



Registered in England No 1440521

Uni-Mill Engineering Ltd

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UNI-MILL ENGINEERING LIMITED RETIREMENT BENEFITS PLAN

Annual governance statement

1. Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Uni-Mill Engineering Limited Retirement Benefits Plan (the “Scheme”) is required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members’ funds are invested;
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a ‘value for members’ assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 6 April 2019 to 5 April 2020.

2. Default investment arrangements

The Scheme is not used as a Qualifying Scheme for auto-enrolment and there is no default investment fund because contributions ceased before 6 April 2015. There is no investment choice under the Scheme and all members can only invest in the Zurich Assurance Limited 90:10 With Profits fund.

Members hold monies in the Zurich Assurance 2 EP and 2a EP Unitised With Profits funds. An underlying bonus guarantee of 4% per annum applies to the 2 EP fund and 1% per annum guarantee for the 2a EP fund (contributions paid since 1 July 2003 were paid into this fund). A final bonus may be payable at maturity.

The Scheme has always been fully insured and it has less than 100 members so the Trustee is required to produce a simplified Statement of Investment Principles, a copy of which is attached as Appendix A.

3. Requirements for processing core financial transactions

No contributions have been paid into the Scheme for many years and no transfers-in are permitted. The only financial transactions undertaken by the Scheme’s administrator, Zurich Assurance, are the processing of any transfers out of the Scheme and payments to members/beneficiaries.

Using information from the administrator, the Trustee is satisfied that over the period covered by this statement there have been no material administration errors in relation to processing core financial transactions and that all core financial transactions have been processed promptly and accurately during the Scheme year.

4. Member-borne charges and transaction costs

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

Fund	Fund Manager Charge	Transaction costs	Assumed future transaction costs
With Profits 2 / 2A	See note below	0.09% per annum	0.09% per annum

For investments in the Zurich Assurance 90:10 With Profits fund, there are no explicit annual fund management charges but the expense of managing the fund is one of the factors that will influence the amount of a final bonus when the plan value is paid out. In recent years Zurich Assurance advises that the deductions from the fund have been less than 1% a year. For the purposes of the illustrations, Zurich Assurance has assumed a fund manager charge of 1.15% per annum.

Transaction costs are the costs incurred in buying and selling assets in the fund. Zurich Assurance has shown costs for the year to 31 March 2020. Assumed transaction costs are the charges that are assumed to apply in the illustrations.

Details of how Zurich Assurance manages the With Profits fund can be found at this link:

<https://www.zurich.co.uk/with-profits/90-10-with-profits-fund-explained>

The charges and transaction costs have been supplied by Zurich Assurance. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

4.2 Illustration of charges and transaction costs

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 illustrations have been prepared by Zurich Assurance in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

Projected pension pot in today's money

With Profits 2 / 2A EP Fund		
Years	Before charges	After all charges and costs
1	£19,200	£19,000
3	£19,600	£19,100
5	£20,000	£19,300
10	£21,100	£19,600
15	£22,200	£19,900
20	£23,400	£20,200
25	£24,700	£20,500

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained below:

- It is assumed that the member is aged 40 at the start of the projection and retires after 25 years at age 65.
- The starting pot size (transfer value) is assumed to be £19,000.
- Inflation is assumed to be 2.5% each year.
- It is assumed that no further contributions are paid.
- The charges assumed are 1.15% a year for the fund management costs and 0.09% a year for transactions, as provided by Zurich Assurance.
- The projected growth rate used is 1% above inflation.

The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the

savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
- The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

5. Value for members assessment

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of "good 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 notes that value for money does not necessarily mean the lowest fee. The Trustee's advisers have confirmed that the fund charges are competitive for the type of investment available to members, given the nature of the underlying guarantees that are provided.

Overall, the Trustee believes that members of the Scheme are receiving fair value for money for the charges and cost that they incur. The Trustee believes this because the Scheme's investment fund provides a smoothed growth rate with underlying guarantees.

6. Trustee knowledge and understanding

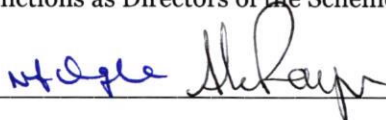
The Scheme's Directors (of the Trustee company) are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively.

Each Director must be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles (SIP) and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally. Each Director will have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

All the Directors are familiar with and have access to copies of the current Scheme governing documentation, including the Trust Deed & Rules (together with any amendments) and the SIP. In practice, the Scheme is paid-up (no contributions are paid) and there is no investment choice for members. Decision-making is therefore limited in scope and the SIP is simplified because the Scheme is wholly insured and no changes to the Scheme's investments are permitted under the Scheme's rules.

Further, the Directors request advice from external advisers and therefore consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the investment of occupational pension schemes to fulfil their duties.

Taking into account the knowledge and experience of the Directors with the advice received from the appointed professional advisors, the Directors believe they are well placed to exercise their functions as Directors of the Scheme properly and effectively.



Date: 31/10/2020

Signed by the Chair of Trustees of the Uni-Mill Engineering Limited Retirement Benefits Plan

Appendix A. Statement of Investment Principles

Statement of Investment Principles for the UNI-MILL ENGINEERING LIMITED RETIREMENT BENEFITS PLAN

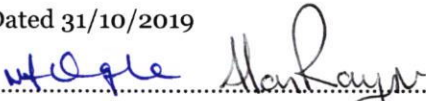
The Scheme is a wholly insured scheme with less than 100 members. The reasons for the Scheme being a wholly-insured scheme with Zurich Life (the insurance company):

- (a) the Scheme rules only allow investment in insured policies on a With Profits basis;
- (b) the security given by (1) the insurance company's regulation by the Financial Conduct Authority and the Prudential Regulation Authority and (2) the Financial Services Compensation Scheme;
- (c) the insurance company's pensions administration and investment expertise and its financial strength; and
- (d) holdings in the Zurich 2 EP With Profits fund benefit from a guaranteed bonus of 4% per annum.

This statement will be reviewed at least every three years and without delay after any significant change in investment policy.

Before preparing this statement, the Trustee has (a) obtained and considered the written advice of a person who is reasonably believed by the Trustee to be qualified by their ability and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of occupational pension schemes and (b) consulted the employer in relation to the Scheme.

Dated 31/10/2019



Signed on behalf of the Trustee of the Scheme (Uni-Mill Engineering Limited)