

Annual Governance Statement for the Scheme Year Ending 5 April 2023

This statement has been prepared by the Trustee of the Lane Group PLC Pension Scheme (the “Scheme”) to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The governance standards referred to above cover the following key aspects of the operation and administration of the Scheme:

- The investment options in which members funds are invested;
- The processing of the Scheme's core financial transactions;
- The charges and transaction costs incurred by members and the extent to which they provide value to members;
- The investment performance, net of all charges, achieved by each of the investment options;
- How the Trustee maintains sufficient knowledge and understanding so it can undertake its duties and responsibilities in relation to the Scheme.

This statement covers the Scheme's year from 6 April 2022 to 5 April 2023.

Default arrangement

There is no default investment strategy in place for the Scheme as it has never been used to meet the sponsoring employer's auto-enrolment duties. All current members of the Scheme previously made their own investment choices from the range of investment funds available under the Scheme.

Net Investment Returns

The Trustee is required to report on the net investment returns for each fund in which members have assets invested during the Scheme year. Net investment returns refer to the return on funds minus all transaction costs and member borne charges.

When preparing this statement, the Trustee has been unable to fully take account of the guidance issued by the Department for Work and Pensions (DWP) titled 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' dated October 2021. This is due to the Trustee being unable to obtain net investments returns information from ReAssure as at 5 April 2023 due to limitations within their system allowing this to be produced. The Trustee will continue to engage with ReAssure to obtain this information for next year's Statement.

However, the Trustee has provided investment performance net of the standard manager charges applying for the Managed Pension Fund and transaction costs and this is shown below:

Managed Pension Fund (Standard Units) Return (Net of Manager Fees and Transaction Costs) to 14 September 2023	
1 year – %	5 years – Annualised (% p.a.)
1.98%	4.12%

Financial transactions

All Scheme members are deferred and as such no contributions were received during the Scheme year covered by this statement. As a result, financial transactions under the Scheme are limited to switches between investment funds and the payment of benefits to or in respect of members when they retire or leave, which includes the transfer of benefits to an alternative pension scheme or policy.

During the Scheme year to 5 April 2023, no financial transactions were undertaken. In addition no member related errors arose, and no complaints were received in relation to the Scheme.

The Scheme's administrator, ReAssure, has agreed service standards in place for its processes which are as follows:

- Making a transfer payment (both into and out of the Scheme – 10 working days
- Making a payment for retirement purposes – 10 working days
- Making an investment switch – 5-10 working days

ReAssure has a governance framework in place to ensure the appropriate monitoring of these service standards. Processes adopted by ReAssure to help meet its SLAs include the use of an internal workflow management system, with tasks set up with SLAs in the background. Reports are run on a daily basis and SLAs reviewed in order to address any issues.

Any breaches in service standards due to delays or incorrect administration are logged and dealt with within agreed timescales. The identification, tracking and rectification of issues is done through a well governed process, including the establishment of root causes to help prevent future breaches. This is managed by ReAssure's Compliance function with appropriate monitoring and escalation in place, as necessary.

All payments are quality checked and authorised before the payment can be released.

ReAssure has confirmed it regularly checks the presence of member data and meets all the regulatory requirements with regards to the data required to process core financial transactions accurately and the assessment of data quality held against the Regulator's common data requirements.

Charges and transaction costs

The level of charges and costs

The Trustee is required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs, this is known as the total expense ratio (TER). The TER is paid by members and is reflected in the unit price of the funds.

The annual charges incurred by members in the Scheme are shown in the table below. These are expressed as a percentage and are applied to the value of each member's account. For example, an annual charge of 0.48% broadly means that for every £1,000 invested, an annual charge of £4.80 is paid by a member.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs are those incurred when the Scheme's fund managers buy and sell assets within investment funds. Again, these are expressed as a percentage of the value of a member's account. These charges and transaction costs have been supplied by ReAssure who is the Scheme's provider. When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on 'Reporting costs, charges and other information: guidance for Trustees and managers of occupational pension schemes'.

The table below also shows the TERs and the total transaction costs incurred by each investment fund during the year to 5 April 2023.

Note: There is no standard way of calculating transaction costs. The FCA has stipulated that a calculation methodology called 'slippage cost' should be used. This calculates the difference between the expected price of buying an underlying investment in a fund, such as a company share, at the time the order is placed by the investment manager and the final price at which the trade is executed. One consequence of this

calculation method is that, rather than generating a cost, it can result in a profit that in turn results in a negative transaction cost being reported. This could happen, for example, if the price paid when buying an investment is lower than the expected price.

Fund	Annual Management Charge (AMC)	Investment Management Charge (IMC)	Total Expense Ratio (TER)	Transaction costs 12 months to 5 April 2023
Managed Pension Fund	0.40%	0.08%	0.48%	0.07%

In addition to the above, members generally pay:

- A monthly policy fee of £1 applies for two members and £0.19 for one member.
- A 5% bid-offer spread also applies, being the difference between the bid and offer unit prices. The offer price was used when the units were being purchased and the bid price would be used when units are being sold.

Illustration of charges and transaction costs

Over time, the annual charges and transaction costs that are taken out of a member's account reduce the amount available to them at retirement. The Trustee has therefore provided below representative illustrations showing the potential impact of these charges and transaction costs using different investment options available to members. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes".

As each member has a different amount of savings within their account and the amount of any future investment growth, together with future costs and charges, cannot be known in advance, a number of assumptions have been made when preparing the illustrations. These assumptions are:

- The value of a member's account is £5,000, being the median fund value of the Scheme membership (rounded to the nearest £1,000).
- No further contributions will be paid.
- The length of time to a member's retirement is 10 years or less.
- Projected pension account values are shown in today's money by assuming inflation of 2.5% each year.
- The future real investment growth for the Managed Pension Fund will be 2.93% each year before charges, based on the returns as shown in the latest ReAssure benefit statements for members.
- Total expense ratio (AMC + IMC) will be 0.48% each year for standard units in the Managed Fund. In addition, illustrations account for an average annual transaction cost of 0.05% (the average transaction cost over the latest five year period)

	Managed Pension Fund (Standard Units)	
End of year	Projected value in today's money assuming no charges and transaction costs are taken	Projected value in today's money after charges and transaction costs are taken

0	£5,000	£5,000
1	£5,070	£5,060
3	£5,370	£5,310
5	£5,690	£5,560
10	£6,580	£6,260

Value for members

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. Whilst there is no precise legal definition of “good value”, the Trustee considers it broadly means that the combination of costs paid by members, and the quality of the services provided to members in return for those costs, is appropriate for and meets the needs of the Scheme’s members.

The Trustee recognises that good value for members does not necessarily mean the lowest charges. Instead, the overall quality and appropriateness of the service received by members (in return for the charges incurred) must also be considered along with any other benefits from their membership of the Scheme for which they do not meet the cost.

Due to the number of members and assets remaining, the process to consider Value for Members was undertaken via a discussion at the meeting between the Trustee, its adviser and a Company representative on 30th October 2023. The Trustee agreed that the Scheme was unlikely to be providing value for members due to the concerns around:

- The challenges of effectively governing the Scheme with a very small number of members and assets remaining,
- The limited communications provided to members to allow them to effectively review their current Scheme savings
- The range and quality of investment options available.

To address these concerns the Trustee agreed to commence a project to consider alternative options for members and eventually close the Scheme.

Trustee’s knowledge and understanding (TKU)

A single Trustee is in place who is required to maintain appropriate levels of knowledge and understanding to run the Scheme including:

- Be conversant with the Trust Deed and Rules of the Scheme, and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme.
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding and investment of the assets of occupational pension schemes.
- Have measures in place with the legal and regulatory requirements regarding conversance and knowledge and understanding.

Details of how the above requirements have been met during the period covered by this statement are set out below:

- Ms L Colloff (the single Trustee) is also the Company Secretary, a fellow of the Chartered Governance Institute and an associate of the Chartered Insurance Institute and has completed continued professional development in line with the requirements of those institutions.

- Ms Colloff is familiar with and has access to the current Scheme governing documentation including the Trust Deed and Rules (together with any amendments) and key policies and procedures.
- Ms Colloff also attends the meetings of another Company pension scheme to support her Trustee role where training has been provided. This has also assisted with her understanding of, the law relating to pensions and trusts, and the funding and investment of occupational pension schemes.

Examples of the training undertaken during the Scheme year included the following:

Training Content	Date
Share Plans and Reward	June 2022
Corporate Governance	June 2022
Listed Companies Governance	November 2022
Pensions Training Day which included the following topics <ul style="list-style-type: none"> • Pension Regulator – Single Code of Practice • The pensions dashboard • Draft DB funding code • DB Funding code covenants impacts 	March 2023



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Lyn Colloff
Company Secretary &
Chair of the Trustee (Lane Group PLC Pension Scheme)

Date: 1 November 2023