

## Somerfield Pension Scheme

### Additional Voluntary Contribution Arrangements (“AVCs”)

#### Trustee Governance Statement

This statement has been prepared by TCG Southern Trustees Limited and relates to the legacy AVC plan for the Somerfield Pension Scheme (“the Scheme”). The Schemes’ AVC investments are held with Aviva and Prudential.

#### **The Pension Regulator’s Code of Practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits**

The Pension Regulator’s (“tPR”) Code of Practice 13 (“the Code”) was first introduced in November 2013, and a revised version came into force in July 2016. The Code is designed to give Trustees of money purchase, or ‘Defined Contribution’ (“DC”) pension arrangements, guidance on the standard of governance expected by tPR, including AVC arrangements.

The Code is divided into six sections; the following provides a summary of some of the things that the Trustee does to make sure that the AVC arrangements meet the applicable governance standards in the Code.

#### *1. The Trustee Board*

- Trustee Directors are appointed to the Trustee Board based on fair and transparent processes.
- The Trustee Board includes a professional independent Trustee Director.
- Trustee Directors are aware of their duties and responsibilities, and carry them out with due diligence.

#### *2. Scheme Management Skills*

- Trustee Directors undergo regular training to ensure that they understand their duties and are fit and proper to carry them out, including completing an annual 'Training Needs' analysis.
- Trustee Directors update their knowledge to ensure that they have the appropriate skills and competencies, including completing a skills matrix.
- Trustee Directors take time to understand the AVC arrangement's features, terms and options.
- Managing risks is a priority and robust internal controls are maintained to help mitigate significant operational, financial, regulatory and compliance risks.
- Trustee Directors will have in place an effective system of governance (ESOG) and complete the process of an own risk assessment (ORA) (once tPR’s new Code of Practice comes into force).

#### *3. Investment Governance*

- The AVC investment options are considered on at least a triennial basis, along with an annual review of the AVC arrangements (subject to the “Action Plan” section below).

#### *4. Value for Members*

- The Trustee Directors regularly review the costs and charges associated with the AVCs and consider whether they are appropriate.

- The services offered to members are also taken into account when considering the overall value offered within those costs and charges.

#### *5. Administration*

- Pension records are kept by the AVC provider, with records also being maintained by the Co-op's Pensions Department, who assist the Trustee in monitoring administration performance and maintaining robust controls over financial transactions.

#### *6. Communicating and Reporting*

- Accurate information about how the AVC arrangements work and the options available are accessible.

### **Action plan**

In 2022 the Trustee engaged the services of a specialist consultant to undertake a full review of the AVC arrangements currently in place. The review looked at various aspects of the arrangements, such as the investments, the performance of the provider, and the associated costs and charges. Based on their findings presented to the Committee at the Q4 2022 meeting, the Trustee decided to make no changes to the AVC arrangements. The range of fund available and the level of fees was considered to be appropriate and the funds had performed within reasonable tolerance levels of their respective benchmarks.

### **Our strategy for the future**

Looking ahead a further AVC review will take place in Q4 2023 to ensure that the AVC strategy remains appropriate for members. In addition the Trustee will be focusing on communications to members to ensure that members are provided with the necessary information and support to make informed decisions.

The Trustee will continue to incorporate the results of its ongoing work and future assessments into the Trustee's business plan and governance processes, and provide updates through its future governance statements.

Signed:

Date:

Mark Evans, Independent Trustee Services  
Chair of TCG Southern Trustees Limited