

Prudential Corporate Pensions Trustee Limited

Chair's Governance Statement

For the period from 6 April 2020 to 17 March 2021



PCPTL Chairman's introduction

Dear Member

It has been my great pleasure to serve as your Chairman, and I am grateful for the support of all colleagues, and particularly for delivering the successful wind up of the Plans. I would also like to mention the fantastic work and support of past and present directors.

It should be noted that the contents of this statement refers to the period when our members had benefits within one of the Plans. At the point of signing this statement, all benefits have been transferred into policies in the individual names of our members, therefore for contextual reasons, the term "members" refers to the policy holders who were previously members of one of the Plans.

I am sure that you will continue to experience high standards with Prudential now that your benefits have been transferred in to your own name. However if you have any questions or concerns about their new policy, please either refer to the documentation you will have received from Prudential or contact them on the number provided. Contact details can also be found on their website – pru.co.uk.

Yours faithfully

John Nestor

John Nestor

Chairman, Prudential Corporate Pensions Trustee Limited (PCPTL)

Date 17 March 2021

Contents

1. Why we publish a Governance Statement	4	Appendix B – How internal controls (audits) were assessed	16
2. How we kept an eye on your investment funds	5	Appendix C – Fund costs and charges	17
3. How we made sure you were getting value	6	Appendix D – Transaction Costs (at September 2020)	19
4. How we checked on processes and systems	8	Appendix E – Effect of costs and charges	21
5. We welcome feedback	10	Appendix F – Our Implementation Statement (IS)	29
6. Membership of the trustee board	11	Appendix G – Our Statement of Investment Principles (SIP)	39
7. List of Special Terms	12		
Appendix A – The directors of Prudential Corporate Pensions Trustee Limited and what they know and understand	14		

1. Why we publish a Governance Statement

We are the directors of the trustee board who have looked after your retirement savings when you were a member of one of the Plans, and we made sure it was managed properly. This is the final Governance Statement as the Plans are now wound up. We have worked over the years to protect your interests, making sure you received good value from your Plan membership. You can find out more about the directors at Appendix A.

We have looked after these three Plans:

- The Prudential Money Purchase Masterplan
- The Prudential Contracted-out Money Purchase Masterplan
- The Prudential Group Pension Savings Plan

All three used the same systems and processes, so we've grouped them together for our Governance Statement. We've made sure that the statement is in line with regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996. We also use the guidance published by The Pensions Regulator (TPR) to understand TPR's expectations of what we tell you about your Plan.

How we checked on the Plans we look after

We looked into:

- the systems these Plans are held on
- the rules and guidelines around how they're administered

We took into account the size and structure of each Plan, and assessed matters in a way that was reasonable and proportionate.

We have also worked with the Prudential's Independent Governance Committee (IGC)

The IGC has helped us over the years assess whether you were getting good value from your Plan. We worked together under the terms of a Memorandum of Understanding (MoU). This MoU was dissolved in September 2020 due to the impending wind up. More information on the IGC can be found in the list of special terms on page 12.

We publish this Governance Statement once a year

As previously mentioned, this will be the last statement we publish. This is to let you know how we've looked after your Plan and whether we think you got value from membership of the Plans. This statement covers the period from 6 April 2020 to 17 March 2021, the date of formal windup.



2. How we kept an eye on your investment funds

We produced a Statement of Investment Principles (SIP), which sets out how Prudential makes decisions about investments. Apart from a difference in the way in which the with-profits fund operates for The Prudential Group Pension Savings Plan, the investment funds and options available are the same for all three Plans we looked after, therefore we produced a single SIP. A copy of our SIP is attached at Appendix G. We last reviewed the SIP on 23 September 2020.

Since our last report was published, the requirements have changed and we now also include a new document, called an Implementation Statement (IS), which is designed to set out how, and the extent to which, we believe the SIP has been followed during the scheme year from 6 April 2020 to the point the Plans will be wound-up. A copy of the IS can be found at Appendix F.

How we analysed your investment returns

- We worked out the investment return after all transaction costs and fees were taken off.
- We have worked with Prudential's IGC to check samples of the default investment options on a regular basis.
- We regularly received reports detailing the investment performance of all available funds on a quarterly basis.
- We assessed the long-term performance of funds against a benchmark of the Consumer Price Index (CPI) plus 3% growth (after charges) measured over a rolling five-year time period. It is worth noting that not all asset classes are capable of meeting this growth benchmark (cash investments for example) so there are internal benchmarks used for each asset class. However this CPI plus 3% provided us with a good standard assessment of long-term performance for most funds. We believe that the default investment options we used for the Plans were capable of meeting this investment outcome.

We made sure that Prudential has good controls around your investment funds

We call this fund governance, and it's to make sure that any investment funds are operated fairly for our members. We kept a close eye on both default and non-default (self-selected) investment funds by checking how Prudential manages them. We also checked on the processes followed when Prudential changes or decided to close a fund or funds. Prudential's reports to us, and our combined expertise, meant we were able to effectively assess the fund governance and monitoring processes.

We confirm that Prudential's processes and controls are good.

Review of default arrangements and the wider fund range

The last review of the default arrangement and wider fund range was undertaken in 2019. Following this review the fund range was standardised and the Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options became the default investment strategy.

As the Plans are now wound up, no further work on the default investment option is required.

We believe that Prudential offered a good range of investment funds for the Plans

We agreed with Prudential that a suitable range of investment funds was made available for the Plans. That includes the default investment option used, but you, as a member, were always able to make your own fund choices from the range available.

You still have a range of investment funds and options

Despite the Plans being wound up, your money is still being invested and you still have options available to you. You should have received information on this separately.

3. How we made sure you were getting value

We regularly looked at investment performance and charges. We also looked at the quality of Prudential's service and communications to ensure you were getting value from membership of the Plan.

We started by looking at investment performance and charges

Good financial outcomes mean a higher retirement income. So we think that the money you make from investment returns, and the charges Prudential takes out, are the most important factors when looking into the value you get from your pension plan.

We tracked the actual performance of your investment returns

We believe that tracking actual performance is important. We gave priority to actual outcomes, as well as looking at predicted returns, for a suitable risk exposure when designing default investment options. Along with the IGC we agreed that the long-term fund performance target for most of the funds available should be 3% more (after charges) than the Consumer Price Index (CPI). If the fund performs at this level and above, then we think members are getting good value. There are some investment funds, designed for use closer to retirement, where the primary investment objective is protecting, rather than increasing, the fund value where this growth target is not appropriate. We consider that the performance of these funds represent good value in respect of their purpose.

We made sure Prudential's charges are good value

You should have been charged no more than:

- 0.75% a year for default fund charges where the Plan was used as a qualifying plan or automatic-enrolment plan
- 1.00% a year for other unit-linked investments

- 1.25% a year for with-profits investments, where additional benefits add extra value for members (we checked with the With-Profits Actuary that the extra value over unit-linked investments is worth paying more for)

A summary of the Annual Management Charges, and Other Charges and Expenses for funds available to our members during the period of this report can be found in Appendix C. Previously, more specific information on costs and charges relating to your Plan could be found on the website: pru.co.uk/trustees/searchschemes/#!/ (by the end of September 2020 the vast majority of benefits had been transferred into individual customer policies).

We have monitored the transaction costs for running your chosen funds

Funds incur transaction costs when a fund's underlying assets are bought or sold by the fund manager. This is necessary to ensure your funds were being managed to deliver the investment returns you should expect. Transaction costs should be incurred at a reasonable and efficient level. During the year, we worked with Prudential and their IGC to ensure transaction costs were calculated and reported in accordance with the statutory guidance. We analysed the detailed transaction cost information provided by Prudential. Transaction costs which applied for the most commonly used funds for the period of this report were:

	Fund Transaction Costs to 30 September 2020 (%)*	Equivalent cost per £10,000 invested
With-Profits	0.11	£11
Prudential Dynamic Growth IV	0.05	£5

* With-profits Transaction Costs to June 2020.

Transaction costs vary by fund type and details can be found in Appendix D. Please note, due to the time it takes for Fund Managers to provide the information required to calculate these costs and for Prudential to then analyse and check the data, we can only currently provide Transaction Costs to September 2020 (June 2020 for With-profits). Prudential continue to have a reporting schedule and the most up to date costs will be reflected on the website as soon as is possible.

We agreed a threshold of 0.3% and asked Prudential for a full explanation if any transaction costs exceeded this level.

Overall we believe that the level of transaction costs incurred were reasonable and in line with what we would expect to see.

Effect of costs and charges

We worked with Prudential to ensure members were able to see the effect of cost and charges, including providing example illustrations of the compounding effect they have on members' retirement savings. Further information on these sample illustrations can be found at Appendix E, however members could previously also find out more information around costs and charges in relation to their own retirement savings at: pru.co.uk/trustees/search-schemes/#/ (by entering enter your employer name or ID number, which you would have found in your Annual Benefit Statement or member literature)

Please note – the illustrative examples provided do not include future contributions to the Plans

Then we looked at processing, complaints and communications

How quickly and accurately Prudential processed your payments is important. We also monitored how many complaints members made, and how well Prudential dealt with them. We concluded we had no issues with the complaints resolution process.

Communications are important too. They should be clear and easy to understand. We've seen that Prudential's communications are continually evolving and they have processes and teams in place looking at communications to provide a consistent and appropriate approach. This is as relevant for the future as it was for while you were a member of these Plans.

Members got good value from their Plan

Over the years we have worked with Prudential to make improvements, but overall we believe our members received good value.

4. How we checked on processes and systems

Prudential told us they had the right systems and processes in place for members. We regularly checked on:

- how members' data and transactions are being handled
- the information Prudential gives our members
- how Prudential communicates with our members
- how long it takes to make a transaction
- the targets for processing these transactions
- feedback from members of the Plans

We used to check on the timely processing of contributions, but stopped when the plans ceased accepting contribution in April 2019.

In addition to the day to day administration there has been an experienced team dealing with the Wind-up of the Master Trust plans including dealing with enquiries and transactions generated by this work.

Prudential used a third-party service provider

This third party managed the administration of the Plans. Prudential has a team dedicated to the oversight of this third-party arrangement and we had direct access to them if required. In addition, we got quarterly updates on service levels which allowed us to spot and monitor any emerging trends or issues, request further information, challenge the timelines etc.

No member lost out from processing delays

When a member provided an instruction to buy, sell or switch an investment, we required assurance that the transaction was completed correctly on the supporting Plan administration system. There was an agreement in place between Prudential and the third-party service providers about when these transactions should be processed. If there was a delay, transactions were backdated to honour the member's original request date.

Financial transactions were dealt with quickly and processed accurately

We had Service Level Agreements (SLAs) in place with our third-party service provider, to ensure transactions were processed in a timely manner (for most transactions this is within 5 working days) and the correct effective date applied. They had a system in place to monitor cases and manually allocate cases for processing to ensure the SLAs are met. They collated information and reports on this process and discussed in their weekly production meeting with Prudential.

We also had access to Relationship Managers within Prudential who can escalate any issues if they arise and take appropriate action, thus ensuring there are no issues which go unresolved.

We got audit reports from Prudential. These told us that transactions were processed in a timely and accurate manner. Some of the most common transactions we looked at were:

- the transfer of payments taken out of Plans
- how they transfer members' money between investment funds
- how payments are taken from the Plans and paid to members

The reports also provided assurance around what steps were taken if something went wrong to ensure our members were not disadvantaged, for example if a transaction was delayed for administrative reasons.

No contributions have been paid into the plans since March 2019, hence there was no information requested or provided on the application of new contributions for the period of this statement.

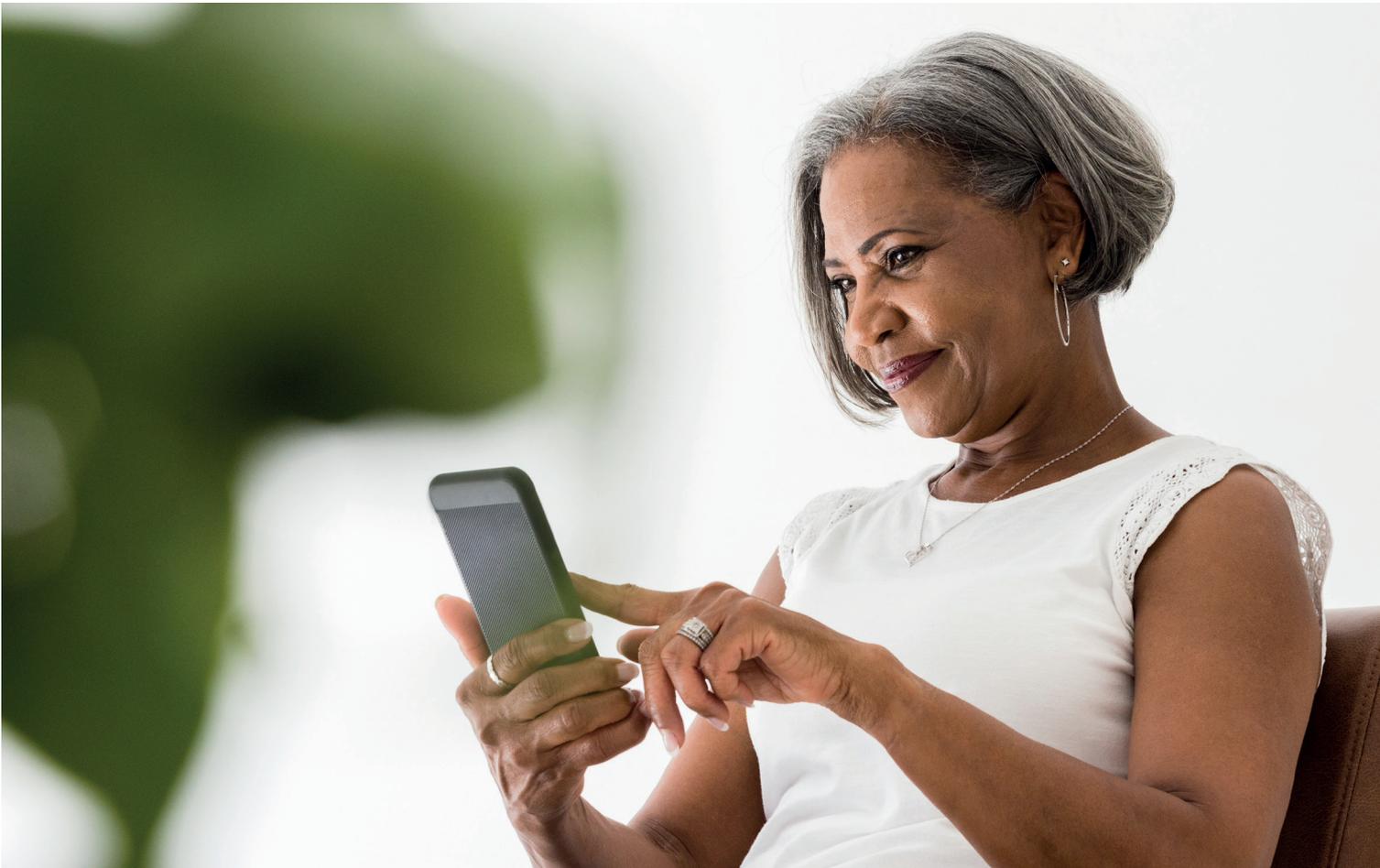
Appendix B provides more information on how our internal controls were assessed.

Quality of member data held

We understood the importance of holding up to date and accurate data about our members. This was especially important during the wind up work, to ensure we could communicate with our members quickly and easily. We received regular updates on data quality from Prudential and the steps put in place to rectify any issues uncovered.

Prudential's administration service level agreements were broadly met

The processes, standards and controls Prudential has in place reduce the risk of any mistakes or delays. The performance of the third-party service provider against the agreed service levels was constantly reviewed and if any issues arose, we would raise these with Prudential. There were no issues raised in the period this statement covers.



5. We welcome feedback

Feedback helped us to review how we look after our members. Day to day, and regular communications to our members, were looked after by Prudential on our behalf. A significant amount of communications were issued to members regarding the intention to wind-up and the options available to members. Prudential reported back on a regular basis on any complaints received by them resulting from these communications and the day to day activity.

We still welcome direct feedback from our former members and encourage you to give us this, including comments on this report. Details on how to get in touch can be found on our web page on pru.co.uk/employers/autoenrolment/pcptl/

Please make sure you make it clear in your communication that your feedback is for us, so Prudential can ensure it is routed correctly.

We also got feedback from Prudential

That's any feedback Prudential got outside of their normal communications with members. This included information on Net Promoter Scores, which is an industry measure on customer experience and satisfaction.

Prudential gave Plan members good opportunities to give feedback

We're happy with the measures Prudential took to give members (and their representatives) the opportunity to feedback to us. There were opportunities on our website and other points of contact to give Prudential feedback, and having reviewed this we confirm we believe they were appropriate for the size and nature of the membership of these Plans.

6. Membership of the trustee board

The Plans were “master trusts”. By law, the majority of the trustee directors (including the Chair) must be “non-affiliated” i.e. they must have had no affiliation to Prudential or to any organisation which provides advisory, administration, investment or other services to the Plans. This is also known as being “independent”.

The directors, who served during the period of this, were:

	Trustee Directors Status
John Nestor	Chair, Non-affiliated
Lawrence Churchill, CBE	Non-Affiliated – Resigned 28 April 2020
Jennifer Owens	Affiliated – employee of Prudential
Bruce Rigby	Non-Affiliated

We have a terms of reference (PCPTL still exists as an entity, but our relationship as Trustees of these Plans ended with wind-up), reviewed annually, which lays out the conditions for our membership and reflects the requirements of the law. Following the triggering of Wind-up, the Board terms of reference were reviewed and the number of directors required to constitute the Board was reduced to a minimum of three trustee directors, the majority of whom (including the Chair) are non-affiliated.

All Directors were required to notify Prudential of other appointments in advance of taking up the appointment so that Prudential could consider whether this could represent a conflict of interest or affect their non-affiliated status. Directors were required to disclose any conflicts of interest in respect of the business at each meeting.

Non-affiliated directors are not employed by Prudential, and brought an independent, external view on how Prudential managed the Plans and your investments.

To ensure this independence was maintained in meetings or when making decisions, they only occurred when we had at least two directors present, the majority of which were non-affiliated (this is referred to as being quorate).

This was to make sure that all of our assessments were fair and impartial. We have met with this requirement during the period covered by this Statement.

Biographies of the current directors, and information on what we know and understand about the Plans, and pensions in general, are contained in Appendix A.

7. List of Special Terms

Some of the terms used in this statement have special meanings. Some are technical terms, so to help you understand we've explained them in more detail here.

Annual Management Charge (AMC)	Prudential take an Annual Management Charge (AMC), from each of the funds you invest in, for looking after your investment. These cover the costs of managing the investment. Prudential explain charges in more detail in the Annual Benefit Statement and in other communications they send to our members
Automatic enrolment Plans (also known as automatic enrolment schemes)	Automatic-enrolment plans are plans which employers use to meet their automatic enrolment requirements. Employers using these plans have to make sure that their employees are automatically entered into the pension plan when they meet the eligibility criteria. There are minimum contribution requirements for both the overall contribution, and for the contribution made by the employer.
Communications	Are any letters or information that Prudential sends members (or their beneficiaries) about their Plan. It also relates to the information provided on pru.co.uk.
Consumer Price Index (CPI)	The Consumer Price Index (CPI) is a measure of inflation. It is the current measure used by the UK government. It gives us an idea of by how much plans should grow to keep up with inflation.
Default investment fund	If Plan members don't choose the funds they want to invest in, employers can decide where to invest their money for them. Employers can use a default investment option to invest their employees' money. This is usually a lifestyle strategy. With lifestyling, funds are gradually switched to help align the funds' investment risk with how the member proposes to use their savings as they get closer to retirement.
Glidepath	This is a period of time approaching a member's expected retirement date during which investments in a lifestyle strategy are automatically switched into other funds to help align the funds' investment risk with how they propose to use their savings at retirement. These switches are made on a monthly basis, gradually changing the fund mix as the Plan member moves closer to retirement.
Independent Governance Committee (IGC)	The Prudential Independent Governance Committee (IGC) was set up to keep an eye on Prudential's workplace pension arrangements. They look after Prudential's pension plans set up under group personal pension and group stakeholder schemes.
Non-default investment fund	Any fund that Plan members can choose for themselves
Other charges and expenses (OCEs)	In addition to our AMC, there may be other costs and expenses incurred. These include costs associated with managing property investments, and fees in respect of audits, custody, registrars and stock lending, and where appropriate, performance fees. Where these other charges and expenses apply, they are paid by the fund and will impact on the overall performance.
Plan year	This runs from 6 April to 5 April each year. This statement covers the Plan year from 6 April 2019 to 5 April 2020.

Prudential	'Prudential' is a trading name of The Prudential Assurance Company Limited and is the Plans' provider.
Qualifying plans	Employer pension schemes that are being used by the employer as an alternative to an automatic enrolment scheme for some or all of its eligible employees. It meets the same minimum contribution requirements as an automatic enrolment scheme (the 'qualifying criteria'). This is covered in legislation. It differs from an automatic-enrolment plan because it does not have provisions for the automatic enrolment of eligible employees at the point that they meet the automatic enrolment eligibility conditions.
The Pensions Regulator (TPR)	TPR regulates all UK workplace pension schemes, like the Plans we have spoken about in this report. It's a UK public body, set up in accordance with UK law.
Transaction costs	The costs from buying, selling, lending or borrowing investments.
We, us, our	We're the Directors of Prudential Corporate Pensions Trustee Limited (PCPTL).
With-Profits	A with-profits fund is a pooled investment where payments from all investors are added together and invested across a wide range of investments types. Plan members get their share of any profits by getting bonuses added to their pension savings.

Appendix A – The directors of Prudential Corporate Pensions Trustee Limited and what they know and understand

We needed to know what we're talking about in order to be the trustees, so we could make sure Prudential looked after your Plan the way they should.

We identified the key skill sets needed for us to oversee the operation of the Plans effectively. Our individual expertise in our areas of specialism, together with our collective industry knowledge, meant that as a Board we have these key skill sets. New appointments were historically made taking account of the knowledge and experience needed to maintain this collective expertise.

Industry knowledge and professional qualifications:

John Nestor, Non-affiliated Chairman

John has considerable expertise in investment strategy and asset management, and therefore understands how well, and how reliably your pension fund should grow. In addition, he is a Client Director of Capital Cranfield Pensions Trustees Limited and a Non-Executive Director of LGPS Central Limited.

John is chair of trustees for Marylebone Cricket Club (MCC) Pension Scheme, and a trustee of the Royal Automobile Club Staff Pension Scheme (resigned 5th February 2021).

He was managing director of both UBS Global Asset Management and Citigroup Asset Management.

Bruce Rigby, Non-affiliated Director

Bruce Rigby is an actuary by profession and spent most of his career with Mercer. Originally a pension consultant, Bruce fulfilled many management roles including President of the company's global retirement business.

Following his retirement, Bruce has taken on a number of non-executive and trustee roles. In addition to being chair of Prudential Assurance Company's Independent Governance Committee, he is chair of the R S Macdonald Charitable Trust, chair of the trustee boards of the MMC UK and JLT pension funds, and a non-executive director of Mercer Global Investments Europe

Jennifer Owens, Prudential Employee / Director

Jennifer joined Prudential as General Counsel UK & Europe in August 2017 and is currently Deputy General Counsel for the M&G PLC Group.

Jennifer started her career at Herbert Smith, an international law firm, advising corporates and banks on finance and banking matters, followed by over 20 years' experience in financial services. Her expertise includes corporate transactions in the UK and internationally, managing regulatory relationships, and advising on corporate governance matters, in both public and private companies.

She spent nine years at GE Capital, including leading the legal team for M&A transactions across Europe, and as Legal and Compliance Director of the UK consumer finance business. She has held senior legal, compliance and governance roles at Towergate Insurance, investment bank and fund manager Execution Noble, and William Hill plc.

We know about any laws around pensions, investments and trusts and training

In addition to our Industry experience we continue our training to ensure we remain up to date. We learn everything we can about:

- the information The Pensions Regulator (TPR) publishes
- any new Prudential training
- seminars and conferences about pensions

Prudential provided a Business Update at each of our meetings, highlighting topical issues and relevant publications. We also have a library of useful information which Prudential maintain for us and advise us when the information available has been updated.

Prudential maintain a training guide regarding the material available to directors. A formal training log is also kept to provide a record of any relevant training or learning undertaken. Over 255 hours of training were logged by the directors during the period of this report. We commit to keeping this log up to date and we have this as a standing agenda item at each meeting, to serve as a reminder to the directors of the importance of this matter.

On-going training along with the annual PCPTL effectiveness review helps us to identify and address any training gaps. An effectiveness review was undertaken last year. Any items identified were discussed by the Board and action taken, where appropriate.

We knew about the Plan's provisions

We had access to, and understood, the governing literature for the Plans, including:

- Rules for each of the Plans
- The Statement of Investment Principles
- How the policies worked and the underlying terms and conditions

Although the Plans are now wound up, we had to fully understand how the policies worked so we could ensure that Prudential did the right thing for all our members. Legal opinion was sought by both Prudential and ourselves to help us proceed in the correct manner. Prudential has shared the advice they have had, both from the Prudential legal team and external legal opinion.

We have all got lots of experience in UK pensions

And each of us is an expert in our field. Together, we have an in-depth knowledge of how pensions should be managed and looked after by providers.

Prudential provided support

We are able to use both the technical and legal support of Prudential as and when we need to. They have kept us up to date with current legislative changes. Also Prudential had a good knowledge of the Plan rules and the terms and conditions.

We received support from other areas as well in relation to these Plans. For instance:

- A Plan manager, Steve Young. The board of directors of Prudential Corporate Pensions Trustee Limited appointed a plan manager, Steve Young, who acted on its behalf. He supported the trustees in making sure the plan was run in line with the terms of its trust deeds and rules – and the law.
- Legal advisers to the Plans: Prudential UK Group Legal and Hogan Lovells.
- And an auditor: KPMG.

We did a good job as your trustees

We met at least every two months, with further informal meetings held with Prudential on key issues as and when required, allowing us to discuss matters and take forward any actions in a timely manner. We used a business calendar so that we could ensure that the appropriate matters were discussed at the right time, and that our workload was spread evenly across the year.

Our combined expertise as pension experts in our own right, coupled with regular interaction with Prudential and other external industry experts and our ongoing training commitment, enabled us to keep aware of pension developments and to act properly as trustees to look after our members' best interests.

Appendix B – How internal controls (audits) were assessed

The last contributions paid into the Plans were in March 2019. This followed the decision to wind up the Plans.

What Prudential did to keep an eye on internal controls

Prudential regularly checked on everyone involved in administering the Plans. And they did regular audits to check that everything worked the way it should.

We think Prudential did a good job of maintaining its risk-based processes and everything they have done is in line with TPR's requirements.

What we did to keep an eye on Prudential's standards

We asked for regular reports on how they monitored and audited the administration of Plans to decide if they were meeting the right standards for Plan members. We made sure they looked after your investment funds properly and that their processes and systems worked the way they should.

They also let us know about the main service providers that administer the Plans. We looked over the formal agreements they made with any third party service provider.

We also asked for independent, external audits

These are sometimes required by law. External audits in the past have told us that Prudential's processes were able to pick up any late payments as well as any underpayments, but as no further contributions are being received this audit was not required this year.

What if an audit found any issues with Prudential?

Prudential would have got in touch with any employers and members that were affected to tell them about the issue and how they planned to put it right. Sometimes the Plan Manager would then have told TPR. And we'd report all of this in our Governance Statement, although as we have already stated, we had nothing to report during for the period this statement covers.

Appendix C – Fund costs and charges

The fund costs and charges information covers Annual Management Charges (AMC) and Other Charges and Expenses (OCEs) for the period 6 April 2020 to 17 March 2021. These figures are produced quarterly therefore we have provided the most up to date available, which is to 31st December 2020.

The AMC and OCEs you experienced varied depending on your individual employer arrangement. As well as being detailed on your Annual Benefit Statement, you could find out the charges applicable to your own retirement savings by going to: pru.co.uk/trustees/search-schemes/#/ (where prompted, you would have entered your scheme name (this would have been the name of your employer) or your scheme ID which you would have found on your Annual Benefit Statement in the member details section.

If you were invested in With-Profits, charges are applied in a different way to unit linked funds.

More information on how costs and charges are applied to with profits investments for these Plans could be found by checking your own specific scheme by following the URL noted above.

Funds and their associated AMC when used in a default arrangement for Period 6 April 2020 to 17 March 2021		
Fund Name	AMC/AMC Range	OCEs
Prudential BlackRock Aquila All Stocks Corporate Bond Index S3	0.33%	0.00%
Prudential BlackRock Aquila Emerging Markets Equity S3	0.50%	0.00%
Prudential BlackRock Aquila UK Equity Index S3	0.32%	0.00%
Prudential BlackRock Aquila World ex-UK Equity Index S3	0.33%	0.00%
Prudential Cash S3	0.41%, 0.65%, 0.72% or 0.75%	0.00%
Prudential Dynamic Growth II S3	0.34% or 0.72%	0.01%
Prudential Dynamic Growth IV S3	0.34%, 0.42% or 0.72%	0.01%
Prudential Index-Linked Passive S3	0.35%	0.01%
Prudential Long-Term Bond S3	0.65%	0.01%

Funds available and their associated AMC when used outside a default arrangement for Period 6 April 2020 to 17 March 2021		
Fund Name	AMC/AMC Range	OCEs
Prudential All Stocks Corporate Bond S3	0.44% to 0.75%	0.01%
Prudential Baillie Gifford Diversified Growth S3	0.85%	0.00%
Prudential Baillie Gifford Global Stewardship Fund S3	0.65% to 0.69%	0.00%
Prudential Baillie Gifford UK Equity Core Fund S3	0.65% to 0.69%	0.00%
Prudential BlackRock Aquila All Stocks Corporate Bond Index S3	0.33% to 0.75%	0.00%
Prudential BlackRock Aquila Consensus S3	0.33% to 0.42%	0.00%
Prudential BlackRock Aquila Emerging Markets Equity S3	0.50 to 0.59%	0.00%
Prudential BlackRock Aquila Over 15 Years UK Gilt Index S3	0.32% to 0.72%	0.00%
Prudential BlackRock Aquila UK Equity Index S3	0.32% to 0.75%	0.00%
Prudential BlackRock Aquila World ex-UK Equity Index S3	0.33% to 0.75%	0.00%

**Funds available and their associated AMC when used outside a default arrangement for Period
6 April 2020 to 17 March 2021**

Fund Name	AMC/AMC Range	OCEs
Prudential BlackRock Ascent Pacific Rim Equity S3	0.35% to 0.44%	0.00%
Prudential Cash S3	0.35% to 0.75%	0.00%
Prudential Discretionary S3	0.44% to 0.75%	0.03%
Prudential Dynamic Global Equity Passive S3	0.33% to 0.64%	Launched < 1 year
Prudential Dynamic Growth I S3	0.34% to 0.72%	0.01%
Prudential Dynamic Growth II S3	0.34% to 0.72%	0.01%
Prudential Dynamic Growth III S3	0.34% to 0.72%	0.01%
Prudential Dynamic Growth IV S3	0.34% to 0.72%	0.01%
Prudential Dynamic Growth V S3	0.34% to 0.72%	0.01%
Prudential Europe Equity Passive S3	0.34% or 0.35%	0.07%
Prudential Fixed Interest S3	0.44% to 0.75%	0.01%
Prudential Global Equity S3	0.44% to 0.75%	0.01%
Prudential HSBC Islamic Global Equity Index S3	0.55% to 0.90%	0.00%
Prudential Index-Linked Passive S3	0.34% to 0.65%	0.01%
Prudential Index-Linked S3	0.44% to 0.75%	0.01%
Prudential International Bond S3	0.44% to 0.75%	0.01%
Prudential International Equity	0.44% to 0.75%	0.01%
Prudential Japan Equity Passive S3	0.34% or 0.35%	0.06%
Prudential LGIM Ethical Global Equity Index	0.55% to 0.64%	0.00%
Prudential LGIM Ethical UK Equity Index S3	0.44%	0.00%
Prudential Long Dated Corporate Bond S3	0.44% or 0.45%	0.01%
Prudential Long-Term Bond S3	0.34% to 0.65%	0.01%
Prudential Long-Term Growth Passive S3	0.34% to 0.65%	0.03%
Prudential Long-Term Gilt Passive S3	0.34% to 0.65%	0.01%
Prudential North American Equity Passive S3	0.34% or 0.35%	0.01%
Prudential Overseas Equity Passive S3	0.34% to 0.65%	0.04%
Prudential Pacific Basin ex-Japan Equity Passive S3	0.34% or 0.35%	0.05%
Prudential Positive Impact Fund S3	0.44% to 0.75%	Launched < 1 year
Prudential UK Equity Passive S3	0.34% to 0.65%	0.01%
Prudential UK Equity S3	0.44% to 0.80%	0.01%
Prudential UK Property S3	0.44% to 0.80%	0.53%
Prudential UK Smaller Companies S3	0.44% to 0.55%	0.01%

Appendix D – Transaction Costs (at September 2020)

	Annualised 1 year transaction costs
Prudential All Stocks Corporate Bond S3	0.08%
Prudential Baillie Gifford Diversified Growth S3	0.69%***
Prudential Baillie Gifford Global Stewardship Fund S3	0.14%
Prudential Baillie Gifford UK Equity Core Fund S3	0.12%
Prudential BlackRock Aquila All Stocks Corporate Bond Index S3	0.06%**
Prudential BlackRock Aquila Consensus S3	0.00%
Prudential BlackRock Aquila Emerging Markets Equity S3	0.00%**
Prudential BlackRock Aquila Over 15 Years UK Gilt Index S3	0.04%
Prudential BlackRock Aquila UK Equity Index S3	0.02%**
Prudential BlackRock Aquila World ex-UK Equity Index S3	0.05%**
Prudential BlackRock Ascent Pacific Rim Equity S3	0.08%
Prudential Cash S3	0.00%**
Prudential Discretionary S3	0.17%
Prudential Dynamic Global Equity Passive	Launched < 1 year – don't yet have annualised data
Prudential Dynamic Growth I S3	0.14%
Prudential Dynamic Growth II S3	0.09%**
Prudential Dynamic Growth III S3	0.23%
Prudential Dynamic Growth IV S3	0.05%**
Prudential Dynamic Growth V S3	0.08%
Prudential Europe Equity Passive S3	-0.05%
Prudential Fixed Interest S3	-0.22%
Prudential Global Equity S3	0.08%
Prudential HSBC Islamic Global Equity Index S3	0.02%
Prudential Index-Linked Passive S3	-0.02%**
Prudential Index-Linked S3	0.18%
Prudential International Bond S3	-0.31%
Prudential International Equity	0.23%
Prudential Japan Equity Passive S3	0.12%
Prudential LGIM Ethical Global Equity Index	0.01%
Prudential LGIM Ethical UK Equity Index S3	0.00%
Prudential Long Dated Corporate Bond S3	0.30%
Prudential Long-Term Bond S3	0.15%
Prudential Long-Term Growth Passive S3	0.05%
Prudential Long-Term Gilt Passive S3	-0.02%

	Annualised 1 year transaction costs
Prudential North American Equity Passive S3	-0.07%
Prudential Overseas Equity Passive S3	0.09%
Prudential Pacific Basin ex-Japan Equity Passive S3	0.05%
Prudential Positive Impact Fund S3	Launched < 1 year – don't yet have annualised data
Prudential UK Equity Passive S3	0.07%
Prudential UK Equity S3	0.00%
Prudential UK Property S3	0.00%
Prudential UK Smaller Companies S3	0.05%
With-Profits OBMG	0.11%*

Key

* With-profits Transaction Costs to June 2020

** this indicates that this fund was used as part of a default investment strategy

*** despite this being above the tolerated threshold as explained earlier in the report, no members were invested in this fund at September 2020

Note – Members were also able to check the Cost and Charges section of the website for details of the Transaction Costs for each fund but on a slightly different basis – the website showed a 5 year average and was updated over time, whereas this statement has used the most up to date Transaction Costs available for the period the statement covers. You were able to check this for your own specific scheme:

pru.co.uk/trustees/search-schemes/#/ Where prompted, enter your scheme name (this would have been the name of your employer) or your scheme ID which you would have found on your Annual Benefit Statement in the member details section.

Appendix E – Effect of costs and charges

The Department of Work & Pensions (DWP) introduced new requirements which came into effect from 6 April 2018 around the disclosure and publication to members of information relating to costs and charges.

The purpose of the DWP requirements is to ensure scheme members can assess whether the funds they are invested in offer good value and if they will meet their retirement needs. We considered the statutory guidance from DWP in producing both this statement and the illustrations which demonstrate the monetary effect of cost and charges. **Please note** – this is only relevant to the period covered by this statement. As your benefits are now assigned to yourself, these requirements no longer apply.

Prudential has collated the relevant product and fund charges information in line with the DWP's requirements and this information was also available at pru.co.uk/trustees/search-schemes/#/ (if you entered your scheme name (this would have been the name of your employer) or your scheme ID which you would have found on your Annual Benefit Statement in the member details section.

Illustrating the effect of costs and charges

The aim of the illustrations outlined is to show you an example of how costs and charges can affect returns on investment funds.

The figures in the tables provided are just examples and are not guaranteed – they are not minimum or maximum amounts that you might expect to get back with the level of investment shown. All of the figures included have been calculated as August 2020 (this date is set by Prudential as the annual review date of this information).

As the prices of everyday things go up, your money won't stretch as far as the same amount would now. This is called inflation. The figures have been adjusted to allow for inflation using an assumed inflation rate of 2.5% per year. Actual inflation could be more or less than this.

What you might get back from your investment depends on a number of factors, including:

- how much is paid in
- how long investments are held for
- charges and costs
- performance of the investment

Within the illustrations, we show the annual costs as an average of the expected costs which apply over the term of the investment. You will see both the costs and the growth figures clearly shown in the table. More information on the funds you can invest in is available at pru.co.uk/funds/ but please remember that these are for your investments in these Plans before they were wound up.

The charges and costs you pay for funds would have varied depending on your scheme conditions. Prudential might also change charges in the future. The value of investments can go down as well as up, so you might get back less than you put in.

For With-Profits funds the actual percentage charged depends on the performance of the With Profits Fund and may vary over time. These charges cover the costs of any expenses, any profits, implicit costs and other adjustments.

Lifestyling is an investment strategy which provides automatic switching of pension savings into another fund, or funds which generally have a lower risk profile, as members get closer to their planned retirement age. In the illustration tables, we show an example of a lifestyle option in the first column. You can find out more information on lifestyling at pru.co.uk/lifestyling

The fund(s) we have shown have been chosen to cover a range of funds with different investment strategies, realistic potential growth rates and costs. This is to give a good idea of how costs can affect returns and is not intended as a recommendation. Different funds have different charges and costs which we have reflected in our projections.

Please note, we developed illustrative examples relevant for each of the three Plans, giving specific consideration to the Annual Management Charges,

Further Charges and Transactions Costs applied, and funds available to ensure that the examples provided are as relevant as possible to when you were a member of your scheme. In total, there are seven illustrative examples outlined below, as follows:

- 4 illustrations for The Prudential Money Purchase Masterplan
- 2 illustrations for The Prudential Contracted-out Money Purchase Masterplan
- 1 illustration for The Prudential Group Pension Savings Plan

This range of illustrations reflects the multi-employer nature of the Plans, with different investment options and commercial arrangements that were used by different employers.

For further information on the illustrative example applicable for your scheme, members could check pru.co.uk/trustees/search-schemes/#/. Where prompted, enter your scheme name (this would have been the name of your employer) or your scheme ID which you would have found on your Annual Benefit Statement in the member details section.

Illustrative Examples

1. The Prudential Money Purchase MasterPlan

Projected pension pot values in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £8,000
- No regular contributions
- The term of the investment is from age 25 to age 65

Projected pension pot in today's money (£s)

	Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options		Prudential With-Profits Fund		Prudential S3 Cash		Prudential S3 International Bond Series 3		Prudential S3 UK Property	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Growth rates*	2.18%		3.29%		-2.25%		-2.07%		1.93%	
Yearly costs	0.84%		1.37%		0.75%		-0.06%		1.71%	
End of year	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	8,160	8,100	8,250	8,140	7,820	7,760	7,830	7,840	8,150	8,010
3	8,520	8,300	8,790	8,450	7,480	7,310	7,520	7,530	8,460	8,030
5	8,880	8,510	9,360	8,770	7,150	6,890	7,220	7,240	8,780	8,060
10	9,860	9,070	10,900	9,610	6,400	5,940	6,520	6,560	9,640	8,120
15	10,900	9,650	12,800	10,500	5,730	5,120	5,890	5,940	10,500	8,180
20	12,100	10,200	15,000	11,500	5,130	4,410	5,320	5,380	11,600	8,250
25	13,500	10,900	17,600	12,600	4,590	3,800	4,800	4,870	12,700	8,310
30	15,000	11,600	20,600	13,800	4,110	3,280	4,340	4,410	14,000	8,380
35	16,600	12,400	24,100	15,200	3,670	2,820	3,920	4,000	15,300	8,400
40	18,500	13,200	28,300	16,300	3,290	2,430	3,540	3,620	16,800	8,510

*Growth rates for funds have allowed for the effect of inflation.

2. The Prudential Money Purchase MasterPlan

Projected pension pot values in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £9,000
- No regular contributions
- The term of the investment is from age 22 to age 65

Projected pension pot in today's money (£s)

	Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options		Prudential With-Profits Fund		Prudential S3 Cash		Prudential S3 Index Linked Passive		Prudential S3 UK Property	
Growth rates*	2.19%		3.29%		-2.25%		-1.36%		1.93%	
Yearly costs	0.84%		1.37%		0.65%		0.56%		1.76%	
End of year	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	9,190	9,110	9,280	9,160	8,800	8,740	8,880	8,830	9,160	9,000
3	9,580	9,350	9,890	9,510	8,420	8,250	8,640	8,500	9,510	9,020
5	10,000	9,590	10,500	9,860	8,050	7,790	8,420	8,190	9,870	9,040
10	11,100	10,200	12,300	10,800	7,200	6,750	7,870	7,450	10,800	9,090
15	12,300	10,800	14,400	11,800	6,450	5,850	7,370	6,780	11,900	9,140
20	13,700	11,600	16,900	13,000	5,770	5,060	6,890	6,170	13,000	9,190
25	15,200	12,300	19,800	14,200	5,160	4,390	6,450	5,610	14,300	9,240
30	16,900	13,100	23,200	15,600	4,620	3,800	6,030	5,110	15,700	9,280
35	18,800	14,000	27,100	17,100	4,130	3,290	5,640	4,650	17,200	9,330
40	20,900	14,900	31,800	18,700	3,700	2,850	5,280	4,230	18,900	9,380
43	22,300	15,500	35,000	19,400	3,460	2,620	5,070	4,000	20,000	9,410

* Growth rates for funds have allowed for the effect of inflation.

3. The Prudential Money Purchase MasterPlan

Projected pension pot values in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £45,000
- No regular contributions
- The term of the investment is from age 23 to age 65

Projected pension pot in today's money (£s)

	SWIFT Default lifestyle		Prudential S3 BlackRock Aquila World ex-UK Index		Prudential S3 International Bond		Prudential S3 UK Property		Prudential With-Profits Fund	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Growth rates*	3.17%		4.03%		-2.07%		1.93%		3.29%	
Yearly costs	0.41%		0.38%		-0.36%		1.46%		1.37%	
End of year	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	46,300	46,200	46,700	46,500	44,000	44,200	45,800	45,100	46,400	45,800
3	49,300	48,700	50,500	49,900	42,300	42,700	47,500	45,500	49,400	47,500
5	52,400	51,300	54,500	53,500	40,600	41,300	49,300	45,900	52,600	49,300
10	61,000	58,500	66,100	63,700	36,700	38,000	54,200	46,800	61,700	54,000
15	71,000	66,800	80,100	75,800	33,100	34,900	59,500	47,800	72,200	59,200
20	82,700	76,200	97,200	90,100	29,900	32,100	65,300	48,800	84,600	65,000
25	96,400	87,000	117,000	107,000	27,000	29,500	71,700	49,700	99,100	71,200
30	112,000	99,200	142,000	127,000	24,400	27,100	78,700	50,800	116,000	78,100
35	130,000	113,000	173,000	151,000	22,000	24,900	86,400	51,800	135,000	85,600
40	152,000	129,000	210,000	180,000	19,900	22,900	94,900	52,900	159,000	93,900
42	161,000	136,000	226,000	193,000	19,100	22,200	98,500	53,300	169,000	95,400

* Growth rates for funds have allowed for the effect of inflation.

4. The Prudential Money Purchase MasterPlan

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £10,000
- No regular contributions
- The term of the investment is from age 19 to age 65

Projected pension pot in today's money (£s)

	Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options		Prudential Dynamic Growth IV		Prudential S3 Cash		Prudential S3 Index Linked Passive		Prudential S3 Property Fund	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Growth rates*	2.20%		2.37%		-2.25%		-1.36%		1.93%	
Yearly costs	0.47%		0.47%		0.44%		0.25%		1.40%	
End of year	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	10,200	10,100	10,200	10,100	9,780	9,730	9,860	9,840	10,100	10,000
3	10,600	10,500	10,700	10,500	9,350	9,230	9,600	9,530	10,500	10,100
5	11,100	10,800	11,200	10,900	8,940	8,750	9,350	9,240	10,900	10,200
10	12,300	11,800	12,500	11,900	8,000	7,660	8,750	8,540	12,000	10,400
15	13,700	12,800	14,000	13,100	7,160	6,710	8,190	7,890	13,200	10,700
20	15,200	13,900	15,700	14,300	6,410	5,870	7,660	7,290	14,500	10,900
25	17,000	15,100	17,600	15,700	5,740	5,140	7,160	6,740	15,900	11,200
30	18,900	16,400	19,800	17,200	5,130	4,500	6,700	6,230	17,500	11,400
35	21,000	17,800	22,200	18,800	4,590	3,940	6,270	5,760	19,200	11,700
40	23,300	19,400	24,900	20,600	4,110	3,450	5,870	5,320	21,000	12,000
45	26,000	21,000	27,900	22,600	3,680	3,020	5,490	4,920	23,100	12,300
46	26,500	21,400	28,500	23,000	3,600	2,940	5,420	4,840	23,500	12,300

* Growth rates for funds have allowed for the effect of inflation.

5. The Prudential Money Purchase (Contracted Out) MasterPlan

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £7,000
- No regular contributions
- The term of the investment is from age 22 to age 65

Projected pension pot in today's money (£s)

	Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options		Prudential With-Profits Fund		Prudential S3 Cash		Prudential S3 International Bond		Prudential S3 Property Fund	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Growth rates*	2.19%		3.29%		-2.25%		-2.07%		1.93%	
Yearly costs	0.84%		1.37%		0.75%		-0.06%		1.71%	
End of year	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	7,140	7,080	7,220	7,120	6,840	6,790	6,850	6,860	7,130	7,010
3	7,450	7,270	7,690	7,390	6,540	6,400	6,580	6,590	7,400	7,030
5	7,770	7,450	8,190	7,670	6,260	6,030	6,320	6,340	7,680	7,050
10	8,640	7,940	9,600	8,410	5,600	5,200	5,710	5,740	8,430	7,100
15	9,600	8,460	11,200	9,220	5,010	4,480	5,150	5,200	9,260	7,160
20	10,600	9,020	13,100	10,100	4,490	3,860	4,650	4,710	10,100	7,220
25	11,800	9,610	15,400	11,000	4,010	3,330	4,200	4,260	11,100	7,270
30	13,100	10,200	18,000	12,100	3,590	2,870	3,790	3,860	12,200	7,330
35	14,600	10,900	21,100	13,300	3,210	2,470	3,430	3,500	13,400	7,390
40	16,200	11,600	24,700	14,600	2,880	2,130	3,090	3,170	14,700	7,440
43	17,300	12,000	27,200	15,100	2,690	1,950	2,910	2,980	15,600	7,480

* Growth rates for funds have allowed for the effect of inflation.

6. The Prudential Money Purchase (Contracted Out) MasterPlan

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £7,000
- No regular contributions
- The term of the investment is from age 28 to age 65

Projected pension pot in today's money (£s)

	Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options		Prudential Dynamic Growth IV		Prudential S3 Cash		Prudential S3 Index Linked Passive		Prudential S3 Property Fund		Prudential With-Profits Fund	
	Before Charges	After Charges	Before Charges	After Charge	Before Charges	After Charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Growth rates*	2.16%		2.37%		-2.25%		-1.36%		1.93%		3.29%	
Yearly costs	0.84%		0.85%		0.65%		0.56%		1.76%		1.37%	
End of year	Before Charges	After Charges	Before Charges	After Charge	Before Charges	After Charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	7,140	7,080	7,160	7,100	6,840	6,800	6,900	6,860	7,130	7,000	7,220	7,120
3	7,450	7,260	7,490	7,300	6,540	6,420	6,720	6,610	7,400	7,020	7,690	7,390
5	7,760	7,440	7,840	7,520	6,260	6,060	6,540	6,370	7,680	7,030	8,190	7,670
10	8,620	7,920	8,790	8,080	5,600	5,250	6,120	5,790	8,430	7,070	9,600	8,410
15	9,570	8,430	9,850	8,680	5,010	4,550	5,730	5,270	9,260	7,110	11,200	9,220
20	10,600	8,970	11,000	9,320	4,490	3,940	5,360	4,800	10,100	7,140	13,100	10,100
25	11,700	9,550	12,300	10,000	4,010	3,410	5,010	4,360	11,100	7,180	15,400	11,000
30	13,000	10,100	13,800	10,700	3,590	2,950	4,690	3,970	12,200	7,220	18,000	12,100
35	14,500	10,800	15,500	11,500	3,210	2,560	4,390	3,610	13,400	7,260	21,100	13,300
37	15,100	11,000	16,200	11,900	3,070	2,420	4,270	3,480	13,900	7,270	22,500	13,500

* Growth rates for funds have allowed for the effect of inflation.

7. The Prudential Group Savings Plan

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of £5,000
- No regular contributions
- The term of the investment is from age 25 to age 65

Projected pension pot in today's money (£s)

	Prudential Dynamic Growth IV Lifestyle – Targeting Retirement Options		Prudential PSP With-Profits Cash Accumulation Fund		Prudential S3 Cash		Prudential S3 Index-Linked Passive		Prudential S3 UK Property	
Growth rates*	2.18%		3.29%		-2.25%		-1.36%		1.93%	
Yearly costs	0.84%		1.37%		0.75%		0.56%		1.76%	
End of year	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	5,100	5,060	5,160	5,090	4,890	4,850	4,930	4,900	5,090	5,000
3	5,320	5,190	5,490	5,280	4,670	4,570	4,800	4,720	5,280	5,010
5	5,550	5,320	5,850	5,480	4,470	4,310	4,670	4,550	5,480	5,020
10	6,160	5,660	6,850	6,000	4,000	3,710	4,370	4,140	6,020	5,050
15	6,850	6,030	8,030	6,580	3,580	3,200	4,090	3,760	6,610	5,070
20	7,600	6,420	9,400	7,220	3,200	2,760	3,830	3,420	7,260	5,100
25	8,450	6,840	11,000	7,910	2,870	2,370	3,580	3,120	7,970	5,130
30	9,380	7,280	12,800	8,680	2,560	2,050	3,350	2,830	8,750	5,160
35	10,400	7,760	15,100	9,510	2,290	1,760	3,130	2,580	9,600	5,180
40	11,500	8,260	17,600	10,200	2,050	1,520	2,930	2,350	10,500	5,210

* Growth rates for funds have allowed for the effect of inflation.

Appendix F – Our Implementation Statement (IS)

Background

Prudential Corporate Pensions Trustee Limited (PCPTL) is a corporate trustee company and has been acting as trustee for the following three schemes:

- The Prudential Group Pension Savings Plan
- The Prudential Money Purchase Masterplan
- The Prudential Contracted-out Money Purchase Masterplan (“the Plans”).

It should be noted that the contents of this statement refers to the period when members had benefits within one of the Plans. At the point of signing, all benefits have been transferred into policies in the individual names of our members, therefore for contextual reasons, the term “members” refers to the policy holders who were previously members of one of the Plans. If any former members have any questions about their new policy, please either refer to the documentation you will have received from Prudential or contact them on the number provided.

The current directors of PCPTL are:

Director	Role
John Nestor	Independent Chair
Bruce Rigby	Independent Director
Jennifer Owens	Director

Each of the trustee directors were chosen for their skill, knowledge and wide experience in pension provision in the UK and each is an acknowledged expert in specific aspects of pension provision.

The current Chair brings considerable expertise in investment strategy, governance and asset management. He is an expert on how well, and how reliably, a member’s pension pot should grow.

This document has been prepared on behalf of the Directors.

Introduction

This document, which is our Implementation Statement, is designed to set out how, and the extent to which, we believe the Statement of Investment Principles (SIP) has been followed during the period from 6 April 2020 to 17 March 2021 – the date the Plans will be wound-up (the “scheme year”). The SIP covers the three schemes we are Trustee Directors for, i.e. “the Plans” referred to above. We have written this Implementation Statement to meet the requirements of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

We cover the review of the SIP carried out during the scheme year, and subsequent changes made to it. We also include a review of the engagement activity and voting behaviour carried out by the investment managers on the trustees’ behalf.

It also reflects on how, and the extent to which, we followed the principles set out in the SIP throughout the scheme year. We revised the SIP on 23 September 2020, which means this statement reflects on how, and the extent to which, we followed the principles set out in the SIP both before, and after, that date. The changes were minor and are summarised further below. The latest version of the SIP is attached and can be viewed here pru.co.uk/pdf/GENM1053003.pdf.

Roles & responsibilities

The Plans were established by The Prudential Assurance Company Limited (Prudential) as centralised Plans for non-associated employers. Under the Rules investment of the assets is limited to insurance policies or annuity contracts taken out with The Prudential Assurance Company Limited or other companies within the M&G plc Group of companies. In practice, the insurance policies or annuity contracts are limited to those which Prudential is prepared to make available to the Plans.

Whilst we are constrained in our ability to directly influence the underlying investee firms, we regularly meet with Prudential and encourage them to take our policies into consideration within their investment decisions. On a periodic basis, we review, monitor and engage with and challenge Prudential on these investment decisions, including their approach to due diligence, stewardship activity, engagement with investee firms and voting behaviour.

Summary of changes to SIP

The SIP was reviewed during the year and minor amendments were agreed on 23 September 2020. Amendments were made to:

- Update references to Prudential/M&G, where appropriate, following the de-merger from Prudential plc in October 2019
- Reflect the review and challenge that the trustees undertake with the Insurer, Prudential, to ensure the Plans continue to offer value for money
- Reflect the review and challenge that we undertake with the Insurer, Prudential, to ensure their stewardship policy aligns with our investment beliefs

The default investment arrangements

There were no changes to the default arrangements during the scheme year to the point which the Plans will be wound-up.

Investment options outside the default arrangement

There were no changes to the investment options available during the scheme year to the point which the plans will be wound-up.

Prudential provide us with regular updates on the full range of investments available under the Plans. This includes a quarterly review where the performance of each fund is assessed against appropriate risk and return benchmarks. Any significant deviation, or other reason for concern, is flagged and discussed with us as part of the Watch List updates we get from Prudential. No funds were removed from the range available to members during the period covered by this Implementation Statement.

Review & monitoring

We regularly review the appropriateness and performance of the funds within the default options, receiving at least quarterly performance updates from Prudential. There was a formal review of the default lifestyle option PDG IV Targeting Retirement Options carried out in 2019. Prudential carry out such a formal review every three years, but as the Plans are due to be wound-up before the end of the scheme year, we do not consider it necessary to carry out a further review of the default strategy during this scheme year.

We also receive performance updates on the full fund range available through the Plans at least quarterly. This ensures that we are comfortable that the range of funds are well monitored and remain suitable.

Review of SIP policies

The 23 September 2020 SIP contains the key investment beliefs/principles agreed by us. These are outlined in Table 1, along with our assessment of how these beliefs/principles have been applied during the scheme year.

Table 1

	Belief/Principle	Update
1	We believe the current default lifestyle provides a well-governed, risk-appropriate default strategy for members who do not wish to choose their own investment funds.	We have received regular updates from Prudential on the performance and governance surrounding the default lifestyle (PDG IV Targeting Retirement Options). We are satisfied the default is performing as expected and is appropriate for members that have not selected their own investment funds. During 2019 Prudential provided details of their triennial review of the default and confirmed it is appropriate as a default for all members and it continued to meet intended customer outcomes. As the Plans are due to be wound-up before the end of the scheme year, we do not consider it necessary to carry out further review of the default strategy.
2	Additional investment choice provides diversification potential, offering a choice of risk-based options which vary in investment styles (active and passive), geographical diversification across the globe, a range of investment philosophies (ethical, recovery, small companies, with-profits) and a range of assets for members to select.	During the year, there have been no changes made to the list of additional investment choices available. The list offers choice to members that wish to self-select their investment funds. The list provides choice of investment style, geographic/regional focus and investment philosophy.
3	At the heart of this should be ensuring that the various options available to members produce appropriate outcomes relevant to the member whilst ensuring good value for money. Investment strategies are provided by the Insurer, Prudential. While the Trustee has no direct control over the investment aims, or on how the investment managers choose and manage the investments underlying the lifestyle profiles, with-profits fund and unit-linked funds, it does influence and work very closely with Prudential to ensure the investment options remain relevant for members and continue to offer value for money. ¹	<p>We regularly review the outcomes of the investment options available to members. There is a well-governed process in place to ensure funds are performing as they are expected to. Value for money is assessed by monitoring and reviewing:</p> <ul style="list-style-type: none"> • Investment performance, net of charges, relative to a suitable benchmark and also relative to CPI+3%, which the trustees consider to be an appropriate growth target representing good member value • Charges. We have agreed maximum charges with Prudential: <ul style="list-style-type: none"> – 0.75% for default funds where the Plan is being used as a Qualifying Plan or an auto-enrolment Plan – 1.00% for all other unit-linked funds – 1.25% for with-profits funds <p>We are satisfied no charges have exceeded these levels.</p> <ul style="list-style-type: none"> • Transaction costs. These have been monitored quarterly to ensure they remain appropriate and within expected industry norms. • Processing, complaints and communication. We have reviewed service and complaints data and trends and have no issues with the way Prudential is processing members' requests and dealing with any member complaints <p>During the scheme year, because of the endorsement of members that took place in September and the forthcoming wind-up of the scheme, we did not seek the views of members and beneficiaries with regards to ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme.</p>

¹ Our policy to meet the requirements of paragraph (3)(b)(vii) of regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005

4	<p>The investment choice available to members under these Plans include:</p> <ul style="list-style-type: none"> • A risk-managed, defined and appropriate default lifestyle investment profile. • A range of additional lifestyle investment profiles. • A with-profits fund. • A range of unit-linked funds. <p>We believe these options provide sufficient choice for members and include an appropriate default for members who do not wish to make an active choice on their investment strategy.</p>	<p>We are satisfied the default is performing as expected and is appropriate for members that have not selected their own investment funds. During 2019 Prudential provided details of their triennial review of the default and confirmed it is appropriate as a default for all members and it continued to meet intended customer outcomes.</p> <p>During the year, there have been no changes made to the list of additional investment choices available. The list offers choice to members that wish to self-select their investment funds. The list provides choice of investment style, geographic/regional focus and investment philosophy (including ethical fund options).</p>
5	<p>The asset allocation is set and managed taking account of multiple scenarios that could be financially material. The Trustee has reviewed financially material considerations and, in particular, considered the impact of Climate Change, but does not consider that the impact will be material over the restricted time horizon of the Plans, given the forthcoming wind-up of the schemes.²</p>	<p>The Plans will be wound-up before the end of the scheme year. Our view remains that the impact of Climate Change will not be material for the remaining time horizon of the Plans, which are due to be wound up shortly. Additionally all benefits have been transferred into policies in the individual names of our members.</p>
6	<p>We take the governance of investment seriously and ensure that robust challenge goes into the Insurer on a bimonthly basis</p>	<p>Regular trustee meetings have been held throughout the scheme year, with Prudential in attendance. During these meetings, we have reviewed investment performance and transaction costs and challenged Prudential, where appropriate.</p>

² Our policy to meet the requirements of paragraph (3)(b)(vi) of regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005

<p>7</p>	<p>In addition to the wider Trustee's role, we challenge the Insurer to take a strong role in governing our members' investments. There are several elements to this governance.</p> <ol style="list-style-type: none"> 1. Long Term Investment Strategy – T&IO are responsible for the long term strategic asset allocation of the PDG funds, With-Profits and the various global and multi-asset funds the Insurer offers. T&IO conduct regular reviews of the strategic allocations looking at long-term assumptions for the various asset classes and understanding what may impact these on a medium and long-term basis. This means the investment options can be forward-looking and shaped to benefit from the long term nature of asset class returns. 2. Ongoing fund management – Ensuring fund managers are operating within an agreed framework and delivering on their objective is of key importance. Every fund we offer is subject to a comprehensive investment governance process managed by the Insurer's Unit-Linked Business Investment Committee (ULBIC). They operate an investment watch list, whereby funds which are perceived to be of concern are monitored more closely and may be recommended for closure. This may be due to performance or for wider issues, for example, around poor governance or controls. 3. Member focus – We need to ensure that the member is at the heart of the process. Therefore, in conjunction with the Insurer, we regularly review the funds to check that they deliver real value for money. This analysis looks at the cost to members versus the performance the funds have delivered whilst also analysing the costs involved in operating the funds. 	<p>During the year, we have challenged Prudential to ensure their investment governance process remains active, effective and relevant. In respect of the three elements of this governance process:</p> <ol style="list-style-type: none"> 1. Long Term Investment Strategy Prudential has confirmed that they conducted a review of the strategic asset allocations of their multi-asset funds and applied some changes to ensure optimal returns. 2. Ongoing fund management Quarterly updates on the investment watch list process and outcomes have been provided to us. 3. Member focus Our focus on members means we monitor many factors that contribute to the value for money delivered to members. We receive regular reports and challenge Prudential to ensure standards of customer service are high, that any member complaints are dealt with promptly and effectively and that member communications are clear and timely. <p>Quarterly reports showing net investment performance, i.e. after member charges have been provided, along with quarterly reports showing investment fund transaction costs in absolute term and relative to net performance returns.</p> <p>Prudential's reports to us, and our combined expertise, mean we are able to effectively assess the fund governance and monitoring processes. We confirm that Prudential's processes and controls are effective and good.</p>
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8	<p>It is important that the various investment strategies offered deliver appropriate returns that meet our members' needs and if they fail to do this there is a mechanism to remove them from the investment range. Funds failing to deliver in areas such as value for money, performance or operations could be closed and removed.</p>	<p>We have regularly reviewed Prudential's watch list process and consider it is operating effectively. No funds were closed or removed during the scheme year for failing to deliver value for money, performance or for operational reasons.</p>
9	<p>Good stewardship is important to encourage high standards of corporate governance and sustainable performance.</p> <p>As Trustees of the Plans, which are insurance policies, we do not have any direct control over how the investment managers apply their stewardship to the underlying investments and do not have any voting rights in relation to the Plans' underlying investments. Prudential, as the insurer of the Plans has greater influence and our policy is to place reliance on Prudential's engagement policy and where necessary, influence their actions.³</p>	<p>Our approach to stewardship is outlined in the following section – Stewardship & Voting Behaviour.</p>
10	<p>As Trustee, our primary aim is to ensure that the Plans are managed correctly, that members' interests are protected as far as possible and that they receive value from membership of the Plans.</p>	<p>To represent members, we have worked with and challenged Prudential throughout the year to ensure:</p> <ul style="list-style-type: none"> • operational and service delivery remains good • long-term investment performance, net of charges and transaction costs remains strong • member communications are relevant and straightforward and issued in a timely manner

³ Our policy to meet the requirements of paragraph (3)(c) of regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005

Following our review of how we have applied these principles and beliefs we have concluded that the Statement of Investment Principles has been followed during the scheme year, to the point when the Plans will be wound-up.

Stewardship & voting behaviour

As the Plans are wholly-insured policies, we do not have, and therefore cannot exercise, any voting rights in any of the underlying investments. We have, however, met with Prudential to explain our stewardship policies and have delegated responsibility to Prudential to ensure they are carried out. We have reviewed Prudential's engagement and voting policy, which can be found here: pru.co.uk/srdii/. We believe good stewardship is important to encourage high standards of corporate governance and sustainable performance. There are several aspects of Prudential's policy that we believe support this:

- Although Prudential does not itself engage directly with investee companies, it relies on its chosen asset managers. Prudential believes that active ownership is essential to generating long term investment performance for its customers and therefore appoints asset managers that positively influence corporate behaviour where appropriate.
- For active investment strategies, Prudential believes asset managers should actively participate in shareholder voting on its behalf, where relevant, in keeping with their respective policies.
- For passive investment strategies, where the asset manager is required to match the portfolio to a specific benchmark index,

Prudential does not expect the same degree of engagement as they would with an active investment strategy, however they would expect the asset manager's Engagement Policy to continue to apply.

- Finally, Prudential carries out due diligence and monitoring in respect of active ownership and engagement.

During the scheme year Prudential has provided examples of company engagement for our review. The following are examples provided to Prudential by M&G and demonstrate action being taken to positively influence corporate behaviour:

Climate / Environmental	Social Impact	Stewardship
<p>Astrazeneca</p> <ul style="list-style-type: none"> • Requested explanation of Ambition Zero Carbon strategy <p>Gibson Energy</p> <ul style="list-style-type: none"> • Assist and influence company's development of sustainability strategy • Company published inaugural sustainability report in May 2020 <p>ALK-Abello</p> <ul style="list-style-type: none"> • Encourage company to improve its sustainability targets and disclosures 	<p>Rio Tinto</p> <ul style="list-style-type: none"> • Establish reasons for destruction of caves in Juukan Gorge • Company has apologised and commissioned an independent report into the matter <p>Bayer</p> <ul style="list-style-type: none"> • Understand context of company's involvement in damage to biodiversity and also its production of white phosphorus • Company continues to engage with regulator on damage to biodiversity 	<p>Marfrig, Minerva and Pilgrim's Pride</p> <ul style="list-style-type: none"> • Requested explanation on health and safety violations in these companies' meat packing plants, in particular COVID-19 outbreaks • Companies have disclosed COVID-19 management processes • M&G continue to monitor the matter <p>BP</p> <ul style="list-style-type: none"> • Co-signed a letter with other shareholders to support changes in accounting assumptions, in order to be Paris-aligned • Company has written down assets based on a lower future expected oil price

The bold text indicates where M&G's engagement (alongside other shareholders) had a desired result. These engagements took place across Q2 2020 and were on behalf of M&G's equity ownership across all of its portfolios. They will therefore apply across the with-profits fund and a number of actively managed, self-select unit-linked funds that members can invest in.

The default lifestyle strategy (PDG IV – Targeting Retirement Options) uses passive investment strategies, also known as index funds, for the equity allocation. These funds are operated and managed by BlackRock and in line with Prudential's stewardship policy, voting is carried out by BlackRock.

BlackRock have provided Prudential with an overview of their process for how they decide to vote:

“The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company’s unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock’s observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

As outlined in our Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company’s unique circumstances where relevant. We inform our vote decisions through research and engage as necessary.”

BlackRock have provided some statistics on how they voted (for the period 01.07.19 – 30.06.20) in respect of the six equity funds held within the PDG funds used in the default lifestyle. In summary:

Number of meetings where eligible to vote	4,858
Number of resolutions eligible to vote on	55,941
% of eligible resolutions voted on	96%
% of eligible resolutions voted on, where votes were in favour of management	93%
% of eligible resolutions voted on, where votes were against management	6%
% of eligible resolutions voted on, where abstained	1%

As part of their oversight, Prudential has reviewed what it considers to be the most significant votes cast by BlackRock. The significance has been determined based on the amount of members’ savings invested. The three most significant votes cast during the scheme year were:

Company name	Amazon
Date of vote	27.05.20
Summary of vote cast	BlackRock voted FOR all management proposals and AGAINST all shareholder proposals.
Rationale	BlackRock voted FOR all directors, the ratification of auditors, and the advisory resolution to approve executive compensation as we have no concerns relating to these items. BlackRock voted FOR management’s proposal to lower the stock ownership threshold for shareholders to request a special meeting from 30% to 25%.

Company name	Alphabet
Date of vote	03.06.20
Summary of vote cast	BlackRock voted AGAINST Director Mather due to excessive board commitments. We voted FOR the shareholder proposal asking for the recapitalisation plan as we generally support one share one vote capital structures. BlackRock supported management on all remaining agenda items.
Rationale	<p>BlackRock believes that certain fundamental rights such as effective voting rights should be attached to share ownership. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' interests. As we note in our proxy voting guidelines, we strongly prefer a "one vote for one share" capital structure for publicly-traded companies.</p> <p>We prefer this capital structure as it provides control proportionate to shareholders' capital at risk and is thus more aligned with our clients' interests. While we recognise the potential benefits of dual class shares to newly public companies as they establish themselves, we believe that these structures should have a specific and limited duration for well-established public companies such as Alphabet.</p>

Company name	Facebook
Date of vote	27.05.20
Summary of vote cast	BlackRock voted AGAINST Mr. Andreessen as he serves on the Audit Committee and we do not consider him independent. We voted FOR the shareholder proposal asking for a recapitalisation plan as we generally support one share one vote capital structures. BlackRock supported management on all remaining agenda items.
Rationale	As we note in our U.S. proxy voting guidelines, we strongly prefer a "one vote for one share" capital structure for publicly-traded companies. We prefer this capital structure as it provides control proportionate to shareholders' capital at risk and is thus more aligned with our clients' interests. While we recognise the potential benefits of dual class shares to newly public companies as they establish themselves, we believe that these structures should have a specific and limited duration for well-established public companies such as Facebook.

BlackRock have also confirmed they subscribe to research from the proxy advisory firms Institutional Shareholder Services and Glass Lewis. This is just one among many inputs into their vote analysis process and BlackRock do not blindly follow their recommendations on how to vote.

Based on our review of the data shared by Prudential, the trustees are happy that good stewardship (including engagement activity and the use of voting rights) is being exercised on behalf of members' investments and the trustees' policy is being applied.

More detail about the engagement and voting activity of the two most significant fund managers used within PCPTL's investment funds can be found here:

BlackRock: [blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history](https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history)

M&G Investment

Management: [mandgplc.com/our-business/mandg-investments/responsible-investing-at-mandg-investments/voting-history](https://www.mandgplc.com/our-business/mandg-investments/responsible-investing-at-mandg-investments/voting-history)

Conclusion

Following our review and analysis, we believe that the Statement of Investment Principles has been followed during the year. This Implementation Statement outlines the evidence we have taken into consideration in forming this view.

John Nestor

John Nestor
Chair of Prudential Corporate Pensions Trustee Limited
Date 17 March 2021

Appendix G – Our Statement of Investment Principles (SIP)

Our Statement of Investment Principles

- The Prudential Group Pension Savings Plan
- The Prudential Money Purchase Masterplan
- The Prudential Contracted-out Money Purchase Masterplan (“the Plans”)

Introduction

A Statement of Investment Principles (SIP) is a regulatory requirement. However, more importantly it is a clear statement of how we will manage our members’ investments detailing the key roles and responsibilities we take on to ensure good member outcomes and value for money. It must set out the basis on which the Plans’ assets are invested. Legally, the SIP should be reviewed every three years. The Trustee prefers, however, to conduct an annual review to ensure changes are reflected in a timely manner.

This Statement of Investment Principles (SIP) is made by Prudential Corporate Pensions Trustee Limited (“the Trustee”) as a consequence of Section 35 of the Pensions Act 1995 and The Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378) amended by The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (“the Regulations”).

- The Plans were established by The Prudential Assurance Company Limited (Prudential) as centralised Plans for non-associated employers.
- Each Plan falls within the definition of “wholly-insured scheme” contained in the Regulations. Each Plan is a wholly insured scheme because of the restrictions in its Rules which govern investment of the Plan’s assets.

- Under the Rules of each Plan, investment of the Plan’s assets is limited to insurance policies or annuity contracts taken out with The Prudential Assurance Company Limited or other companies within the M&G plc group of companies (“the Insurer”).
- In practice, the insurance policies or annuity contracts are limited to those which the Insurer is prepared to make available for the Plans.

Investment Objective

We believe the current default lifestyle provides a well-governed, risk-appropriate default strategy for members who do not wish to choose their own investment funds. Additional investment choice provides diversification potential, offering a choice of risk-based options which vary in investment styles (active and passive), geographical diversification across the globe, a range of investment philosophies (ethical, recovery, small companies, with-profits) and a range of assets for members to select.

At the heart of this should be ensuring that the various options available to members produce appropriate outcomes relevant to the member whilst ensuring good value for money. Investment strategies are provided by the Insurer, Prudential. While the Trustee has no direct control over the investment aims, or on how the investment managers choose and manage the investments underlying the lifestyle profiles, with-profits fund and unit-linked funds, it does influence and work very closely with Prudential to ensure the investment options remain relevant for members and continue to offer value for money.

Each investment option has its own unique objective appropriate to the type of investor, assets it invests in and how it is managed. Reference to the Plans’ documentation showing the various options available will allow members to understand what options are appropriate to them.

Investment Choice

The investment choice available to members under these Plans include

- A risk-managed, defined and appropriate default lifestyle investment profile.
- A range of additional lifestyle investment profiles.
- A with-profits fund.
- A range of unit-linked funds.

We believe these options provide sufficient choice for members and include an appropriate default for members who do not wish to make an active choice on their investment strategy. The Plans allow for the selection of an appropriate lifestyle profile or one or more investment funds and allow for the switching of a member's pension savings between investment funds.

For those members seeking guidance on which option may be appropriate to them the table below lists general suitability information on the various investment options available. Expected returns will vary depending on the member's fund choice.

Investment Option	What does it do and who may it be appropriate for?
Default Lifestyle Profile (currently PDG Lifestyle Targeting Retirement Options)	This is a lifestyle profile which invests a member's pension savings in assets targeting higher growth in the early years of investment, whilst reducing risk as the member approaches retirement age. The end outcome allows the member flexibility to choose how to use their pension savings to provide retirement benefits.
Other Lifestyle Profiles	These lifestyle profiles invest a member's pension savings in assets targeting higher growth in the early years of investment, whilst reducing risk as the member approaches retirement age. They are designed to provide appropriate risk levels & outcomes for the member at retirement, depending on how they intend to take their retirement benefits.
With-profits	These are for a member wishing to pick specific funds to achieve their retirement goals. The member would be consciously taking on the risks these funds operate within. Plan documentation will show the funds available and the objectives & risk ratings of these funds.
Other unit-linked funds	

Managing Investments

Risk management

Lifestyling is made up of two phases. The first phase (or "growth" phase) is where money is invested for long-term growth. Then, as a member gets close to retirement the consolidation phase begins where their savings are moved automatically into lower risk funds. The design or profile of a lifestyle strategy is chosen to reflect what the member intends to do with their pension savings when they retire.

Due to pension reform in 2015, Plan members now have greater freedom and choice around what they can do with their pension savings. This freedom means that for many members the traditional lifestyle end points that were designed on the basis that the member would be buying

a pension for life, may not be appropriate. Furthermore, traditionally there has been low member engagement with their retirement investment choices – with many members not knowing what retirement options they will take and of course varying levels of investment knowledge.

The Insurer offers a range of lifestyle strategies – The Prudential Dynamic Growth Lifestyle Options – designed to effectively complement the intended form of a member's benefits at retirement. This range includes the default strategy, "Prudential Dynamic Growth Lifestyle – Targeting Retirement Options" which allows a member to de-risk whilst maintaining flexibility on how they can choose to take their benefits.

Financially material considerations

The Lifestyle profiles, including the default, are dynamically managed to deliver appropriate returns within a risk-managed environment. The asset allocation is set and managed taking account of multiple scenarios that could be financially material. The Trustee has reviewed financially material considerations and, in particular, considered the impact of Climate Change, but does not consider that the impact will be material over the restricted time horizon of the Plans, given the forthcoming wind-up of the schemes.

Risk ratings

The Insurer sets risk ratings for all funds to help members choose the most appropriate funds for their needs and circumstances. The risk ratings are based upon how much the Insurer might expect the fund's value to go up and down over the short term. The ratings may change from time to time as economic conditions change and Plan documentation will show the current risk ratings of the funds.

Building blocks

The Prudential Dynamic Growth (PDG) funds are the main constituents of the Insurer's flagship lifestyle profiles and recognise that investment returns are highly dependent on long-term asset allocation. The asset allocation of these funds is managed by M&G plc's Treasury & Investment Office (T&IO) using a robust strategic framework looking at risk and return for various assets over multiple timescales. Adapting this asset allocation to optimise the funds' ability to perform in their chosen markets, aims to deliver appropriate returns within a risk-managed environment.

There are 5 funds in the range with varying risk levels. From lower risk, holding less exposure to riskier growth assets up to higher risk, where the objective is to use riskier growth assets to deliver stronger long-term returns. The funds access a blend of passively managed Blackrock equity funds and actively managed M&G fixed income funds. T&IO undertake the asset allocation, both between fixed interest and equity, and between the underlying

components. This provides members with strongly-governed risk managed funds capable of adapting to the changing behaviour of markets. The manager will aim to add incremental value by adapting the short-term allocation of the funds to take advantage of market conditions whilst working within the robust framework of the strategic long-term view.

In addition to the Prudential Dynamic Growth funds the Insurer provides a strong core fund offering, providing a high quality range of innovative and modern strategies should a more bespoke and diversified investment mix be required. This range provides diversification in terms of asset classes, geographies, sectors and management styles.

What are the risks?

There are various risks the Trustee has considered in making investment choices available to members. Although not a definitive list the main risk factors members should be aware of are as follows,

Inflation – the risk that the value of investments doesn't grow enough to keep up with inflation, and so the buying power of a member's pension savings is eroded.

Market volatility – the chance of short-term fluctuations up and down in the value of funds, as events in financial markets cause the value of investments to rise and fall. While this can happen at any time, we believe it is likely to be most important when members are planning changes to their funds or close to taking benefits. This is a risk lifestyle profiles aim to offset by reducing risk exposure as the member approaches retirement. Members should be aware that the value of investments can go down as well as up and they could get back less than the total contributions paid in.

Conversion Risk – one of the options with pension savings is to buy an income for life. If a member chooses this option, the income they eventually receive will depend on both the value of their pension savings and the cost of turning those into an income. This creates the risk that the value of their pension savings does not move in line with the cost of providing an income.

Operational & Counterparty factors – Strong robust governance should mean that members are not exposed to risks experienced in the management of the assets or where the manager is systematically failing to deliver on the objective. This includes where the Insurer invests with external fund managers. Ensuring the assets are invested appropriately will minimise the risk if a company is in financial difficulty.

Liquidity – It is important that investment is made in liquid assets to allow members access to their pension savings as quickly as possible. Investing in assets such as Property has benefits in the wider sense, but does bring an additional liquidity risk that has to be managed appropriately.

Exchange Rate Risk – changes in exchange rates may cause the sterling values of overseas investments to rise or fall.

How do we govern the investment?

We take the governance of investment seriously and ensure that robust challenge goes into the Insurer on a bimonthly basis.

In addition to the wider Trustee's role, we challenge the Insurer to take a strong role in governing our members' investments. There are several elements to this governance.

1. Long Term Investment Strategy – T&IO are responsible for the long term strategic asset allocation of the PDG funds, With-Profits and the various global and multi-asset funds the Insurer offers. T&IO conduct regular reviews of the strategic allocations looking at long-term assumptions for the various asset classes and understanding what may impact these on a medium and long-term basis. This means the investment options can be forward-looking and shaped to benefit from the long term nature of asset class returns.

2. Ongoing fund management – Ensuring fund managers are operating within an agreed framework and delivering on their objective is of key importance. Every fund we offer is subject to a comprehensive investment governance process managed by the Insurer's Unit-

Linked Business Investment Committee (ULBIC). They operate an investment watch list, whereby funds which are perceived to be of concern are monitored more closely and may be recommended for closure. This may be due to performance or for wider issues, for example, around poor governance or controls.

3. Member focus – We need to ensure that the member is at the heart of the process. Therefore, in conjunction with the Insurer, we regularly review the funds to check that they deliver real value for money. This analysis looks at the cost to members versus the performance the funds have delivered whilst also analysing the costs involved in operating the funds.

It is important that the various investment strategies offered deliver appropriate returns that meet our members' needs and if they fail to do this there is a mechanism to remove them from the investment range. Funds failing to deliver in areas such as value for money, performance or operations could be closed and removed.

Our policy in relation to stewardship

Stewardship of investments is about how an investor engages with the firms managing its investments or the underlying companies and how, if applicable, voting rights are exercised. Good stewardship is important to encourage high standards of corporate governance and sustainable performance.

As Trustees of the Plans, which are insurance policies, we do not have any direct control over how the investment managers apply their stewardship to the underlying investments and do not have any voting rights in relation to the Plans' underlying investments. Prudential, as the insurer of the Plans has greater influence and our policy is to place reliance on Prudential's engagement policy and where necessary, influence their actions. We have reviewed and challenged Prudential's engagement policy, including how they take account of financially material considerations, including Environmental, Social and Governance (ESG) factors. We are satisfied it is appropriate and operating effectively.

Communication

As Trustee, our primary aim is to ensure that the Plans are managed correctly, that members' interests are protected as far as possible and that they receive value from membership of the Plans.

We publish an annual Governance Statement to tell Plan members what we have done to achieve our aim and to say if we believe members are receiving value.

Agreement

This statement was agreed by the Trustee and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available upon request to members and participating employers. The Trustee will review this statement at least as frequently as required by the Regulations.

John Nestor

John Nestor
Chair of Prudential Corporate Pensions Trustee Limited
Date 17 March 2021

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