

**High level overview of money purchase assets
Arriva Passenger Services Pension Plan**

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, Midland Fox 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, Midland Fox 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 statement regarding governance of 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 31 March 2023 to 31 March 2024 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.

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

1. The Default arrangement
 - i. Asset allocation disclosures
 - ii. Performance monitoring
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 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 the current default arrangement (the 'Catch-All' lifestyle) remained appropriate for members. 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.
- 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 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 the end of 2024.

Asset allocation disclosures

Following new guidance from the DWP, for the first scheme year ending after 1 October 2023, Trustees of occupational pension schemes must disclose their full asset allocations of investments from their default arrangements. This disclosure should be included in Chair Statements for scheme year ends after 1 October 2023.

The Trustees are required to disclose a breakdown of the asset allocation of the default investment strategy for the Scheme. The below table sets out the asset allocation of the default strategy across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure
- Property
- Private debt
- Other (any assets which do not fall into the above)

Within the below table, the Trustees have provided a further breakdown within some of these broader categories.

Asset Class	Strategic asset allocation (%) – as at 31/03/2024			
	25-year-old	45-year-old	55-year-old	1 day prior to State pension age
Cash	-	-	-	25.2%
Bonds	-	-	-	34.3%
<i>Fixed Interest Government bonds</i>	-	-	-	3.2%
<i>Index-linked government bonds</i>	-	-	-	6.0%
<i>Investment grade bonds</i>	-	-	-	14.1%
<i>Non-investment grade bonds</i>	-	-	-	11.0%
<i>Securitised credit</i>	-	-	-	-
Listed equities	100.0%	100.0%	100.0%	30.4%
<i>UK equities</i>	3.6%	3.6%	3.6%	5.0%
<i>Developed Market equities</i>	86.9%	86.9%	86.9%	20.5%
<i>Emerging markets</i>	9.5%	9.5%	9.5%	5.0%
Private equities	-	-	-	1.9%
<i>Venture capital</i>	-	-	-	-
<i>Growth equity</i>	-	-	-	-
<i>Buyout / Leveraged funds</i>	-	-	-	-
Infrastructure	-	-	-	3.5%
Property	-	-	-	4.5%
Private debt	-	-	-	-
Other	-	-	-	0.4%
Total	100.0	100.0	100.0	100.0

Note: Asset allocations based on fund holdings of the default strategy as at 31/03/2024

Performance Monitoring

The Trustee has not expressly reviewed fund performance of the DC investment options over the Plan Year, however, fund performance was considered as part of the default investment review (which took place in 2021).

The net of fees performance of the component funds of the default arrangement is shown below. The performance is to 31 March 2024 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>	20.9 20.8	10.5 10.5	12.0 12.0
LGIM Multi Asset Fund (formerly Consensus Fund) <i>ABI Mixed Investment 40-85% Shares Sector</i>	8.3 9.8	2.6 3.4	4.4 5.1
LGIM Cash Fund <i>SONIA</i>	5.1 5.0	2.5 2.5	1.6 1.6

The Trustee reviews that took place in the year to 31 March 2024 concluded that the default arrangements were performing broadly as expected with the exception of the LGIM MA Fund which has underperformed relative to the benchmark.

AVC Arrangements

The Plan also features Additional Voluntary Contribution (AVC) arrangements. 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 and no changes to the arrangements were made following the outcome of the review. The Trustee is currently coordinating the next AVC review, to take place in 2025.

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 Trustee.

The Trustee has not been able provide to all transaction costs due to Managers inability to report appropriately. The Trustee continue to liaise with the Providers and Managers to obtain the outstanding information.

(ii) 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 funds 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 2024 ranges from 0.18% p.a. to 0.26% 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 2024, transaction costs ranged between 0.02% p.a. and 0.07% p.a., meaning that the total cost associated with the Catch all Lifestyle for the year to 31 March 2024 is between 0.21% p.a. and 0.29% p.a.

(iii) 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 2024 are shown in the following tables:

Lifestyles	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Catch-all Lifestyle	0.18 to 0.26	0.02 to 0.07	0.21 to 0.29
Annuity Lifestyle	0.15 to 0.26	0.02 to 0.07	0.17 to 0.29
Cash Lifestyle	0.14 to 0.26	0.02 to 0.07	0.21 to 0.29

Individual funds	TER % p.a.	Transaction Costs^ % p.a.	Total costs % p.a.
LGIM All World Equity Index Fund*	0.18	0.03	0.21
LGIM UK Equity IndexFund	0.17	0.00	0.17
LGIM Multi Asset Fund (formerly the LGIM Consensus Fund) *	0.26	0.02	0.29
LGIM Index-linked GiltFund	0.10	0.03	0.13
LGIM Future World Annuity Aware Fund	0.15	0.00	0.15
LGIM Cash Fund*	0.13	0.07	0.20

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

(iv) 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 2024 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	0.20	0.03	0.23
LGIM Future World Annuity Aware Fund	0.15	0.00	0.15
LGIM UK Equity Index Fund	0.17	0.00	0.17
LGIM World Equity (excluding UK) Index Fund	0.22	0.02	0.25
LGIM Multi Asset Fund (formerly the LGIM Consensus Fund)	0.26	0.02	0.29

LGIM Cash Fund	0.13	0.07	0.20
LGIM Managed Property Fund	0.93	0.00	0.93
LGIM All Stocks Index-Linked Gilts Index Fund	0.10	0.03	0.13
Prudential⁴			
Deposit	n/a ¹	n/a ¹	n/a ¹
Prudential With-Profits Fund	n/a ¹	n/a ¹	n/a ¹
Scottish Widows			
Scottish Widows With-Profits Fund ²	n/a ¹	0.23	0.23
Legal & General			
Legal & General With-Profits Fund ²	No explicit charges	0.24 ³	0.24 ³
Legal & General Special Deposit Account Fund	No explicit charges	n/a ¹	n/a ¹
Utmost Life and Pensions⁵			
Utmost Life Money Market Fund ⁶	0.50	0.02	0.52
Utmost Life Multi-Asset Moderate Fund ⁶	0.75	0.24	0.99
Utmost Life Multi-Asset Cautious Fund ⁶	0.75	0.21	0.96
Clerical Medical⁵			
Clerical Medical With-Profits Fund	0.50	0.25	0.75
Clerical Medical UK Growth Fund	0.50	0.27	0.77
Clerical Medical International Growth	0.50	0.20	0.70
Clerical Medical Cash	0.50	0.01	0.51
Clerical Medical UK Index-Linked Gilt	0.50	0.26	0.76
Clerical Medical Retirement Protection	0.50	n/a ¹	n/a ¹
Clerical Medical Halifax	0.50	0.00	0.50
Clerical Medical North American	0.50	n/a ¹	n/a ¹
Clerical Medical Japanese	0.50	n/a ¹	n/a ¹
Royal London⁵			
Crest Secure Fund	n/a ¹	n/a ¹	n/a ¹

¹Provider has not been able to provide this data at the time of report sign-off.

²The 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.

³ Transaction costs for 2024 not available at the time of report sign-off. Costs shown are the latest available transaction costs.

⁴Currently open to contributions but is closed to new entrants.

⁵AVC policies are closed and no longer open to receive contributions.

⁶Underlying components of the Investing by Age Strategy.

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.

(v) 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.

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 table below 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 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 8 years to go until their retirement at age 65. The member has a current fund value of £46,330 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 2024									
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
	£	£	£	£	£	£	£	£	£
58	47,396	47,283	112	47,952	47,865	87	46,098	46,028	70
60	49,021	48,645	375	51,367	51,088	279	45,639	45,430	208
65	50,353	49,702	651	61,008	60,130	878	44,509	43,969	540

Illustration B: is based on a deferred member who has 20 years to go until their retirement at age 65. The member has a current fund value of £2,940 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 2024									
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
	£	£	£	£	£	£	£	£	£
46	3,043	3,037	6	3,043	3,037	6	2,925	2,921	4
48	3,260	3,242	18	3,260	3,242	18	2,896	2,883	13
50	3,492	3,460	31	3,492	3,460	31	2,867	2,845	22
55	4,147	4,073	74	4,147	4,073	74	2,796	2,754	42
60	4,646	4,509	137	4,926	4,793	132	2,727	2,665	62
65	4,932	4,725	207	5,850	5,642	208	2,660	2,580	80

Kent & Sussex Section

Illustration C: is based on a deferred member who has 8 years to go until their retirement at age 65. The member has a current fund value of £4,200 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 2024									
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
	£	£	£	£	£	£	£	£	£
58	4,297	4,286	10	4,347	4,339	8	4,179	4,173	6
60	4,444	4,410	34	4,657	4,631	25	4,137	4,118	19
65	4,565	4,506	59	4,988	4,943	45	4,096	4,065	31

Illustration D: is based on a deferred member who has 17 years to go until their retirement at age 65. The member has a current fund value of £3,680 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 2024									
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
	£	£	£	£	£	£	£	£	£
49	3,809	3,802	7	3,809	3,802	7	3,662	3,656	6
51	4,080	4,058	22	4,080	4,058	22	3,625	3,609	17
53	4,371	4,331	39	4,371	4,331	39	3,589	3,562	27
58	5,071	4,975	97	5,191	5,098	93	3,500	3,447	53
65	5,453	5,279	174	6,165	6,000	165	3,413	3,336	77

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 real (net of inflation) annual returns on assets are:
 - LGIM All World Equity Index Fund 3.5% p.a.
 - LGIM Multi Asset Fund 1.5% p.a.
 - LGIM Cash Fund -0.5% 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 31 March 2024, except where stated otherwise.

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 Plan Year) to 31 March 2024 were as follows:

Catch all lifestyle:

Age of member at beginning of period (years)	1 Year to 31 March 2024 (%)
25	20.9
45	20.9
55	18.4

Annuity Lifestyle:

Age of member at beginning of period (years)	1 Year to 31 March 2024 (%)
25	20.9
45	20.9
55	18.4

Cash lifestyle:

Age of member at beginning of period (years)	1 Year to 31 March 2024 (%)
25	20.9

45	20.9
55	18.4

Source: LGIM. Isio calculations.

Notes:

- Returns are calculated as the annual geometric mean.
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath.

ii) Self-select funds

The net investment returns for members within self-select funds with no lifestyling during the periods of 31 March 2023 to 31 March 2024 were as follows:

Fund	1 Year to 31 March 2024 (%)	5 Years to 31 March 2024 (% p.a.)
LGIM All World Equity Index Fund*	20.9	12.0
LGIM UK Equity Index Fund	8.5	5.4
LGIM Multi Asset Fund (formerly the LGIM Consensus Fund)	8.3	4.4
LGIM Index-linked Gilt Index Fund	-5.1	-5.3
LGIM Future World Annuity Aware Fund	3.4	-3.4
LGIM Cash Fund	5.1	1.6
LGIM Global Equity 50:50 Index Fund	13.4	8.4
LGIM World Equity (excluding UK) Index Fund	22.7	13.0
LGIM Managed Property Fund	0.3	1.3
Scottish Widows With Profits Fund	4.3	3.1
Legal & General With-Profits Fund	n/a	n/a
Legal & General Special Deposit Account Fund	n/a	n/a
Utmost Life Money Market Fund	4.7	1.2
Utmost Life Multi-Asset Moderate Fund	12.0	n/a
Utmost Life Multi-Asset Cautious Fund	6.5	n/a
Clerical Medical With-Profits Fund	n/a	n/a

Clerical Medical UK Growth Fund	9.6	3.1
Clerical Medical International Growth	21.8	11.5
Clerical Medical Cash	4.1	1.1
Clerical Medical UK Index-Linked Gilt	-7.0	-6.7
Clerical Medical Retirement Protection	-5.8	-9.3
Clerical Medical Halifax	0.0	0.0
Clerical Medical North American	28.8	14.9
Clerical Medical Japanese	27.1	8.6
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.

Isio undertook a Value for Member assessment, the summary of which is set out below.

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.**
- 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 this meets 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 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.**
- During the scheme year, the Trustee carried out a review of the administration provider and Isio were appointed to provide administration services to the Plan and take over from Aon.
- The Trustee is satisfied that Isio 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).

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 Plan.

The Trustee's assessment concluded that the charges, transaction costs borne by Plan members and administration represents good value for members relative to the benefits of Plan membership. In addition, governance, investments, member communications and retirement support were concluded as representing average value for members relative to the benefits of the Plan. The Trustees are currently reviewing the DC arrangements to establish what improvements can be made in this regard and will provide more details on action taken in future Chair's Statements.

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 General Code of Practice.

Independent Governance Group is the trading name of Ross Trustees Services Limited (Ross Trustees), Independent Trustee Services Limited, Independent Trustee Limited, Clarity Trustees Limited, Clark Benefit Consulting Limited, Leadenhall Independent Trustees Limited all registered in England and Wales. Ross Trustees is the Trustee of the Arriva Passenger Services Pension Trustee Limited.

Ross Trustees is audited annually by the Audit and Assurance Faculty (AAF) and is currently AAF 02/07 accredited, which confirms that the processes adopted by Ross Trustees to govern schemes are appropriate. This includes providing regular training opportunities to all members of staff.

Ross Trustees delegates responsibility for governing the Scheme to two professional trustees, both of whom are accredited with the Association of Professional Pension Trustees ("APPT") and supported by a broad, multi-disciplined and experienced team of pensions professionals.

To maintain accreditation with the APPT, the professional trustees are required to undergo regular training, and provide the APPT with a log of their training and CPD (Continual Professional Development) record over the preceding year.

Grant Suckling of Ross Trustees is the Chair of the Scheme. The Trustee has previously completed an assessment of their compliance with the new General Code of Practice. This assessment considered the extent to which the Trustee has adopted policies and processes expected by the General Code of Practice, when these were last reviewed, and how these are utilised by the Trustee.

The Trustee has engaged with its 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 scheme 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 Scheme documents (including the Trust Deed & Rules, the Trustees' Governance Policy document and the Scheme booklets), to help maintain a working knowledge of the Scheme;
- Made decisions on specific member cases, considering the requirements of the Scheme's governing documents (the Trust Deed & Rules), the Scheme's agreed policies/practices and also the wider law relating to pensions and trusts;

- Reviewed and updated the Scheme's risk register; and
- Carried out regular annual tasks, such as reviewing and signing off the Trustee's Report & Accounts.

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 in the General Code of Practice) 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 Scheme.

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

Name: Grant Suckling

Date: 30 August 2024