

Annual statement regarding governance of the DC Section of the Bristow Staff Pension Scheme ("the Scheme")

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee of the Scheme to prepare an annual statement regarding governance, which must be included in the annual Trustee's report and accounts. The governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustees covers the period from 1 April 2020 to 31 March 2021 and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The Scheme's default investment arrangement
2. Processing of core financial transactions
3. Member borne charges and transaction costs
 - i. Default arrangement
 - ii. Self-select funds
 - iii. Additional Voluntary Contributions
 - iv. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Trustee knowledge and understanding

The Trustee continues to monitor the Scheme in light of the potential risks posed by the COVID-19 pandemic and have incorporated additional commentary regarding this into this statement.

This document relates to:

- The DC Section of the Scheme
- The DC Additional Voluntary Contribution (AVC) arrangement of the Defined Benefit (DB) Section which is managed by Prudential.

1. The Default Investment Arrangement

The DC Section is closed to new joiners but continues to receive ongoing contributions from its remaining active members. The Scheme is therefore used as a qualifying workplace pension scheme for the remaining active members.

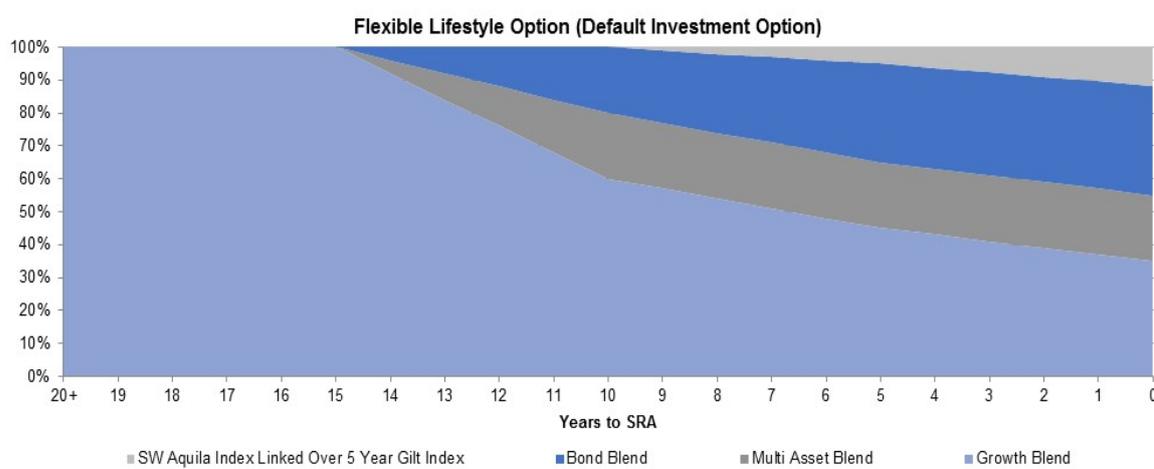
The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. Before the closure of the Scheme, the default arrangement was primarily provided for members who joined the Scheme but did not choose an investment option for their contributions.

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' (SIP). The Scheme's SIP follows this statement.

DC Section Investment Strategy Review

The Trustee, with assistance from its investment advisers, Aon UK Limited, undertook a review of the DC Section's investments, including formally reviewing the default arrangement with the review concluded on 24 September 2019. **After considering the membership profile and other factors, the decision was taken to change the DC Section's investment strategy and fund range. All DC Section members' funds were moved into a new default investment option in October 2020.** This change did not impact the AVC arrangement with Prudential.

In designing the new default strategy for DC members, the Trustee considered the risk and expected return characteristics of the funds used at different stages of the strategy. A chart showing the new default arrangement is given below, which explains how members' funds are switched in the approach to retirement:



As part of the investment review, analysis showed that as the DC Section has matured and DC Section funds have grown, greater numbers of DC Section retirees are likely to have a DC Section fund greater than their overall Scheme tax-free cash entitlement. The new default investment option is therefore designed with a flexible outcome in mind so does not commit to a particular retirement outcome. Detailed communication was issued to all DC Section members to advise of this change with a copy available on the Scheme's governance website here: www.psgovernance.com/communications/bristol-staff-pension-scheme.html

The next formal review of the Scheme's DC Section investment arrangements is due to take place by **24 September 2022**.

Performance Monitoring

The Trustee receives and reviews quarterly reports from Aon showing the performance of the default arrangement and other funds in the fund range. The performance is considered against the aims and objectives of the default including analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

DB AVCs Investment Options

Some DB Section members historically paid AVCs to an arrangement with Prudential. The number of DB AVC members and the value of the DB AVC funds is small in comparison to the DC Section. AVCs are DC in nature and are used to provide additional benefits in retirement. The Trustee undertook a review of the Prudential arrangement in November 2020 which considered transferring the Prudential funds to the DC Section funds. However it was concluded not to proceed because it was not commercially viable. The Prudential AVC arrangement will therefore continue to operate without change, but will be reviewed annually.

2. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately.

What are core financial transactions?

Transactions we consider include:

- ongoing contributions paid to the Scheme,
- transfer of members' funds out of the Scheme,
- transfers between different investments within the Scheme,
- payments to and in respect of members, such as on retirement or death.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Scheme administrator, Aon.

In order to determine how well the administration is performing the Trustee has service level agreements ("SLAs") in place with Aon. These SLAs detail a number of key administration processes to be performed and the target timescale for each of these processes. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete the settlement of all financial transactions within 5 working days and issue quotations of benefits within 10 working days. The Trustee is comfortable the SLAs are appropriate.

Administration summary for the year:

- 1,167 work items received
- 96% completed in agreed time levels

These statistics cover both DB and DC work items.

To enable the Trustee to monitor the processing of core financial transactions, the Trustee receives a quarterly stewardship report from Aon that contains information on the core financial transactions for the Scheme and the SLAs. These reports are reviewed by the Trustee regularly to ensure compliance and to discuss any concerns.

During the year of this report, the administrator completed 96% of cases within the agreed SLA. The Trustee understands it is not always possible for cases to be dealt with within the SLA due to external factors, such as waiting for additional information from members and third parties.

There were no administration errors or issues during the year. There were also no compliance breaches, complaint cases or any feedback of note from DC Section members.

In terms of the accuracy of core financial transactions, the Trustee has reassurance from Aon that suitable controls are in place. These include:

- a full member and Scheme reconciliation being undertaken annually as part of the annual preparation of the Trustee's Report & Accounts
- monthly reconciliations of the DC units held by the investment managers against Aon's records,
- daily monitoring of bank accounts,
- full reconciliation of bank statements,
- all transactions are recorded in the Scheme's Cash Tracker,
- a peer-review process for checking calculations and investment and banking transactions.

Aon's administration controls are independently audited on an annual basis. The last review covered the period 1 October 2019 to 30 September 2020 and considers the suitability and effectiveness of the administration system and general IT controls adopted by Aon. It was noted that only one exception had been reported and an additional control had been added to avoid a reoccurrence of the issue (which did not impact any members of the Scheme). The audit found

that the controls in place were suitable. A bridging letter covering the period 1 October 2020 to 31 March 2021 has been produced confirming that Aon's administration system and general IT controls had remained unchanged over this period.

In addition, the Trustee receives an annual Scheme Audit Report, from the Auditor, an independent party that audits the pension scheme.

AVC Provider

As there are no ongoing AVCs paid to Prudential, Prudential's administration is limited to producing annual benefit statements, maintaining a record and paying proceeds to the Scheme administrator, Aon on transfer, retirement or death. In the year covered by this statement there have been some issues reported in relation to service from Prudential with slow turnaround times. This did lead to delayed retirement quotations for members with Prudential AVCs. Prudential cited challenges with staffing and general operations due to the pandemic. At the time of writing the situation has improved but the Trustee will continue to monitor Prudential's service levels.

COVID-19

The impact of the pandemic remains a concern for the Trustee but the Trustee is pleased to report there has been no material impact to SLAs as a result of COVID-19 with the exception of some issues with the Prudential AVC arrangement mentioned above.

The Trustee is satisfied that during the period of this statement:

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

3. Member Borne Charges and Transaction costs

The Trustee has set out below the costs and charges that are incurred by members, rather than the employer, over the statement year in respect of each investment fund available to members. These comprise the Annual Management Charge/Total Expense Ratio and transaction costs.

- **Charges** – these include the Annual Management Charge ("**AMC**" – the annual fee charged by the investment manager for investing in a fund), as well as **additional fund expenses**. Together the AMC and the additional fund expenses make up the Total Expense Ratio (**TER**), which is the total cost of investing in the fund. The AMC and TER information is readily available as these charges are explicit and are a percentage of members' funds. The TER is paid by the members and is reflected in the unit price of the funds.

- **Transaction costs** – are costs which are incurred within the day to day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities within the fund. Transaction costs are incurred on an on-going basis and are implicit within the performance of the fund. Where transaction costs have been provided as a negative cost, these have been set to zero in the calculations.

The charges and transaction costs have been supplied by the investment managers; Scottish Widows and Prudential.

(i) Default arrangement in place since October 2020

The new default arrangement, in place since October 2020, has been set up as a lifestyle arrangement which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This is illustrated in the earlier

chart. This means the charge members pay will depend on how close they are to their selected retirement date (as this will impact which of the funds they are invested in at a given point in time), as demonstrated below.

As at 31 March 2021, the TER that applied to members invested in the Scheme's default arrangement, ranged from 0.124% per year to 0.380% per year of their fund value, as shown below:

Default arrangement component fund	TER (per year)	Transaction costs (per year)	Total costs (per year)
Growth Blend	0.216%	Nil	0.216%
Multi-Asset Blend	0.380%	0.161%	0.541%
Bond Blend	0.153%	Nil	0.153%
SW Aquila Index-Linked Over 5 Year Gilt Index	0.124%	Nil	0.124%

Transaction costs ranged between -0.021% per year and 0.161% per year meaning that the total cost for the component funds of the default arrangement was between 0.124% per year and 0.541% per year depending on each member's proximity to retirement (and therefore which funds they are invested in). The table below shows how the total costs change at certain points leading up to a member's target retirement age.

Year to target retirement age	TER (per year)	Transaction costs (per year)	Total costs (per year)
15 years or more	0.216%	Nil	0.195%
10 years	0.236%	0.020%	0.256%
5 years	0.225%	0.023%	0.248%
At target retirement age	0.217%	0.025%	0.242%

Due to the way in which transaction costs have been calculated it is possible for costs to be negative; since transaction costs are unlikely to be negative over the long term the Trustee has shown any negative figure as zero.

(ii) Self-select investment funds in place since October 2020

In addition to the default arrangement (the component funds used in the default can also be self-selected), members have the option to invest in a range of self-select funds. The TERs for these funds are shown below.

Self-select funds	TER (per year)	Transaction costs (per year)	Total costs (per year)
SW Aquila UK Equity Index	0.123%	Nil	0.123%
SW Aquila MSCI World Index	0.144%	Not available	0.144%
SW Baillie Gifford Global Alpha	0.780%	Not available	0.780%
SW Aquila Emerging Markets Equity Index	0.350%	Not available	0.350%
SW Schroder Global Emerging Markets	1.030%	Not available	1.030%
SW L&G Ethical Global Equity Index	0.310%	Not available	0.310%
SW HSBC Amanah	0.395%	0.025%	0.420%
SW Schroder Dynamic Multi Asset	0.410%	Not available	0.410%
SW State Street Strategic Diversified	0.340%	Not available	0.340%
SW Invesco Perpetual Global Targeted Returns	0.840%	Not available	0.840%
SW L&G Hybrid Property (70:30) (Active & Passive)	0.640%	Not available	0.640%
SW L&G Infrastructure Index	0.460%	Not available	0.460%
SW Aquila Corporate Bond All Stocks Index	0.151%	Not available	0.151%
SW Aquila Over 15 Years UK Gilt Index	0.139%	Not available	0.139%
SW Aquila Index Linked Over 5 Years Gilt Index	0.139%	Not available	0.139%

SW L&G Pre-Retirement	0.175%	Not available	0.175%
SW L&G Liquidity	0.196%	Not available	0.196%

Scottish Widows is only able to provide transaction cost data for funds where Scheme members have invested. As at 31 March 2021, Scheme members have switched to two funds outside of the default arrangement. We would expect more of the fund range to be utilised over time once the membership has become more familiar with the new fund range and transaction cost data for more funds will then become available.

(iii) Prudential AVC arrangement

For members invested in the Prudential AVC arrangement the TERs and transaction costs, as at 31 March 2021, for the funds were as follows.

Funds	TER (per year)	Transaction costs (per year)	Total costs (per year)
Prudential With Profits Cash Accumulation*	N/A	N/A	N/A
Prudential Discretionary	0.75%	Not available	Not available
Prudential UK Equity	0.75%	Not available	Not available
Prudential Deposit**	N/A	N/A	N/A
Prudential International Equity	0.75%	Not available	Not available

- Prudential has not been able to provide transaction cost data for the year to 31 March 2021 at the time of writing. The Trustee will attempt to obtain them for next year's statement.
- *Prudential With-Profits Cash Accumulation With-Profits fund: Prudential has confirmed there is no explicit charge for this fund. An amount to cover the expenses of running the with-profits fund is deducted from the fund before bonuses are declared. This is currently restricted to 1% per year although there is no guarantee that this will not change in the future.
- **Prudential Deposit fund: Prudential has advised there is no explicit charge for the deposit fund and under the terms of this fund, the prevailing bank of England Interest Rate is applied.

(iv) Default arrangement in place prior to October 2020

The previous default arrangement was also set up as a lifestyle arrangement, featuring two funds with a varying allocation as members approach their target retirement date.

As at 31 March 2021, the TER that applied to the component funds of the Scheme's former default arrangement, ranged from 0.16% per year to 0.51% per year of their fund value, as shown below:

Former default arrangement component fund	TER (per year)	Transaction costs (per year)	Total costs (per year)
Standard Life Global Equity 50:50 fund	0.51%	0.41%	0.92%
Standard Life Deposit & Treasury fund	0.16%	0.07%	0.23%

Transaction costs were 0.07% per year or 0.41% per year meaning that the total cost associated with the former default arrangement was between 0.23% per year and 0.92% per year depending on each member's proximity to retirement (and therefore which funds they are invested in). The table below shows how the total costs change at certain points leading up to a member's target retirement age:

Year to target retirement age	TER (per year)	Transaction costs (per year)	Total costs (per year)
4 years or more	0.51%	0.41%	0.92%
3 years	0.41%	0.31%	0.71%
2 years	0.27%	0.17%	0.44%
1 year or less	0.16%	0.07%	0.23%

(v) Illustrations of the cumulative effect of costs and charges

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided a range of illustrations of their cumulative effect on the value of typical scheme members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are explained below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

Each illustration is shown for a different sample member as follows:

- **Member A** – active member paying the DC Section's median level of ongoing contributions (of £10,000 per year) with the DC Section's median pension fund size for active members of £85,000.
- **Member B** – active member paying the DC Section's median level of ongoing contributions for those paying above £10,000 per year (at £23,000 per year) with the DC Section's median pension fund size for active members with funds above £100,000 (which is £230,000).
- **Member C** – deferred member so contributions have ceased with the DC Section's median pension fund size for deferred members of £45,000.
- **Member D** – deferred member so contributions have ceased with the median fund size for deferred members with funds above £50,000. This is £125,000.

Each illustration is based on the approximate duration that the youngest member will take to reach Normal Retirement Age (“NRA”). This is 12 years for active members and 17 years for deferred members.

We have shown illustrations for Members A, B, C and D assuming they are invested in the new default arrangement (applying since October 2020). As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other fund options available in the DC Section. In addition, we have shown illustrations for the following funds:

- The fund with the highest TER (this fund also has the highest risk level): the SW Schroder Global Emerging Markets fund
- The fund with the lowest TER: the SW Aquila UK Equity Index fund
- The fund with the lowest risk level: the SW L&G Liquidity fund

Member A: active member – starting fund size £85,000 paying £10,000 per year in contributions

Projected pension pot in today's money								
Fund								
	Default arrangement		SW Schroder Global Emerging Markets		SW Aquila UK Equity Index		SW L&G Liquidity	
Years to NRA	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
12	£85,000	£85,000	£85,000	£85,000	£85,000	£85,000	£85,000	£85,000
10	£122,990	£122,230	£130,550	£127,280	£126,740	£126,360	£110,310	£109,750
5	£187,420	£184,560	£223,220	£210,010	£207,910	£206,400	£150,080	£148,350
0	£251,120	£245,350	£341,910	£311,000	£306,190	£302,760	£187,020	£183,860

Member B: active member – starting fund size £230,000 paying £23,000 per year in contributions

Projected pension pot in today's money								
Fund								
	Default arrangement		SW Schroder Global Emerging Markets		SW Aquila UK Equity Index		SW L&G Liquidity	
Years to NRA	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
12	£230,000	£230,000	£230,000	£230,000	£230,000	£230,000	£230,000	£230,000
10	£320,280	£318,270	£340,280	£331,620	£330,210	£329,190	£286,720	£285,250
5	£472,340	£464,950	£564,670	£530,490	£525,050	£521,140	£375,850	£371,390
0	£621,660	£607,000	£852,050	£773,240	£760,990	£752,260	£458,640	£450,650

Member C: deferred member – starting fund size £45,000 with no further contributions

Projected pension pot in today's money								
Fund								
	Default arrangement		SW Schroder Global Emerging Markets		SW Aquila UK Equity Index		SW L&G Liquidity	
Years to NRA	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
17	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000
15	£49,770	£49,470	£52,200	£50,720	£50,480	£50,300	£43,050	£42,800
10	£57,590	£56,600	£66,860	£61,910	£61,120	£60,560	£39,990	£39,380
5	£63,530	£61,650	£85,630	£75,570	£74,020	£72,920	£37,150	£36,230
0	£67,860	£65,050	£109,660	£92,250	£89,630	£87,790	£34,510	£33,330

Member D: deferred member – starting fund size £125,000 with no further contributions

Projected pension pot in today's money								
Fund								
	Default arrangement		SW Schroder Global Emerging Markets		SW Aquila UK Equity Index		SW L&G Liquidity	
Years to NRA	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
17	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000
15	£138,250	£137,400	£145,010	£140,890	£140,210	£139,730	£119,590	£118,900
10	£159,970	£157,210	£185,710	£171,970	£169,790	£168,230	£111,090	£109,380
5	£176,480	£171,260	£237,850	£209,920	£205,610	£202,540	£103,200	£100,630
0	£188,490	£180,690	£304,620	£256,240	£248,990	£243,860	£95,870	£92,570

The charts show a projection of the member's retirement savings at retirement age, with and without costs and charges applied. All projected fund values are shown in today's terms, so do not need to be reduced further for the effect of future expected inflation.

We have not included any illustrations for the Prudential AVC arrangement given the relatively small amounts of money held in that arrangement.

Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the strategy) in making investment decisions.

Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

1. Accumulated fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Inflation is assumed to be 2.5% each year with real salary growth for active members at 0%.
3. **The projected fund values shown are estimates for illustrative purposes only and are not guaranteed.**
4. The TERs and transaction costs used in the illustrations can be found in the tables above.
5. The assumed growth rates (gross of costs and charges) are as follows:

Fund	Assumed gross growth rate (per year)
Growth Blend	6.0%
Multi-Asset Blend	5.0%
Bond Blend	1.2%
SW Aquila Index-Linked Over 5 Year Gilt Index	0.3%
SW Schroder Global Emerging Markets	7.7%
SW Aquila UK Equity Index	6.5%
SW L&G Liquidity	1.0%

*These funds make up the default arrangement.

4. Value for Members assessment

There is no legal definition of "good value" or the process of determining this for Scheme members. Therefore, working in conjunction with its advisers, Aon, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Scheme relative to the costs and charges they pay.

The costs have been identified as a mix of TERs and Transaction Costs and are set out in section 3 of this statement.

The Trustee's beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

It should be noted that the DC members only pay the investment charge and as such the only service that the Trustee is required to consider in terms of the regulations is '**Investments**'. The Company pays all additional charges, meaning that the overall charge members could pay is reduced. However, for the Trustee to assess overall value, the Trustee has agreed on a number of other benefits of membership as explained below.

In terms of the benefits of membership the Trustee has identified what it believes members value most:

- **Investments:** The Trustee believes that a well-designed default arrangement subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.
- **Scheme Governance:** The Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members' interests are protected, increasing the likelihood of good outcomes for members.
- **Administration:** The Trustee believes that good administration and record keeping play a crucial role in ensuring that Scheme members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.
- **Member communications (including support at retirement):** The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes. The Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement.

For each area we have rated the services either green, amber or red:

- **Green** – we believe that the services provided represent good value to our members and help to deliver better member outcomes,
- **Amber** – some of the services provided offer good value, however, we have identified gaps where these services could be improved,
- **Red** – none of the services provided represent good value for our members and action will be taken to address this.

Investments – the charge that members pay

Trustees' Rating	Examples for the rating
	<ul style="list-style-type: none"> ✓ The Trustee has reviewed the investment strategy considering the membership profile over the period and made changes to the strategy with the aim to improve member outcomes. ✓ As was explained in the communications, the new default arrangement was changed to reflect that as the DC Section has matured it is expected more members will have larger DC funds greater than their Scheme tax-free cash entitlement. The new default arrangement therefore ends in funds aligned to flexible access. The new default arrangement is a lifestyle strategy so it manages members' investment risk throughout their membership. ✓ The new default arrangement has met its objectives of reducing risk in the

	<p>approach to retirement. Its objective also includes providing the opportunity for long-term growth.</p> <p>✓ Fund factsheets are produced quarterly for members and these are available to download or can be requested via the administrators.</p>
--	--

Other areas that we have identified that members benefit from

Area	Rating	Example
Scheme Governance		<p>✓ The Trustee regularly meets to discuss the Scheme and discussions at these meetings are documented in writing. The Trustee's professional advisers also attend these meetings to give advice and guidance to the Trustee</p> <p>✓ All Trustee Directors receive training both at outset and</p>
<p>Our findings...</p> <p>In light of the evidence provided in the framework, the Trustee believes that the costs and charges borne by members represent good value for members.</p> <p>When taking into consideration the wider benefits that members receive as a member of the Scheme, including the services that the Company pays for rather than the member, the Trustee believes that members receive good value.</p>		
Member communication		<p>✓ A new DC Section member booklet was drafted as part of the DC Section investment strategy change. An announcement was also sent to explain the DC Section investment changes with another regarding the postponement. Both documents are available on an ongoing basis on the Scheme's governance website.</p> <p>✓ At retirement, members have access to a retirement portal that helps them to understand their options including the ability to purchase an annuity on the open market should they wish.</p>

Commentary on value for members of the Prudential AVC arrangement

Members with AVCs invested with Prudential pay charges. Part of that charge covers the investment costs and part of the charge covers the AVC provider's administration service.

Area	Rating	Example
Investments		<p>✓ As AVC members are not required to fund a particular benefit, DB AVC members have a range of funds that can be selected with different risk ratings.</p> <p>✓ Members can switch funds at any time.</p> <p>✓ Fund factsheets are produced quarterly for members and these are available to download or can be requested via the administrators.</p> <p>✓ The charges AVC members pay are typical for AVC arrangements of this size based on the experience of the Trustee's advisers; Aon.</p>
Administration		<p>✓ As highlighted in section 2, whilst there were some administration issues as a consequence of the pandemic improvements are being seen so the Trustees are comfortable with the quality and efficiency of the administration by the AVC provider, but will continue to monitor that.</p>

Our findings...

In light of the evidence provided in the framework, the Trustee believes that the costs and charges borne by AVC members represent **good** value for members.

5. Trustee Directors' Knowledge and Understanding

The comments in this section relate to the Scheme as a whole and not solely the DC Section.

The Trustee has processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- Assessing training needs and identifying gaps in knowledge through an annual assessment which involves the Trustee Directors rating their knowledge and understanding across the key areas relating to pension schemes.
- Training plan in place based on the results of the assessment.
- Undergoing regular training for the year – the details are given below.
- Maintaining training logs for each Trustee which supports the above. Each Trustee Director undertakes to complete at least 15 hours of training per year.
- All Trustee Directors have completed the Pension Regulator's Trustee toolkit. The Trustees' toolkit is an online module-based training tool that trustees can complete to gain an understanding of the key elements of managing a pension scheme. It is provided by the Pensions Regulator.

The areas of training covered during the year included:

- The impact of the pandemic on pension schemes and how trustees are managing it.
- Risk settlement options.
- Seminar covering business, people, risk and safety issues of aviation organisations.
- Investment aspects exploring volatility and value in 2021.
- Cyber risks and the potential impact on pension schemes.
- Pension Schemes Bill 2019/20

Some Trustee Directors changed over the course of the year and undertook appropriate training after assessing their relevant knowledge. Further training has been undertaken after the period covered by this statement.

Demonstrating a working knowledge of key scheme documents

The Trustee Directors have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key scheme documents such as their governance documents, Trustee's Report & Accounts and Statement of Investment Principles. A few of the areas that support this statement are set out below:

- Updates to the Statement of Investment Principles
- Sign-off of the Trustees' Report and Accounts
- Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience

- Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the Statement of Investment Principles.

Demonstrating knowledge of principles relating to investment and funding of DC schemes

To show how the Trustee Directors have demonstrated that they have sufficient knowledge and understanding of principles relating to investment of DC schemes they also undertook the following actions:

- Updated the Statement of Investment Principles for the new investment strategy.
- Implemented the new default arrangement as highlighted in section 1.
- Reviewed the quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the Statement of Investment Principles.
- Received quarterly investment market updates from their managers/investment advisers.

Demonstrating knowledge and understanding of the law relating to pensions and trusts

To show how the Trustee Directors have demonstrated that they have sufficient knowledge and understanding of principles relating to pensions and trusts the Trustee Directors undertook the following actions:

- Updating the risk register and updating their business plan
- Sign-off of the Trustees' Report and Accounts

Given the changes to the Trustee Board the diversity and effectiveness of the Trustee Board was not assessed during the year covered by this statement but there are plans to do that now the new Trustee Directors are in place. The Trustee board is made up of 5 Trustees with one of the Trustee Directors being a professional Trustee and the other Trustee Directors with varying backgrounds including investment and administration expertise. Both member-nominated Trustees have direct contact with members which helps the Trustee board to understand and assess members' reactions to Scheme communications and other initiatives.

The Trustee Directors consider that they meet the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as Trustees Directors of the Scheme

Signed by the Chairman of the Trustee of the Bristow Staff Pension Scheme

Stuart Southall

Signature _____ Date 30 September 2021