

# BELFAST HARBOUR COMMISSIONERS' PENSION SCHEME

## Part 2: Chair's Statement (DC Section)

### The Chair's annual statement regarding governance

As Chair of the Trustee, I am pleased to present the Trustee's statement of governance, covering the period 1 January 2021 to 31 December 2021. This Statement describes how the Trustee seeks to ensure that the DC section (consisting of the Defined Contribution and Defined Contribution Auto-Enrolment sections) of the Belfast Harbour Commissioners Pension Scheme (the 'Scheme') is well-managed and delivers excellent services to members. The Statement examines four key areas of the Trustee's governance, namely:

- The investment strategy relating to the Scheme's default arrangement;
- The processing of core financial transactions;
- Charges and transaction costs within the Scheme; and
- The Trustee's compliance with the statutory knowledge and understanding requirements.

In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015.

This Statement also addresses the Trustee's governance in relation to the Scheme's Additional Voluntary Contributions ('AVCs'). The Scheme held AVCs in an Utmost Life and Pension fund during the year. In addition, members of the Defined Benefit section ('DB section') were allowed to invest AVCs in the DC section of the Scheme. Therefore, commentary on the DC section also applies to the AVCs held within the Scheme.

### The default arrangement

The current default arrangement for the Scheme is a target date investment strategy, which is designed for members targeting income drawdown at retirement; it does this through investing in BlackRock's LifePath Flexi Fund range. The investment strategies for the LifePath Flexi Fund range automatically adjusts as a member progresses through their life, before reaching maturity in line with a member's chosen target retirement date (or normal retirement date where no choice is made). The growth phase structure invests in equities and other growth-seeking assets. These investments are expected to provide long-term growth with some downside risk protection and some protection against inflation erosion. Exposure to growth assets is gradually reduced by introducing a variety of gilts, corporate bonds and other fixed income assets, as defensive assets, from 35 years before retirement. At the selected retirement date, broadly 40% of members' assets will be invested in growth assets (primarily equities with a small allocation to commodities), with the remaining funds invested in the defensive assets.

The latest copy of the Statement of Investment Principles (the 'SIP') prepared for the Scheme in compliance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (Northern Ireland) is in Appendix C. This covers our aims and objectives in relation to the default investment arrangement as well as Trustee's policies in relation to matters such as risk and diversification. Additionally, it states why the Trustee believes the default investment arrangement is designed in members' best interests.

The Trustee will continue to monitor the suitability of the default strategy and self-select investment options and it will be reviewed every three years or sooner if necessary, for example if there are significant

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changes in the Scheme's demographic profile. In addition, regular performance based reviews are undertaken on a quarterly basis.

The Trustee last reviewed the investment strategy and performance of the default arrangement at the Trustee meeting held on the 2 September 2019. The exercise covered a review of the aims and objectives of the default arrangement and how the default had been performing against them. The review concluded that the previous default arrangement had been performing successfully against its objectives but that the Trustee should consider if a default targeting annuity purchase at retirement was still appropriate given the flexibility members now have available to them. To assist the Trustee in this decision the review considered member demographics and industry trends. Following the review of the investment strategy of the default arrangement, the Trustee agreed to change the default arrangement from LifePath Retirement, which targets annuity purchase, to LifePath Flexi, which targets drawdown of funds at retirement. This change was implemented in December 2020, and the Scheme's SIP was updated and agreed in January 2021 to reflect the new default arrangement.

### Core financial transactions

The Trustee recognises that delay and error can cause significant losses for members. They can also cause members to lose faith in the Scheme, which may in turn reduce their propensity to save and impair future outcomes. Therefore, the Trustee operates measures and controls aimed at ensuring that all financial transactions (such as benefit payments and switches between funds) are processed promptly and accurately.

Core financial transactions include:

- Investment of contributions paid to the Scheme;
- Transfer of members' assets into and out of the Scheme;
- Transfers of members' assets between different investment options available in the Scheme; and
- Payments from the Scheme to or in respect of members.

The Trustee has appointed professional administrators and has delegated the day to day running of the Scheme, but the Trustee is aware that the responsibility of the running of the Scheme remains with them and they have implemented adequate internal controls, which are reviewed periodically. Core financial transactions have been processed promptly and accurately during the year as a result of the following actions:

- The Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Scheme. Contributions were paid in line with this schedule during the year.
- Having in place Service Level Agreements (SLAs) with the administrator, Aegon, which cover all core administration processes including changing of member details, payments in and out of the Scheme, retirement processes and investment switch requests.
- These standards are monitored and reviewed by the Trustee via quarterly administration reports from Aegon. The Trustee is committed to monitoring service to ensure that members receive service in line with expectations.
- The reports detail when the contributions are received and invested along with details of transfers in/out of the Scheme.
- Over the course of 2021, performance of the core financial transactions against SLAs has improved (averaging 98% for the year compared to 91% in 2020), and was above the target SLA of 97%. The Trustee, together with the Company, will continue to monitor SLA performance and challenge where necessary.

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- The administrator provides an AAF audit report each year which helps the Trustee understand the effectiveness of the administrator's internal controls and how they intend to address any weaknesses. The AAF audit report to the year end 30 September 2021 was received by the Trustee in March 2022 alongside a 'bridge letter' covering the period to 31 March 2022 confirming the control environment set out in the AAF audit report to 30 September 2021 had not materially changed and that to the best of Aegon's knowledge, the 2021 report "continues to provide a substantially accurate description of the Pension Administration Services and related internal controls". The Trustee plans to review this report in due course and challenge Aegon on any issues raised.
- The Company checks that details of the correct contributions have been uploaded onto the Aegon website each month by checking this against payroll and performing a reconciliation. There were no material issues with this process during the year.
- Ensuring that a detailed disaster recovery plan is in place for Aegon, parts of which are disclosed in the AAF internal controls report.
- A professional firm, Deloitte LLP, was appointed to undertake an annual audit as part of the Scheme's report and accounts. An internal audit is normally carried out triennially. The last internal audit was undertaken in May 2021 and no issues were identified.

### Utmost Life & Pensions from 1 January 2020 (formerly with Equitable Life)

- The AVCs in the Scheme are closed arrangements, meaning no contributions are paid into the funds. At year end, there was one member of the Scheme with AVCs invested with Utmost.
- The Trustee notes that members participating in these arrangements receive an annual benefit statement in line with statutory provisions confirming the amounts held in their account and the movements in the year.
- The balances and transactions are audited by Deloitte LLP at year end 31 December of each year and are compared to statements from the AVC providers.

With the exception of the issues noted, based on the above, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the period to which this Statement relates.

### **Charges and transactions costs**

The Trustee is required to report on all charges and, to the extent that they are known, transaction costs deducted from members funds. They must also report on their assessment of the extent to which these costs represent good value for members.

The charges deducted from members' funds are categorised as follows:

- Annual management charge ('AMC') - this is essentially the charge paid to the fund manager for managing the fund. It is expressed as a percentage of the fund's assets. As the Scheme is a bundled arrangement with Aegon, this charge also includes administration, the investment/administrative platform and member communications.
- Total expenses ratio ('TER') - this is also expressed as a percentage of the fund and consists principally of the AMC, but also includes the costs for other services paid for by the investment manager, such as the legal costs, registration fees and custodian fees.

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All members are charged the same AMC and TER. However, the Company pays the AMC on behalf of active members. The difference between this charge and the TER is deducted from active members' funds. Deferred members pay the full TER from their funds.

The charges and transaction costs applicable for the year to 31 December 2021 are shown in the table below (these have been provided by Aegon). Transaction costs are expenses associated with the investment manager trading a fund's underlying securities, including commissions and stamp duty.

Fund	Active members		Deferred members		Transaction costs
	AMC	TER	AMC	TER	
LifePath Target Date Fund Range (Flexi * / Retirement/ Capital)	0.00%	0.00%	0.41%	0.41%	Varies for all LifePath funds. The transaction costs for the LifePath funds are listed in the table below.
LifePath Flexi	0.00%	0.00%	0.41%	0.41%	0.0494%
Aegon BlackRock DC Aquila UK Equity Index	0.00%	0.01%	0.40%	0.41%	0.0736%
Aegon BlackRock DC Aquila World (ex UK) Equity Index	0.00%	0.01%	0.40%	0.41%	0.0263%
Aegon BlackRock DC Aquila Emerging Markets Equity Index	0.00%	0.05%	0.55%	0.60%	-0.0276%
Aegon BlackRock DC Aquila Corporate Bond All Stocks Index	0.00%	0.01%	0.40%	0.41%	0.0334%
Aegon BlackRock DC Diversified Growth	0.00%	0.05%	0.55%	0.60%	0.3739%
Aegon BlackRock DC Property	0.00%	0.00%	0.98%	0.98%	0.0499%
Aegon BlackRock DC Cash	0.00%	0.03%	0.40%	0.43%	0.0176%

\*Current default arrangement.

The transaction costs for the funds in the LifePath Retirement, Capital and Flexi ranges are as follows:

Fund	Total transaction costs (%)	Fund	Total transaction costs (%)
LifePath Retirement 2061-2063	0.0536%	LifePath Flexi 2052-2054	0.0201%
LifePath Retirement 2058-2060	0.0538%	LifePath Flexi 2049-2051	0%
LifePath Retirement 2055-2057	0.0378%	LifePath Flexi 2046-2048	0.0094%
LifePath Retirement 2052-2054	0.0201%	LifePath Flexi 2043-2045	0%
LifePath Retirement 2049-2051	0%	LifePath Flexi 2040-2042	0.0185%
LifePath Retirement 2046-2048	0.0094%	LifePath Flexi 2037-2039	0.0029%
LifePath Retirement 2043-2045	0%	LifePath Flexi 2034-2036	0.0315%
LifePath Retirement 2037-2039	0.0029%	LifePath Flexi 2031-2033	0.0252%
LifePath Retirement 2034-2036	0.0315%	LifePath Flexi 2028-2030	0.044%
LifePath Retirement 2031-2033	0.0252%	LifePath Flexi 2025-2027	0.0325%
LifePath Retirement 2028-2030	0.0447%	LifePath Flexi 2022-2024	0.03%
LifePath Flexi 2061-2063	0.0536%	LifePath Flexi 2019-2021	0.0405%

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Fund	Total transaction costs (%)	Fund	Total transaction costs (%)
LifePath Flexi 2058-2060	0.0538%	LifePath Capital 2025-2027	0.0277%
LifePath Flexi 2055-2057	0.0378%	LifePath Capital 2019-2021	0.0176%

Source: Aegon. LifePath funds where no assets are invested have been excluded.

The Trustee notes a number of challenges in assessing transaction costs:

- No industry-wide benchmarks for transaction costs exist,
- The methodology leads to some curious results, most notably “negative” transaction costs ,
- Transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs.

The Trustee will continue to request and monitor transaction costs and monitor developments in assessing such costs for value.

### AVCs with Utmost

The charges and transaction costs for Utmost’s fund are shown below.

Fund Name	Fund management charge	Total transaction cost
Utmost Money Market	0.50%	0.00%

### **Illustration of the impact of charges and costs on a member’s pot size over time**

In addition to the information above, the Trustee is required to present pound and pence illustrations of the impact of charges and transaction costs on members’ pots. The Trustee has taken account of the statutory guidance when preparing the analysis below.

### Purpose of these example illustrations

The illustrations that follow should not be considered personal illustrations. They are based on the assumptions detailed in this section. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Separate illustrations for active members and deferred members have been included due to the difference in member borne charges (with the Company paying the AMC for active members).

Please note the main assumptions relevant to both the active and deferred member illustrations are shown after the illustration tables.

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### Active member illustrations

#### Fund transactional charges and costs total (%)

	LifePath Flexi 2064-2066	Aegon BlackRock Cash	Aegon BlackRock World (Ex UK) Equity Index
Growth (above inflation)	-1.90% to 3.00%*	-1.90%	3.00%
AMC	0.00%**	0.00%**	0.00%**
AAE	0.00%	0.03%	0.01%
TC	0.06%	0.01%	0.02%

\* The growth rate used for the Lifepath fund varies through time based on the underlying asset mix

\*\* AMC is paid by employer for active members

**Growth** is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

**AMC** is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

**AAE** are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

**TC** are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual transaction costs for the period 01/01/18 to 31/12/21.

#### The impact of transactional costs and charges on fund values (£)

The 'Before charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

	LifePath Flexi 2064-2066		Aegon BlackRock Cash		Aegon BlackRock World (Ex UK) Equity Index	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	34,506	34,487	33,352	33,340	34,829	34,819
3	50,176	50,105	45,999	45,956	51,489	51,452
5	66,755	66,609	58,581	58,499	69,563	69,486
10	112,448	112,011	89,853	89,635	121,574	121,334
15	164,756	163,853	121,038	120,639	184,707	184,186

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	LifePath Flexi 2064-2066		Aegon BlackRock Cash		Aegon BlackRock World (Ex UK) Equity Index	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
20	224,426	222,844	152,355	151,731	260,907	259,950
25	292,279	289,768	184,017	183,130	352,436	350,844
30	369,220	365,482	216,237	215,050	461,925	459,438
35	456,244	450,929	249,224	247,703	592,428	588,718
40	554,447	547,145	283,189	281,301	747,490	742,144
42	597,123	588,897	297,097	295,054	817,293	811,152

### Deferred member illustrations

#### Fund transactional charges and costs total (%)

	LifePath Flexi 2064-2066	Aegon BlackRock Cash	Aegon BlackRock World (Ex UK) Equity Index	Aegon BlackRock Property Fund
Growth (above inflation)	-1.90% to 3.00%*	-1.90%	3.00%	1.97%
AMC	0.41%	0.40%	0.40%	0.98%
AAE	0.00%	0.03%	0.01%	0.00%
TC	0.06%	0.01%	0.02%	0.02%

\* The growth rate used for the LifePath fund varies through time based on the underlying asset mix

**Growth** is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

**AMC** is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

**AAE** are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

**TC** are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on actual transaction costs for the period 01/01/18 to 31/12/21. Negative transaction costs have been treated as zero in this illustration.

#### The impact of transactional costs and charges on fund values (£)

The 'Before charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

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	Lifepath Flexi 2064-66 (BLK)		Aegon BlackRock Cash (BLK)		Aegon BlackRock World (Ex UK) Equity Index (BLK)		Aegon BlackRock Property	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	27,540	27,411	26,487	26,371	27,783	27,664	27,513	27,239
3	28,653	28,251	25,490	25,156	29,418	29,041	28,568	27,724
5	29,810	29,118	24,531	23,997	31,149	30,486	29,664	28,218
10	32,913	31,402	22,287	21,328	35,935	34,423	32,592	29,490
15	36,338	33,865	20,249	18,955	41,457	38,867	35,808	30,820
20	40,121	36,521	18,397	16,847	47,827	43,886	39,341	32,210
25	44,296	39,386	16,714	14,973	55,176	49,552	43,223	33,662
30	48,907	42,475	15,186	13,308	63,654	55,950	47,489	35,180
35	53,997	45,807	13,797	11,828	73,435	63,174	52,175	36,767
40	59,617	49,400	12,535	10,512	84,719	71,331	57,323	38,425
42	62,026	50,914	12,063	10,028	89,704	74,882	59,522	39,109

### About the illustrations (assumptions) for active and deferred members

Current age is 23 and retirement age is 65. This is based on the age of the youngest person in the scheme.

For active members, current salary is £35,000 and will increase each year by 3.5%.

For active members, future contributions paid will be 20% of the member's salary (£583.33 each month increasing by 3.5% each year in line with assumed salary increases).

The existing fund value for both active and deferred members is £27,000 which based on the median value of the total holdings within the Scheme. This is calculated by listing the total holdings of each member in the Scheme, from the lowest to the highest value and selecting the value in the middle.

We've shown the default LifePath Flexi Investment option that the majority of members invest in for active and deferred members.

For active members, we have also shown the Aegon BlackRock Cash and Aegon BlackRock World (Ex UK) Equity Index funds, in order to be consistent to last year's illustrations, as the AMC for all funds is zero for active members.

For deferred members, the Aegon BlackRock Property fund has been illustrated as the fund with the highest charges and the Aegon BlackRock World (Ex UK) Equity Index as the fund with the lowest charges. We have also shown the Aegon BlackRock Cash, in order to be consistent to last year's illustrations.



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### Investment growth notes for illustrations (assumptions)

The value of investments will grow at a rate appropriate to the funds members are invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) the members are invested in.

The assumed growth rate used for each fund is shown above. This rate is based on Aegon's view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

### Long-Term Net Investment Returns

Regulations introduced in 2021 requires the Trustee to report on the net investment returns for the Scheme's default arrangement and for each fund which Scheme members are, or have been able to, select, and in which members are invested during the Scheme year. Net investment returns refers to the returns on funds minus all transaction costs and charges.

The tables below include the long-term net investment return for the Scheme's default and alternative strategies which have been calculated in accordance with the statutory guidance.

Default strategy (LifePath Flexi)	Annualized returns to 31/12/2021 (%)			
	Active members		Deferred members	
Age of member	1 year	5 years	1 year	5 years
25	21.2	11.7	20.7	11.2
45	17.5	10.4	17.0	10.0
55	13.2	9.0	12.8	8.5

Alternative lifestyle (LifePath Retirement)	Annualized returns to 31/12/2021 (%)			
	Active members		Deferred members	
Age of member	1 year	5 years	1 year	5 years
25	21.1	11.7	20.7	11.3
48*	18.9	10.9	18.5	10.5
55	13.2	9.0	12.8	8.5

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Source: Aegon and Mercer. Performance shown net of all charges and transaction costs. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle, with the weightings as at the ages shown. Performance data for 10, 15 and 20 years were not available, as the scheme does not have more than 5 years of history.

\* There was no performance available for the LifePath Retirement 2040-2042 fund, so the performance shown is of the LifePath Retirement 2043-2045 fund.

The LifePath Capital funds haven't been shown as there are no assets invested in the longer dated LifePath Capital funds.

The table below includes the long-term net investment return for the Scheme's self-select funds:

Self-select fund	Annualized returns to 31/12/2021 (%)			
	Active members		Deferred members	
	1 year	5 years	1 year	5 years
Aegon BlackRock UK Equity Index	18.2	5.5	17.8	5.1
Aegon BlackRock World (ex UK) Equity Index	22.7	13.8	22.3	13.4
Aegon BlackRock Emerging Markets Equity Index	-2.2	7.7	-2.8	7.1
Aegon BlackRock Corporate Bond All Stocks Index <sup>1</sup>	-3.1	3.4	-3.5	3.0
Aegon BlackRock Cash <sup>2</sup>	0.0	0.4	-0.4	0.0
Aegon BlackRock Diversified Growth <sup>3</sup>	4.9	6.2	4.4	5.6
Aegon Property	20.5	7.0	19.5	6.1

Source: Aegon and Mercer.

Performance shown net of all charges and transaction costs.

Performance data for 10, 15 and 20 years were not available, as the scheme does not have more than 5 years of history.

<sup>1</sup> Performance provided by Aegon as gross of fees. Performance shown was calculated after deducting the TER of 0.01%p.a. for active members and 0.41%p.a. for deferred members.

<sup>2</sup> Performance provided by Aegon as gross of fees. Performance shown was calculated after deducting the TER of 0.03%p.a. for active members and of 0.43%p.a. for deferred members.

<sup>3</sup> Performance provided by Aegon as gross of fees. Performance shown was calculated after deducting the TER of 0.05%p.a. for active members and of 0.60%p.a. for deferred members.

### Value for Members

The Trustee is committed to ensuring that members receive good value from the Scheme. The Trustee has assessed the extent to which the charges and transaction costs set out above offer good value for members, and are regularly exploring ways in which to enhance the value received by members of the Scheme. In conjunction with their professional advisers, they undertook a value for members' assessment which covered the following aspects:

- Investment charges for the default and self-select options against comparable alternatives;
- Transaction costs where available;
- Investment performance;
- Other services paid for by members including administration and communication; and

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- Wider features of the Scheme including governance oversight and features paid for by the Company.

The Trustee concluded that the member borne charges represent reasonable to good value for money relative to comparable alternatives. The reasons underpinning this conclusion includes:

- The Belfast Harbour Commissioners pay the AMCs for active members and a “per member” administration fee for all members. Therefore, from the active member’s perspective, the Scheme is offering good value for pricing for all funds.
- Deferred members pay the full TERs. However, the range of target-dated funds, which includes the default investment arrangement, has been assessed as competitively priced when reviewing the fees that deferred members pay. c.96% of Scheme assets are invested in the default LifePath fund range at Scheme year end.
- However, the assessment showed that the fees deferred members pay for the majority of the self-select funds is a potential area to improve value. The Trustee will review this to consider any potential action with the assistance of their investment advisor.
- The vast majority of funds have performed in line with expectations over the 3 year period to 31 December 2021 (i.e. compared against benchmarks and targets), including the target-dated funds.
- However, the Aegon BlackRock DC Property Fund was slightly below its benchmark over the same period.
- The administrators have achieved a quarterly average of 98% on their SLAs (across all SLA processes) in 2021. Where SLAs have not been met, Aegon provide the Trustee with additional information on the cause.
- Although the fees are not borne by members, the membership benefit from the Trustee Board’s oversight and the advice that is provided to them by their advisors, all of which is paid for by the Company.

### Trustee knowledge and understanding

#### Requirements

The Pensions (Northern Ireland) Order 2005 requires individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustee to exercise the function in question.

The Trustee is also required to explain how its combined knowledge and understanding, together with the advice which is available to them, enables it properly to exercise its functions as Trustee of the Scheme.

The Trustee Directors must also be conversant with the Scheme’s own documentation, including the trust deed and rules and statement of investment principles. The Trustee Directors must also be conversant with any other document recording current policy relating to the administration of the Scheme generally. The Pensions Regulator interprets ‘conversant’ as having a working knowledge of those documents such that the Trustee is able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustee. In addition, Trustee is also required to have a knowledge and understanding of the law relating to trusts and pensions.

#### How the Trustee has met these requirements

Face to face training with advisers is arranged for the onboarding of new Trustee Directors. Two new Trustee Directors were appointed during the Scheme year. Topics covering the role of a trustee, trustee knowledge and understanding, the Pensions Regulator requirements, legal framework, funding,

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investment, covenant, effective trusteeship and good governance were covered as part of the wider Scheme management session led by the actuarial and investment consulting teams in September 2021.

The Trustee board normally undertake a formal training day on an annual basis to ensure they are up to date with pension's legislation and current issues in pensions that affect the Scheme. The agenda for the annual training day is set following consideration of training requirements and discussions with advisers. The 2021 training discussed DC investments, the new Governance Code and DWP small scheme consolidation including Master Trusts.

The Trustee board undertook a number of additional activities during the year that involved giving detailed consideration to pensions, trust law and wider pension issues/developments. These were largely undertaken during the course of the Trustee meetings. For example, during the course of the Scheme year the Trustee:

- Undertook training about the new Chair's Statement disclosures on net investment returns provided by the investment consultant. Since 1 October 2021 trustee of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.
- Undertook training provided by their investment consultant on TPR's Consolidated Code of Practice, with information about what are the Pension Regulator's expectations regarding climate change.
- Was given training by the investment consultant on the new "holistic" value for members assessments for plans with less than £100m in assets. From year end after 31 December 2021, Trustees of DC and DB/DC hybrid schemes with total assets of less than £100m should prepare a 'holistic' Value for Members assessment that covers costs and charges, net investment returns and governance and administration
- Considered updates from their investment advisors on new requirements in relation to the SIP, the CMA investment advisor objectives and assessment and the requirement on the SIP Implementation Statement.

In addition, the Trustee undertakes regular training on an ad-hoc basis to obtain the required knowledge and understanding of pensions and trust law. The Trustee receives professional advice from Mercer and Pitmans LLP (legal advisers) to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules.

The Trustee is conversant with, and has demonstrated a working knowledge of the Trust Deed and Rules, the current Statement of Investment Principles ('SIP'), as well as knowledge of all documents setting out the trustee's compliance. If there are any ambiguities over the interpretation of the Rules and Scheme documentation legal advice is sought from the Scheme's legal advisers.

The Trustee undertook a number of activities during the year relating to the Scheme's documentation, including:

- A project on the consolidation of the Rules of the Scheme with the assistance of their legal advisers. This project is currently ongoing.
- An update of the SIP was undertaken in January 2021. This captured the change in the Scheme's default arrangement, from an investment strategy targeting annuity purchase at retirement to an investment strategy targeting income drawdown. This change to the default was made in December 2020.

Based on the actions set out in this section, taken individually and as a Trustee body, and the professional advice available to them, the Trustee considers that they have sufficient skills and resources to properly exercise their function as a Trustee.

## BELFAST HARBOUR COMMISSIONERS' PENSION SCHEME

### Chair's declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1997 (Northern Ireland) as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (Northern Ireland) (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee of the Scheme.

Signature:

Deborah Lange

Name:

DEBORAH A LANGE

Chair of the Belfast Harbour Commissioners Pension Scheme

Date:

28-7-22