

THE JENKINS IP LTD

1987 RETIREMENT SAVINGS SCHEME

GOVERNANCE STATEMENT *FOR THE YEAR ENDED 31 MARCH 2019*

The trustees are aware that the law now requires trustee boards of relevant schemes, including the Jenkins IP Limited 1987 Retirement Savings Scheme (the "Scheme"), to prepare an annual governance statement within seven months of the end of each scheme year.

As the Chair of the Trustees, I have to provide a yearly statement which explains what steps have been taken by the trustee board, with help from our professional advisers, to meet the new governance standards as set out in regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996. The law sets out what information has to be included in this statement and this is set out below.

1. Default investment arrangement

The default investment arrangement is provided for members who join the Scheme and has been established by the Trustees. 100% of the Employer and Employee contributions are invested in the default investment arrangement.

Setting an appropriate investment strategy

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default arrangement.

We have chosen the Aviva Life & Pensions UK Limited With Profits Fund as the Scheme's default arrangement. Details of the default investment arrangements (including how the fund is managed) is fully detailed at www.withprofitsfunds.co.uk. The With Profits Fund invests in a range of assets including shares, property, bonds (loans to governments or companies) and money market investments. The management of the With Profit Fund and investment decisions are made by Aviva Life.

Reviewing the default investment arrangement

The Trustees are expected to:

- review the investment strategy and objectives of the default investment arrangement at regular intervals, and at least once every 3 years; and
- take into account the needs of the Scheme membership when designing the default arrangement.

The trustees review the investment objectives and the performance of the default arrangement annually on the advice of Philip Povey of DWA Protector Limited. No changes have been made to the default investment arrangement this year. The Trustees are monitoring the use of the default investment arrangement and the choices being made by members when benefits come into payment. This will help to inform us about changes which are appropriate in future.

2. Charges and transaction costs paid by members

We are required to explain the charges and transaction costs (i.e. the costs of buying and selling investments in the Scheme) which are paid by members rather than the employer. The employer pays for the cost of the Death In Service Benefit.

Where information about the member costs and charges is not available, we have to make this clear to the members together with an explanation of what steps we are taking to obtain the missing information.

The level of charges and transaction costs applicable to the Scheme's default arrangement during the last scheme year were met within the returns achieved from the With Profits Fund.

Good value for members

When assessing the charges and transaction costs which are payable by members, the Trustees are required to consider the extent to which the investments options and the benefits offered by the Scheme represent good value for members when this is compared to other options available in the market.

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There is no legal definition of “good value” and so the process of determining good value for members is a subjective one. We have received advice on how to assess good value from our advisers and considered regulatory guidance. Under current Scheme arrangements, charges are at 0.75% which is within limits imposed by the Department for Work and Pensions; the Trustees consider that the scheme has benefitted from a good return over the last few years and therefore, we concluded that the Scheme represents good value for members.

3. Core financial transactions

The Trustees are required to report to members about the processes and controls in place in relation to the “core financial transactions”. The law specifies that these include the following:

- investing contributions paid into the Scheme;
- transferring assets related to members into or out of the Scheme;
- transferring assets between different investments within the Scheme; and
- making payments from the Scheme to or on behalf of members.

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

The Scheme administrator provides regular reports to the trustees which allows us to assess how quickly and effectively the core scheme financial transactions are completed. Any mistakes or delays are investigated thoroughly and action is taken to put things right as quickly as possible.

I am pleased that in the last scheme year there has been no material administration service issues which need to be reported here by the Trustees. We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

On a monthly basis, payments into the Scheme are reviewed against deductions from individual members through the payroll and the Scheme contributions are audited (by HW Fisher) on an annual basis. Steps are taken to review and correct any problems with member data held by the Scheme administrator (Aviva Life).

The Trustees consider Aviva Life to be a large organisation which has appropriate controls in place such that reliance can be placed on their systems.

4. Trustee knowledge and understanding

The law requires the trustee board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. Advice is sought and obtained by the Trustees from our advisor (Philip Povey of DWA Protector Limited), from our auditors (HW Fisher) and from our Scheme administrator (Aviva Life).

I, as Chair, and other trustees have completed the Trustee Toolkit made available by the Pensions Regulator. Newly appointed trustees are expected to complete the Trustee Toolkit and have formal induction training within 6 months of joining the trustee board.

As a result of the training activities which have been completed by the Trustees individually and collectively as a board, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the board enables us to exercise properly our functions as the trustee of the Scheme.

Katharine Cameron, Chair of Trustees

Date: 28/02/2020