

## The Chairman's Statement 2021

This statement has been prepared by the Trustee of the PerkinElmer (UK) Money Purchase Pension Scheme ("the Scheme") to demonstrate how the Scheme has complied with the governance standards set out in the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the "Administration Regulations"). Governance requirements apply to Defined Contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The statement covers the period from 1 July 2020 to 30 June 2021 (the "Scheme Year") and covers the Scheme's following DC arrangements:

- DC benefits in the form of money purchase accounts for members of the Scheme (held with AEGON).
- DC benefits provided in the form of Additional Voluntary Contributions (AVCs). The AVC arrangements are provided by Clerical Medical and Utmost Life & Pensions (formerly Equitable Life and are closed to new contributions).

As part of its oversight and effective running of the Scheme, the Trustee typically meets twice a year for full board meetings. In addition, interim calls between the Trustee Directors are held.

The statement covers six key areas:

1. An assessment of the Scheme against the Pensions Regulator's (tPR's) Code of Practice (number 13);
2. The Scheme's investment strategy – including the default arrangement;
3. The processing of core financial transactions;
4. Charges and transaction costs;
5. An assessment of the value the Scheme provides to members;
6. Maintaining the Trustee Directors' knowledge and understanding.

### 1. Summary of assessment results

In July 2016, tPR published a revised Code of Practice for DC pension schemes entitled "Governance and administration of occupational trust-based schemes providing money purchase benefits".

An assessment against the Code was undertaken in October 2020 with the Trustee's DC advisers – Willis Towers Watson. The assessment showed that the Scheme complied with all the legal requirements identified in the Code, bar one which related to the signposting of the Chair's Statement in annual benefit statements. Subsequently, the Trustee, in conjunction with its administrators, amended its processes and so now, the Scheme adheres to all the legal requirements set out in the Code.

The Pensions Regulator's has published a draft new single Code of Practice (which will replace the current Code). The Trustee will look to assess how the Scheme meets the requirements set out in this new single Code once it is published (expected Summer 2022).

### 2. The Scheme's investment strategy – including the default arrangement

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. A copy of the Scheme's Statement of Investment Principles (prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005), including those relating to the default investment strategy in place over the period covered by this statement, is attached. The SIP includes details of:

- I. The Trustee's/managers' aims and objectives

- II. Its policies in relation to the:
  - a. Kinds of investments to be held
  - b. Balance between the different kinds of investment
  - c. Risks, including how these are measured and managed
  - d. Expected return on investments
  - e. The realisation of investments
  - f. Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments
  - g. The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments

### **Default arrangement (including review of the default arrangement)**

The Scheme is not used as a Qualifying Scheme for automatic enrolment purposes as it is a closed arrangement. New employees are enrolled into the Group Self-Invested Personal Pension (“GSIPP”) with Aegon. However, the Trustee has made available a default investment strategy for those members that do not wish to make an active investment decision.

In September 2020, the Trustee reviewed the Scheme’s default investment strategy (the Aegon Global Equity Tracker Lifestyle Fund which targets annuity purchase at retirement) with the assistance of their DC investment advisers, Willis Towers Watson. The Trustee reviewed the expected retirement outcomes of members, in order to understand what retirement option the default arrangement should target, including how this would change as a result of assets and members being transferred into the Scheme from Utmost (see below for further information on the Utmost AVC consolidation). As a result of the review, the Aegon Growth Tracker (Cash Target) Fund was selected as the Scheme’s default.

The review showed that the profile of the new membership implied a modest fund value with most members therefore likely to take their benefits as cash. However, the existing Scheme members were to remain in the Aegon Global Equity Tracker Lifestyle Fund as they had higher average pension savings and therefore, would likely purchase an annuity at retirement. The Trustee communicated with all members on the changes and members could elect to change their investment selection(s) if they wished to.

The new default investment strategy, the Aegon Growth Tracker (Cash Target) Fund is aimed at those who plan to cash in their DC pension account at retirement. The default strategy aims to grow long-term savings by investing mainly (at least 65%) in global equities (company shares), with the remainder in bonds (corporate and/or government bonds). It’s designed to track the markets it invests in, so performance should be similar to those markets. In the six years before a member’s target retirement age (the cash target stage), Aegon progressively moves members’ investments into less riskier assets, and then into cash.

For those members that may wish to take their DC benefits as an annuity, or as income drawdown at retirement, the Scheme has additional lifestyle strategies specifically targeting these flexibilities - the Aegon Global Equity Tracker Lifestyle Fund (the old default) and the Aegon Global Equity Tracker (Flexible Target) Fund.

### **Consolidation of legacy AVCs with Utmost**

Following the Trustee’s decision to consolidate the legacy AVCs with Utmost to ensure members received better value, these funds were transferred to the Scheme on 8<sup>th</sup> December 2020 and invested with Aegon on 15<sup>th</sup> December 2020. However, due to an administrative error, members’ accounts were set up under the wrong policy with Aegon (although monies were invested in the correct investment option). This error was rectified and all impacted members were moved to the correct policy under the Scheme on 17<sup>th</sup> March 2021. There was no cost or financial loss to members for the correction, as all monies had been invested in the correct investment funds.

The Trustee's decision has simplified the legacy AVC arrangements and helped ensure members receive better value. The Trustee also negotiated a reduced charge for a number of funds available under the Scheme as a result of the AVC consolidation - please refer to section 4 below for details of these funds and the applicable charges.

### Investment Monitoring

Aegon provide stewardship investment reports for each Trustee meeting which includes performance information of the default investment strategy and self-select funds. These are reviewed by the Trustee and any queries are raised with Aegon.

### 3. Core financial transactions

The Trustee has a specific duty to ensure that core financial transactions to and from the Scheme are processed promptly and accurately. The Pensions Regulator lists core financial transactions as the following, but not limited to:

- receipt and investment of contributions,
- transfers into and out of the Scheme,
- fund switches and payments out of the Scheme.

These transactions are undertaken on the Trustee's behalf by the Scheme's administrator, Buck. The Trustee has received assurance from Buck and has taken steps to try and ensure that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and fairly. The Trustee reviews the core financial transactions of the Scheme at each Trustee meeting via Buck's administration reports. Whilst the reports contain details of Buck's timeliness of completing administration tasks against the agreed service level agreements (SLA's), the SLAs are not split between the different pension arrangements. However, Buck has confirmed that with effect from June 2021, the SLAs have been split and will be reported separately in the future to allow for more detailed monitoring of the MPPS's SLAs.

The main SLAs for the Scheme are:

SLA description	No. of days
Transfer Value quotations	10
Transfer value payment	10
Death case	5
Retirement quotation	5
Retirement finalisation	5
General enquiry	10

The overall SLAs percentages achieved for the period 1 July 2020 to 30 June 2021 are as follows:

Period	% achieved
Q3 2020	83.87%
Q4 2020	84.82%
Q1 2021	89.19%
Q2 2021	84.00%

SLA's over the period were at circa 85% which is below the target level of 90%. Buck have advised that this was due to an increased workload, as well as working on a backlog of cases. However, the Trustee and Buck held monthly calls to discuss the position and ensure that progress was being made.

The administration reports also highlight any complaints raised in the period. During the period covered by this Statement there was one complaint raised. The complaint was in relation to delays in finalising a member's transfer of benefit, which was subsequently upheld and compensation was paid to the member.

In addition to the SLAs, the Scheme's financial statements are audited annually.

An annual report is produced on Buck’s Description and Suitability of the Design and Operating Effectiveness of its Controls, which has been audited by external auditors having regard to the International Standard on Assurance Engagements 3000 and 3402, and Institute of Chartered Accountants in England and Wales Technical Release AAF 01/06 and the criteria of pensions administration services therein.

Based on the above, the Trustee is satisfied that over the period covered by this statement:

- Buck was operating appropriate procedures, checks and controls and, although not operating within the agreed SLAs, work was being undertaken to improve this.
- there have been no material administration errors in relation to processing core financial transactions; and
- the Scheme’s core financial transactions have been processed promptly and accurately during the Scheme Year.

#### 4. Charges and transaction costs

For the purpose of this section “charges” are defined as the ongoing annual charges, which consists of the Annual Management Charges plus additional fund expenses (e.g. for custody but excluding transaction costs – see below) that make up the Total Expense Ratio (TER). As a result of the AVC consolidation with Utmost, Aegon agreed in August 2020 to reduce the annual management charge (AMC) members pay in the Scheme from 0.60% p.a. to 0.45% p.a. for the funds outlined below. The Trustee has also set out cost and charges information for the legacy AVC funds with Utmost.

##### Scheme and legacy AVCs

The TERs for the funds available within the Scheme are set out in the table below:

Fund name	Asset Class	TER (p.a.)	Aggregate transaction costs (% of funds p.a.) <sup>1</sup>
AEGON Global Equity Tracker Lifestyle Fund	Global Equity	0.47%*	0.1159
AEGON Global Equity Tracker Fund	Global Equity	0.47%*	0.1159
AEGON UK Tracker Fund	UK Equity	0.45%*	0.1673
AEGON Long Gilt Fund	Bonds	0.45%*	0.0213
AEGON Cash Fund	Cash	0.45%*	0.0000
AEGON Growth Tracker (Cash Target) Fund (default fund)	Mixed	0.46%*	0.0902 <sup>#</sup>
AEGON Growth Tracker (Flexible Target) Fund	Mixed	0.46%*	0.1425 <sup>#</sup>

<sup>1</sup> Source for transaction cost data: Aegon. All data above is for the year ending 30 June 2021 except for those funds marked # which are as at 31 December 2020 as Aegon could not provide the relevant information in time to produce the Statement..

\*Due to the transfer of Utmost assets to the Scheme, the AMC for these funds have now reduced from 0.60% p.a. to 0.45% p.a. The charge for the default investment strategy will remain below the charge cap of 0.75% p.a. set out in the Regulations.

Only a very small number of members have retained legacy AVC benefits with Utmost. These members either hold Clerical Medical With Profit funds or Utmost unit linked funds. These members had elected to transfer or take their benefits in a different way at the time of the Utmost transition, but they did not provide the relevant paperwork so remain with Utmost. The charges and transaction costs for the unit linked funds

range from 0.50% to 0.75% and for the legacy Clerical Medical With Profits Funds, the cost and charges were 1.00%.

### **Transaction costs and gains**

Transaction costs and gains are those incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are allowed for within the unit price for each of the Scheme's unit-linked DC and AVC funds. In 2017, the Financial Conduct Authority (FCA) published its policy on how asset managers must disclose transaction costs and administration charges and, as a result, providers have started reporting on this new basis when the data has been made available by the underlying fund managers.

Details of the aggregate transaction costs for all the Scheme's funds are set out, alongside the TERs, in the tables above.

## ‘£ and pence’ illustration

Over a period of time, the charges and transaction costs that are taken out of a member’s pension savings can reduce the amount available to the member at retirement. The Trustee has set out below illustrations of the impact of charges and transaction costs on different investment options in the Scheme. The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce a “£ and pence” illustration showing the compounded effect of costs and charges. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The Trustee has, therefore, set out an illustration below which shows the projected value, over different time horizons for the default fund (including two of the self-select funds used in the default) plus the fund with the lowest total expense ratio.

Example Member	Years	Aegon Growth Tracker (Cash Target) Fund (new member default)		Aegon Long Gilt Fund		Aegon Cash Fund		Aegon Global Equity Tracker Lifestyle Fund (existing member default)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member	1	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000		
	3	£1,000	£1,000	£900	£900	£900	£900		
	5	£1,100	£1,000	£900	£900	£900	£900		
	10	£1,200	£1,100	£800	£800	£800	£700		
	15	£1,200	£1,200	£700	£700	£700	£600		
	20	£1,300	£1,100	£600	£600	£600	£600		
	21	£1,200	£1,100	£600	£600	£600	£500		
Average member invested in new member default	1	£22,300	£22,200	£21,500	£21,400	£21,500	£21,400		
	3	£23,000	£22,600	£20,500	£20,200	£20,500	£20,200		
	5	£23,600	£23,000	£19,600	£19,100	£19,500	£19,000		
	10	£23,200	£22,100	£17,500	£16,600	£17,300	£16,500		
Average member invested in existing member default	1			£52,800	£52,500	£52,700	£52,500	£55,400	£55,100
	3			£50,400	£49,700	£50,200	£49,500	£56,600	£55,800
	5			£48,200	£47,000	£47,800	£46,700	£56,500	£55,100
	7			£46,000	£44,400	£45,600	£44,100	£54,700	£52,700

NB: Projected fund values are rounded to the nearest £100

**Notes:**

1. Projected pension account values are shown in today's terms.
2. Costs/charges that are shown as a monetary amount and reductions are made halfway through the year.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Values shown are estimates and are not guaranteed.
8. The real projected growth rates for each fund are as follows:

<b>Fund</b>	<b>Real projected growth rates</b>
Aegon Growth Tracker (Cash Target)	-2.40% to 1.46% (adjusted depending on term to retirement).
Aegon Long Gilt Fund	-2.25%
Aegon Cash Fund	-2.40%
Aegon Global Equity Tracker Lifestyle	-2.29% to 2.57% (adjusted depending on term to retirement).

9. Transactions costs and other charges have been provided by Aegon and cover the period 1 July 2019 to 30 June 2021 (except for the Aegon Growth Tracker (Cash Target) Fund where the transaction costs cover the period 1 July 2019 to 30 December 2020). The transaction costs for Blended funds were estimated by WTW based on the transaction costs for the underlying funds.
10. MPPS's normal retirement age is 65.
11. Example members:
  - Member 1:** Youngest: age 44, total initial contribution: £0.00, starting fund value: £1,000.
  - Member 2:** Average invested in new member default: age 55, total initial contribution: £0.00, starting fund value: £22,000.
  - Member 3:** Average invested in existing member default: age 58, total initial contribution: £0.00, starting fund value: £54,000.

**5. Value for members (VFM)****Value for Members**

The Trustee is required to assess the extent to which member borne charges and transaction costs represent sufficient value for members. It is difficult to give a precise legal definition of 'sufficient value', but the Trustee considers that it broadly means that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market. The Trustee is committed to ensuring that members receive good value from the Scheme (i.e. the costs and charges deducted from members' Pension Accounts and the contributions paid provide good value in relation to the benefits and services provided by, or on behalf of, the Scheme). As a result, the Trustee in conjunction with its DC adviser, Willis Towers Watson, carried out a value for members assessment, in line with the Code of Practice requirements, to support the Trustee in its own assessment of the Scheme.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The last review was carried out in November 2021. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of service received has also been considered in this assessment.

**Assessment**

The five areas looked at were charges, scheme governance and management, investment options and performance, efficiency of administration services and member communications and support. The assessment includes the services where the cost is met by the member ("Core value for members") and those elements of value provided by the Scheme that members do not meet the cost for ("Broader value for members"). For example:

- The oversight and governance of the Trustee, including ensuring the Scheme is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Scheme;
- The design of the default arrangement and how this reflects the membership as a whole;
- The range of investment options and strategies;
- The quality of communications delivered to members;
- The quality of support services; and
- The efficiency of administration processes and the extent to which the administrator met or exceeded its SLAs for the year.

The quality of the services provided in the five areas mentioned above has also been taken into account. Under the Scheme, members only meet the cost of the investment options.

Under each area, the assessment included reviewing the benefits and services provided by the Scheme and how they compare to schemes of a similar size and structure, noting the various guidance issued by the Pensions Regulator. When looking at charges, the charges for the passive global equity fund was benchmarked against the average cost of equivalent or comparator funds offered by other similar arrangements.

The passive global equity fund is used as the benchmark as this fund is where the majority of members are invested in. In addition, passive global equity funds are typically used in DC scheme default strategies and, therefore, can be used as an appropriate comparator.

In addition, the assessment included a review of the performance of the Scheme's investment funds and whether the funds had performed in line with their stated benchmarks over a 1, 3 and 5 year period. Whilst returns have been slightly below the benchmarks for the Scheme's investment options, the Trustee will continue to monitor these.

## Results

Having considered Willis Towers Watson's review, the Trustee concluded that the Scheme offers sufficient value (for the core assessment) and good value for the broader assessment for members when compared to the charges members pay in the Scheme.

In summary:

- Members are part of a well governed pension scheme. In addition, the Trustee has appointed an Independent Trustee which has strengthened the Trustee Board and provides specific knowledge where appropriate.
- The Trustee has also reviewed the risk register for the Scheme to ensure it covers all DC specific needs, which allows the Trustee to prioritise any areas which may need further attention.
- The Company pays all the administration costs of the Scheme, members only meet the cost of the investment options.
- Members have access to various investment options covering the main asset classes and have access to investment strategies which target the different retirement flexibilities. In addition, the Trustee has reviewed the default investment strategy in place to reflect the change of membership.
- Aegon have a number of online tools and guidance information.
- Bucks SLAs over the period have been at circa 85% which is lower than expected and below the target level of 90%. Buck have advised this was due to an increased workload, as well as working on a backlog of cases and the Trustee held regular calls with Buck to ensure cases were being progressed. Note that for the period covered by this assessment, the SLAs were not split out to show the individual performance of the MPPS. However, we note that from June 2021, the SLAs have been split and will be reported separately in the future to allow for more detailed monitoring of the MPPS's SLAs.
- Within the Scheme, members have flexibility to purchase an annuity at retirement or take their benefits as a cash lump sum.

- Work has been undertaken in relation to the member communications available including putting in place a formal investment guide which allows members to easily see the different investment options available under the Scheme.

The Trustee will also be reviewing what further actions it can take to help ensure the Scheme continues to provide good value to members.

## 6. Trustee knowledge and understanding (TKU)

The Scheme's Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively and properly exercise the Trustee's functions and duties in relation to the Scheme. Each Trustee Director must:

- be conversant with the Scheme's trust deed and rules, the Statement of Investment Principles and any other documents recording policy for the time being adopted by the Trustee relating to the administration of the Scheme more widely; and
- have knowledge and understanding of the law relating to pensions and trust and the principles relating to investment of the assets of occupational pension schemes to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her role.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the TKU requirements have been met during the period covered by this statement are set out below:

- The Trustee Directors have a working knowledge of the Trust Deed and Rules as well as the documents setting out the policies for the running of the Scheme
- The majority of Trustee Directors have completed the Pensions Regulator's Trustee Toolkit. The downloadable modules and content available have been sent to the Trustee Directors, by the Scheme Secretary, for ease of review and to ensure ability with technology is not a barrier.
- The Trustee Directors receive general and specific updates from their advisers about matters relevant to the Scheme, and the Chair of Trustee and Secretary to the Trustee ensures that all Trustee Directors understand the topic sufficiently to make an informed decision in relation to any key decisions relating to the Scheme.
- The Trustee Directors consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

A list of the training undertaken during the year is set out below:

Area	Training provided by	Date of training
DC Consolidation and charge cap proposals	WTW	24 November 2020
Covid-19 - Market volatility and impact on funding levels, TPR update on reporting duties and enforcement activity	WTW	24 November 2020
Managing the effects of climate change (consultation)	WTW	24 November 2020
FCA draft guidance on providing support to scheme members	WTW	24 November 2020
Simpler annual DC benefit statements	WTW	24 November 2020
DC Chair's Statement	WTW	24 November 2020
DC investments	Aegon	16 June 2021

Default investment strategy	RTSL	16 June 2021
Statement of Investment Principles	WTW	16 June 2021

The Trustee has reviewed and assessed that the systems, processes and controls across the key governance functions are consistent with those set out in The Pensions Regulator's:

- Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes July 2016.
- Regulatory guidance for defined contribution schemes.

The Trustee receives professional advice from its advisers including, but not limited to, Baker McKenzie (legal advice) and Willis Towers Watson (actuarial, investment and DC consulting advice) to support them in governing the Scheme. The advisers attend Trustee meetings, where required, and provide advice when requested and on an ongoing basis. The Trustee periodically reviews the appointment of its advisers to help ensure that the Scheme runs effectively. The Trustee has sufficient knowledge of the Scheme and pension matters more widely to be able to challenge its advisers when required. The knowledge and experience of the Trustee Directors, together with seeking professional advice when required, allows the Trustee to properly exercise its functions.

The Chair of Trustee is a professional independent trustee, Ross Trustee Services Limited, represented by Jo Myerson. Jo has over 20 years of experience within the pensions industry, acts a Trustee (and Chair) to a number of schemes and formerly practiced as a pensions lawyer. Jo is required to undertake Continued Professional Development which includes undertaking training each year to keep abreast of industry developments and matters. Ross Trustees Services Limited has an extensive training programme in place and each director tracks and documents the skills, knowledge and experience which is gained and records all training in a personal training record to ensure expertise in funding and investment, pensions law and trust law is kept up to date. This includes, but is not limited to, attendance at external training courses and webinars, training at trustee meetings, self-study through the Pensions Management Institute, attendance at round table discussions and professional reading.

The Chair's statement can be viewed online at [www.perkinelmer.com/uk/corporate/policies/UK-pension.html](http://www.perkinelmer.com/uk/corporate/policies/UK-pension.html)

Ross Trustees Services Limited was appointed in September 2020 to act as Secretary to the Trustee to help ensure that the Scheme is governed in line with expectations.

### Statement of compliance

On behalf of the Trustee of the PerkinElmer (UK) Money Purchase Pension Scheme, I confirm that the Trustee is comfortable that the Scheme has met the minimum governance standards as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 during the period 1 July 2020 to 30 June 2021.

**THIS STATEMENT WAS APPROVED BY JO MYERSON ON BEHALF OF ROSS TRUSTEES SERVICES LIMITED AS A DIRECTOR OF PERKINELMER (UK) PENSION TRUSTEES LIMITED ON 27 JANUARY 2022.**