

# Chair's Statement Regarding DC Section Governance

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## Chair's Statement for Quadron Services Limited Pension and Life Assurance Scheme for the year ended 5 April 2025

The Occupational Pension Schemes (Scheme Administration) Regulations 1996, as updated, ('the Administration Regulations') require the Annual Report of a scheme with defined contribution ('DC') arrangements to include a statement regarding the governance of such arrangements signed by the Chair of the Trustee. This Chair's Statement ('Statement') incorporates the requirements relating to the disclosure and publication of the level of charges and transaction costs within the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 [SI 2018/233] ('the 2018 Regulations'), which amends the Administration Regulations to reflect these new requirements.

No further contributions are being paid in and the DC Section has not been used for auto-enrolment purposes.

### Investment arrangements

The DC Section of the Scheme is closed, with 3 members, comprising less than 0.5% of the total net assets of the Scheme. There is no default arrangement and members of the DC Section do not have a choice regarding the investment of their funds. DC funds are invested in the same funds as are used for the other investment assets of the Scheme. Members' DC fund values are calculated by the Scheme's administrators using a bespoke formula.

### Processing scheme transactions

The Trustee has a specific duty to secure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the DC Section are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Hughes Price Walker Limited, and the investment managers. The Trustee has reviewed the processes and controls implemented by those organisations and consider them to be suitably designed to achieve these objectives. The Trustee receives regular reports to monitor the performance of the administrator and how transactions and member enquiries are dealt with.

There were no issues relating to processing Scheme transactions during the year.

In the light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations have been met.

## Chair's Statement Regarding DC Section Governance (continued)

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### Chair's Statement for Quadron Services Limited Pension and Life Assurance Scheme for the year ended 5 April 2025 (continued)

#### Charges and transaction costs

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

By investing DC funds in the same funds used for the other investment assets of the Scheme and benefitting from the economies of scale created, costs, as detailed in the table below, are kept to a minimum. As the Scheme has not been used for auto-enrolment purposes it is not subject to the "charge controls" applicable to qualifying schemes from 6 April 2015. The following table of charges reflects only investment funds held at 5 April 2025.

Transaction costs and charges are not directly borne by these members.

|                                                                      | Charges (% p.a.) | Transaction costs (% p.a.) | Total costs (% p.a.) |
|----------------------------------------------------------------------|------------------|----------------------------|----------------------|
| Legal & General MAAA Diversified Fund                                | 0.41             | 0.32                       | 0.73                 |
| Legal & General Multi-Asset Fund                                     | 0.20             | 0.16                       | 0.36                 |
| Legal & General Matching Core funds                                  | 0.30             | 0.00                       | 0.30                 |
| Legal & General Absolute Return Bond Plus Fund - GBP Currency Hedged | 0.48             | 0.00                       | 0.48                 |
| Legal & General All World Equity Index Fund                          | 0.25             | 0.09                       | 0.34                 |
| Legal & General All World Equity Index Fund - GBP Currency Hedged    | 0.27             | 0.09                       | 0.36                 |
| BNY Mellon Real Return Fund                                          | 0.75             | 0.12                       | 0.87                 |

## Chair's Statement Regarding DC Section Governance (continued)

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### Chair's Statement for Quadron Services Limited Pension and Life Assurance Scheme for the year ended 5 April 2025 (continued)

#### Value for money for members

The table below shows the projected pension pot, both before and after charges are deducted, for a member aged 56 whose starting pot is assumed to be £25,000. This illustration has been calculated in line with the statutory guidance.

| Projected pension pot in today's money for a member aged 56 (£) |                         |                            |
|-----------------------------------------------------------------|-------------------------|----------------------------|
| Years                                                           | Before charges deducted | After all charges deducted |
| 1                                                               | 25,685                  | 25,562                     |
| 3                                                               | 27,113                  | 26,725                     |
| 5                                                               | 28,620                  | 27,940                     |
| 9                                                               | 31,890                  | 30,539                     |

Notes on projected scenario calculations:

1. Projected pension pot values are shown in today's money and do not need to be reduced further for the effect of future inflation.
2. Starting pot size is assumed to be £25,000 at age 56
3. Inflation is assumed to be 2.5% each year
4. Values shown above are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
5. The projected growth rate for the fund is 2.80% per annum above inflation. This growth rate is used to calculate the pension pots before charges are deducted.
6. No allowance for active management has been made.

In consideration of all of these points, the Trustee is satisfied that those charges and costs represent good value for money for members.

## Chair's Statement Regarding DC Section Governance (continued)

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### Chair's Statement for Quadron Services Limited Pension and Life Assurance Scheme for the year ended 5 April 2025 (continued)

#### Trustee's knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 continue to require trustees to have appropriate knowledge and understanding of pensions law, trust law, scheme funding, investment governance, and other relevant matters to properly fulfil their duties. These statutory requirements are now underpinned by the Pensions Regulator's General Code of Practice, which replaced Code of Practice 07 on 28 March 2024. The General Code sets out expectations for trustee conduct and governance, including the implementation of an Effective System of Governance (ESOG) and, where applicable, an Own Risk Assessment (ORA).

The Trustee is a specialised professional firm properly enabled to exercise the function of Trustee and members of staff hold qualifications and have professional experience appropriate for the operation and management of occupational pension schemes. Continuous professional development is undertaken by staff appropriate to their role.

The Statement regarding DC Section Governance was approved by the Trustee and signed on its behalf by:

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Chair for this purpose

On behalf of Winterbourne Trustee Services Limited as Trustee of the Quadron Services Limited Pension and Life Assurance Scheme

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