Trustee's Report

DC Governance Statement

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Administration Regulations"). It describes how the Trustee has met the statutory governance standards applicable to the ACNielsen (UK) Pension Plan ('the Plan') in relation to:

- The investment options in which members' funds are invested (this means the "default arrangement" and other funds members can select or have assets in, such as self-select or "legacy" funds)
- Net investment returns
- Requirements for processing core financial transactions
- Assessment of charges and transaction costs
- An illustration of the cumulative effect of these costs and charges
- Value for members
- The requirement for trustee's knowledge and understanding (TKU)

The statement relates to the reporting period between 6 April 2022 and 5 April 2023. It has been prepared in accordance with relevant statutory guidance.

The Plan's defined contribution arrangements, which are under the remit of this statement, are as follows:

- The old Money Purchase section (also known as 'Section A'), which was closed to new joiners on 1 January 2004. This section was closed to new contributions on 1 April 2016. Members are invested in the ACNielsen Lifestyle strategy invested in Legal & General Investment Management (LGIM) funds; and
- The Additional Voluntary Contribution (AVC) arrangement within the Defined Benefit section of the Plan was open to contributions at the same time as Section A was open. The AVC arrangement is held with Aviva.

The new Money Purchase section (also known as 'Section C'), was fully closed on 20 June 2022 when members were transferred from Aviva to the Fidelity Master Trust.

Default arrangement

For the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Charges and Governance Regulations'), as at 5 April 2023 the Plan's "default arrangement" was the ACNielsen Lifestyle strategy.

The ACNielsen Lifestyle strategy is the only available investment option within the old Money Purchase section of the Plan ('Section A'). The ACNielsen Lifestyle strategy is made up of two LGIM investment funds, and invests in the LGIM Global Equity Market Weights (30:70) Index Fund – 75% Currency Hedged, until five years before the member's 65th birthday when the funds are gradually switched into the LGIM Future World Inflation Linked Annuity Aware Fund (previously referred to as the LGIM Pre-Retirement Inflation Linked Fund).

No sections of the Plan are used as a qualifying scheme for automatic enrolment purposes.

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DC Governance Statement (continued)

Statement of investment principles

Appended to this statement is a copy of the Plan's latest Statement of Investment Principles ("SIP") governing decisions about investments for the purposes of the default arrangements, prepared in accordance with legislation. A copy of the Plan's SIP is also available to view at the following website: https://www.acnielsenpensionplan.co.uk/. This existence of the SIP, and its availability for viewing, is drawn to the attention of members in their annual benefit statement.

The objective specifically relevant to the default arrangement is to provide capital growth for members over the long term and then de-risk into annuity-targeting funds that provide greater protection against volatility as members approach retirement, in expectation that the majority or all of the Section's benefits will be required to purchase an annuity through the Defined Benefit (DB) section.

Review of the default arrangement

The last review of the default arrangement took place in May 2022, where the Trustee considered whether the objective of the default arrangement was still being met. The review included an analysis of Section A member data provided from the last actuarial valuation, along with the review of the two component funds of the ACNielsen Lifestyle Strategy.

The Trustee found that:

- Around 80% of Section A members would need to use their entire fund to purchase an annuity, with the remaining 20% needing to use a portion of their fund towards the required annuity. This means the objective for the default arrangement remains appropriate.
- The structure of the lifestyle strategy should still target annuity purchase at retirement and remains appropriate.
- The Trustee also found that the default's overall risk profile was appropriate, taking into account the DB guarantee that underpins these benefits.

In conjunction with its advisers, and based on the above points, the Trustee decided to not make a change following the review. However, further discussions about the future of this Section were undertaken during the reporting period. In particular, the Trustee is currently considering whether the component fund used in the growth stage of the default remains suitable and the outcome of that ongoing review is expected during Q4 2023.

The next reporting period for the default investment review, if necessary, will be 2025/2026.

Net investment returns

The Trustee can confirm it has taken account of the DWP's Statutory Guidance on net investment reporting. The Trustee is required to report on the net investment returns for the default arrangements and for all self-select funds during the Plan year. The net investment return is after all transaction costs and charges.

Fund - LGIM	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
LGIM Global Equity Market Weights 30:70 Index 75% Currency Hedged	-2.84%	14.93%	7.23%
LGIM Future World Inflation Linked Annuity Aware	-25.85%	-8.53%	-2.21%

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DC Governance Statement (continued)

ACN Lifestyle strategy	Age	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
	25	10.77%	11.12%	9.12%
	45	10.77%	11.12%	9.12%
	60*	8.42%	5.97%	3.57%

** Age 60 has been used to account for the impact of the 5 year lifecycle glidepath for Section A members.*

Fund - Aviva	Last 12 months	Last 5 years (p.a.)	Last 10 years (p.a.)
Aviva BlackRock 30:70 Currency Hedged Global Equity Index	-5.34%	6.44%	7.74%
Aviva BlackRock Over 15 Year Corporate Bond Index	-23.75%	-4.02%	1.25%
Aviva BlackRock Over 15 Year Gilt Index	-30.15%	-6.76%	0.06%
Aviva BlackRock Over 5 Year Index-Linked Gilt Index	-29.95%	-4.29%	1.27%
Aviva BlackRock UK Equity Index	2.06%	4.76%	5.3.7%
Aviva BlackRock World (Ex UK) Equity Index	-3.69%	10.86%	11.24%
Aviva Cash	1.76%	0.31%	0.10%
Aviva Stewardship	1.50%	5.11%	6.06%

Aviva investment strategy	Age	Last 12 months	Last 5 years (p.a.)	Last 10 years (p.a.)
5 Year Cash Lifetime Investment Programme	25	-5.34%	14.79%	7.74%
	45	-5.34%	14.79%	7.74%
	55	-5.34%	14.79%	7.74%

Aviva notes: The charges assumed are those currently applicable to a single contribution of £10,000 paid into your scheme at the beginning of the reporting period. Returns are annualised geometric means over the time periods displayed. For age specific returns, a normal retirement age of 65 has been used

Trustee's Report

DC Governance Statement (continued)

Processing financial transactions

The Trustee has a specific duty to ensure that core financial transactions relating to the Plan are processed promptly and accurately and must describe to members how this obligation is met. The Trustee has appointed Capita to provide administration services for the Plan. The Trustee has received assurance from Capita and has taken steps to try and ensure that there are adequate internal controls to ensure that core financial transactions relating to the Plan were processed promptly and accurately during the reporting period.

Within Capita, the Plan has a dedicated administration team and all administration tasks are logged and automatically monitored by a workflow system that is managed by a senior member of the dedicated team. Aviva is the pension provider for Section C and the AVC arrangement.

Core financial transactions are identified and prioritised, for example, investment and banking transactions are checked and fully reconciled. For this purpose, 'Core financial transactions' includes (but is not limited to):

- Investment of contributions in the scheme (although this is no longer relevant under the Plan)
- Transfers of assets relating to members into and out of the Plan
- Transfers of assets relating to members between different investments within the Plan, and
- Payments from the Plan to, or in respect of members.

The Trustee has a Service Level Agreement (SLA) in place which covers the accuracy and timeliness of all core financial transactions.

Regular quarterly reporting is received from Capita, including performance against the service level agreements (SLAs) that are in place. The average SLA over the reporting period was 91.2%. (This data included the DB section). Any complaints or issues that arise are referred to the Trustee as and when they arise. The Administration Sub-committee (composed of two Trustee Directors and a representative from the Capita administration team) holds monthly meetings to consider administration complaints or issues. There were generally no issues which arose within the reporting period in relation to core financial transactions. Capita's Finance team monitors the bank accounts daily and all investment and banking transactions are checked and sanctioned separately before they are actioned.

Capita informed the Trustee that, in the Plan Year, it suffered a cyber incident from 22 March 2023 to 31 March 2023. Capita has carried out a forensic review of the incident. The full findings of Capita's review, including which members if any were affected, is awaited. The data breach has been reported to the Information Commissioner's Office and the Pensions Regulator by Capita and the Trustees. A third-party review of Capita's forensic investigation of the incident is underway.

No other breaches/exceptions have been reported for the Plan Year.

Aviva's SLAs are 5 working days. Aviva proactively monitors customer experience via research and feedback across its platform, however it also appreciates the significance of SLAs and 'end-to-end' reporting to demonstrate performance. During the reporting period, Aviva's core financial transactions in relation to the AVC arrangement had an SLA of 100%, relating to only one task. WTW benchmarks Aviva's administration performance against the rest of the bundled provider market to support the Trustee in its view of Aviva. WTW found that Aviva had completed 99% of its tasks within SLA during the 2023 governance period.

The Plan's accounts are also audited annually by Grant Thornton UK LLP.

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DC Governance Statement (continued)

The latest common data review took place in 2022. A data cleaning exercise is due to take place in the next reporting period; while this relates predominantly to the defined benefit section data, the checks will incorporate DC member data. An update on this exercise will be provided in the next Statement.

During the reporting period there were no material administration errors, therefore, the Trustee is satisfied that the Plan’s core financial transactions have been processed promptly and accurately during the 6 April 2021 to 5 April 2022 governance period.

Charges and transaction costs

In accordance with regulation 25(1)(a) of the Administration Regulations, the Trustee calculated the “charges” borne by members of the Plan for the 2023 governance period, and considered whether it could obtain “transaction costs”.

For these purposes:

- “transaction costs” means the costs incurred as a result of the buying, selling, lending or borrowing of investments.
- “charges” means, broadly, administration charges other than:
  - transaction costs;
  - costs the court determines the Trustee can recover;
  - certain pension sharing on divorce costs;
  - winding-up costs; and
  - costs solely associated with the provision of death benefits.

Charges - Section A

During the Plan year, there were no charges applicable to the default arrangements that were borne by members. The fund charges (which includes the cost of investment and administration) for the ACNielsen Lifestyle Strategy are met by the Plan. The default arrangement is set up as a Lifestyle strategy, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date. This means the level of transaction costs will vary depending on how close members are to their target retirement date. For the reporting period covered by this statement, the transaction costs are set out in the table below.

Fund name	**Total fund charges (pa)**	**Transaction costs ***
LGIM Global Equity Market Weights 30:70 Index 75% Currency Hedged	0.00%	0.00%
LGIM Pre-Retirement Inflation Linked	0.00%	0.00%

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DC Governance Statement (continued)

Charges - Section B AVCs and Section C

The fund charges for the remaining money purchase funds within the Plan (of which none are default arrangements) are shown below. The Aviva funds have an Annual Management Charge of 0.48% pa; where the total fund charge is higher, the difference is in respect of any Additional Expenses.

Fund name	**Total fund charges (pa)**	**Transaction costs****
Aviva BlackRock 30:70 Currency Hedged Global Equity Index	0.48%	0.134%
Aviva BlackRock Over 15 Year Corporate Bond Index	0.48%	0.211%
Aviva BlackRock Over 15 Year Gilt Index	0.48%	0.018%
Aviva BlackRock Over 5 Year Index-Linked Gilt Index	0.48%	0.026%
Aviva BlackRock UK Equity Index	0.48%	0.100%
Aviva BlackRock World (Ex UK) Equity Index	0.48%	0.038%
Aviva Cash	0.48%	0.001%
Aviva Stewardship	0.48%	0.078%

* LGIM has provided transaction costs incurred by members at a fund level (based on the fund values at 31 March 2023). LGIM has calculated the transaction costs as the average cost incurred over the last financial year (1 April 2022 to 31 March 2023) as a necessary part of buying and selling each of the fund's underlying investments in order to achieve the investment objective.

** Transaction costs in the Aviva fund range is calculated using the slippage cost methodology except for the Cash fund.

The Trustee confirms that, taking account of the charges applicable and circumstances of the Plan, the funds made available to members during the year were suitable.

Transaction costs

Transaction costs are typically categorised as:

- Explicit costs which are directly observable and include broker commissions and taxes, or
- Implicit costs which cannot be observed in the same way but can also result in a reduction in the value of capital invested. Implicit costs include market impact or delay costs which can also result in a gain for the fund (i.e. negative transaction cost).

LGIM and Aviva have provided the transaction costs in the table shown above and have confirmed that no transaction costs are missing for this year's Statement.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 requires the Trustee to produce an illustration showing the compounding effect of costs and charges on DC funds and to include this in the annual Chair's statement. As a result, the Trustee has set out an illustration in the appendix which shows the projected values based on one example member of the Plan (not an actual member). The example shows the youngest aged member , investing in two two funds that reported to have the lowest and highest charges and costs as at 5 April 2023. The projections compare what the investments could grow to at age 65 before and after charges have been deducted.

Trustee’s Report

DC Governance Statement (continued)

Value for members assessment

In accordance with regulation 25(1)(b) of the Administration Regulations, the Trustee undertook a light-touch value for members (VfM) assessment exercise in August 2023 in respect of the AVC arrangement, which analysed the extent to which the charges and transaction costs set out above represent good value to members (i.e., the extent to which the charges and transaction costs provide good value in relation to the benefits and services provided). The Trustee undertook this exercise with assistance from its advisers.

The results of this VfM assessment are relevant to the reporting period 6 April 2022 to 5 April 2023, however the assessment reflects the changes made after which will have significantly impacted the results.

In terms of the cost sharing between members and the employers:

- The Employer/Trustee covers the fund charges for the LGIM funds within Section A.
- AVC members pay investment and administration related charges levied by Aviva (i.e., the annual management charges summarised above).
- The Employer or the Trustee pay for all other costs and charges incurred by the Plan (i.e., governance, management).

The light-touch assessment process considered:

- A comparison of the net investment returns for the Plan’s fund range against their relevant indices. Net investment returns consider the fund charges and transaction costs specific to this Plan.
- The value to AVC members of services/benefits which were paid by members in the Aviva.
- The charges AVC members were paying as at 5 April 2023 through Aviva, along with transaction cost benchmarking again market comparators.

As at 5 April 2023, the Trustee considered that members received good value. The good value rating was ascertained for the following reasons:

- The funds generally tracked their relevant indices within sufficient tolerances, particularly over the 5-year (p.a.) reporting period. The Trustee will continue to monitor the fund range.
- In relation to services the AVC members bear the costs and charges for, Aviva was performing positively and was rated well against other providers in the market. The Trustee has no concerns about its ongoing suitability for the AVC membership.
- The scheme charge is competitive and transaction costs were lower than market comparators for the majority of funds.

As a result, the Trustee can conclude that these members receive good value for the services they pay for.

Trustee’s knowledge and understanding (TKU)

The Plan’s Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee Director must:

- Be conversant with the Plan’s trust deed and rules and other documentation, as well as the Plan’s statement of investment principles.
- Have knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding and investment of the assets of occupational pension schemes.

Trustee's Report

DC Governance Statement (continued)

The Trustee has a TKU process in place which enables the Trustee Directors, with the benefit of the advice available to them (through the Plan's actuaries, investment advisers, auditors and lawyers), to properly exercise their functions as Trustee Directors of the Plan. The Trustee Directors have a good working knowledge of the Plan's governing documentation, including the Trust Deed and Rules, SIP, and other current documents and policies. There is easy access of the Plan's key documents via BoardEffect.

The Chair is represented by a professional Trustee, Independent Trustee Services (ITS) Limited.

The Trustee Directors also have sufficient knowledge and understanding of pensions law and regulation, and funding and investment principles.

There is in place an induction programme for new Trustee Directors and regular ongoing training for existing Trustee Directors.

- The induction programme includes ensuring completion of the Pensions Regulator's Trustee Toolkit within six months of appointment, access provided to Plan documents and a bespoke training session with the Trustee advisors to cover the specifics of the Plan. Two new Trustee Director joined during the reporting period and wwere provided with training and an introduction to the Regulator's Toolkit.in May 2022 and October 2022 respectively.
- There is a training log in place which is set up to meet the needs of the Trustee Directors to ensure their knowledge is up to date. The training log is monitored regularly to ensure that gaps in knowledge are picked up so that external specialist training can be arranged.
- The latest training programme was put in place by the Plan Secretary in 2023; this is updated annually. The 2023 training programme includes the draft Single Code of Practice, data protection and cyber security, along with training to cover specific gaps in knowledge identified in the latest TKU analysis.

Over the reporting period, the Trustee Directors met all of the TKU requirements via the following activities and processes:

- A skills matrix, which is kept updated by the Plan Secretary. This was last updated in June 2021 and found there was a good spread of skills across the Board.
- Ad hoc training and webinars provided by the Plan's advisers and providers. For example, existing Directors attended a training covering investment strategy and portfolio construction process in May 2021, and a Risk transfer training in June 2021, both of which were provided by WTW.
- Updates on DC matters on an ad hoc basis by its advisers. Examples of topics covered over the reporting period were:
    - Review on the investment strategy of the old Money Purchase section
- All Trustee Directors have completed the Pensions Regulator's TKU toolkit, including the two newest Trustee Directors who joined during the reporting period.

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DC Governance Statement (continued)

In addition, the Professional Trustee representatives have attended the following DC-related training sessions over the reporting period:

- Pension dashboards (Capita)
- Diversity & Inclusion (LCP)
- Climate risk (AON, Caceis)
- DC Training (Aon)
- Investment (NFTL)
- Hot Topics (PwC, Eversheds, Cadarno, XPS, Linklaters)
- Market experience (Cosan)
- Cyber risk (Gowlings)
- 'Navigating the road ahead' (ISIO)

A Trustee effectiveness assessment was carried out over the reporting period, in November 2022. The last TKU analysis was undertaking in April 2021.

The results of the Trustee effectiveness assessment were generally positive. Feedback from the Directors picked up on length and focus of meetings, communications strategy and querying whether a register documenting delegation of powers and responsibilities was in place.

A Trustee Handbook is in place which outlines the Trustee's processes and procedures and a register detailing the powers in the Trust Deed and Rules, whether the powers are vested in the Company or the Trustee and, if the Trustee, whether these powers have been delegated. These documents will be updated as and when required.

The Trustee Directors are satisfied that they have met their knowledge and understanding duties during the 6 April 2022 to 5 April 2023 governance period.

Signed on behalf of the Trustee

Chris Martin

On behalf of Independent Trustee Services Limited, Chair of the Trustee

ACNielsen (UK) Pension Plan
Date: 25/10/2023

Trustee's Report

DC Governance Statement (continued)

Appendix - Illustration of the effect of costs and charges on a member's pension pot

The illustration has been prepared in accordance with the relevant statutory guidance and reflects the impact of costs and charges for a broad example member (based on the youngest member in the AVC policy), using two funds. These funds, as required in the latest statutory requirements, have the highest and lowest total fund charges. As member of Section A, the old Money Purchase section, do not bear any charges and costs, the default arrangement (the LGIM Lifestyle Strategy) is not included in the illustrations.

The illustrations below show the projected fund values based on certain assumptions before and after charges so that the potential impact of charges is clearly shown. Members should be aware that these are simply illustrations, and so the actual fund values and implication of charges for an individual member are likely to differ due to personal details, investment choices and actual performance of the funds. This means that the information contained in this Appendix is not a substitute for the individual and personalised illustrations which are provided to members each year by the Plan.

Example Member	Projection period (years)	Aviva Cash Fund		Aviva Over 5 Year Index-Linked Gilt Index	
		Before charges	After charges	Before charges	After charges
Youngest member	1	£600	£597	£609	£606
	3	£600	£591	£627	£619
	5	£600	£586	£646	£631
	10	£600	£572	£696	£664
	15	£600	£558	£750	£698
	20	£600	£545	£808	£735
	25	£600	£532	£871	£773
	28	£600	£524	£910	£797

Notes:

1. Projected pension account values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. No further contributions are assumed.
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:
   - Aviva Cash Fund – 0.0%
   - Aviva Over 5 Year Index-Linked Gilt Index Fund – 1.5%
9. Transactions costs and other charges have been provided by Aviva and covered the period Q2 2018 to Q1 2023. The transaction costs have been averaged by WTW using a time-based approach.
10. Pension scheme's normal retirement age is 65.
11. Example member: age 37, total initial contribution: £0, starting fund value: £600.