

ARRIVA PASSENGER SERVICES PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

Section	Investment manager/ provider	Benefit basis
Kent & Sussex DC section	LGIM	Pure DC
Former AMPS DC section	LGIM	DC but many members hold a GMP/PR underpin
AVCs	<ul style="list-style-type: none"> • LGIM • L&G • Royal London • Equitable Life • Prudential • Clerical Medical 	Pure DC AVC funds
Former AMPS Scottish Widows With-Profits funds	Scottish Widows	DC but some members hold a GMP/PR underpin where this is included in the underpin value for the test
Former AMPS Prudential With-Profits funds	Prudential	DC but some members hold a GMP/PR underpin where this is included in the underpin value for the test
Shires (CIF investment)	Based on notional CIF Bond & Equity Fund	<ul style="list-style-type: none"> • DC underpin on DB benefit • Some pure DC transfers-in
Category A, MidlandFox and Crosville Works (CIF investment)	Based on notional CIF Bond & Equity Fund	Pure DC transfers-in
Scotland West (CIF investment)	Based on notional CIF Bond & Equity Fund	DC underpin on DB benefit
Category A, MidlandFox and Crosville Works (Aberdeen investment)	Notional units based on a price feed from Aberdeen Life Multi-Asset Fund	DC underpin on DB benefit, unless under 2 years' service, in which case pure DC

Annual Chair's Statement for the Arriva Passenger Services Pension Plan ('the Plan')

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") requires the Trustee to prepare an annual statement regarding governance, which should be included in the annual Trustee 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 Trustee covers the period from 6 April 2021 to 5 April 2022 and is signed on behalf of the Trustee by the Chair. A copy of this Statement will be made available to members of the Plan on request and on publicly accessible websites including: www.arrivapensions.com.

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

1. The Default arrangement
2. 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
3. Net performance returns
4. Value for Members assessment
5. Trustee knowledge and understanding

1. The Default Arrangement

The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee needs to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Plan's membership.

The Plan has several different sections with benefits accrued in some of the sections on a money purchase basis (also known as defined contribution). The Trustee is responsible for investment governance of the Plan. This includes setting and monitoring the investment strategy of the Plan's various money purchase investment options. All the money purchase sections (excluding AVCs – see below) are closed to contributions (and new joiners) but some include investment options which members would have been enrolled into without making an investment selection and therefore would be deemed a default strategy.

The last review of the default arrangement on 23 September 2021 concluded that one single lifestyle strategy would represent an appropriate default arrangement for the Plan's two main DC sections. This default arrangement was named the 'Catch-All' lifestyle. 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 Plan's SIP is attached however the aims and objectives are set out here for ease of reference:

The Trustee's primary objectives for the Plan are:

- 'Asset choice' – to ensure members have an appropriate choice of assets for investment; and
- 'Return objective' – to enable members to benefit from investment in growth assets until they approach retirement, at which point, they will be gradually switched into assets which are more closely aligned to how they will take their benefits in retirement.

The aims of the default arrangement are:

- During the 'Accumulation' phase, the default arrangement aims to provide real growth (in excess of inflation) over the long term. The default arrangement invests wholly in the 'Global Equity Fund' until 10 years before a member's selected retirement age.
- During the 'Consolidation' phase, the default arrangement aims to provide real growth and capital preservation through means of asset diversification. This is implemented by a gradual switch into the 'Multi Asset Fund'.
- During the 'Transition' or 'Pre-retirement' phase, the default arrangement gradually introduces an allocation to cash with a view that members will want to access their 25% tax-free lump sum at retirement.

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1. The Default Arrangement (continued)

- At the point of a member's selected retirement age, the default arrangement will be invested 75% in the 'Multi Asset Fund' and 25% in the Cash Fund.
- Where possible, all funds will be white-labelled, to enable easier Trustee governance and reduce the potential for member confusion.

Investment strategy review

The default arrangement was formally reviewed during the period covered by this statement, on 23 September 2021. The review considered the membership profile, the needs of members as well as consideration of expected member outcomes at retirement and associated risks. The Trustee took advice from its investment adviser on all these aspects. The review concluded that the default arrangement (the 'Catch-All' lifestyle) remained appropriate for members.

The Trustee undertakes a formal review of the default arrangement every 3 years (and without delay after any significant change in investment policy or demographic profile of the Plan). The next formal review is due to take place by 23 September 2024.

Performance Monitoring

The Trustee also reviews the performance of the default arrangement against its aims and objectives on a quarterly basis. This review includes an 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.

The gross of fees performance of the component funds of the default arrangement is shown below. The performance is to 31st March 2022 and annualised for periods over 1 year.

Fund name Benchmark name	Annualised gross performance (% p.a.)		
	1 year	3 years	5 years
LGIM All World Equity Index Fund <i>FTSE All-World Index</i>	12.68 12.68	13.8113 .79	10.93 10.89
LGIM Multi Asset Fund (formerly Consensus Fund) <i>ABI Mixed Investment 40-85% Shares Sector</i>	4.30 5.10	6.15 6.85	5.44 5.04
LGIM Cash Fund <i>SONIA</i>	0.12 0.12	0.30 0.23	0.36 0.28

The Trustee reviews that took place in the year to 31 March 2022 concluded that the default arrangements were performing broadly as expected.

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1. The Default Arrangement (continued)

AVC Arrangements

The Plan also features Additional Voluntary Contribution (AVC) arrangements which continue to receive AVC payments and are also open to new joiners. The AVC arrangements do not feature a default arrangement because members who commence AVC payments must make an investment choice when they join. However, the Trustee has a duty to govern the investment options and as such, the Trustee reviews these periodically, as part of a wider AVC review.

The latest AVC review was carried out in November 2020. As a result of the review, the Trustees are currently investigating possible approaches to consolidate the range of AVC options offered to members. The Trustees will write to members in due course to provide details of any changes.

2. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;
- Transaction costs: these are not explicit and are incurred when the Plan's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustee is also required to confirm that the TER on the default arrangement has not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The Trustee has set out 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 TER and insofar as we can, transaction costs.

The charges have been supplied by Legal & General Investment Management, who are the Plan's investment manager. Charges have also been provided by the Plan's various AVC providers. Where transaction costs have been provided as a negative cost, these have been set to zero by the Trustees.

The Trustee has not been able provide to all transaction costs due to manager's inability to report appropriately. The Trustees continue to liaise with Prudential and Clerical Medical to obtain the outstanding information.

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2. Member Borne Charges and Transaction costs (continued)

(i) Default arrangement – Catch-all Lifestyle

The Catch-all Lifestyle has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their target retirement date. This is illustrated in the chart below.



The TER that a member paid over the year depends on their term to retirement. The TER over the year to 31 March 2022 ranges from 0.11% p.a. to 0.24% p.a., which is within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling their employees.

Over the year to 31 March 2022, transaction costs ranged between 0.0% p.a. and 0.02% p.a., meaning that the total cost associated with the Catch all Lifestyle for the year to 31 March 2022 is between 0.12% p.a. and 0.26% p.a.

(ii) Self-select investment funds

In addition to the default arrangement (the Catch-all Lifestyle), members also have the option to invest in a further two lifestyles specifically targeting annuity or cash at retirement, and six individual funds.

The TERs, transaction costs and total member borne costs for each of these self-select investment funds over the twelve months to 31 March 2022 are shown in the following tables:

Lifestyles	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Catch-all Lifestyle	0.11 to 0.24	0.00 to 0.02	0.12 to 0.26
Annuity Lifestyle	0.14 to 0.24	0.01 to 0.02	0.14 to 0.26
Cash Lifestyle	0.12 to 0.24	0.00 to 0.01	0.13 to 0.26

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2. Member Borne Charges and Transaction costs (continued)

Individual funds	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
LGIM All World Equity Index Fund*	0.18	0.00	0.18
LGIM UK Equity IndexFund	0.12	0.00	0.12
LGIM Multi Asset Fund (formerly the LGIM Consensus Fund) *	0.24	0.02	0.26
LGIM Index-linked GiltIndex Fund	0.10	0.02	0.12
LGIM Pre Retirement Fund	0.15	0.00	0.15
LGIM Cash Fund*	0.11	0.01	0.12

*Component funds of the new default "Catch-All" Lifestyle.

(iii) Additional Voluntary contributions

Unless stated otherwise below or in the accompanying notes, the TERs, transaction costs and total member borne costs for the Plan's AVC arrangements for the year to 31 March 2022 are set out below.

Fund/Providers	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
LGIM			
LGIM Global Equity 50:50 Index Fund	0.21	0.01	0.22
LGIM Pre-Retirement Fund	0.15	0.00	0.15
LGIM UK Equity Index Fund	0.19	0.02	0.21
LGIM World Equity (excluding UK) Index Fund	0.22	0.00	0.22
LGIM Multi Asset Fund (formerly the LGIM Consensus Fund)	0.26	0.01	0.27
LGIM Cash Fund	0.11	0.01	0.12
LGIM Managed Property Fund	1.10	0.00	1.10
LGIM All Stocks Index-Linked Gilts Index Fund	0.10	0.02	0.12
Prudential¹			
Deposit	0.00	0.00 ⁶	0.00
Prudential With-Profits Fund	0.80 ³	0.11	0.91
Scottish Widows			
Scottish Widows With Profits Fund	No explicit charges	0.2 ⁶	0.2
Legal & General²			
Legal & General With-Profits Fund	No explicit charges	0.24 ⁶	0.24
Legal & General Special Deposit Account Fund	No explicit charges	n/a	n/a

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2. Member Borne Charges and Transaction costs (continued)

Utmost Life and Pensions²			
Utmost Life Money Market Fund ⁴	0.50	0.00	0.50
Utmost Life Multi-Asset Moderate Fund ⁴	0.75	0.41	1.16
Utmost Life Multi-Asset Cautious Fund ⁴	0.75	0.50	1.25
Utmost Life Secure Cash Fund	0.50	0.00	0.50
Clerical Medical²			
Clerical Medical With-Profits Fund	0.50 ⁶	– ⁶	0.50
Clerical Medical UK Growth Fund	0.50 ⁶	0.44 ⁶	0.94
Clerical Medical International Growth	0.50 ⁶	0.72 ⁶	1.22
Clerical Medical Cash	0.50 ⁶	0.01 ⁶	0.51
Clerical Medical UK Index-Linked Gilt	0.50 ⁶	0.00 ⁶	0.50
Clerical Medical Retirement Protection	0.50 ⁶	0.08 ⁶	0.58
Clerical Medical Halifax	0.50 ⁶	0.00 ⁶	0.50
Clerical Medical North American	0.50 ⁶	0.48 ⁶	0.98
Clerical Medical Japanese	0.50 ⁶	0.10 ⁶	0.60
Royal London²			
Crest Secure Fund	1.00	0.00	1.00

¹Currently open to contributions but is closed to new entrants.

²AVC policies are closed and are no longer open to receive contributions.

³ The charges on the Prudential With Profits Fund are not explicit, they are considered when the annual bonus on this Fund is declared. Prudential estimates costs are 0.8% p.a. assuming investment returns are 5% p.a. Transaction cost provided by Prudential covers the 2020 calendar year.

⁴Underlying components of the Investing by Age Strategy

⁵ Transaction costs are not available for this fund at the time of report sign-off.

⁶ Transaction costs for 2022 not available at the time of report sign-off. Costs shown are those available for last year's Chair Statement.

The funds available in all the other DC funds in the Plan do not have explicit charges because they are invested in notional units with the unit price formulated based on the returns of the underlying investments - with the returns applied to the investment already taking account of any expenses.

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

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

To help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided four illustrations of their cumulative effect on the value of typical Plan 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 several assumptions about the future which are set out in the appendix.

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 Plan, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

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2. Member Borne Charges and Transaction costs (continued)

Each illustration, A, B, C and D is shown for a different type of member invested in the default arrangement (the Catch-all Lifestyle), as this is the arrangement that most of our members have their retirement savings in. Each illustration is shown as a chart and a table as follows:

- The Chart shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied.
- 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 investments in the Tables. For comparison purposes, we also show the projected retirement savings if the typical member were invested in a higher risk profile fund -LGIM All World Equity Index Fund - which has a higher expected return and higher charges, and a lower risk profile fund – LGIM Cash Fund - which has a lower expected return and lower charges.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

AMPS Section

Illustration A: is based on a deferred member (a member who is no longer making contributions into their Pension Account) who has 10 years to go until their retirement at age 65. The member has a current fund value of £44,100 and is invested in the default arrangement (the Catch-all Lifestyle).

Projected Pension Account in today's money, based on figures for the year to 31 March 2021									
Age	Default arrangement (Catch-all Lifestyle)			LGIM All World Equity Index Fund			LGIM Cash Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
55	45,467	45,386	81	45,467	45,386	81	43,703	43,650	53
60	51,373	50,917	456	51,373	50,917	456	42,151	41,896	255
65	58,463	57,342	1,121	59,845	58,787	1,058	40,288	39,802	486

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2. Member Borne Charges and Transaction costs (continued)

Illustration B: is based on a deferred member who has 22 years to go until their retirement at age 65. The member has a current fund value of £2,800 and is invested in the default arrangement (the Catch-all Lifestyle).

Projected Pension Account in today's money, based on figures for the year to 31 March 2021									
Age	Default arrangement (Catch-all Lifestyle)			LGIM All World Equity Index Fund			LGIM Cash Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
43	2,887	2,882	5	2,887	2,882	5	2,775	2,771	4
45	2,976	2,966	10	2,976	2,966	10	2,750	2,743	7
50	3,467	3,424	43	3,467	3,424	43	2,628	2,606	22
55	4,039	3,953	86	4,039	3,953	86	2,512	2,476	36
60	4,596	4,452	144	4,705	4,564	141	2,401	2,352	49
65	4,981	4,767	214	5,481	5,270	211	2,295	2,235	60

Kent & Sussex Section

Illustration C: is based on a deferred member who has 10 years to go until their retirement at age 65. The member has a current fund value of £4,000 and is invested in the default arrangement (the Catch-all Lifestyle).

Projected Pension Account in today's money, based on figures for the year to 31 March 2021									
Age	Default arrangement (Catch-all Lifestyle)			LGIM All World Equity Index Fund			LGIM Cash Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
55	4,124	4,117	7	4,124	4,117	7	3,964	3,959	5
60	4,660	4,618	42	4,660	4,618	42	3,823	3,800	23
65	5,303	5,201	102	5,428	5,332	96	3,654	3,610	44

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2. Member Borne Charges and Transaction costs (continued)

Illustration D: is based on a deferred member who has 19 years to go until their retirement at age 65. The member has a current fund value of £3,500 and is invested in the default arrangement (the Catch-all Lifestyle).

Projected Pension Account in today's money, based on figures for the year to 31 March 2021									
Age	Default arrangement (Catch-all Lifestyle)			LGIM All World Equity IndexFund			LGIM Cash Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
46	3,609	3,602	7	3,609	3,602	7	3,469	3,464	5
50	3,955	3,926	29	3,955	3,926	29	3,376	3,359	17
55	4,607	4,533	74	4,607	4,533	74	3,226	3,191	35
60	5,243	5,105	138	5,366	5,234	132	3,084	3,032	52
65	5,681	5,466	215	6,251	6,043	208	2,948	2,880	68

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:

- Inflation is assumed to be 2.5% per annum
- The starting fund values used in the projections is representative of the average for the Plan
- The projected annual returns on assets are:
 - LGIM All World Equity Index Fund 3.1% p.a.
 - LGIM Multi Asset Fund 1.9% p.a.
 - LGIM Cash Fund -0.9% p.a.

For the Catch-all Lifestyle the projection considers the changing proportion invested in the different underlying funds. All funds shown above are underlying funds.

- The transaction costs have been averaged over a three-year period in line with statutory guidance to reduce the level of volatility, and a floor of 0% pa has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- Data used is as at 31st March 2022, except where stated otherwise.

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3. Net performance returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 introduced new requirements for Trustees of DC pension schemes.

From 1 October 2021, the Trustee are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

i) Default Lifestyle

The Trustee calculated the return on investments, as far as they were able to do so. The net investment returns for members within the default lifestyle (based on the asset allocation as at the end of the Scheme Year) to 5 April 2022 were as follows:

Catch all lifestyle:

Age of member at beginning of period (years)	1 Year to 5 April 2022 (%)
25	12.7
45	12.7
55	11.2

Annuity Lifestyle:

Age of member at beginning of period (years)	1 Year to 5 April 2022 (%)
25	12.7
45	12.7
55	11.2

Cash lifestyle:

Age of member at beginning of period (years)	1 Year to 5 April 2022 (%)
25	12.7
45	12.7
55	11.2

Source: LGIM. Isio calculations

Notes:

- LGIM have been unable to provide 5-year returns for this year's report.
- Returns are calculated as the annual geometric mean.
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath.

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3. Net performance returns (continued)

ii) Self-select funds

The net investment returns for members within self-select funds with no lifestyling during the periods of 5 April 2021 to 5 April 2022 were as follows:

Fund	1 Year to 5 April 2022 (%)	5 Years to 5 April 2022 (% p.a.)
LGIM All World Equity Index Fund*	12.7	n/a
LGIM UK Equity Index Fund	13.2	n/a
LGIM Multi Asset Fund (formerly the LGIM Consensus Fund)	4.3	n/a
LGIM Index-linked Gilt Index Fund	5.1	n/a
LGIM Pre Retirement Fund	-6.5	n/a
LGIM Cash Fund	0.0	n/a
LGIM Global Equity 50:50 Index Fund	11.3	n/a
LGIM World Equity (excluding UK) Index Fund	14.8	n/a
LGIM Managed Property Fund	22.9	n/a
Scottish Widows With Profits Fund	0.8	3.5
Legal & General With-Profits Fund	n/a	n/a
Legal & General Special Deposit Account Fund	n/a	n/a
Utmost Life Money Market Fund	n/a	n/a
Utmost Life Multi-Asset Moderate Fund	n/a	n/a
Utmost Life Multi-Asset Cautious Fund	n/a	n/a
Clerical Medical With-Profits Fund	n/a	n/a
Clerical Medical UK Growth Fund	n/a	n/a
Clerical Medical International Growth	n/a	n/a

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3. Net performance returns (continued)

Clerical Medical Cash	n/a	n/a
Clerical Medical UK Index-Linked Gilt	n/a	n/a
Clerical Medical Retirement Protection	n/a	n/a
Clerical Medical Halifax	n/a	n/a
Clerical Medical North American	n/a	n/a
Clerical Medical Japanese	n/a	n/a
Crest Secure Fund	n/a	n/a

Source: LGIM, Scottish Widows, Clerical Medical, Royal London. Isio calculations.

Notes:

- The Trustee, via their advisers, requested net performance data for all funds from the providers listed and their respective funds listed above, however they have not been able to provide all relevant data this for the report. We will work with them to ensure they're able to provide these in future.
- Returns are calculated as the annual geometric mean.
- Where returns are shown as n/a, we have not been able to obtain this data from providers.

4. Value for Members assessment

The Administration Regulations requires the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

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

The Trustee has considered the benefits of membership under the following categories: Charges, plan governance, investments, administration, retirement support and member communications.

The Trustee 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.

Charges

- **The Trustee believes that charges incurred by members should be comparable to schemes with a similar profile to the Plan.**
- The charges incurred by members of the Plan are relatively low compared to those typically incurred by members of similar schemes whether they invest in either the default investment strategy or the Plan's other investment options.

Plan 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**

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4. Value for Members assessment (continued)

- Governance covers the time spent by the Trustee to ensure the Plan is run in compliance with the law and regulation, including taking account of the interests of its members.
- The Trustee believes that good governance is key to ensuring that a framework exists and is actively in use to help deliver better member outcomes.
- The Trustee regularly reviews and updates the Plan's governance processes and procedures to make sure that these meet industry best practice.

Investments

- **The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes**
- The DC Section of the Plan provides members with a range of default arrangement, alternative lifestyle strategies and self-select fund options, covering a range of member risk profiles and asset classes.
- The investment funds available have been designed, following advice from the Plan's investment adviser, with the needs of members in mind and are currently being reviewed to ensure they remain appropriate for members.
- In addition, the Plan has a range of legacy AVC funds. The Trustee is currently investigating approaches to consolidating the range of AVC investments.

Administration

- **The Trustee believes that good administration and record keeping play a crucial role in ensuring that Plan 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.**
- As noted above, the Trustee has appointed Aon to provide administration services to the Plan.
- The Trustee is satisfied that Aon have sufficient checks in place to monitor and report on the standard of the administration service.

The Trustee regularly monitors the Plan administration via quarterly reporting.

Member communications

- **The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.**
- The Plan provides members with regular, clear communications regarding the choices open to them, as well as annual benefit statements and 'at retirement' communications.
- A variety of communication media are used, including access to well-developed online tools and helpful information around retirement planning via the Plan's member website (www.mypensionline.com/arrivadbscheme).

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4. Value for Members assessment (continued)

Retirement support

- The Trustee believes that members should receive the support that they need in order to make effective decisions in relation to how to use their retirement savings and to implement their decisions.
- Due to the nature of the Plan it is difficult to offer members access to the full range of flexible retirement options now available to members of many other DC arrangements. The Trustees will consider approaches to allow members to use their funds in a flexible manner in a more user friendly way.

Using this as a framework, Isio assessed the value for members offered by the Scheme.

The Trustee's assessment concluded that the charges and transaction costs borne by Plan members represents good value for members relative to the benefits of Plan membership. In addition, governance, investments, administration, member communications and retirement support were concluded as representing average value for members relative to the benefits of the Plan. The Trustee is currently considering a number of areas arising from this assessment and will provide more details on action taken in next year's Chair's Statement.

5. Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for the Trustee to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as a Trustee properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

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

The Trustee has processes and procedure 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:

- The Trustee is conversant with the Plan's legal documents and all of the documents which set out the Trustee's current policies, including the Trust Deed and Rules and the Statement of Investment Principles for the Plan, along with the wider law relating to pensions and trusts. The Trustee reverts to the legal advisor for any clarification if required.
- A Trustee Board Evaluation is undertaken typically on an annual basis to obtain the Trustee Directors' views on their level of TKU and any training needs.
- The Trustee also has Sub-Committees in place for Governance, Funding and Investment and Discretionary Benefit matters. Each Sub-Committee is selected by a review of individual skillsets and selecting the most appropriate Directors for each Sub-Committee.
- Assessing training needs and considering whether any gaps exist in individual Trustees' knowledge and understanding.
- All Trustee Directors are encouraged to complete tPR's Trustee Toolkit
- Subscription by the Trustees to tPR's emails and other publications

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5. Trustees' Knowledge and Understanding (continued)

The Secretary to the Trustee maintains training logs for each individual Trustee, which supports the above.

Training completed by the Trustee Directors over the reporting period covered:

- TPR E-learning toolkit completed by all Trustees;
- Effective systems of governance & own risk assessment training
- Aon Trustee Training course;
- Scheme closure considerations;
- DC Master Trust training;
- PMI certificate in Trusteeship.

In addition to the knowledge and understanding of the Trustee board, the Trustee has engaged with their appointed professional advisers regularly throughout the year to ensure that they run the DC Sections and AVC arrangements and exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key Plan documents such as the Trust Deed & Rules, Trustee Report & Accounts and Statement of Investment Principles.

The Trustee has also carried out the following tasks over the reporting year (among others), which further demonstrates their knowledge and understanding:

- Retained up to date versions of Plan documents (including the Trust Deed & Rules, the Trustees' Governance Policy document and the Plan booklets), to help maintain a working knowledge of the Plan;
- Made decisions on specific member cases, considering the requirements of the Plan's governing documents (the Trust Deed & Rules), the Plan's agreed policies/practices and also the wider law relating to pensions and trusts;
- Review of the Plan's risk register;
- Carried out regular annual tasks, such as reviewing and signing off the Trustee Report & Accounts;
- Regularly (quarterly) monitored the performance of each individual investment fund, with advice from its investment adviser (Aon), against targeted benchmarks and the Plan's overall aims and objectives.

There is a comprehensive induction process in place for new trustees. On appointment:

- New Trustee Directors undertake an induction process and are then encouraged to complete tPR's Trustee Toolkit within 6 months of appointment.
- All new Trustee Directors are provided with a welcome pack and bespoke one-to-one training with an adviser followed by attendance at a Trustee training course. The training received is recorded in a training log.

The Trustee also considered the impact of the COVID-19 pandemic on the Trustee board and put in place appropriate plans to ensure that the board could continue to perform effectively during this time. Specifically, the Trustee has reviewed:

- the regularity and format of Trustee meetings;
- key man risks; and
- Trustee decision making protocols and approvals processes.

The Trustee has subsequently taken steps by:

- holding more regular, shorter virtual Trustee meetings;
- identifying designated alternates on the Trustee board; and
- requesting that all advisers & providers ensure business continuity and appropriate Plan governance during the pandemic.

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5. Trustees' Knowledge and Understanding (continued)

During the year there were 6 Trustee Directors. These Directors had a range of backgrounds, experience and skills which helps to demonstrate the effectiveness and diversity of the Trustee Board.

Considering the training and tasks completed by the Trustee over the reporting year, the Trustee considers that they continue to meet the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) and are confident that the combined knowledge and understanding of the Trustee, together with the input from their specialist advisers, enables them to properly exercise their functions as the Trustee of the Plan.

Signed on behalf of the Chair of Arriva Passenger Services Pension Trustees Limited