	241,520	238,344
24	460,343	423,356	452,998	378,967	487,081	430,202	452,998	431,432	487,081	409,342	271,716	267,584

Scenario 3 - Member who has left the Scheme with no further contributions being paid, age 42, current pot size of £45,000

Years invested	Scheme DC Default Lifestyle Strategy <i>New default arrangement</i>		Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund <i>Previous default arrangement</i>		L&G Future World MAF <i>Inadvertent default arrangement</i>		Stewart Investors Worldwide Sustainability <i>Inadvertent default arrangement</i>		First State Greater China Growth <i>Highest cost fund</i>		L&G Over 5 Years Index-linked Gilts <i>Lowest cost fund</i>	
	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £	Before costs and charges £	After costs and charges £
0	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
1	46,098	45,983	45,878	45,325	46,098	45,720	45,878	45,729	46,098	45,566	44,232	44,179
2	47,222	46,988	46,773	45,652	47,222	46,452	46,773	46,469	47,222	46,140	43,477	43,373
5	50,762	50,137	49,565	46,648	50,762	48,717	49,565	48,764	50,762	47,904	41,287	41,042
10	57,208	55,753	54,593	48,356	57,262	52,741	54,593	52,843	57,262	50,995	37,881	37,432
15	63,373	59,895	60,131	50,127	64,594	57,098	60,131	57,262	64,594	54,286	34,756	34,140
20	69,802	63,607	66,231	51,963	72,865	61,814	66,231	62,052	72,865	57,789	31,889	31,138
23	73,306	65,445	70,184	53,097	78,328	64,829	70,184	65,116	78,328	59,998	30,283	29,464

INVESTMENT PERFORMANCE

This section states the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the scheme year. The presentation of the investment performance takes into account the

statutory guidance issued by the Department for Work and Pensions. The Trustee has followed the statutory guidance in all areas with the exception of showing 3 year returns rather than 5 year.

Default arrangements:

The investment performance of the fund used in the default arrangements during periods up to 30 June 2022 net of all costs and charges expressed as an annual geometric compound percentage were:

Fund	1 year (% p.a.)	3 years (% p.a.)
Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund	-11.67	0.53
Stewart Investors - Worldwide Sustainability	-15.6	3.2
L&G – Future World MAF	-7.8	2.0

Source: Standard Life Aberdeen, LGIM

As the new lifestyle default arrangement uses a lifestyle strategy, the investment return will vary depending on your age and how far you are from your selected retirement age:

Age of member at 30 June 2022 (years)	1 year (% p.a.)	3 years (% p.a.)*
25	-4.6	Not available
45	-4.6	Not available
55	-10.0	Not available

Source: LGIM, Baillie Gifford

* The inception date of the LGIM Future World Global Equity fund was February 2020. The lifestyle strategy was implemented on 23 June 2022.

Self-select funds:

Fund	1 year (% p.a.)	3 years % p.a.
Stewart Investors - Asia Pacific Leaders	-6.4	6.4
Stewart Investors - Global Emerging Markets Leaders	-4.5	-2.2
Stewart Investors - Worldwide Sustainability	-15.6	3.2
First Sentier - Global Listed Infrastructure	14.4	5.0
First Sentier - Global Property Securities	-0.6	4.6
First Sentier - Greater China Growth	-12.1	9.3
L&G - Cash	0.2	0.2
L&G - Global Equity Fixed Weights (50:50) Index	-2.4	4.6
L&G - Over 5 Years Index-Linked Gilts Index	-19.2	-4.8
L&G - UK Equity Index	1.7	2.4
L&G - Ethical UK Equity Index	2.4	1.7
L&G – Future World Global Equity*	-4.6	Not available
L&G – Future World MAF*	-7.8	2.0
M&G - All Stocks Corporate Bond Fund	-12.6	-1.1
Baillie Gifford - Global Alpha	-23.6	5.3
Baillie Gifford MAGF*	-12.1	-0.8
Standard Life - Global Absolute Return Strategies	-8.20	-0.06
Standard Life - Aberdeen Standard Life Dynamic Multi Asset Growth Pension Fund	-11.67	0.53

Source: Investment Managers

Funds marked with a * have only been available within the Scheme since June 2022. The inception date of the LGIM Future World Global Equity fund is less than 3 years ago.

ADMINISTRATION

Processing Scheme transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the Money Purchase Category are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Mercer Limited ("Mercer") and its investment managers, namely Legal & General Insurance Management (L&G), First State Investment (UK) Limited (incorporating Stewart Investors), Baillie Gifford and M&G. The Trustee has reviewed the processes and controls implemented by those organisations as audited by independent internal controls audits and has concluded them to be suitably designed to achieve these objectives. The processes adopted by Mercer to help meet the Service Level Agreement (SLA) include a dynamic checklist, a central financial control team which is separate to the administration team, daily monitoring of bank accounts and "four eyes" checking of investment and banking transactions. The Trustee also received the annual assurance report on Internal Controls (AAF 01/06 and ISAE 3402) from Mercer.

The Trustee has agreed service levels with Mercer and receives quarterly reports which cover all activity undertaken but specifically the accuracy and timeliness of all core transactions. This allows the Trustee to monitor Mercer's compliance with its agreed SLA at its regular meetings and raise any issues.

The Trustee liaises closely with Mercer about any administration issues that arise throughout the year and SLAs have remained above their target rate of 95% for the majority of the year. The exception to this was in Quarter 2 2022 when SLAs were 93.61%. The Trustee continues to take a close interest in member transactions.

In light of the actions taken, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996)) have been met.

No charge was made to members for administration services delivered in line with statutory requirements, as these were met by the Principal Employer via expense contributions. Occasionally, members will be asked to pay for specific requests, where they fall outside contractual requirements or are non-statutory.

COMMUNICATION

Members of the Money Purchase Category who are actively contributing or have benefits preserved in the Scheme are provided with access to Benpal, an online portal which provides details of their retirement savings in the Scheme, including contributions paid, current investment allocations as well as individual and more generic information about Scheme benefits and a savings modeller. The annual newsletter produced to highlight key issues to members is published on the site along with any *ad hoc* announcements. Those who do not wish to receive communications online are given the opportunity to opt out and receive paper copies of communications. Members are also able to vary any AVCs which they pay into the Scheme and instruct investment fund switches. Mercer as the Scheme's professional third party scheme administrator communicates directly with members by post in relation to key events for individuals, such as retirement. All communication costs were met by the Principal Employer during the year.

VALUE ASSESSMENT

The Trustee assesses the extent to which any charges and transaction costs which are borne by members represent good value for members. This includes:

- A comparison of the level of charges against the benefits delivered to members;
- Ongoing review of the performance of the Scheme's investment funds in the context of their objectives; and
- A review of the non-financial benefits of the Scheme, including the quality of the administration service and communications.

The Scheme is non-contributory and offers members a wide variety of asset classes via funds whose charges are considered to be broadly competitive in the market. This has been achieved by undertaking detailed selection processes and undertaking an ongoing review. Administration costs are met in part by the Commonwealth Bank of

Australia with the balance being met from the Scheme's surplus assets. The Trustee therefore believes that overall, the Scheme offers its members value for money.

TRUSTEE'S KNOWLEDGE AND UNDERSTANDING

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to:

- Be conversant with the Trust Deed and Rules of the Scheme, the Scheme's Statement of Investment Principles ("SIP") and any other documents recording policies 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 to properly exercise his or her functions as a trustee, knowledge and understanding of the law relating to pensions and trusts and the principles related to the investment of assets for occupational pension schemes.

Since 9 August 2019, the Trustee has been the sole trustee of the Scheme.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below:

- As a professional trustee, the Trustee is expected to maintain a higher level of knowledge and understanding than non-professional trustees. The Trustee has strict ongoing "continuous professional development" (CPD) requirements for its professional trustees. The Trustee hosts regular, usually quarterly, meetings which all its professional trustees are expected to attend, these include CPD as well as business content. Individual professional trustees are expected to ensure that they carry out enough CPD to keep themselves fully up to date with developments as well as to meet the CPD requirements of the Association of Professional Pension Trustees (APPT).
- Training is provided as and when required and is determined by the Trustee's self-evaluation. Advisers provide advice and regular briefings, particularly where pertinent to discussions during the year. The Trustee's advisers raise any changes in governance requirements and other relevant matters as they become aware of them; and
- The Trustee has access to copies of, and is familiar with, the current governing documentation for the Scheme. This includes the Trust Deed and Rules (together with any amendments), SIP and the Trustee's current policies. The Trustee refers to the Trust Deed and Rules as part of all aspects of the Scheme's operations including when deciding to make any changes to the Scheme. The SIP is formally reviewed at least every three years (it was last reviewed in June 2022) and when making any changes to the Scheme's investments.

The performance of the Trustee was assessed regularly by reference to progress against the Scheme calendar. The Scheme calendar covers forthcoming scheme specific and wider pensions issues. The Trustee considers where support is needed to properly exercise its duties on any issues.

The trustees assigned to the Scheme by the Trustee are fully accredited members of the APPT. This can be confirmed by visiting the APPT website at www.appt.org.uk. The Trustee is therefore subject to its CPD requirements which are checked each year; the key requirement is that each trustee has to undertake a minimum of 25 hours' CPD in each calendar year.

The Trustee has appointed suitably qualified and experienced legal advisers, Money Purchase investment consultants and benefit consultants to provide advice on the operation of the Scheme in accordance with its Trust Deed and Rules, legislation and regulatory guidance. Advisers and service providers are reviewed periodically with light touch reviews as required if there are any performance or other Trustee concerns about the adviser/provider. No new advisers in relation to the Money Purchase Category were appointed during the year. The Trustee has set objectives for its Money Purchase investment consultants, Hymans Robertson, and these objectives will be reviewed annually.

The Trustee is satisfied that the knowledge and understanding that it has as a result of the actions described above, together with access to suitable advice, gave it the requisite expertise to exercise its duties during the Scheme year.

GOVERNANCE

As referred to in last year's Chair's Statement, the Trustee has engaged with its current advisers; we are satisfied that the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits; and regulatory guidance for defined contribution schemes.

This Chair's Statement regarding DC governance has been agreed by Capital Cranfield Pension Trustees Limited