

Kaufel (UK) Limited Pension Scheme
("the Scheme")
Annual Governance Statement by the Chair of Trustees
For the Scheme Year 1 January 2020 to 31 December 2020

Introduction

As the Chair of Trustees, I am required to provide a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the relevant governance standards. The law sets out what information must be included within the statement and this is covered in sections 1 to 4 below.

The Trustees are committed to having high governance standards and meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration.

If you have any questions about anything that is set out below, or any suggestions about what can be improved, please contact me c/o Julie Henderson, ABB Limited, Daresbury Park, Daresbury, Warrington, WA4 4BT.

During the Scheme year we have continued to review and assess our systems, processes and controls across the key governance functions to ensure they remain consistent with those set out in The Pensions Regulator's:

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

These are underpinned by the DC quality features.

Based on our assessment, we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. This helps demonstrate the presence of DC quality features, which we believe help deliver good outcomes for members at retirement.

1. Default investment arrangement

The default investment arrangement is provided for members who join the Scheme and do not choose an investment option for their contributions. Members can also choose to invest in the default investment arrangement which is set up by the Trustees. As at 31 December 2020, 94% of members had their contributions invested in the default investment arrangement.

Setting and reviewing an appropriate investment strategy

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

We have chosen a lifestyling arrangement initially using a combination of the Legal & General UK Equity Index (100% up to the age of 30) and the Standard Life Global Absolute Returns Strategy Fund. Then, when members are within nine years of normal retirement age utilising the Standard Life Annuity Purchase Fund and the Legal & General Cash Fund as the Scheme's default arrangement.

The objective of this arrangement is to provide investment growth by investing in return seeking assets in a diversified portfolio with a moderate risk profile, with a gradual switching of assets over the nine years before the member's expected retirement date, towards a final position of 25% cash and 75% gilts.

Currently the default lifestyling arrangement is targeting 25% tax free cash plus annuity purchase at the member's retirement age.

With the introduction of Pension Freedoms, the Trustees considered amending the default investment lifestyling strategy to take into account the wider range of options now available to members upon retirement. This was discussed in depth at a meeting of the Trustees on 16 November 2017 and it was concluded that given the size of the membership of the Scheme and its demographics, amending or adding to the present default investment arrangement to cover all potential eventualities on retirement could potentially result in more uncertainty amongst members rather than appreciation of greater choice.

During the Scheme Year, the Trustees considered the future of the Scheme. Whilst the intention is to subsume the Scheme within a larger ABB arrangement, this is still under consideration. As such, the Trustees have not amended the default investment proposition.

Members are however encouraged to make their thoughts on this matter known to Trustees at any time.

Monitoring performance and suitability

The Trustees receive and review the performance and suitability of each of the underlying funds that make up the default investment arrangement at every Trustees' meeting.

At the last Trustees' meeting held on 3 December 2020, it was noted that all the funds (with the exception of the Cash Fund) in which the Scheme invests (inclusive of the funds in the default investment arrangement) had fallen in the early part of 2020, but with the exception of the UK Equity and Pooled Property Funds, the majority had returned to positive territory.

The only negative impact was on those members who had not yet started to reduce their risk profile due to being a long way from retirement, and that those members closer to retirement had both been shielded from the worst of the investment falls and were overall seeing positive returns for 2020. Accordingly, the default lifestyle investment strategy is working as intended.

The Trustees also monitor 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 may become appropriate in the future.

Details of the investment strategy and investment objectives of the default arrangement are recorded in a document called the Statement of Investment Principles (SIP). This was updated in 2020 to reflect the latest requirements. A copy of this document is shown in Appendix 1 for reference.

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. As you may know, the Employer pays the cost of actually administering the Scheme: the production of Scheme literature, annual member statements, annual accounts and external audits, dealing with day-to-day events like processing contribution payments, existing members leaving, members wishing to change their investment funds, paying transfers out for members who have left, providing the member help-line, handling member enquiries, quoting and paying benefits.

The level of charges applying for most members in the period up to nine years prior to normal retirement age when investment in the default investment arrangement is in the Standard Life Global Absolute Returns Strategy Fund is 0.725% per annum. Within nine years of normal retirement age, it is slightly more difficult to be precise as the default investment arrangement is then made up of a blend of three separate underlying funds, each with different transaction charges applying. This is considered in more detail in the table below. Transaction costs are included in the unit prices and are covered later in this statement.

The Scheme operates a lifestyle strategy using a blend of the three investment funds, the individual allocation of which changes as you approach retirement. The charges applying to each of these funds as a standalone investment are:

- Standard Life Global Absolute Returns Strategy Fund – 0.725% per annum
- Standard Life Annuity Purchase Fund – 0.35% per annum
- Legal & General Cash Fund – 0.15% per annum

Unfortunately, it is therefore not possible to identify a single definitive figure that applies at all times. However, we can broadly assess the annual cost to members who are in the default lifestyle arrangement on the date that their fund is rebalanced (this happens each year on 1 January) as follows:

Period to Normal Retirement Age	Annual Management Charge
9 years or more	0.72500%
8 – 9 years	0.70625%
7 – 8 years	0.68750%
6 – 7 years	0.64000%
5 – 6 years	0.61125%
4 - 5 years	0.50750%
3 - 4 years	0.40375%
2 - 3 years	0.30000%
2 year or less	0.30000%

In considering the investment strategy (covered in more depth in point 1), the Trustees do, at all times, take in to account the charges applying to the different elements and will recommend switches in the event that they considered that overall a particular fund did not represent value for money.

The Trustees define value for money as being a combination of the investment returns achieved, the risks applying and the annual management charges.

Pensions are long term investments and experience has shown that markets do recover from downturns and that moving investments immediately after a downturn only crystallises a paper loss into an actual loss. However, this should be noted against the fact that past performance should not be relied upon for future performance and members should continue to monitor whether their current investment choice remains suitable for their own plans for retirement.

Over the longer term, the Trustees still believe the asset allocation and associated risks to be appropriate to the aims of the Scheme.

The Trustees pay for and receive independent advice from Ascot Lloyd in order to specifically satisfy themselves that the Scheme provides good value for money for the members, in comparison to the wider pension scheme market, in terms of costs, risks, returns and the quality and level of service provided. Further, each of the Trustees has extensive experience of pension schemes, both as part of their everyday roles with the Employer and in working closely on the additional pension schemes offered by the Employer. In their opinion, with this advice and experience in mind, the terms that apply in the Scheme do indeed presently represent value for money.

Self-select funds

Members may elect to invest in any of the options set out in the SIP in Appendix 1. As at 31 December 2020, self-select investments were held in the Standard Life Corporate Bond Fund, the Standard Life Managed Pension Fund, the Standard Life Ethical Fund, the Standard Life Pooled Property Fund and the BNYM Multi-Asset Fund.

Transaction costs

These costs arise mainly as a result of endeavouring to deliver a fund's target investment return, where an active or passive investment approach is used. For example, a fund will buy or sell assets when a member has money paid into or has money taken out of a fund, and the buying or selling of assets will incur a cost. As these costs arise as a result of participating in a financial market, they are separate from any administration charge or AMC.

The Scheme invests assets through Mobius Life. As such, the total transaction costs for each fund is made up of two elements: the transaction costs incurred by the underlying fund when buying and selling its underlying assets, and the costs incurred by Mobius Life when buying or selling the underlying fund.

Mobius Life (ML) has provided details of the total transaction costs applying for each underlying fund during the Scheme Year. These are set out in the table in Appendix 2.

The total transaction cost for the Scheme as a whole is 0.656%, determined as the weighted average of all the held funds' transaction costs.

In providing this information, Mobius Life contacted all fund managers to request their transaction cost data for the Scheme Year. Some fund managers were constrained with the data they could provide retrospectively, and the periods reported did not always match the Scheme Year. Where this happened, Mobius Life used the most up-to-date information. The Trustees understand that Mobius Life seek to obtain reports that cover the appropriate period but are aware of the necessity to provide information to enable us to satisfy our disclosure requirements.

The details in the table show the total transaction costs for each underlying fund, whether used within a default investment arrangement or as a self-select fund. No breakdown of these costs has been provided for a default investment arrangement only or for each of the funds excluding transactions in a default investment arrangement.

The Trustees have taken account of statutory guidance, only deviating from this approach as outlined above.

Illustrative examples

The Trustees are required to present the costs paid by a member as a "pounds and pence figure". The Department of Work and Pensions (DWP) has prepared a sample table for this purpose which has been used for the example shown in Appendix 2, duly adapted and populated in accordance with the DWP guidance using Scheme specific information. Unless otherwise stated, the example has regard to the relevant statutory guidance.

The example shown has been selected as representing a cross section of typical members, having considered the structure and membership of the Scheme. The information in this example is however only intended to be illustrative, designed to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. Members should therefore exercise caution before relying on the information for the purposes of making any decisions about savings, investment and retirement choices. In particular, the values shown are estimates only, based on a number of assumptions and are not guaranteed. For further information about investment options, members should refer to the Scheme documentation available, and should consider taking independent financial advice where and when appropriate.

Good value for members

In considering the investment strategy (covered in more depth in section 1), the Trustees do, at all times, take into account the charges applying to the different elements and will recommend switches in the event that they considered that overall a particular fund did not represent value for money.

The Trustees define value for money as being a combination of the investment returns achieved, the risks applying and the annual management charges.

The return on the default lifestyle investment policy for the year ended 31 December 2020 for a member aged 50 was 8.5%. The Trustees find this performance to be satisfactory and over the longer term still believe the asset allocation and associated risks to be appropriate to the aims of the Scheme.

As noted earlier, the Trustees pay for and receive independent advice from Ascot Lloyd in order to specifically satisfy themselves that the Scheme provides good value for money for the members, in comparison to the wider pension scheme market, in terms of costs, risks, returns and the quality and level of service provided. Ascot Lloyd reports their findings and views at each Trustees' meeting to provide comfort that the Scheme continues to provide good value for money. Further, each of the Trustees has extensive experience of pension schemes, both as part of their every day roles with the Employer and in working closely on the additional pension schemes offered by the Employer, and in their opinion, with this advice and experience in mind, the terms that apply in the Scheme do indeed presently represent decent value for money.

The Trustees continuously monitor this position and consider the ongoing suitability of the Scheme at each Trustees' meeting, together with what can be done further to improve the value for money for members. In the Scheme Year, formal Trustees' Meetings were held on 24 March, 23 July and 3 December 2020 where this issue was discussed in depth.

It should be noted that the fee structure in place between the Trustee and Ascot Lloyd does not include any investment fund performance related element as the Trustee feels that doing so may drive the wrong behaviours.

Covid-19 Impact

As mentioned earlier, all funds in which the Scheme invests (with the exception of the Cash Fund) had fallen in the early part of 2020. The majority have however returned to positive territory.

The only negative impact was on those members who had not yet started to reduce their risk profile due to being a long way from retirement, and that those members closer to retirement had both been shielded from the worst of the investment falls and were overall seeing positive returns for 2020. This demonstrates that the default lifestyle investment strategy is working as intended.

3. Core financial transactions

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

- ensuring the contributions are paid on time;
- 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 Ascot Lloyd.

The Trustees have a Service Level Agreement in place with Ascot Lloyd which includes a defined level of performance (in terms of turnaround times) for all of the key specified events noted above.

Ascot Lloyd reports at all Trustees' meetings their actual performance against these agreed standards and in the event of any failure to meet the required standard this is noted and discussed, with remedial actions agreed where appropriate and any anomalies or discrepancies are explained.

This structure is supported by annual external audits of the Scheme carried out by our auditors, Grant Thornton.

Following receipt of a relevant report from Ascot Lloyd covering the period from 1 January 2020 to 30 June 2020 at the Trustees' meeting on 24 July 2020, Ascot Lloyd confirmed that they had met their overall Service Level Agreement standards (including events in addition to those noted above). At the meeting on 3 December 2020, following receipt of the relevant report covering the period from 1 July 2020 to 31 October 2020, Ascot Lloyd again confirmed their overall Service Level Agreement standards had been met. We remain content that the administrators continue to act promptly and efficiently in all aspects of their work.

4. Trustee knowledge and understanding

The legal requirement on trustees is that they should have, or have access to, sufficient knowledge and ability to run the Scheme correctly. Specifically, the Trustees need to demonstrate a continued working knowledge of key Scheme documents, namely the Trust Deed and Rules and any amending deeds' and the SIP.

The Trustees for the Scheme Year have an intimate working knowledge of these documents. Relevant and comprehensive training was given on each occasion that the Rules have been amended. Further, the agreement between the Trustees and their advisers ensures that they are kept fully abreast of any changes in overriding legislation or law that de facto change the terms and conditions of the Rules and full training is given as necessary. A copy of the Trust Deed and Rules and all subsequent Deeds of Amendment are available for all Trustees' meetings and cross referred to as required.

The Trustees are also fully cognisant with the SIP, and this document is also available for all Trustees' meetings and cross referred to as required.

The Trustees undertake regular training events in order to meet this requirement. Further, each of the Trustees has extensive experience of pension schemes, both as part of their everyday roles with the Employer and in working closely on the additional pension schemes offered by the Employer and as such have a wider knowledge of pensions than just the Scheme. All Trustees' meetings include, where possible and practicable, a training event run by the Scheme's advisers, Ascot Lloyd, and these are supplemented where appropriate in specialist areas by our legal advisers (Simmons & Simmons) and our auditors (Ernst & Young LLP). The training events run during the Trustee meetings are chosen to be relevant to current events or to re-emphasise issues relating to agenda items. At the Trustees' meeting on 24 March 2020, as the Trustees had only recently been appointed, a training session was provided on the history of the Scheme and gave updated knowledge on the Scheme documentation as detailed below.

To confirm our capability, a record has been established of past training and development. That record is reviewed regularly and if any gap is identified, an action plan is agreed to ensure that gap is adequately filled.

As Trustees we are also cognisant of the necessity to take advice as and when required, and in particular would seek legal advice from our legal advisers, Simmons & Simmons, in any contentious cases or if we were unclear in any aspect of the operation of the Trust Deed and Rules. We can confirm that there were no contentious cases to consider in the 2020 Scheme Year, and therefore we did not seek any additional legal advice in this period.

The Scheme presently has a vacancy for a member nominated trustee. Interest in this was invited as part of the data cleansing exercise undertaken during 2020, although no nominations were received. If you would potentially be interested in filling this role in order to assist the existing Trustees in continuing to ensure the suitability of the Scheme for its members, please contact the Trustees at the address set out below.

Any new Trustee will, in line with the practices applying to the existing Trustees, within 3 months of their appointment, receive a comprehensive training session which encompasses the duties and responsibilities of a trustee, a review of all Scheme working documents such as the Trust Deed and Rules and any amending Deeds, understanding how these work and impact on members, a review of all Scheme policies and practices, understanding how these work and impact on members, together with a session concentrating on the principles of investment and how these impact on the Scheme.

Such training will be undertaken during normal business hours. Trustees' meetings are also undertaken during normal business hours.

We trust that this information has been informative and useful. If you have any questions about any of the matters above, or any suggestions about what can be improved, please contact the Trustees c/o Julie Henderson, ABB Limited, Daresbury Park, Daresbury, Warrington, WA4 4BT.

Signed: David Lowe Date: 3 JUN 2021

David Lowe
Chair of Trustees

APPENDIX 1

KAUFEL (UK) LIMITED PENSION SCHEME STATEMENT OF INVESTMENT PRINCIPLES

This Statement sets out the principles governing decisions concerning investments for Kaufel (UK) Limited Pension Scheme (the "Scheme") in accordance with the requirements of the Pensions Act 1995 & 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010. It incorporates changes as required by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

It is subject to periodic review by the Trustees.

The Trustees have obtained the appropriate professional advice from Capital Professional Limited who are acting as the Trustees' investment consultants for this purpose and have consulted the Principal Employer. Capital Professional Limited is regulated and authorised by the Financial Conduct Authority.

The Scheme is a Contracted-In Money Purchase Scheme and the assets are held in Trust by the Trustees for the benefit of the members. Investment powers of the Trustees are set out in the Scheme's Rules.

INVESTMENT OBJECTIVE

To provide a range of investment options suitable to meet members' needs, by providing options that give members a reasonable expectation of:

- optimising the value of their assets at retirement, allowing for individual members' risk tolerances
- maintaining the purchasing power of their savings in real (i.e. post-inflation) terms
- providing protection for accumulated assets in the years approaching retirement against a sudden (downward) volatility in the capital value, and fluctuations in the cost of annuities

whilst taking into account the impact that increased complexity may have on administration requirements and the overall cost of the arrangements.

A lifestyle default option will be offered which aims to provide an investment option which is suitable for the majority of members, taking into account their proximity to retirement.

STRATEGY

The Scheme's investment objective is implemented using the range of investment options which were determined as set out below.

The Trustees in consultation with Capital Professional Limited decided that it was appropriate to offer actively managed pooled funds as well as passive index-tracking pooled funds. These are designed to produce a return as close as possible to the relevant market benchmark to be accessed via Trustee Investment Plans provided by insurance companies. The choice of these Plans may vary from time to time.

Members can choose a default lifestyle arrangement which operates under a predetermined lifestyle strategy or make their own decisions on the funds in which to invest. The lifestyle strategy is based on a general principle that investment needs change as a member approaches retirement and that at retirement the member will take part of the account as cash and purchase an annuity with the balance.

The funds that members can choose to invest in are given risk ratings and members who choose to invest outside of the lifestyle option are made aware of the dangers of investing in lower risk funds some years from retirement and of remaining invested in higher risk funds up until retirement. Members opting for the lifestyle strategy are made aware that it may not be the most appropriate investment strategy for their personal circumstances and attitude to risk.

The Trustees' policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment consultant. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.

The Trustees expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash/Deposit style funds will provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

RISK MEASUREMENT AND MANAGEMENT

The Trustees consider the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an on-going basis thereafter.
- Risk of the default fund being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustees consider these risks as part of each formal strategy review. The Trustees' policy is to review the range of funds offered and the suitability of the lifestyle option annually.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance expectations.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

The Trustees believe that their primary responsibility is to invest the Scheme's assets for the longer term financial best interests of the Scheme's beneficiaries, as reflected by the Trustees' strategic investment objectives.

The Trustees believe that ESG factors, including climate change risk, can potentially have a material positive or negative impact on the Scheme and therefore have a policy to consider these when selecting or reviewing the Scheme's investments.

The Trustees further believe that:

- The willingness and ability of companies to adopt the highest standards of social responsibility is increasingly important to long term growth in the value of their business
- Good corporate governance includes the management of the companies impact on the environment and society at large

The Scheme's investment funds are chosen to achieve the Scheme's investment objectives and these fund choices are reviewed from time to time. The Trustees understand that ESG factors are more important for some asset classes than for others.

The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of pooled funds is made by the Trustees with advice from their investment consultants. The impact of this is that the Trustees themselves cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest.

The Trustees do however expect that managers of the underlying funds to take in to account ESG factors (including but not limited to climate change risks) in their decisions in relation to the selection, retention and realisation of investments. The Trustees also expect that any advice received in relation to the selection of managers will take in to account the managers' philosophies of all ESG factors.

INVESTMENT REALISATION AND OPTIONS

Having taken advice from Capital Professional Limited, the Trustees have chosen to access pooled investment funds via the investment platform offered by Mobius Life under their Trustee Investment Plan. The Mobius Life investment platform was selected as a result of the wide range of funds offered, the availability of daily dealing, free switching between funds which aid the lifestyling process, competitive institutional fund charges and financial strength.

The present Investment Options are detailed below:

Funds
<p>L&G Life N UK Equity Index Fund – Risk: Medium Aims to track the return of the FTSE All-Share Index (after adjustment for charges and tax) by investing in UK shares. In order to accurately track this index the fund will invest in a representative sample of holdings.</p>
<p>Standard Life GARS Pension Fund – Risk: Low to Medium Aims to provide investors with positive investment returns in a variety of market conditions. The Fund objective is to outperform the London Interbank Offer Rate (LIBOR) by 5% over three to five years.</p>
<p>Standard Life Annuity Purchase Fund – Risk: Low The fund invests predominantly in fixed interest assets whose prices are normally expected to rise and fall broadly in line with the cost of purchasing pension income.</p>
<p>L&G Life AR Cash Fund – Risk: Very Low Invests in deposits and short term money market instruments.</p>
<p>Standard Life Corporate Bond Pension Fund – Risk: Low to Medium Provides long term growth mainly from the reinvestment of income generated by investing predominantly in Sterling denominated corporate bonds.</p>

Funds
Standard Life Ethical Pension Fund – Risk: Medium Aims to provide long term growth by investing in equities and corporate bonds, but avoiding companies who fail to make a positive contribution to society.
Standard Life Managed Pension Fund – Risk: Medium A balanced managed fund, investing in a diversified portfolio including equities, fixed interest and property.
Standard Life Pooled Property Pension Fund – Risk: Medium Aims to provide long term capital appreciation and growth by investing in prime quality UK commercial properties.
BNYM Multi-Asset Growth Fund – Risk: Medium Aims to provide long term growth by investing in a portfolio of Institutional UK and overseas equity assets.

DEFAULT LIFESTYLE OPTION

The default lifestyle option uses the first four of the funds shown above.

The following table sets out how the funds are invested as members approach retirement:

Fund:	L&G Life N UK Equity	Standard Life GARS	Standard Life Annuity Purchase	L&G Life AR Cash
Years to NRA	Medium Risk	Low to Medium Risk	Low Risk	Very Low Risk
37 or more	100%	0%	0%	0%
36	95%	5%	0%	0%
35	90%	10%	0%	0%
34	85%	15%	0%	0%
33	80%	20%	0%	0%
32	75%	25%	0%	0%
31	70%	30%	0%	0%
30	65%	35%	0%	0%
29	60%	40%	0%	0%
28	55%	45%	0%	0%
27	50%	50%	0%	0%
26	45%	55%	0%	0%
25	40%	60%	0%	0%
24	35%	65%	0%	0%
23	30%	70%	0%	0%
22	25%	75%	0%	0%
21	20%	80%	0%	0%
20	15%	85%	0%	0%
19	10%	90%	0%	0%

Fund:	L&G Life N UK Equity	Standard Life GARS	Standard Life Annuity Purchase	L&G Life AR Cash
Years to NRA	Medium Risk	Low to Medium Risk	Low Risk	Very Low Risk
18	5%	95%	0%	0%
17 to 9	0%	100%	0%	0%
8	0%	95%	5%	0%
7	0%	90%	10%	0%
6	0%	80%	15%	5%
5	0%	75%	15%	10%
4	0%	50%	35%	15%
3	0%	25%	55%	20%
2 or less	0%	0%	75%	25%

Signed David Lowe
David Lowe

Date 30/09/2020

Chair of the Trustees of the Kaufel (UK) Limited Pension Scheme

APPENDIX 2

Transaction Costs

Code	Fund	Total Transaction Costs
P02009	L&G Life N UK Equity Index Fund	0.000%
P02010	Standard Life GARS Pension Fund	0.739%
P02011	Standard Life Annuity Purchase Pension Fund	0.116%
P02012	L&G Life AR Cash Fund	0.000%
P02013	Standard Life Corporate Bond Pension Fund	0.022%
P02014	Standard Life Ethical Pension Fund	0.187%
P02015	Standard Life Managed Pension Fund	0.136%
P02016	Standard Life Pooled Property Pension Fund	0.144%
P02017	BNYM Multi-Asset Growth Fund	0.087%

Default arrangement

Projected Pension Pot in Today's Money (as at 31 December 2020 with a starting pot size of £13,800)		
Years	Projected fund value before the deduction of costs and charges	Projected fund value after the deduction of costs and charges
1	£14,348	£14,193
3	£15,501	£14,978
5	£16,735	£15,769
10	£20,266	£17,931
15	£24,199	£20,164
20	£25,425	£20,527

Notes to the default investment arrangement illustrations:

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
3. Inflation is assumed to be 2.5% each year.
4. The starting pot size reflects the median fund size of those currently invested in the default investment arrangement, together with a time horizon reflecting the youngest member in that appropriate fund. Thus, the starting pot size is assumed to be £13,800 at age 45 for a member retiring at age 65
5. As all members in the Scheme are deferred, no further contributions are assumed to be made.
6. Assumed investment growth for each of the appropriate funds in the default arrangement are in line with those used in the production of the Statutory Money Purchase Illustrations for the Scheme. Thus, the accumulation rates used are:

L&G Life N UK Equity Index Fund	7.00% each year
Standard Life GARS Pension Fund	6.50% each year
Standard Life Annuity Purchase Pension Fund	2.25% each year
L&G Life AR Cash Fund	2.25% each year

7. All charges and transaction costs (TC) have been included as follows:

L&G Life N UK Equity Index Fund	AMC 0.150% each year: TC -0.016% each year
Standard Life GARS Pension Fund	AMC 0.725% each year: TC 0.530% each year
Standard Life Annuity Purchase Pension Fund	AMC 0.350% each year: TC 0.081% each year
L&G Life AR Cash Fund	AMC 0.150% each year: TC 0.002% each year

8. The transaction costs noted above are those applying to in the Scheme year averaged over the three years for which data is available. They are however subject to the comments under "transaction costs" in this respect.