

Creative Pension Trust (the “Scheme”)

Annual Statement regarding governance

Introduction

This statement has been prepared by the Trustees of the Scheme (the “Trustees”) in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the “Administration Regulations”). It describes how the Trustees have met the statutory governance standards in relation to: -

- the default arrangements;
- requirements for processing financial transactions;
- assessment of charges and transaction costs; and
- the requirement for trustee knowledge and understanding,

between 1st April 2022 and 31st March 2023, the 2022/23 scheme year (the “Scheme Year”).

The Scheme has two sections: the founding section - Creative Auto Enrolment Pension (“CAEP”) and Creative Workplace Pension (“CWP”). CAEP was set up for the purpose of assisting small to medium-sized employers comply with their minimum automatic enrolment obligations. As such, employers participating in CAEP do so on default standard terms and CAEP members are provided with a more limited range of investment options. CWP was set up for larger employers who, at the time of entry into the Scheme, are already providing pension benefits to their employees, or who require more flexibility. CWP allows employers to participate in the Scheme on bespoke terms and members of CWP are provided with a different and wider range of investment options.

Net Zero Carbon Commitment & Climate Change Reporting Requirements - On 27 October 2022 the Trustees published the Scheme’s first annual Climate Change Report, following commitments made on 4 August 2021 to achieve net zero carbon emissions by 2050 (ZeroByFifty) and a 50% reduction in carbon emissions by 2030 (FiftyByThirty) for all member investments. The Climate Change Report 2022 reconfirmed the Trustees’ and Scheme Sponsor & Manager’s carbon reduction commitments, as well as the Scheme’s management of climate change risks and opportunities (broadly based on the recommendations of the Task Force on Climate-related Financial Disclosures’ (TCFD) requirements).

Investment Adviser – Lane Clark & Peacock LLP (“LCP”) was appointed as the Trustees’ new Investment Adviser on 23 June 2022, replacing Creative Benefit Solutions Limited.

Scheme administrator – The Trustees’ appointed third-party administrator HS Pensions Limited was acquired by Link Pension Administration Limited which completed on 31 October 2022. As a result, HS Pensions Limited changed its trading name to Link Pension Administration (HS) Limited with effect from 3 July 2023. The contractual administration services provided to the Trustees for Scheme members by Link Pension Administration (HS) Limited remain unchanged.

1. Default arrangements

The following arrangements are the Scheme's default arrangements for the purposes of the Administration Regulations: -

- The Strategic Pensions Investment Approach – the default arrangement for CAEP (the "CAEP Default Arrangement"); and
- The Lifestyle Strategy Fund – the default arrangement for CWP (the "CWP Default Arrangement"),

(together the "Default Arrangements").

1.1 Statements of investment principles

Appended to this statement are copies of the Scheme's latest Statements of Investment Principles ("SIPs") relating to CAEP and CWP respectively. These govern the Trustees' decisions about investments, including the aims, objectives and policies for the Default Arrangements, prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). In particular each SIP covers: -

- the Trustees' investment objectives;
- the Trustees' policies on risk and return;
- the Trustees' Environmental, Social and Governance (ESG) Investment Policy;
- the Trustees' approach to voting and stewardship; and
- how the relevant Default Arrangement is intended to ensure that assets are invested in the best interests of members and beneficiaries.

The SIPs for both sections of the Scheme were reviewed and updated in February 2023 and incorporate the Trustees' policy on ESG-related issues. Following the review, no immediate changes were proposed in relation to the current investment strategy or structure of either section, nor has there been any impact on the investment approach being followed.

1.2 Review of default arrangements

CAEP

As reported in last year's Statement, the Trustees carried out a detailed review of the strategy and performance of the CAEP Default Arrangement during the 2021/2022 scheme year which concluded during the Scheme Year on 1 April 2022. This was in addition to the normal performance review of funds which make up the CAEP Default Arrangement undertaken at each quarterly, ordinary Trustees' meeting.

To assist with the review, a report was prepared by the Trustees' appointed investment adviser at that time, Creative Benefit Solutions Limited, using information provided by the Scheme administrator. The report was prepared to provide the Trustees with information, guidance and recommendations to enable them to assess whether: -

- the investment approach being followed remains appropriate for the actual and expected membership of the CAEP;

- sufficient allowance is made for the methods in which members may choose to vest their benefits;
- the investment costs are appropriate and represent value for money;
- the investments are secure;
- the investments are understandable for members; and
- changes can be made to the investment proposition if and when appropriate.

In conducting the review, the Trustees took into consideration that CAEP membership consists entirely of the employees of small to medium sized employers who are using the Scheme to comply with their automatic enrolment ("AE") responsibilities. As such, CAEP has a pre-determined scheme structure and, for investment purposes, a fund range that recognises that the majority of contributions will be invested in accordance with the CAEP Default Arrangement. As such, contributions (which are normally based on Qualifying Earnings i.e., earnings approximately between the lower and upper earnings levels used for calculating National Insurance contributions during the 2022/23 Scheme Year) to the Scheme are expected to remain relatively low (and in line with AE legislative requirements) for the short to medium term, as are the average fund sizes of the Scheme members.

In conducting the review, the Trustees also took into consideration the findings of the Financial Conduct Authority ("FCA") retirement income market report released on 9 December 2021 (the "FCA Report") which outlined how members are expected to take their benefits at retirement. The findings of this report, the average fund size and the actual age profile of members assisted the Trustees in their review of how the CAEP Default Arrangement is invested as members get closer to the Scheme's "Normal Retirement Age". This enabled the Trustees to be satisfied that the default strategy being adopted for CAEP remains fit for purpose and in the members' best interests.

In addition, the Trustees reviewed the extent to which the return on investments relating to the CAEP Default Arrangement (after deduction of any charges relating to those investments) is consistent with the aims and objectives of the CAEP Default Arrangement. The key objective being to enable members to build up and secure appropriate retirement benefits while being exposed to an acceptable level of investment risk.

By reviewing the information provided within the report prepared by the Trustees' appointed Investment Adviser, which included details of: -

- the asset allocation;
- the cumulative investment performance over periods of time ranging from 3 months to 5 years; and
- the discrete annual investment performance over the 5-year period ending on 31 December 2021 against the fund benchmarks, together with the volatility and Sharpe and/or Sortino ratio of the funds,

the Trustees were satisfied that the return on investments relating to the CAEP Default Arrangement remains consistent with its aims and objectives and that no action was required to be taken with regard to either the strategy or structure of the funds within the CAEP Default Arrangement.

In addition to the annual review, the Trustees review the investment performance of the funds that make up the CAEP Default Arrangement at every ordinary quarterly Trustees' meeting. At each of those Trustees' meetings the Trustees are provided with a quarterly investment report, prepared by the Trustees' appointed Investment Adviser and based on Scheme information provided by the Scheme administrator.

The reports provide information on fund performance, confirmation of the applicable charges, how the underlying funds are invested geographically, as well as their volatility. These reviews were conducted throughout the Scheme Year and no significant changes were made as a result of these more regular reviews.

Following the end of the Scheme Year, the Cushon Investment Office issued proposals to the Trustees setting out a significant change of investment strategy.

To assist with the review of the proposals, a report was prepared by the Trustees' appointed Investment Adviser (LCP), using information provided by the Scheme administrator and the Cushon Investment Office. The advice report was prepared to provide the Trustees with information, guidance and recommendations and included consideration of the following aspects: -

- Analysis of both the current and proposed Default Arrangement and self-select fund ranges including modelling of projected member pots at retirement for a range of potential members;
- Consideration of the variety of ways that members may draw their benefits in retirement from the Scheme;
- Analysis of ESG and climate integration of the proposed new Default Arrangement and self-select investment options.

Having reviewed the proposals fully as well as the advice received from the Trustees' Investment Adviser and following an extraordinary meeting on 9 May 2023 the Trustees accepted the proposals, subject to confirmation of the transition management approach and legal advice regarding existing members invested in the self-select SW HSBC Islamic fund. The Trustees' acceptance of the proposals was made with the expectation that the proposed new Default Arrangement is likely to lead to better outcomes for the significant majority of members and that the proposed new self-select fund range offers members a wider choice including funds with additional ESG credentials.

The transition to the new investment strategies will be completed by the end of October 2023 and will be reported on more fully in next year's Statement.

CWP

As reported in last year's Statement the Trustees carried out a detailed review of the strategy and performance of the CWP Default Arrangement during the 2021/2022 Scheme Year which concluded during the Scheme Year on 1 April 2022.

To assist with the review a report was prepared by the Trustees' appointed investment adviser at that time, Creative Benefit Solutions Limited, using information provided by the Scheme administrator. The report was prepared to provide the Trustees with information, guidance and recommendations to enable them to assess whether: -

- the investment approach proposed was appropriate for the expected membership of CWP;
- sufficient allowance was made for the methods in which members may choose to vest their benefits;
- the investment costs are appropriate and represent value for members;
- the investments are secure;
- the investments are understandable for members; and

- changes can be made to the investment proposition if and when appropriate.

In conducting the review, the Trustees took into consideration that the CWP is more appropriate for larger employers who were already providing pension benefits for their employees and that these employees may also have access to advice.

As such, and due to the bespoke nature of the CWP section, the expectation is that members would be more used to pension saving and would require a more expansive fund range.

In conducting the review, the Trustees also took into consideration the findings of the FCA Report, which outlined how members are expected to take their benefits at retirement. The findings of this report, the average fund size and the actual age profile of members assisted the Trustees in their review of how the CWP Default Arrangement is invested as members get closer to the Scheme's "Normal Retirement Age", or alternative member selected target retirement age. This enabled the Trustees to be satisfied that the default strategy being adopted for the CWP section remained fit for purpose and in the members' best interests.

In addition, the Trustees reviewed the extent to which the return on investments relating to the CWP Default Arrangement (after deduction of any charges relating to those investments) is consistent with the aims and objectives of the CWP Default Arrangement. The key objective being to enable members to build up and secure appropriate retirement benefits while being exposed to an acceptable level of investment risk.

By reviewing the information provided within the report prepared by the Trustees' appointed Investment Adviser, which included details of: -

- the asset allocation;
- the cumulative investment performance over periods of time ranging from 3 months to 5 years; and
- the discrete annual investment performance over the 5 -year period ending 31 December 2022 against the fund benchmarks, together with the volatility and Sharpe and/or Sortino ratio of the Creative Accumulation Fund element of the CWP Default Arrangement,

the Trustees were satisfied that the return on investments relating to the CWP Default Arrangement remained consistent with its aims and objectives and that no action was required to be taken with regard to either the strategy or structure of the funds within the CWP Default Arrangement.

In addition to the annual review, the Trustees review the investment performance of the funds that make up the CWP Default Arrangement at every ordinary quarterly Trustees' meeting. At each of those Trustees' meetings the Trustees are provided with a quarterly investment report, prepared by the Trustees' appointed Investment Adviser and based on Scheme information provided by the Scheme administrator. The reports provide information on fund performance, confirmation of the applicable charges, how the underlying funds are invested geographically, as well as their volatility. These reviews were conducted throughout the Scheme Year and no changes were made by the Trustees as a result of these more regular reviews.

2. Requirements for processing financial transactions

"Core financial transactions" include (but are not limited to): -

- investment of contributions in the Scheme;
- transfers of assets relating to members into and out of the Scheme;

- transfers of assets relating to members between different investments within the Scheme; and
- payments from the Scheme to, or in respect of, members.

During the Scheme Year, the Trustees established that “core financial transactions” were processed promptly and accurately in the following ways. The contract terms in place with Link Pension Administration (HS) Limited as the Scheme administrator, include SLAs outlining the expected timeframes for processing member benefit payments and instructions. These SLAs include the processing of transfers into and out of the Scheme, the switching of investment funds as directed by members, the settlement of death benefits and retirement claims. The Trustees reviewed any complaints, errors or non-conformances on at least a quarterly basis which would assist in identifying any administrative failings, including any inaccuracies.

The Trustees monitored compliance with the SLAs during the Scheme Year in several ways. The Scheme administrator provides a quarterly Administration Report to the Trustees which is reviewed at each quarterly ordinary Trustees’ meeting. The reports include details of the Scheme administrator’s performance against the agreed SLAs. In addition, the Trustees undertake a further annual review of the Scheme administrator’s AAF 01/20, or equivalent, report which outlines the findings of a yearly external independent audit of the Scheme administrator’s systems and processes including the reconciliation of pension contributions received, the allocation of contributions to member accounts and the daily monitoring of the Scheme’s Trustee bank account.

In addition, a standing Trustees’ meeting agenda item is also in place regarding the payment of contributions to the Scheme by all participating employers and relevant reporting where payments are not paid within regulatory timeframes and in accordance with the Pensions Regulator’s Code of Practice.

There were some delays to the transfers of assets relating to members into and out of the Scheme during the Scheme Year that were delayed due to staff resourcing issues at the Scheme’s third-party administrator. As result of these resourcing issues, and concerns regarding the prompt processing of some of the “core financial transactions”, the Trustees arranged additional monthly meetings with the Scheme administrator to more closely monitor its resourcing and ongoing performance against its SLAs and provides opportunity for the Trustees to discuss, agree and monitor various ways of improving service levels and manage outstanding cases. It also allows for more engagement with key senior personnel within Link Pension Administration Limited, following its acquisition of HS Pensions Limited on 31 October 2022. Wider processes continue to be improved and monitored in conjunction with the Scheme administrator and this in turn helps ensure further refinements are made to improve efficiencies in administration processes including for example, the contribution collection process.

2.1 Significant Event Reports

Eight significant events (as defined in the Pension Schemes Act 2017) have occurred during the Scheme Year and have therefore been reported to the Pensions Regulator (“TPR”) in line with TPR’s Significant Event Reporting requirements. Three of those were classed as a Significant Event J, “a failure of the systems or processes used in running the scheme”. A summary of those events is provided below.

Event 1

The CWP Investment Manager incorrectly deducted an excess charge from the unit prices of the ML Shariah fund during the period from 4 April 2018 to 6 July 2022. The Investment Manager adjusted the unit price of the fund on 7 July 2022 to correct the error in the unit price but members with transactions in the fund prior to that date may still have suffered financial detriment.

The Investment Manager reported the error to the Trustees on 9 September 2022 and it was reported to TPR on 12 September 2022. As at the end of the Scheme Year, the Scheme administrator is still performing financial detriment assessment calculations to determine whether any members or former members require redress due to the complex nature of the transactions involved.

Event 2

The CWP Investment Manager used incorrect unit prices for Scheme fund investment trades processed on 28 September 2022 for seven Scheme members. The Investment Manager identified the error and corrected the Scheme level unit holdings in the affected funds the following day but the Scheme administrator was not made aware of the issue such that the affected member records were not corrected at the time. The Scheme administrator identified a discrepancy between the Scheme level unit holdings and the Scheme membership records as part of its October 2022 monthly audit process and following a detailed investigation reported the matter to the Trustees on 10 February 2023 with a report being submitted to TPR on 13 February 2023. The Scheme administrator corrected the affected member records with a further unit adjustment by the Investment Manager on 7 July 2023 to resolve the event and ensure all affected members were no worse off.

Event 3

On 1 March 2023 the CWP Investment Manager incorrectly blocked two investment trades into the ML Passive Global Ex-UK Equity Hedged fund submitted by the Scheme administrator for eleven Scheme members. The Scheme administrator notified the Trustees on 2 March 2023 and a report was submitted to TPR on 3 March 2023. The two investment trades were successfully resubmitted by the Scheme administrator on 3 March 2023 but there was a loss of investment return for the affected members due to the delayed investment. The Investment Manager purchased additional units in the fund to fully compensate for the loss on 10 March 2023 and the Scheme administrator corrected the Scheme records for the affected members on 29 June 2023 to fully resolve the event.

The Trustees have engaged with all relevant service providers in relation to these Significant Events and continue to monitor progress on all corrective action and work undertaken to mitigate against such events recurring in future. The Trustees have also ensured that TPR has been (or where appropriate will be) updated to the point of final resolution for each event. While the Trustees are comfortable with the responses to these events, they do realise the importance of acknowledging the underlying causes and the impact they have had on Scheme members and their beneficiaries and have included consideration of these events within the Value assessment scoring, as detailed in section 3.3 of this statement.

3. Assessment of member-borne charges and transaction costs

3.1 Level of member-borne charges and transaction costs

In accordance with regulation 25(1) (a) of the Administration Regulations, the Trustees calculated the “charges” and the “transaction costs” borne by members of the Scheme during the Scheme Year. The Trustees have followed statutory guidance when preparing this section of the statement.

For these purposes “charges” means administration charges other than transaction costs, costs relating to certain court orders, charges relating to pension sharing under the Welfare Reform and Pensions Act 1999, winding up costs and costs associated with the provision of death benefits. Charges include the standard “fund-based charge”, which is fixed for each fund and explicit “additional expenses” that can vary from time to time for each fund.

During the Scheme Year the level of fund-based charges applicable to the Default Arrangements ranged from 0.3% p.a. up to a maximum of 0.4% p.a. of the funds under management. Members may also be invested in a range of other funds where a different level of fund-based charge may apply.

The “additional expenses” payable are incurred by the Scheme for two reasons. Firstly, a fund manager will trade in markets to invest money flowing into or out of the fund as members pay in or leave the Scheme. Secondly, they will implement investment decisions in the course of the day to day fund management. These expenses are explicit – i.e. costs for which an invoice could be generated. Examples include brokerage fees, stamp duty and custodian fees.

Transaction costs are those incurred as a result of the buying, selling, lending or borrowing of investments. Transaction costs are implicit and variable over different periods and funds.

Transaction costs cannot be directly observed and will include (but are not limited to) bid-offer spreads, the difference between the decision price and the actual execution price of a trade, and market impact (the change in the price of a security caused by the trade). These implicit costs can be positive or negative.

There is also a monthly member charge which, during the Scheme Year, was £1.50 per calendar month for “deferred” members for whom no active ongoing regular monthly contributions are being paid into the Scheme, and £2.00 per calendar month for “active” members with ongoing regular contributions. The monthly member charge is only deducted where the member’s Retirement Account fund value is £102 or greater.

The Trustees have provided a breakdown of all these charges (including the additional expenses and the transaction costs), for the Scheme Year, for all the funds within the Scheme in the table below: -

Fund	Fund Based Charge %	Additional Expenses %	Transaction Costs (Note 2) %	Total %	Monthly Member Fee	
					Active £	Deferred £
CAEP						
Scottish Widows Cash (Note 1)	0.40	0.00	0.02	0.42	2.00	1.50
Scottish Widows Pension Portfolio Three (Note 1)	0.40	0.00	0.04	0.44	2.00	1.50
Scottish Widows Pension Portfolio Four (Note 1)	0.40	0.00	0.07	0.47	2.00	1.50
Scottish Widows Pension Protector	0.40	0.00	0.02	0.42	2.00	1.50
Scottish Widows HSBC Islamic	0.70	0.00	0.02	0.72	2.00	1.50
Scottish Widows LGIM Ethical Global Equity	0.70	0.00	0.00	0.70	2.00	1.50
CWP						
ML Creative Accumulation Fund (Note 1)	0.30	0.00	0.06	0.36	2.00	1.50
ML Passive All Stock Corporate Bond Fund (Note 1)	0.30	0.00	0.02	0.32	2.00	1.50
ML Sterling Liquidity Fund (Note 1)	0.30	0.00	0.04	0.34	2.00	1.50
ML Pre-Retirement Fund	0.75	0.00	0.13	0.88	2.00	1.50
ML Conservative Fund	0.75	0.01	0.11	0.86	2.00	1.50
ML Retirement Builder	0.75	0.01	0.09	0.85	2.00	1.50

ML Diversified Beta Fund	0.75	0.01	0.08	0.84	2.00	1.50
ML Equity Accumulation Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2070 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2065 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2060 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2055 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2050 Retirement Age Fund	0.75	0.01	0.08	0.84	2.00	1.50
ML 2045 Retirement Age Fund	0.75	0.01	0.08	0.84	2.00	1.50
ML 2040 Retirement Age Fund	0.75	0.01	0.08	0.84	2.00	1.50
ML 2035 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2030 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2025 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML 2020 Retirement Age Fund	0.75	0.01	0.09	0.85	2.00	1.50
ML Passive Emerging Market Equity Fund	0.70	0.08	0.01	0.79	2.00	1.50
ML Passive Global Ex-UK Equity GBP Hedged Fund	0.50	0.01	-0.05	0.46	2.00	1.50
ML Passive UK Equity Fund	0.45	0.00	0.06	0.51	2.00	1.50
ML All Stock UK Corporate Bond Fund	0.60	0.04	0.06	0.70	2.00	1.50
ML Passive Global Real Estate Equity Fund	0.65	0.00	0.07	0.72	2.00	1.50
ML DGF Solutions Fund	1.00	0.09	0.38	1.47	2.00	1.50
ML Shariah Fund	0.70	0.00	0.03	0.73	2.00	1.50
ML Passive Ethical Equity Fund	0.70	0.00	0.00	0.70	2.00	1.50
ML Retirement Ready Fund	0.75	0.00	0.09	0.84	2.00	1.50

Notes: -

- 1) These funds make up the Scheme Default Arrangements. The actual funds invested and the proportions thereof are determined by age.
- 2) Transactions costs are rounded to two decimal places.

In accordance with regulation 23(1)(c) of the Administration Regulations, the effect of the charges and transaction costs for each of the funds is shown in the table below together with the assumptions that have been used in calculating these figures. It is important to note that it is not possible to manage investments without incurring costs and charges, but it is the Trustees' responsibility to ensure that the costs and charges are reasonable and represent value for members.

CAEP Projected Values

Assumptions: -

- 1) Projected pot values are shown in today's terms and do not need to be further reduced for the effect of future inflation.
- 2) The starting pot size is assumed to be £3,000.
- 3) Inflation is assumed to be 2.5% each year.
- 4) Contributions are assumed from age 22 to 65 and increase in line with inflation.
- 5) The starting level of assumed monthly contribution is £150.

- 6) Values shown are estimated and are not guaranteed. The projection does not indicate the likely variance and volatility in the possible outcomes from each fund.
- 7) The transaction cost figures used in the projections are those provided by the Investment Provider averaged and annualised over the last five Scheme years, or the longest period for which data is available where that is less than five years, subject to a minimum of zero (so the projection does not assume a negative cost over the long term).
- 8) The numbers shown in the projection are rounded to the nearest £100.
- 9) The projected growth rate (PGR) for each fund is detailed under the name of each fund in the table below. For the Default Arrangement the PGR detailed in the table below is given as a range, this is because one PGR is given for the initial years in the growth phase of the strategy and another given for the investment assets held at the end of the lifestyling de-risking period (i.e. immediately prior to members' Normal Retirement Age, or other member-selected retirement age).
- 10) The projections take into account the effect of all charges and transaction costs based on the average of such costs as provided by the Investment Provider (subject to assumption 7 above) and in accordance with statutory requirements. This includes a fixed member charge of £2 per month and an average percentage fund-based charge (calculated using the average pot sizes).

Fund Choice						
Years	Default Arrangement PGR 2.50% above to 0.75% below inflation		Scottish Widows Cash Fund PGR 0.75% below inflation		Scottish Widows Pension Portfolio Four Fund PGR 1.50%	
	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	4900	4800	4800	4700	4900	4800
5	13000	12500	11700	11300	12600	12100
10	24300	22600	20100	18800	22900	21300
15	37000	33300	282700	25600	34000	30600
20	51500	44700	36000	31800	46000	40000
25	67800	56800	43500	37300	58900	49500
30	85800	69300	50700	42400	72800	59200
35	102300	79600	57700	47000	87700	68900
40	11800	88400	64400	51100	103900	78800
43	112300	89700	68300	53100	114100	84800
Fund Choice						
Years	Scottish Widows Pension Portfolio Three Fund PGR 2.50% above inflation		Scottish Widows Pension Protector Fund PGR 1.50% above inflation		Scottish Widows HSBC Islamic Fund PGR 4.25% above inflation	
	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	4900	4800	4900	4800	5000	4900
5	13000	12500	12600	12100	13700	13100
10	24300	22600	22900	21400	26900	24600
15	37000	33300	34000	30800	43100	37800
20	51500	44700	46000	40300	63100	52800
25	67800	53800	58900	50000	87700	70100
30	86300	69700	72800	59800	117900	89800
35	107200	83400	87700	69800	155200	112400
40	130900	98000	103900	79900	201200	138200
43	146600	107200	114100	86000	233700	155500

Fund Choice		
Years	Scottish Widows LGIM Ethical Global Equity Index Fund PGR 4.25% above inflation	
	Pot Value Without Charges	Pot Value With Charges
1	5000	4900
5	13700	13100
10	26900	24600
15	43100	37700
20	63100	52800
25	87700	70000
30	117900	89600
35	115200	112100
40	201200	137800
43	233700	155000

CWP Projected Values

Assumptions: -

- 1) Projected pot values are shown in today's terms and do not need to be further reduced for the effect of inflation.
- 2) The starting pot size is assumed to be £10,000.
- 3) Inflation is assumed to be 2.5% each year.
- 4) Contributions are assumed from age 22 to 65 and increase in line with inflation.
- 5) The starting level of assumed monthly contribution is £190.
- 6) Values shown are estimated and are not guaranteed. The projection does not indicate the likely variance and volatility in the possible outcomes from each fund.
- 7) The transaction cost figures used in the projection are those provided by the Investment Manager averaged and annualised over the last five Scheme years, or the longest period for which data is available where that is less than five years, subject to a minimum of zero (so the projection does not assume a negative cost over the long term).
- 8) The numbers shown in the table are rounded to the nearest £100.
- 9) The projected growth rate (PGR) for each fund is detailed under the name of each fund in the table below. For the Default Arrangement the PGR detailed in the table below is given as a range, this is because one PGR is given for the initial years in the growth phase of the strategy and another given for the investment assets held at the end of the lifestyling de-risking period (i.e., immediately prior to members' Normal Retirement Age, or other member-selected retirement age).
- 10) The projections take into account the effect of all charges and transaction costs based on the average of such costs as provided by the Investment Manager (subject to assumption 7 above) and in accordance with statutory requirements. Also included in the fees is a fixed member charge of £2 per month and an average percentage fund-based charge (calculated using the average pot sizes).

Fund Choice						
	Default Arrangement PGR 2.25% above to 0.75% below inflation		ML 2025 Retirement Age Fund PGR 1.25% above inflation		ML 2030 Retirement Age Fund PGR 1.50% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12400	12300	12500	12500	12500	12300
5	22400	21600	23200	22700	23000	21700
10	35600	33200	38000	36400	37400	33600
15	49600	45000	54600	51300	53300	45700
20	64600	57000	73000	67400	70800	58000
25	80500	69000	93700	84800	90200	70500
30	97400	81200	116800	103600	111500	83300
35	115400	93400	142600	124000	135100	96200
40	134600	105900	171400	146100	161200	109400
43	146600	113400	190300	160300	178100	117500
Fund Choice						
	ML 2035 Retirement Age Fund PGR 2.00% above inflation		ML 2040 Retirement Age Fund PGR 2.00% above inflation		ML 2045 Retirement Age Fund PGR 2.50% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12500	12400	12600	12500	12300	12300
5	23200	22400	24100	23200	21800	21400
10	38000	35600	40600	38000	33900	32700
15	54600	49600	60000	54500	46300	44000
20	73000	64600	82800	72900	59000	55300
25	93700	80400	109500	93400	72000	66600
30	116800	97400	140900	116400	85400	77900
35	142600	115300	177700	142000	99100	89100
40	171400	134500	220900	170600	113100	100300
43	190300	146500	250300	189400	121700	107000
Fund Choice						
	ML 2050 Retirement Age Fund PGR 3.00% above inflation		ML 2055 Retirement Age Fund PGR 3.25% above inflation		ML 2060 Retirement Age Fund PGR 3.25% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12600	12500	12600	12500	12600	12500
5	23700	22800	23900	23000	24100	23200
10	39300	36800	40000	37400	40600	38000
15	57200	52000	58600	53200	60000	54500
20	77800	68500	80200	70600	82800	72900
25	101300	86600	105300	89900	109500	93400
30	128200	106300	134400	111200	140900	116400
35	159000	127700	168000	134600	177700	142000
40	194300	151100	207100	160400	220900	170600
43	217900	166100	233500	177200	250300	189400

Fund Choice						
	ML 2065 Retirement Age Fund PGR 3.25% above inflation		ML 2070 Retirement Age Fund PGR 3.25% above inflation		ML All Stock UK Corporate Bond Fund PGR 0.50% below inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12600	12500	12600	12500	12300	12200
5	18200	17700	18200	17700	17000	16700
10	24100	23200	24100	23200	21800	21000
15	40600	37800	40600	37800	33900	31800
20	60000	54100	60000	54100	46300	42300
25	82800	72200	82800	72200	59000	52600
30	109500	92400	109500	92400	72000	62700
35	140900	114900	140900	114800	85400	72500
40	177700	139800	177700	139800	99100	82100
43	220900	167600	220900	167600	113100	91400
Fund Choice						
	ML Conservative Fund PGR1.25% above inflation		ML Creative Accumulation Fund PGR 2.25% above inflation		ML DGF Solutions Fund PGR 2.00% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12600	12500	12600	12500	12300	12200
5	24100	23200	24100	23200	21800	21000
10	40600	37800	40600	37800	33900	31800
15	60000	54100	60000	54100	46300	42300
20	82800	72200	82800	72200	59000	52600
25	109500	92400	109500	92400	72000	62700
30	140900	114900	140900	114800	85400	72500
35	177700	139800	177700	139800	99100	82100
40	220900	167600	220900	167600	113100	91400
43	250300	185800	250300	185800	121700	96900
Fund Choice						
	ML Diversified Beta Fund PGR 2.25% above inflation		ML Equity Accumulation Fund PGR 3.25% above inflation		ML Passive All Stock Corporate Bond PGR 0.50% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12500	12400	12600	12500	12300	12300
5	23200	22400	24100	23200	21800	21400
10	38000	35600	40600	38000	33900	32700
15	54600	49600	60000	54500	46300	44000
20	73000	64600	82800	72900	59000	55300
25	93700	80400	109500	93400	72000	66600
30	116800	97400	140900	116400	85400	77900
35	142600	115300	177700	142000	99100	89100
40	171400	134500	220900	170600	113100	100300
43	190300	146500	250300	189400	121700	107000

Fund Choice						
	ML Passive Emerging Market Equity Fund PGR 4.25% above inflation		ML Passive Ethical Equity Fund PGR 3.25% above inflation		ML Passive Global ex UK Equity GBP Hedged Fund PGR 4.25% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12800	12600	12600	12500	12800	12700
5	25000	24100	24100	23300	25000	24300
10	43400	40600	40600	38200	43400	41300
15	66200	59900	60000	54800	66200	61500
20	94100	82600	82800	73500	94100	85500
25	128600	109200	109500	94400	128600	114000
30	171000	140400	140900	117900	171000	147800
35	223200	176900	177700	144200	223200	188000
40	287600	219700	220900	173600	287600	235700
43	333100	248900	250300	193000	333100	268500
Fund Choice						
	ML Passive Global Real Estate Equity Fund PGR 3.75% above inflation		ML Passive UK Equity Fund PGR 3.25% above inflation		ML Pre-retirement Fund PGR 1.50% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12700	12600	12600	12600	12400	12300
5	24500	23700	24100	23500	22600	21700
10	42000	39400	40600	38700	36200	33700
15	63000	57400	60000	56000	50800	46000
20	88300	78100	82800	75600	66600	58500
25	118600	101800	109500	97800	83600	71300
30	155100	129000	140900	122900	101900	84400
35	199000	160300	177700	151400	121600	97700
40	251700	196100	220900	183600	142800	111400
43	288300	220100	250300	205000	156300	119700
Fund Choice						
	ML Retirement Builder Fund PGR 2.00% above inflation		ML Shariah Fund PGR 4.25% above inflation		ML Sterling Liquidity Fund PGR 0.75% below inflation	
Years	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges	Pot Value Without Charges	Pot Value With Charges
1	12500	12400	12800	12600	12200	12100
5	23000	22200	25000	24100	20800	20400
10	37400	35000	43400	40700	31200	30100
15	53300	48400	66200	60200	41300	39300
20	70800	62600	94100	83200	50900	47800
25	90200	77400	128600	110100	60200	55800
30	111500	93000	171000	141800	69200	63300
35	135100	109400	223200	179000	77800	70300
40	161200	126600	287600	222700	86100	76900
43	178100	137300	333100	252500	91000	80600

Fund Choice		
	ML Retirement Ready Fund PGR 1.00% above inflation	
Years	Pot Value Without Charges	Pot Value With Charges
1	12400	12300
5	22200	21400
10	35000	32700
15	48500	44100
20	62700	55400
25	77500	66700
30	93200	78000
35	109600	89300
40	126900	100600
43	137700	107300

3.2 Net Returns Reporting

In accordance with the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and resulting statutory guidance, the investment returns net of charges and transaction costs for the Scheme funds, including various stages of the Default Arrangements, are shown in the tables below, together with the assumptions that have been used in calculating these figures.

CAEP

Assumptions: -

- 1) Values are based on a pot size of £10,000 at the start of the period with no allowance for ongoing contributions. The £10,000 is based on Guidance from the Department for Work and Pensions and is different from the assumption used for the projections in section 3.1 of this Statement which is based on assessment of members' actual pot sizes.
- 2) Returns are annualised and values are based on a deduction of an active member fixed monthly fee of £2.00 per month in addition to all other charges and transaction costs applicable for a member invested in the Default Arrangement or relevant Scheme fund. This reflects the highest fixed charge paid by members as this charge can vary between different members of the Scheme. Members paying a lower fixed charge could expect a marginally higher net return than shown in the table below.

CAEP Default Arrangement				
Performance Period to 31 March 2023		1 year (%)	3 years (% pa)	5 years (% pa)
Member Age at start of period	25	-7.4	7.6	3.2
	45	5.4	6.5	5.0
	55	0.2	3.8	3.2
CAEP Funds				
Performance Period to 31 March 2023		1 year (%)	3 years (% pa)*	5 years (% pa)*
Scottish Widows Cash Fund		0.5	-0.5	3.2
Scottish Widows Pension Portfolio Four Fund		-8.4	2.7	1.4
Scottish Widows Pension Portfolio Three Fund		-7.4	7.7	-0.4
Scottish Widows Pension Protector Fund		-25.2	-10.7	0.0
Scottish Widows HSBC Islamic Fund		-6.2	n/a*	n/a*
Scottish Widows LGIM Ethical Global Equity Index Fund		0.0	n/a*	n/a*

* Longer term performance data for these funds is not available as they were recently inceptioned and so do not have three years of performance data.

CWP

Assumptions: -

- 1) Values are based on a pot size of £10,000 at the start of the period with no allowance for ongoing contributions.
- 2) Returns are annualised and values are based on a deduction of an active member fixed monthly fee of £2.00 per month in addition to all other charges and transaction costs applicable for a member invested in the Default Arrangement or relevant Scheme fund. This reflects the highest fixed charge paid by members as this charge can vary between different members of the Scheme. Members paying a lower fixed charge could expect a marginally higher net return than shown in the table below.

CWP Default Arrangement				
Performance Period to 31 March 2023		1 year (%)	3 years (% pa)	5 years (% pa)
Member Age at start of period	25	-5.7	7.5	6.1
	45	-5.7	7.5	6.1
	55	-7.5	3.0	3.1
CWP Funds				
Performance Period to 31 March 2023		1 year (%)*	3 years (% pa)*	5 years (% pa)*
ML Creative Accumulation Fund		-5.7	7.3	5.9
ML Passive All Stock Corporate Bond Fund		-10.1	-4.0	-1.7
ML Sterling Liquidity Fund		2.0	0.4	0.3
ML Pre-Retirement Fund		-16.1	-7.1	n/a**
ML Conservative Fund		-11.0	-1.6	n/a**
ML Retirement Builder		-5.9	4.2	n/a**
ML Diversified Beta Fund		-3.4	6.6	2.9
ML Equity Accumulation Fund		0.0	11.9	n/a**
ML 2070 Retirement Age Fund		0.0*	11.9*	n/a**
ML 2065 Retirement Age Fund		0.0*	11.9*	n/a**
ML 2060 Retirement Age Fund		0.0	11.9	n/a**
ML 2055 Retirement Age Fund		-0.3	11.8	4.8
ML 2050 Retirement Age Fund		-1.4	10.2	4.2
ML 2045 Retirement Age Fund		-2.6	8.4	3.5
ML 2040 Retirement Age Fund		-3.9	6.6	2.8
ML 2035 Retirement Age Fund		-5.7	4.6	2.1
ML 2030 Retirement Age Fund		-7.2	2.7	1.4
ML 2025 Retirement Age Fund		-7.0	1.6	1.1
ML Passive Emerging Market Equity Fund		-5.8	6.9	n/a**
ML Passive Global Ex-UK Equity GBP Hedged Fund		-8.2	15.2	n/a**
ML Passive UK Equity Fund		2.2	13.0	n/a**
ML All Stock UK Corporate Bond Fund		-10.3	-2.7	n/a**
ML Passive Global Real Estate Equity Fund		-15.6	7.0	n/a**
ML DGF Solutions Fund		-6.1	1.8	n/a**
ML Shariah Fund		-3.1	15.9	n/a**
ML Passive Ethical Equity Fund		0.7	16.9	n/a**
ML Retirement Ready Fund		-6.2	0.6	n/a**

* The ML 2065 and 2070 Retirement Age funds were launched in April and July 2022 respectively and as such no performance data is available; notional historic performance for these two new funds has been included in the table above based on the ML 2060 fund.

** Longer term performance data for these funds is not available as they were recently inceptioned and so do not have five years of performance data.

3.3 Value assessment

In accordance with regulation 25(1) (b) of the Administration Regulations, during the Scheme Year the Trustees assessed the extent to which the charges and transaction costs set out in section 3.1 above represent good value for members.

In making this assessment and a wider assessment of “value for money” the Trustees have had to determine a framework for defining “value for money” recognising the subjective nature of the concept and that no single definition can apply in all circumstances. The framework identifies a need to focus on **Quality, Risk, Relevance, and Cost**. This is supported by framework statements which are intended to assist in the analysis of value for money, including: -

- Value is more than just cost.
- Assessing “Quality” needs to consider all elements that can materially impact member outcomes;
- Assessing “Relevance” needs to consider the needs of the membership and the extent to which these are reflected in any member feedback;
- Assessing “Cost” is primarily a relative assessment, with research and judgment required to assess what comparators should be used;
- Value for money is forward looking and can change over time;
- Value for money is primarily concerned with anticipated outcomes at retirement;
- Cross-subsidies inevitably exist; and
- Members’ interests include the stability and on-going existence of the Scheme and provider.

In conducting their assessment, the Trustees carefully considered evidence in respect of each “value for money” component and used the process of weighted ratings for these with the aim of establishing an appropriate level of objectivity to the process. In arriving at their conclusions, the Trustees gave particular consideration to the design and costs associated with the Default Arrangements and the following: -

- A review of the performance of the Scheme’s investment funds in the context of their investment objectives;
- The investment management charges on the funds;
- A review of the non-financial benefits of the Scheme, for example, the quality of customer service (including taking into consideration the level of negative feedback that was received by the Trustees during the Scheme Year);
- Governance;
- The Administration Services provided including the Scheme administrator’s performance against the Scheme’s SLAs;
- Member communications;
- A comparison of the overall level of member charges with the benefits delivered for members; and

- The level of fees paid to all the Scheme's service providers.

The overall rating assessed by the Trustees for the Scheme Year was % made up as follows: -

Category	Maximum Score	Actual Score
Risk	40.00	31.00
Cost	30.00	26.50
Quality	20.00	15.00
Relevance	10.00	8.50
Total	100.00	81.00

This compared with an overall rating of 82.25% for the previous Scheme Year ending 31 March 2022. A summary of the scoring considerations taken in arriving at that overall rating is provided below:

Risk – The Trustees reduced the overall score for this Value assessment category, from 32.00 last year to 31.00 this year. This reduction was agreed in acknowledgement of the developing relationship with Cushon MT Limited, following its acquisition of the Scheme Sponsor & Manager, Creative Auto-Enrolment Limited ("CAE"), on 13 April 2022 and subsequent changes to the CAE senior management in 2023.

In addition, the Trustees increased engagement with the Scheme's Investment Providers to challenge them on service issues and meaningfully hold them to account. In this they were supported by LCP who were appointed as the Trustees' independent Investment Adviser during the Scheme Year to provide increased investment consultancy resource and capacity. The Trustees have also benefitted from additional training delivered by LCP.

The Trustees consider the overall reduction in this year's score is a proportionate response to the points outlined above but note a number of positives to be taken from this assessment. The Trustees expect to be able to increase the score next year, based on further interaction with new CAE senior management, Cushon MT Limited, and the Scheme Strategist members.

Cost – The Trustees agreed to maintain last year's overall score of 26.50 on this Value assessment category, based on there having been no meaningful changes to costs incurred by members, noting the increase to the deferred member monthly fee from £1.20 to £1.50 from April 2022 had been factored into the 2021/2022 value assessment as the decision to make this change took place during the 2021/2022 Scheme Year.

The Trustees are also seeking to determine the effectiveness and level of member engagement with new "Track, Trace and Transfer" and "My Retirement Plan" tools made available via the Member Portal. The Trustees believe maintaining last year's score for this year's assessment is fair given the points outlined above, but expect to be able to increase the score next year once those member engagement statistics are available.

Quality – The Trustees agreed to reduce the overall score on this Value assessment category from 15.25 last year to 15.00 this year to acknowledge some ongoing challenges with the Scheme administration services over the course of the Scheme Year. In response to those challenges the Trustees have increased direct engagement with the Scheme administrator including additional monthly meetings with senior staff from Link Pension Administration Limited to hold them to account for the required improvement in service.

The Trustees also noted the continued improvement in member communications over the course of the Scheme Year as well as developments in exploring ways of more effectively engaging with members.

The Trustees consider this reduction in score is proportionate but expect to be able to increase the score next year based on their increased engagement with the Scheme administrator and other enhancements being made to the quality of the Scheme's service proposition and provision.

Relevance – The Trustees agreed to maintaining last year's overall score of 8.50 on this Value assessment category based on the design of the Scheme continuing to be relevant and appropriate to its membership and supportive of its objectives. The Trustees expect to be able to increase this score in future as a result of the implementation of a new investment strategy for the CAEP section of the Scheme during the course of the 2022/23 Scheme Year referred to in section 1.2 of this Statement.

In conclusion and having taken into consideration all the above points and further based on the number of participating employers and levels of contributions being paid to the Scheme, the Trustees are of the view that, although there is always scope for improvement, the charges and transaction costs applied in the Scheme represent good value for members, and the Scheme remains well run. The Trustees actively continue to seek to apply best practice, innovation and improvement throughout their relationships with all providers to ensure good value for members.

4. Trustee knowledge and understanding ("TKU")

The Trustees' own knowledge and understanding, together with the advice, which is available to them, enables them to properly exercise their functions as trustees of the Scheme. All the Trustees are Accredited Professional Trustees. The Trustees themselves have the following experience / expertise: -

Roger Mattingly – Chair of Trustees

During the Scheme Year Roger was a Trustee Director of Ross Trustees Services Limited. He has previously served as a main board Director of two leading pension consultancies in a career in the Pensions industry spanning more than 40 years. Roger is a past President of the Society of Pension Professionals. He has been a member of various industry groups including the Pensions Regulator's Stakeholder Advisory Panel, the PLSA's DB and DC Multi Employer committees and has been a member of several DWP Policy Engagement groups.

He is a Fellow of the Institute of Directors and is an editorial adviser to "Pensions: An International Journal". He chairs the trustee boards of several pension schemes of various shapes and sizes. He is a member of the PLSA's DC Master Trust Reference Group and in June 2021, he became the representative for the Scheme on the Department for Work & Pensions Occupational Pensions Stewardship Council (OPSC) and led on Climate Change reporting over the course of the Scheme Year.

Charles Goddard - Trustee Representative of PAN Trustees UK LLP

Charles is the Managing Partner of PAN Trustees UK LLP.

He has worked in the Pensions Industry for over 45 years, having been a Director of Bradstock Financial Services from 1983 to 1996 and a Main Board Director of Bradstock Trustee Services Limited from 1985 to 1996, during which time he established his reputation as an independent trustee.

He joined as a founding Director of what ultimately became Capital Cranfield Trustees in 1996 and was one of the key leaders of the firm's successful growth. He became a founding and Managing Director of Capital Cranfield Trustees Limited in 1999, a role he held until leaving to join PAN Group in 2008.

He has had extensive involvement in the wider pensions industry activities and has been a member of TPAS, IPTG, and the Pension Fund construction committee and was a major contributor to TPR E-Learning Committee for DB Scheme Wind-ups.

Rachel Brougham – Trustee Representative of BESTrustees Limited

Rachel is the most recent addition to the Trustee Board, having commenced her role on 1 September 2020. Rachel is a Trustee Executive of BESTrustees Limited and is a fully accredited professional pensions trustee. Rachel's move into professional trusteeship followed a long and successful career as an actuary and pensions consultant with one of the large employee benefit consultancies.

She works on a range of trustee boards of both defined benefit and defined contribution pension schemes and spent several years on the boards of two large providers' master trusts.

Robert Branagh - Independent Trustee

Robert is a past President of the Pensions Management Institute, Chairman of the Armed Forces Pension Scheme, and Chief Executive Officer of the London Pensions Fund Authority. On 1 May 2021 he was appointed as a non-executive Director on the Board of the Pensions Ombudsman and has a small portfolio of trustee and non-executive roles with various organisations, as well as being Governor of the Pensions Policy Institute.

Robert has a wealth of experience across the pension industry over the last 34 years. Much of that has been in pensions administration and member experience leading several outsourcing businesses or managing large pension schemes with significant numbers of members. He has worked in both the private and public sector, for insurance, trustee, and private equity owned companies, charities and a professional services firm and successfully achieved the Association of Professional Pension Trustees professional trustee accreditation on 1 February 2021.

Trustee Advisers

The Trustees received advice on investment matters from Creative Benefit Solutions Limited during the Scheme Year up to 22 June 2022. Lane Clark & Peacock LLP was appointed as replacement investment adviser during the Scheme Year from 23 June 2022. The Trustees also received advice on legal, audit and other issues from Sacker & Partners LLP and Crowe U.K. LLP respectively.

Knowledge and understanding

During the Scheme Year, the Trustees have met the requirements of sections 247 and 248 of the Pensions Act 2004 (requirements for knowledge and understanding) in the following ways: -

- each Trustee is affiliated with professional bodies, regularly attends relevant industry events, maintains a Continuing Professional Development log and has successfully completed all relevant modules of the Pensions Regulator's Trustee Toolkit.
- the Trustee Board is provided with updates on relevant legislative and regulatory changes that impact on the Scheme.
- training has been undertaken at individual and collective Trustee level on matters such as illiquid Investments and Climate Change reporting and scenario analysis over the course of the Scheme Year.

- individual Trustees have also attended, presented and spoken at several seminars/conferences over the Scheme Year such as the Pension Scams Industry Forum (PSIF) meeting on 28 April 2022 and the OPSC's Climate Change Fiduciary Aspects event on 25 October 2022.
- the Trustee Board has been represented at a number of the Pensions Regulator's forums during the Scheme Year relating to Master Trust Supervision including the Pensions Dashboard webinar on 28 July 2022.
- the Trustees each have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced through the challenge provided to the various Scheme service providers as recorded in the Trustees' meeting minutes and in the Trustees' Annual Business Planner established by the Trustees to review the performance of the Scheme.
- the Trustees have access to professional advisers (see details above) where required.
- the Trustees have exercised their discretion and powers in line with the Scheme Trust Deed and Rules, current legislation and regulation thereby demonstrating its working knowledge of the Trust Deed and Rules and, where required, legal advice has been taken during the Scheme Year.
- a Trustees' Annual Business Planner is in place for the Scheme, clearly setting out the items to be actioned during the Scheme Year and this was followed. This also incorporates reviews of certain Trustee policies, regarding matters such as Fitness and Propriety and Conflicts of Interest which evidences the Trustees' working knowledge of these documents. This Trustee control is independently audited on an annual basis as part of the AAF05/20 (previously AAF02/07) Master Trust Assurance Framework (MAF) audit process.
- during the Scheme Year the SIPs for both sections of the Scheme have been reviewed and updated. The consideration and review of these by the Trustees means they are fully conversant with the SIPs for both sections.
- further work has also been undertaken during the Scheme Year regarding the Trustees' stance on Environmental, Social and Governance matters with updates being made to the 'Trustees' Investment Beliefs and ESG Strategy' and 'Climate Change Governance and Reporting Framework' documents as well as the Scheme's Implementation Statements, which for the 2021/22 Scheme year were published on the Scheme's website on 25 October 2022.
- any new Trustee appointed is required to have completed all relevant modules of the Pensions Regulator's Trustee Toolkit prior to their formal appointment and are also required to familiarise themselves with a set of induction materials, including the Scheme Trust Deed and Rules, the Scheme Benefit Annex, the SIPs, Member and Investment Guides, the previous year's Scheme Accounts and copies of recent Trustees' meeting minutes within six months of their appointment.

In order to have structure around identifying and addressing any gaps in knowledge and understanding, the Trustees have a Trustee Fitness and Propriety declaration policy in place which each Trustee is required to complete alongside an individual skills matrix to self-assess the skills, knowledge, understanding and experience that he or she has. The Trustee Board uses this as the basis for an annual assessment of TKU. The results are reviewed by the Chair of Trustees and the Scheme Sponsor & Manager alongside the Trustee Fitness and Propriety Policy to agree or challenge the personal assessment and the effectiveness of the Trustee Board as a whole.

In addition to this a Trustee Board Effectiveness questionnaire was introduced by the Trustees in October 2022 for which each Trustee individually rated the collective Trustee Board on elements of its composition and succession planning, decision making, external relations, monitoring of the Scheme and its meetings.

Alongside a skills matrix, this assessment is used to identify any knowledge gaps and if any external specialist training is required, and in what circumstances. In addition and following the completion of the questionnaire by the Trustees, the Chair of Trustees then undertakes a review of the collective skill sets of the Trustee Board to ensure that if there is any collective knowledge or skills gaps, these can be addressed and any relevant training undertaken. No material gaps were identified during the Scheme Year, although as mentioned previously in this Statement, during the Scheme Year, the Trustees undertook a training session on climate change scenario analysis on 17 August 2022 and on illiquid investments on 6 October 2022, both provided by the Trustees' Investment Adviser (LCP).

For the reasons above, the Trustees' combined defined contribution, investment and administration system related knowledge, together with advice from highly qualified and relevant investment and legal advisers, enables them to properly exercise their duties and responsibilities to the Scheme.

5. Majority of trustees to be “non-affiliated”

During the Scheme Year there have been four Trustees on the Trustee Board, all of whom, including the Chair of the Trustees and the representatives of PAN Trustees UK LLP and BESTrustees Limited, are, and have been throughout the Scheme Year, “non-affiliated”. For these purposes, “non-affiliated” means “independent of any undertaking which provides advisory, administration, investment or other services in respect of the relevant multi-employer scheme”. In addition, for the purposes of determining whether a person is “non-affiliated” the following matters have been taken into account, as required by law: -

- whether the person: -
 - is a director, manager, partner or employee of an undertaking which provides advisory, administration, investment or other services in respect of the scheme (a “service provider”) or an undertaking which is connected to a service provider; or
 - has been such a director, manager, partner or employee during the period of five years ending with the date of the person’s appointment as a trustee;
- whether the person receives any payment or other benefit from a service provider, other than: -
 - a payment or other benefit in respect of a role in the governance of a personal pension scheme in which the person is required to act in the interests of some or all of the scheme’s members; or
 - a payment in respect of the person’s role as trustee of the relevant multi-employer scheme;
- whether or not, in the person’s relationship with a service provider, the person’s obligations to the service provider conflict with their obligations as a trustee of the relevant multi-employer scheme and whether their obligations as a trustee will take priority in the case of a conflict.

The Trustees are satisfied that these conditions have been met in relation to all the Trustees. Two of the Trustees, PAN Trustees UK LLP and BESTrustees Limited, are professional trustee firms, and meet the additional legal requirements for such bodies to count as non-affiliated. During the Scheme Year, Charles Goddard (PAN Trustees UK LLP) and Rachel Brougham (BESTrustees Limited) were the nominated representatives.

6. Process for appointment of a non-affiliated trustee

There were no additional non-affiliated trustees appointed during the Scheme Year.

7. Arrangements to encourage representations from members

Due to the size, “online” and “auto enrolment compliance” nature, and demographics of the Scheme, members or their representatives are encouraged to make their views on matters relating to the Scheme known to the Trustees via the Scheme website which includes a “Get in touch” link to contact the Trustee Chair. These arrangements were in place throughout the Scheme Year. Members were also encouraged to take part in the ‘Your Say’ annual member survey, which was issued in November 2022. The results were reviewed by the Trustees during their ordinary Trustees’ meeting held on 22 February 2023.

During the Scheme Year members were provided with quarterly newsletters that contain relevant contact information for members to share their views on matters relating to the Scheme with the Trustees.

To encourage member engagement the Scheme administrator issues guidance on how feedback can be given via an online questionnaire as part of its communication process when contacting Scheme members, and the feedback from the questionnaire (if and where received) is in turn fed back to the Trustees at the ordinary quarterly Trustees’ meetings. Members are also asked to provide feedback following interaction with the Scheme administrator through their on-line Member Portal.

Signed on behalf of the Trustees

Roger Mattingly

Chair of Trustees

Date: 18 October 2023



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team@creativeae.co.uk 0345 606 0424 creativebenefits.co.uk

Creative Pension Trust is an occupational pension scheme governed by a group of Independent Trustees including PAN Trustees UK LLP (Company No. OC333840) of The Annex, Oathall House, Oathall Road, Haywards Heath, West Sussex, England RH16 3EN and BESTrustees Limited (Company No. 02671775) of Aquis House, 49-51 Blagrove Street, Reading, Berkshire RG1 1PL. The scheme is sponsored by Creative Auto Enrolment Limited (Company No. 8554978), trading as Creative. Registered office: Stephenson House, 2 Cherry Orchard Road, Croydon, Surrey, CR0 6BA.



Statement of Investment Principles

Creative Auto Enrolment Pension | October 2023



creativebenefits.co.uk

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1. INTRODUCTION

This Statement of Investment Principles ("SIP") has been prepared by PAN Trustees UK LLP, Roger Mattingly, Robert Branagh and BESTrustees Limited (the "Trustees") as the Trustees of Creative Pension Trust (the "Scheme") in consultation with Creative Auto-Enrolment Limited (the "Scheme Sponsor & Manager"). This SIP relates only to section 1 of the Scheme known as the Creative Auto Enrolment Pension ("CAEP"). This SIP is produced to meet the requirements of the Pensions Acts 1995 and 2004, the Occupational Pension Schemes (Investment) Regulations 2005 (as amended), the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and any and all other relevant legislation and regulations. The Trustees comply with the requirements to maintain and take advice on the SIP and with disclosure requirements whilst also taking account of The Pensions Regulator's and the Department for Work & Pensions' best practice guidance. The Scheme's assets are held in trust for the Scheme by the Trustees, whose powers of investment are set out in the Trust Deed and Rules and any subsequent amendments.

The Scheme is a Money Purchase arrangement, also known as Defined Contribution, and this SIP sets out the Trustees' approach to investments available to members of the CAEP section of the Scheme within their Personal Retirement Account.

The contents of this SIP and the Trustees' approach to Scheme investments are guided by the Trustees' Investment Beliefs and Environmental, Social and Governance ("ESG") Strategy and the Trustees' Climate Change Governance and Reporting Framework.

The Trustees have obtained written advice from Lane Clark & Peacock LLP (the "Investment Adviser") on the CAEP investment strategies and the production of this SIP.

The Trustees would like to clarify the following terms used in this SIP: -

- **"Investment Provider"** – This refers to the role of Mobius Life Limited which provides the platform for the CAEP section investments for members.
- **"Fund manager"** – This refers to an organisation that manages an investment mandate that the Scheme invests in either directly or indirectly.

2. INVESTMENT OBJECTIVES

The Trustees' key objectives are to enable members to build up retirement savings to secure appropriate retirement benefits while being exposed to an acceptable level of investment risk.

In order to do that the Trustees have set up a default investment strategy as well as other self-select investment options.

The objective of the default investment strategy (Cushon Core) is to provide a long term net return objective equal to the Consumer Prices Index ("CPI") plus 3.5% per annum over rolling 5-year periods in the growth phase, with gradual automatic switching into lower risk investments over the 7-year period up to the Scheme's Normal Retirement Age ("NRA") or alternative member selected target retirement age (known as "lifestyling"). During the de-risking, or pre-retirement, phase Cushon Core has a long term net return objective equal to CPI plus 1.5% per annum over rolling 5-year periods.



The objective of the other self-select options is to accommodate members who decide the Cushon Core default investment strategy is not appropriate for them. This can allow them to manage their pension investment at an alternative risk level and/or in line with religious or ethical considerations, with alternative levels of member engagement and targeting alternative retirement vesting outcomes while maintaining a simple-to-understand range of investment choices.

3. RISKS

The Trustees are required to assess the investment risks to the Scheme's assets, including measurement of those risks. In doing this the Trustees aim to take account of the members' circumstances. Specifically the Trustees have identified the following risks: -

Members' Attitude to Risk

The Trustees have taken advice on the likely distribution of members' attitude to risk and selected a default investment strategy that is aimed to match the majority of expected members' attitude to risk. However, the Trustees have also made available other investment options to allow members to invest at different risk levels. Investment risk is primarily measured in terms of the volatility of the underlying investments.

Members' Term to Retirement

The Trustees are aware of the risk that market movements in the years prior to retirement might lead to a substantial reduction in the value of the funds that could otherwise have been built up. In setting the Cushon Core default investment strategy the Trustees have included automatic investment risk reduction for members approaching NRA or alternative member selected target retirement age.

In addition the Trustees have made available other investment options on a self-select basis with different risk levels.

Pension Conversion Risk

This is the risk that the funds in a member's Personal Retirement Account are not invested appropriately for the timing of when a member wants to take benefits from the Scheme or the method by which they want to take those benefits. The Trustees measure this risk by taking account of the experience within the Scheme as well as data available for the whole of the UK pension industry. The Trustees have designed the Cushon Core default investment strategy to target gradual income drawdown at the Scheme member's Normal Retirement Date or alternative member selected target retirement date, but have made other self-select options available to members to allow them to manage the timing and form of their retirement benefits in alternative ways.

Inflation Risk

Inflation reduces the purchasing power of savings over time. The Trustees measure inflation in line with the increase in the Consumer Prices Index ("CPI"), as set by the Office for National Statistics, and monitor the returns of the Cushon Core default investment strategy and the other self-select investment options against CPI.



Climate Change Risk

This is the risk that the Scheme's investments are adversely affected by the impact of climate change and includes physical risks, such as rising sea levels and extreme weather conditions, as well as transitional risks resulting from actions taken to limit global temperature increases, such as new legislation and changes in consumer behaviours. The Trustees will measure these risks in various ways including monitoring metrics such as carbon emissions and net zero commitments by the Fund Managers, as well as conducting scenario analysis.

Fund Manager Risk

This is the risk that a given Fund Manager fails to meet the agreed mandate for the investment. The performance of the Fund Managers against their mandate is assessed by various performance measures including volatility, returns and investment style.

Liquidity Risk

The assets of the Scheme need to be available when required to pay benefits and there is a risk that some investments may not be realisable at the appropriate time. This is measured by how often the investment is valued and how quickly any investment can be sold (in part or in full).

Concentration Risk

This is the risk that adverse conditions affecting a particular market or asset might significantly influence the overall performance of the Scheme's investments, especially where there is a large exposure to a single asset or market. This is measured by the proportion of the Scheme's assets held in a particular asset or market with specific reference to each investment option.

Currency risk

This is the risk of investment loss because of movements in foreign exchange rates as a result of investment in assets held in currencies other than Sterling. This is measured by the proportion of the Scheme's assets held in non-Sterling currencies as well as the split of those overseas currency holdings that are not hedged back into Sterling and therefore are still exposed to currency risk.

Operational Risk

This is the risk of fraud, poor advice or acts of negligence. The Trustees assess this by various measures including experience, competency and financial strength of third party service providers.

4. SELECTING INVESTMENTS

The Trustees are responsible for defining and monitoring the overall investment strategy in conjunction with their Investment Adviser and in consultation with the Scheme Sponsor & Manager.

The Trustees have set the default investment strategy and also the other investment options that members can self-select. If a member does not make any investment selection they will be automatically invested in the default investment strategy until or unless they self-select another option.



The Default Investment Strategy

The default investment strategy is Cushon Core (see Appendix 1 for full details) and is designed to be appropriate for a typical Scheme member with a clearly defined retirement age and an “average” attitude to risk.

The Trustees have defined that average members with more than 7 years to Normal Retirement Age, or alternative member selected target retirement age (the “Growth Phase”): “are comfortable taking some risk with the expectation of better returns over the longer term. They accept that they will be exposed to some volatility. However, they expect to diversify their investments to balance the risk and would not want to invest more than 90% in stocks and shares”.

Cushon Core targets a long term net return of CPI plus 3.5% per annum over rolling 5 year periods in the Growth Phase. The Growth Phase is the period up to 7 years from NRA or alternative member Selected Target Retirement Age (“TRA”). During the Growth Phase members are invested 90% in the CPT Cushon Global Equity Core fund and 10% in the CPT Cushon Global Bonds Core fund. For members with less than 7 years to NRA/TRA, Cushon Core gradually reduces the level of investment risk so that at NRA/TRA the member is invested in a portfolio suitable for pension drawdown at retirement. At retirement Cushon Core is invested 50% in the CPT Cushon Global Equity Core fund, 25% in the CPT Cushon Global Bonds Core fund, 15% in the CPT Cushon Inflation Linked Government Bonds Core fund and 10% in the CPT Cushon Sterling Cash Core fund. This approach is reviewed on an ongoing basis to ensure the final pre-retirement phase of de-risking remains appropriate for the membership and the experience of how members choose to take their benefits at retirement.

Cushon Core may not be the most suitable option for members who retire before or after their NRA/TRA, or wish to draw their benefits using a method other than income drawdown.

Self-Select Investment Options

The Trustees are aware that Cushon Core may not be appropriate for all members. The Trustees have therefore made other investment options available on a self-select basis. The other options have been limited to make it easy for members to assess the options and make a decision regarding their own investments that is appropriate to their personal circumstances while still allowing some choice and flexibility.

The Trustees have selected the other self-select investment options based on their risk levels, the methods by which members may choose to take their benefits and religious and ethical considerations. A list of the alternative investment options and details of each of them is available in Appendix 2.

It is the Trustees’ policy to provide suitable information for members so that they can make appropriate investment decisions. The range of investment options was selected by the Trustees after taking advice from the Trustees’ Investment Adviser and after consideration of the following points: -

- A competitive and easy to understand charging structure for the Scheme
- A range of asset classes
- The need for diversification
- The suitability of each asset class for different members
- Operational Risk



The Trustees have sought to minimise Operational Risk by ensuring that all advisers and third party service providers are suitably qualified and experienced, authorised and regulated by the Financial Conduct Authority (where appropriate) and that suitable liability and compensation clauses are included in all contracts and agreements for professional services received. The Investment Provider is also assessed based on its independent financial strength ratings.

The Trustees monitor the performance of the investments against pre-set benchmarks and the mandates for the underlying investments.

The Trustees' policy is to use pooled investment funds (i.e. investment in unitised collective investment funds) and not to hold any direct investments.

5. GOVERNANCE

The Trustees of the Scheme are responsible for the investment of the Scheme assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and advice in order to make an informed decision. The Trustees have established the following decision making structure: -

Trustees

- Set the structures and processes for carrying out their role
- Select appropriate experts to provide advice as and when required
- Set the structure for the implementation of the investment strategy
- Select and monitor the planned asset allocation strategy
- Review the self-select fund range and default investment strategy on a regular basis
- Monitor the Investment Provider and Fund Managers
- Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy

Investment Adviser

- Advises on all aspects of the governance and investment of the Scheme's assets, including the implementation of investment decisions
- Negotiation of fee terms and contractual terms
- Advises on this SIP
- Ensures that it delivers advice that is compliant with the relevant regulations, including Section 36 of the Pensions Act 1995 (as amended in 2004) and relevant requirements of the Financial Conduct Authority, and considers The Pension Regulator's guidance on investments

Investment Provider & Fund Managers

- Operate within the terms of this SIP and their written contracts and agreements

Scheme Administrator

- Administrative and operational liaison with the Investment Provider
- Scheme secretarial and reporting liaison with the Investment Provider



The Trustees expect the Investment Provider and Fund Managers to manage the assets delegated to them under the terms of their contracts and/or agreements and to give effect to the principles in this SIP as far as is reasonably practicable. Where that is not reasonably practical the Trustees expect the Investment Provider to explain why that is not the case.

The Trustees accept that the assets are subject to the Investment Provider's and Fund Managers' own corporate governance policies. However, the Trustees expect the Investment Provider and Fund Managers to discharge their responsibilities by taking account of current best practice, which includes the UK Corporate Governance Code and the UK Stewardship Code. The Investment Provider's and Fund Managers' policies are monitored on a regular basis.

6. DAY-TO-DAY MANAGEMENT OF ASSETS

The Trustees have taken steps to ensure that the Investment Provider and Fund Managers have the appropriate experience and expertise for managing the Scheme's investments and they are carrying out their work competently.

The Fund Managers' structure and investment objectives for each investment option ("mandates") are summarised in the Appendices. The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the Investment Provider through written contracts and agreements. When choosing investments, the Trustees are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The Fund Managers' duties also include voting and corporate governance in relation to the Scheme's assets.

Investment Provider and Fund Manager Incentivisation

The Investment Provider and Fund Managers are remunerated on a percentage charge basis related to the amount of assets under management. The Trustees believe that this incentivises the Investment Provider and Fund Managers to take a longer term approach to investment related considerations where the investment mandate allows them to do so and which allows them to act in the best interests of members and in line with the Trustees' investment strategy.

Portfolio Turnover Costs

Portfolio turnover costs are those that result from the buying and selling of assets within each investment option.

- The Trustees will monitor the portfolio turnover at least annually to ensure it remains within an acceptable range and expect to engage with the Fund Managers if it falls outside of that range.
- The Trustees will request details of the portfolio turnover costs for each of the investment mandates on an annual basis from the Fund Managers to assist them with their assessment. If portfolio turnover costs are not available the Trustees will refer to the overall transaction costs data for each mandate for their assessment.
- Portfolio turnover costs will also inform the Trustees' decisions on the retention and selection of each investment mandate.



The Scheme assets are invested via a Trustee Investment Plan (“TIP”) insurance contract with the Investment Provider Mobius Life Limited. The Investment Provider only invests in pooled collective investment funds and does not hold direct investments. As a result the Investment Provider has reinsurance agreements with the Fund Managers’ insurance companies, which have their own Custodians (where appropriate), such that the Investment Provider does not require its own Custodian.

The Trustees expect the Investment Provider and Funder Managers to meet certain standards and the Trustees, with the assistance of their Investment Adviser, assess the performance of the Investment Provider and Funder Managers against key performance indicators, including reporting requirements, on at least an annual basis.

The Trustees’ contract and agreements with the Investment Provider are open ended with the aim of developing a long term partnership that provides the best member outcomes. However, if the Investment Provider and/or Fund Managers fail to meet required standards in key areas during the year the Trustees, with the assistance of their Investment Adviser, will engage with the relevant party or parties to seek to rectify any issues. If the Investment Provider or Fund Manager is unable to rectify the identified issues within an agreed timescale the Trustees will perform a market review, which may result in the replacement of the Investment Provider or Funder Manager, subject to contractual notice periods.

7. REALISATION OF ASSETS

The Trustees delegate the realisation of assets as required, following member requests on retirement or other circumstances defined in the Scheme rules, to the Scheme administrator, based on certain pre-agreed criteria. In selecting assets the Trustees consider the liquidity of the investments in the context of the likely needs of members.

8. ENVIRONMENTAL SOCIAL AND GOVERNANCE (“ESG”) INVESTMENT POLICY

The Trustees recognise that ESG considerations (including climate change) can have a material financial impact on the Scheme’s investments. The Trustees have considered ESG issues with their Investment Adviser and will evaluate and manage these risks and opportunities when reviewing the Scheme’s investment strategy and in the selection and retention of their Investment Provider and Fund Managers.

- The Trustees will include ESG considerations, including climate change, in the selection and retention of each investment mandate.
- The Trustees have reviewed these risks by reference to an ‘appropriate time horizon’ for the Scheme’s investments. The Trustees have defined this as the median average term to the Scheme’s NRA for members.

The Trustees believe that the primary driver of long term investment returns is asset allocation (as opposed to individual stock/investment selection). The Trustees have a preference for passive index tracking underlying investment management utilising pooled funds.

The expectation is that passive management reduces the risk of significant underperformance relative to the market being tracked and minimises investment costs with the aim of maximising value for money for members.



However, the Trustees recognise that there are circumstances where passively tracking whole market indices may not be in the best interests of members. The Trustees therefore accept that some of the Scheme's investments will be invested on a partially or fully active basis, or track adjusted non-whole market indices.

When selecting new Scheme funds available to members, the Trustees will consider the ESG policies adopted by the Fund Managers.

- The Investment Adviser will review the ESG and Stewardship policies of the Fund Managers and report the results to the Trustees at least annually and take those issues into consideration in the selection and retention of the Fund Managers with the aim of improving the outcomes for members, especially in the longer term.
- The Trustees will also engage with the Fund Managers on relevant ESG issues to reduce risks and benefit from opportunities both in the shorter and longer term with regard to the expected investment time horizon for members.
- The Trustees will review the above activities on at least an annual basis.
- The Trustees will aim to review this ESG investment policy on an annual basis and at least every three years.
- The Trustees will review compliance with the ESG investment policy on an annual basis and report this to members. In doing so the Trustees, with the assistance of their Investment Adviser, will consider all invested funds.

Climate Change

The Trustees support the goals of the Paris Agreement and have made the following commitments: -

- **ZeroByFifty** – For the Scheme to achieve net zero status on carbon emissions for all member investments under management by 2050
- **FiftyByThirty** – For the Scheme to achieve a 50% reduction on carbon emission for all member investments under management by 2030

In support of these commitments the Trustees expect the Investment Provider and/or the Fund Managers to report relevant climate-related metrics and voting and stewardship activities on at least an annual basis.

In addition the Trustees produce an annual Climate Change Report in line with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the "Regulations"), which are based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") reporting requirements. The latest Climate Change Report is published on the Scheme website (www.creativebenefits.co.uk/creative-pension-trust/about).

Voting and stewardship

The Trustees strongly support engagement activity, including the use of voting rights, to manage ESG and other investment risks and opportunities, with an appropriate level of positive and/or negative screening of underlying investments.

The Trustees expect the Investment Provider and the Fund Managers to adhere to the UK Stewardship Code and for the Fund Managers to be signatories to the Principles for Responsible Investment ("PRI") Association (or equivalent principles and/or codes), or explain why if they are not.



The Trustees, or their Investment Adviser on their behalf, will consider how any Fund Managers exercise their rights (including voting rights) in relation to the underlying investments they hold in line with the UK Stewardship code.

The Trustees rely on the voting and engagement policies of the Fund Managers. However, the Trustees, or their Investment Adviser on their behalf, issue a formal letter to all of the Scheme Fund Managers setting out their stewardship priorities as detailed below along with their expectations of the Fund Managers in relation to those priorities and other stewardship and ESG considerations. The Fund Managers are requested to acknowledge receipt of that letter and the Trustees' stewardship priorities and/or raise any concerns.

The Trustees, or their Investment Adviser on their behalf, will monitor compliance with the above on at least an annual basis.

The Trustees expect the Investment Provider to issue an annual stewardship report, or explain the reasons why it has not done so, and the Trustees will review that report to identify any areas of concern.

The Trustees' selection and retention criteria and engagement activities in relation to the Fund Managers are expected to influence the Fund Managers in their voting and engagement activities with individual investee companies to improve returns and/or reduce risks for members, especially in the longer term.

The Trustees expect the Fund Managers to provide examples of those activities on at least an annual basis, or explain why such activity has not been undertaken.

The Trustees monitor the Fund Managers' activities in relation to ESG factors, voting and engagement at least annually with the assistance of their Investment Adviser. The Trustees seek to understand how the Fund Managers are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with the Trustees' expectations.

The Trustees have selected stewardship priorities to provide a focus for their monitoring of Fund Managers' voting and engagement activities. At the date of this Statement those priorities are: -

- Climate Change
- Equality, Diversity & Inclusion
- Corporate Behaviour

The primary fiduciary management requirement of the Trustees is to provide members with appropriate levels of net risk adjusted investment returns. The above stewardship priorities have been selected as the Trustees believe they form an integral part of managing that requirement.

ESG issues including the above stewardship priorities present investment, and other, risks that are potentially avoidable and therefore must be considered to manage the level of risk to which members are exposed. The Trustees believe the above stewardship priorities are currently likely to have the most significant impact on risk adjusted returns for members compared with other ESG considerations.

The Trustees review the above priorities regularly and update them when appropriate. The Trustees communicate these stewardship priorities to the Investment Provider and Fund Managers as well as confirming their more general expectations in relation to ESG factors, voting and engagement.



If the Trustees' monitoring identifies areas of concern they, or their Investment Adviser on their behalf, will engage with the Investment Provider and/or relevant Fund Manager to encourage improvements. The Trustees will set objectives and target dates for any formal engagement review progress, and have an escalation process which they will follow if progress is unsatisfactory.

The Trustees expect their Investment Adviser to check adherence to the UK Stewardship code in relation to the Fund Managers, as well as reviewing and collating information on the use of voting rights and engagement activities on at least an annual basis with the assistance of the Investment Provider.

Capital Structure

- The Trustees expect the Investment Provider and Fund Managers to monitor the capital structure of investee companies.
- The Trustees expect the Fund Managers to vote and engage on the capital structure of investee companies to reduce risks and/or improve returns.
- The Trustees expect the Investment Provider and/or Fund Managers to provide evidence of that activity on at least an annual basis or explain why that is not available.

Investment Provider & Fund Managers Engagement

The Trustees, with the assistance of their Investment Adviser will provide a copy of this policy and any subsequent updates to the Scheme's Investment Provider and Fund Managers. Additional engagement may take the form of additional meetings and communications between the Investment Provider and/or Fund Managers and the Trustees, although the Trustees may delegate this to their Investment Adviser on their behalf.

Conflicts of Interest

- In their dealings with the Investment Provider and Fund Managers, the Trustees and their Investment Adviser will disclose any actual or potential conflicts of interest.
- The Trustees expect the Investment Provider and Fund Managers to disclose to the Trustees any actual or potential conflicts of interest in relation to their dealings with relevant Fund Managers and any actual or potential conflicts of interest arising for those Fund Managers.
- Where any potential or actual conflict of interest is identified the Trustees will invest the assets of the Scheme in the sole interest of the members and their beneficiaries.

Non-Financial Factors

The Trustees will also consider non-financial factors in the selection and retention of the investment options available to members and have utilised the experience of their Investment Adviser in that respect. The Trustees, with the assistance of their Investment Adviser, review feedback from members and take that into consideration in relation to the management of the Scheme's investment strategy.

The Trustees recognise that some members may prioritise ethical or religious concerns over other investment considerations and as such, following advice from their Investment Adviser, have made a number of suitable funds available (see Appendix 2 for further details).

The Trustees will continue to seek and review feedback from members in relation to investment issues, including non-financial factors.



9. Illiquid Assets

Illiquid assets means assets of a type which cannot easily or quickly be sold or exchanged for cash and where assets are invested in a collective investment scheme, includes any such assets held by the collective investment scheme.

Cushon Core does not currently include illiquid assets. The Trustees believe that long-term net risk-adjusted investment returns may be improved by investing in illiquid assets. However, illiquid assets in Defined Contribution pension scheme investment strategy design is a relatively new and developing area, where there are a number of risks with these types of investments and typically a higher cost of investment. Therefore, at this time, it is the Trustees' policy not to allocate to illiquid assets within the Cushon Core default investment strategy. However, with the support of their Investment Adviser, the Trustees intend to further consider investment in illiquid assets when reviewing the default investment strategy in future.

10. MONITORING

The Trustees will monitor compliance with the SIP annually and produce an Implementation Statement to detail that process.

- The Trustees, or their Investment Adviser on their behalf, will issue the SIP and any subsequent updates to the Investment Provider and the Fund Managers and will expect the Investment Provider and Fund Managers to comply with the terms of the SIP or explain any deviation as soon as practically possible.
- The Trustees will then assess any deviations and determine any appropriate actions to be taken to address those. The results will be reported in the annual Implementation Statement.

The Trustees intend to review this SIP annually, but will do so at least every three years and immediately following any significant change in investment policy. The Trustees will take expert investment advice on any changes to the SIP.

The Trustees typically monitor the performance of each investment mandate against relevant benchmarks on a quarterly basis with the assistance of their Investment Adviser and normally conduct a full annual review of the overall investment strategy.

For and on behalf of the Trustee Board of Creative Pension Trust

Roger Mattingly (Chair)

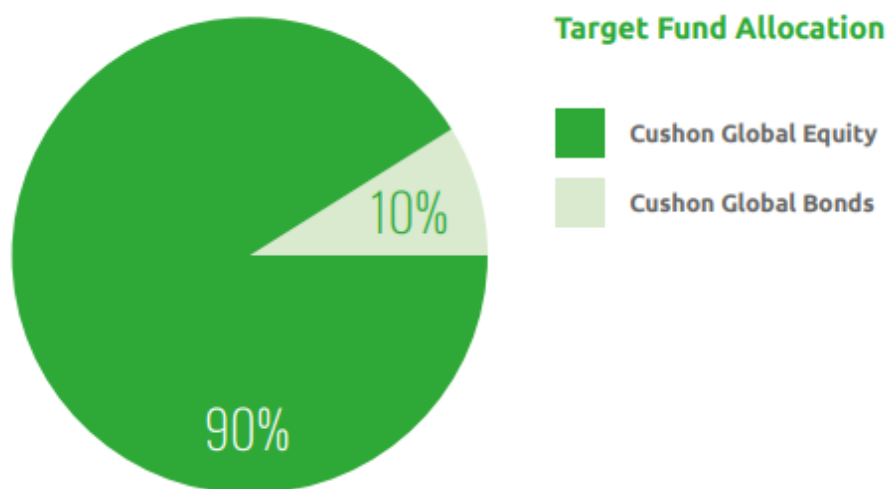
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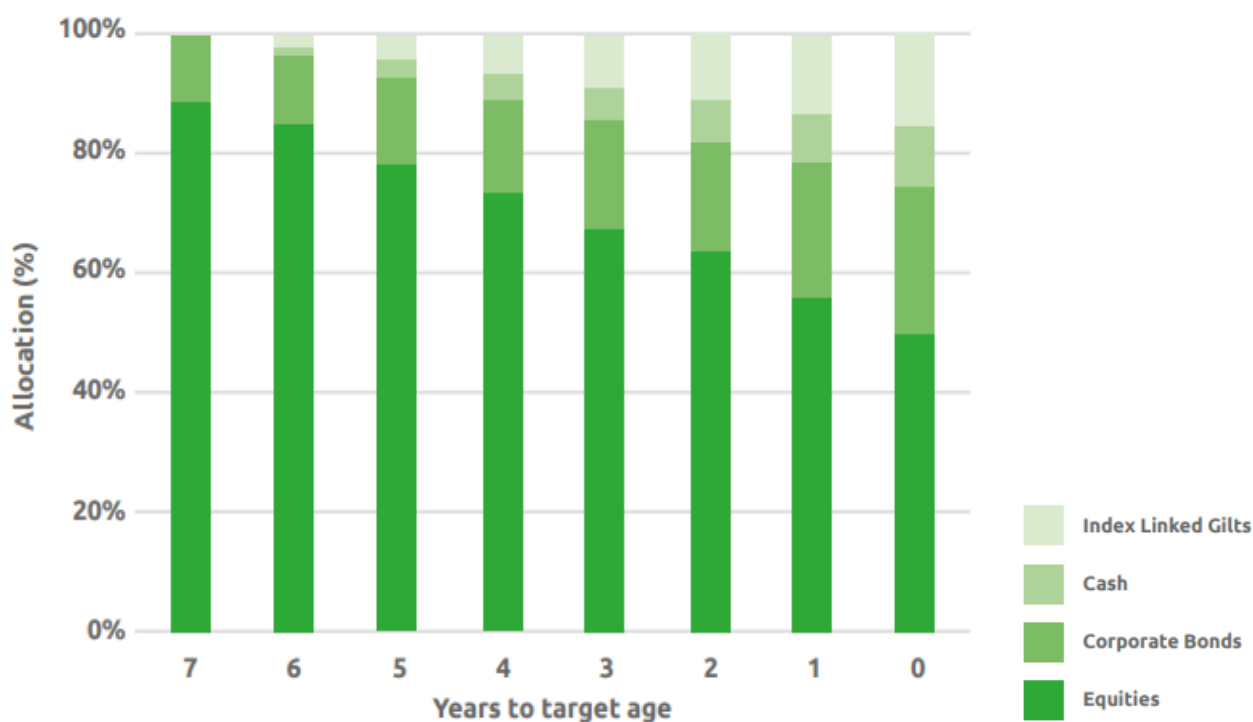
APPENDIX 1 – Cushon Core (Default Investment Strategy)

The charts below show how the Cushon Core default investment strategy will be invested at key landmarks leading up to a member's Normal Retirement Age, or alternative member selected target retirement age ("TRA"). The target split of investment between the different underlying funds, asset classes and actual percentage holdings within Cushon Core may vary or be changed over time to better suit market conditions and try to ensure the best possible overall outcome and balance of risk for members.

Growth Phase



Pre-retirement Phase



In order to achieve the above asset allocation Cushon Core assets are invested in underlying funds that are blended to provide the required investment split as follows: -

Fund	Underlying Fund	Asset class	Target Allocation in Growth Phase	Target Allocation at NRA/TRA
CPT Cushon Global Equity Core	Macquarie True Index	Global Equities	90%	50%
CPT Cushon Global Bonds Core	Wellington Global Impact Bond	Global Corporate Bonds	2.5%	6.25%
	Lombard Odier TargetNetZero Global IG Corporate	Global Corporate Bonds	2.5%	6.25%
	LGIM Future World GBP Corporate Bond Index	Corporate Bonds	1.8%	4.5%
	Ninety One Global Target Return Credit	Multi Asset Credit	3.2%	8%
Cushon Inflation Linked Government Bonds Core	LGIM Over 5 Year Index-Linked Gilts	Government Bonds	-	15%
Cushon Sterling Cash Core	LGIM Cash	Money Market	-	10%

Below the investment objectives of the underlying funds are listed.

Fund	Investment Objective
CPT Cushon Global Equity Core	The Fund aims to provide long-term capital growth through an investment allocation to Global equity securities.
CPT Cushon Global Bonds Core	The Fund aims to provide long-term investment growth through an investment allocation to Global fixed income securities.
CPT Cushon Inflation Linked Government Bonds Core	The Fund aims to provide long-term investment return through an investment allocation to inflation linked government bonds.
CPT Cushon Sterling Cash Core	The Fund aims to provide returns in line with short term deposits. LGIM

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Appendix 2 – Self-Select Funds

The self-select options allow members to choose from a selection of funds based on their own attitude to risk, term to retirement and investment objectives. The funds made available to members are set out below.

Fund	Underlying Fund	Investment Objective
CPT Cushon Sustainable Global Equity	LGIM Future World Global Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to Global equity securities which exhibit positive Environmental, Social and Governance characteristics. LGIM
CPT Cushon Sustainable UK Equity	LGIM Future World UK Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to UK equity securities which exhibit positive environmental, Social and Governance characteristics. LGIM
CPT Cushon Sustainable Europe (ex UK) Equity	LGIM Future World Europe (ex UK) Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to Europe (ex UK) equity securities which exhibit positive Environmental, Social and Governance characteristics
CPT Cushon Sustainable Japanese Equity	LGIM Future World Japan Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to Japanese equity securities which exhibit positive Environmental, Social and Governance characteristics.
CPT Cushon Sustainable North American Equity	LGIM Future World North American Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to North American equity securities which exhibit positive Environmental, Social and Governance characteristics.
CPT Cushon Sustainable Pacific ex Japan Equity	LGIM Future World Asia Pacific (ex Japan) Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to Asia Pacific (ex Japan) equity securities which exhibit positive Environmental, Social and Governance characteristics.
CPT Cushon Sustainable Emerging Market Equity	LGIM Future World Emerging Markets Equity Index	The Fund aims to provide long-term capital growth through an investment allocation to Emerging Markets equity securities which exhibit positive Environmental, Social and Governance characteristics.
CPT Cushon Fixed Interest Gilts	LGIM All Stocks Gilt Index	The Fund aims to provide long-term investment return through an investment allocation to UK fixed interest gilt securities.
CPT Cushon Index-Linked Gilts	LGIM All Stocks Index-Linked Gilts Index	The Fund aims to provide long-term investment return through an investment allocation to UK index-linked gilt securities.
CPT Cushon Sustainable UK Corporate Bonds	LGIM Future World GBP Corporate Bond Index	The fund aims to provide diversified exposure to the GBP corporate bond markets which exhibit positive Environmental, Social and Governance characteristics.
CPT Cushon Cash	LGIM Cash	The Fund aims to provide returns in line with short term deposits.

CPT Cushon Shariah	HSBC Islamic Global Equity Index	The Fund aims to provide long-term capital growth by investing in securities of a range of companies listed across the globe whilst meeting Islamic investment principles.
CPT Cushon Global Impact	Baillie Gifford Positive Change	The Fund aims to provide long-term capital growth through an investment allocation to Global equity securities which exhibit positive change.

Please note that the underlying funds and investment objectives may be changed over time.

October 2023



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Creative Pension Trust is an occupational pension scheme governed by a group of Independent Trustees including PAN Trustees UK LLP (Company No. OC333840) of The Annex, Oathall House, Oathall Road, Haywards Heath, West Sussex, England RH16 3EN and BESTrustees Limited (Company No. 02671775) of Aquis House, 49-51 Blagrove Street, Reading, Berkshire RG1 1PL. The scheme is sponsored by Creative Auto-Enrolment Limited (Company No. 8554978), trading as Creative. Registered office: Stephenson House, 2 Cherry Orchard Road, Croydon, Surrey, CR0 6BA.



Statement of Investment Principles

Creative Workplace Pension | February 2023



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1. INTRODUCTION

This Statement of Investment Principles (“SIP”) has been prepared by PAN Trustees UK LLP, Roger Mattingly, Robert Branagh and BESTrustees Limited (the “Trustees”), as Trustees of Creative Pension Trust (the “Scheme”) in consultation with Creative Auto Enrolment Ltd (the “Scheme Sponsor and Manager”). This SIP relates only to section 2 of the Scheme known as the Creative Workplace Pension (“CWP”). This SIP is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 (as amended), the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and any and all other relevant legislation and regulations. The Trustees also comply with the requirements to maintain and take advice on the SIP and with disclosure requirements whilst also taking account of The Pensions Regulator best practice guidance. The Scheme’s assets are held in trust for the Scheme by the Trustees, whose powers of investment are set out in the Trust Deed and Rules and any subsequent amendments.

The Scheme is a Money Purchase arrangement, also known as Defined Contribution, and this SIP sets the Trustees’ approach to investments available to members of the CWP section of the Scheme within their Personal Retirement Account.

The contents of this SIP and the Trustees’ approach to Scheme investments is guided by the Trustees’ Investment Beliefs and Environmental, Social and Governance (“ESG”) Strategy and the Trustees’ Climate Change Governance and Reporting Framework.

The Trustees have obtained written advice from Lane Clark & Peacock LLP (LCP (the “Investment Adviser”)) on the CWP investment strategies and the production of this SIP.

The Trustees would like to clarify the following terms used in this SIP: -

- **“Investment Manager”** – This refers to the role of Mobius Life Limited which provides the platform for the CWP section investments for members as well as managing the individual investment funds made available to CWP members.
- **“Fund manager”** – This refers to an organisation that manages an investment mandate that the Scheme invests in either directly or indirectly. As a result Mobius Life Limited is a Fund Manager as well as the Investment Manager.
- **“Sub fund”** – Some of the Scheme’s investment funds are managed by one organisation (such as the Investment Manager), but invest in one or more sub funds managed by another organisation.
- **“Sub fund manager”** – This refers to the organisation that manages one or more of the sub funds referred to above.



2. INVESTMENT OBJECTIVES

The Trustees' key objectives are to enable members to build up retirement savings to secure appropriate retirement benefits while being exposed to an acceptable level of investment risk.

In order to do that the Trustees have set up a default investment strategy as well as other self-select investment options.

The objective of the default investment strategy (the "Lifestyle Strategy Fund") is to provide long term returns above wage inflation, as measured by the Average Weekly Earnings ("AWE") Index, after charges, with gradual automatic switching into lower risk investments over the 15 year period up to the Scheme Normal Retirement Age ("NRA") or alternative member selected retirement age.

The objective of the other self-select options is to accommodate members who decide the Lifestyle Strategy Fund is not appropriate for them. This can allow them to manage their pension investment at an alternative risk level and/or in line with religious or ethical considerations, with alternative levels of member engagement and targeting alternative retirement vesting outcomes while maintaining a simple-to-understand range of investment choices.

3. RISKS

The Trustees are required to assess the investment risks to the Scheme's assets, including measurement of those risks. In doing this the Trustees aim to take account of the members' circumstances. Specifically the Trustees have identified the following risks:

Members' Attitude to Risk

The Trustees have taken advice on the likely distribution of members' attitude to risk and have selected a default investment strategy that is aimed to match the majority of expected members' attitude to risk. However, the Trustees have also made available other investment options to allow members to invest at different risk levels. Investment risk is primarily measured in terms of the volatility of the underlying investments.

Members' Term to Retirement

The Trustees are aware of the risk that market movements in the years prior to retirement might lead to a substantial reduction in the value of the funds that could otherwise have been built up. In setting the default Lifestyle Strategy Fund the Trustees have included automatic investment risk reduction for members approaching NRA or alternative member selected retirement age.

In addition the Trustees have made available other investment options on a self-select basis. These include a range of risk-rated, mixed asset funds that are expected to cater for members with a full range of investment risk appetites, plus a range of Target Date Fund ("TDF") options for members seeking an investment that will include automatic gradual investment risk reduction through the lifetime of the investment that will also cater for members wishing to vest their benefits at ages other than their Scheme NRA, plus a range of other self-select investment options that members may find appropriate at different stages of their membership.



Pension Conversion Risk

This is the risk that the funds in a member's Personal Retirement Account are not invested appropriately for the timing of when a member wants to take benefits from the Scheme or the method by which they want to take those benefits. The Trustees measure this risk by taking account of the experience within the Scheme as well as data available for the whole of the UK pension industry. The Trustees have designed the default Lifestyle Strategy Fund to target full encashment at the Scheme member's Normal Retirement Date or alternative member selected retirement date, but have made other self-select options available to members to allow them to manage the timing and form of their retirement benefits in alternative ways.

Inflation Risk

Inflation reduces the purchasing power of savings over time. The Trustees measure inflation in line with the increase in the Consumer Price Index ("CPI") and the AWE Index mentioned earlier whilst monitoring the returns of the Lifestyle Strategy Fund and the other self-select investment options against these.

Climate Change Risk

This is the risk that the Scheme's investments are adversely affected by the impact of climate change and includes physical risks, such as rising sea levels and extreme weather conditions, as well as transitional risks resulting from actions taken to limit global temperature increases, such as new legislation and changes in consumer behaviours. The Trustees will measure these risks in various ways including monitoring metrics such as carbon emissions and net zero commitments by the fund managers, as well as conducting scenario analysis.

Fund Manager Risk

This is the risk that a given fund manager fails to meet the agreed mandate for the investment. The performance of the fund managers against their mandate is assessed by various performance measures including volatility, returns and investment style.

Liquidity Risk

The assets of the Scheme need to be available when required to pay benefits and there is a risk that some investments may not be realisable at the appropriate time. This is measured by how often the investment is valued and how quickly any investment can be sold (in part or in full).

Concentration Risk

This is the risk that adverse conditions affecting a particular market or asset might significantly influence the overall performance of the Scheme's investments, especially where there is a large exposure to a single asset or market. This is measured by the proportion of the assets held in a particular asset or market with specific reference to each investment option.



Currency risk

This is the risk of investment loss because of movements in foreign exchange rates as a result of investment in assets held in currencies other than Sterling. This is measured by the proportion of the Scheme's assets held in non-Sterling currencies as well as the split of those overseas currency holdings that are not hedged back into Sterling and therefore are still exposed to currency risk.

Operational Risk

This is the risk of fraud, poor advice or acts of negligence. The Trustees assess this by various measures including experience, competency and financial strength of third party service providers.

4. SELECTING INVESTMENTS

The Trustees are responsible for defining and monitoring the overall investment strategy in conjunction with their Investment Adviser and in consultation with the Scheme Sponsor and Manager. However, the Trustees delegate day-to-day management of the assets to Mobius Life Limited as the Investment Manager, which is an authorised unit-linked UK life insurance company.

The Trustees have set the default investment strategy and also other investment options that members can self-select. If a member does not make any investment selection, they will be automatically invested in the default investment strategy until or unless they self-select another option.

The Default Investment Strategy

The default investment strategy is the Lifestyle Strategy Fund (see Appendix 1 for full details) and is designed to be appropriate for a typical member with a clearly defined retirement age and an "average" attitude to risk.

The Trustees have defined that average investors with more than 15 years to Normal Retirement Age, or alternative member selected retirement age: "Average risk investors are comfortable taking some risk with the expectation of better returns over the longer term. They accept that they will be exposed to some volatility. However, they expect to diversify their investments to balance the risk and would not want to invest more than 85% in stocks and shares."

The Lifestyle Strategy Fund has therefore been benchmarked against the ABI Pensions Mixed Investment (40-85% Shares) sector average during the "Growth Phase". The Growth Phase is the period up to 15 years from NRA or alternative member Selected Retirement Age ("SRA"). During the Growth Phase members will be invested 100% in the Creative Accumulation Fund. For members with less than 15 years to NRA/SRA the Lifestyle Strategy Fund gradually reduces the level of investment risk so that at NRA/SRA the member is 100% invested with minimal investment risk through the Sterling Liquidity Fund. This approach is reviewed on an ongoing basis to ensure the final phase of de-risking remains appropriate for the membership and the experience of how members choose to take their benefits at retirement.

The Lifestyle Strategy Fund may not be the most suitable option for members who retire before or after their NRA/SRA, or wish to draw their benefits using a method other than taking a full lump sum.



Self-Select Investment Options

The Trustees are aware that the Lifestyle Strategy Fund may not be appropriate for all members. The Trustees have therefore made other investment options available on a self-select basis. The other options have been limited to make it easy for members to assess the options and make a decision regarding their own investments that is appropriate to their personal circumstances while still allowing choice and flexibility.

The Trustees have selected the other self-select investment options based on their risk levels, the methods by which members may choose to take their benefits, religious and ethical considerations and the varying levels of involvement members may wish to have in selecting and managing their investment approach. A list of the alternative investment options and details of each of them is available in the Appendices.

It is the Trustees' policy to provide suitable information for members so that they can make appropriate investment decisions. The range of investment options was selected by the Trustees after taking advice from the Trustees' Investment Adviser and after consideration of the following points:

- A competitive, value for money and easy to understand charging structure
- A range of asset classes and investment fund types
- The need for diversification
- The suitability of each asset class for different members
- Operational Risk

The Trustees have sought to minimise Operational Risk by ensuring that all advisers and third party service providers are suitably qualified and experienced, authorised and regulated by the Financial Conduct Authority (where appropriate) and that suitable liability and compensation clauses are included in all contracts and agreements for professional services received.

The Investment Manager is also assessed based on its independent financial strength ratings.

The Trustees monitor the performance of the investments and Investment Manager against pre-set benchmarks and the mandates for the underlying investments.

The Trustees' policy is to use pooled investment funds (i.e. investment in unitised collective investment funds) and not to hold any direct investments.

5. GOVERNANCE

The Trustees of the Scheme are responsible for the investment of the Scheme assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and advice in order to make an informed decision. The Trustees have established the following decision making structure:

Trustees

- Set the structures and processes for carrying out its role
- Select appropriate experts to provide advice as and when required
- Set the structure for the implementation of the investment strategy
- Select and monitor the planned asset allocation strategy
- Review the self-select fund range and default investment strategy on a regular basis



- Monitor the Investment Manager
- Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy

Investment Adviser

- Advises on all aspects of the investment of the Scheme's assets, including implementation
- Negotiation of fee terms and contractual terms
- Advises on this SIP
- Ensures that it delivers advice that is compliant with the relevant regulations, including Section 36 of the Pensions Act 1995 (as amended in 2004) and relevant requirements of the Financial Conduct Authority and considers the Pension Regulator's guidance on investments

Investment Manager

- Operate within the terms of this SIP and their written contracts and agreements
- Selects individual investments with regard to their suitability, where required

Scheme Administrator

- Administrative and operational liaison with the Investment Managers and Custodians
- Scheme secretarial and reporting liaison with the Investment Managers and Custodians

The Trustees expect the Investment Manager to manage the assets delegated to them under the terms of their contract and/or agreements and to give effect to the principles in this SIP so far as is reasonably practicable. Where that is not reasonably practical the Trustees expect the Investment Manager to explain why that is not the case.

The Trustees accept that the assets are subject to the Investment Manager's own corporate governance policies. However, the Trustees expect the Investment Manager to discharge their responsibilities by taking account of current best practice, which includes the UK Corporate Governance Code and the UK Stewardship Code. The Investment Manager's policies are monitored on a regular basis.

6. DAY-TO-DAY MANAGEMENT OF ASSETS

The Trustees have taken steps to ensure that the Investment Manager has the appropriate experience and expertise for managing the Scheme's investments and they are carrying out their work competently.

The Investment Manager structure and investment objectives for each investment option ("mandates") are summarised in the Appendices. The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the Investment Manager through a written contracts and agreements. When choosing investments, the Trustees and the Investment Manager (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The Investment Manager's duties also include voting and corporate governance in relation to the Scheme's assets or delegation of those duties to selected sub fund managers.



Investment Manager Incentivisation

The Investment Manager is remunerated on a percentage charge basis related to the amount of assets under management. The Trustees believe that this incentivises the Investment Manager to take a longer term approach to investment related considerations where the investment mandate allows it to do so and which allows it to act in the best interests of members and in line with the Trustees' investment strategy.

Portfolio Turnover Costs

Portfolio turnover costs are those that result from the buying and selling of assets within each investment option.

- The Trustees will monitor the portfolio turnover at least annually to ensure it remains within an acceptable range and expect to engage with the Investment Manager if it falls outside of that range.
- The Trustees will request details of the portfolio turnover costs for each of the investment mandates on an annual basis from the Investment Manager. If portfolio turnover costs are not available the Trustees will refer to the overall transaction costs data for each mandate for their assessment.
- Portfolio turnover costs will also inform the Trustees' decisions on the retention and selection of the Investment Manager and each investment mandate.

The CWP section Scheme assets are invested via a Trustee Investment Plan ("TIP") insurance contract with the Investment Manager Mobius Life Limited. For the CWP assets the Investment Manager only invests in pooled collective sub funds and does not hold direct investments. As a result the Investment Manager has reinsurance agreements with the sub fund managers' insurance companies, which have their own Custodians (where appropriate), such that the Investment Manager does not require its own Custodian.

The Trustees delegate the monitoring of the financial strength of those sub fund managers to the Investment Manager, which the Trustees expect to be performed at least annually.

The Trustees expect the Investment Manager to meet certain standards and the Trustees, with the assistance of their Investment Adviser, assess the performance of the Investment Manager against key performance indicators, including reporting requirements, on at least an annual basis.

The Trustees' contract and agreements with the Investment Manager are open ended with the aim of developing a long term partnership that provides the best member outcomes. However, if the Investment Manager fails to meet required standards in key areas during the year the Trustees, with the assistance of their Investment Adviser, will engage with the Investment Manager to seek to rectify any issues. If the Investment Manager is unable to rectify the identified issues within an agreed timescale the Trustees will perform a market review, which may result in the replacement of the Investment Manager, subject to contractual notice periods.

7. REALISATION OF ASSETS

The Trustees delegate the realisation of assets as required, following member requests on retirement or other circumstances defined in the Scheme rules, the Scheme Administrator based on certain pre-agreed criteria. In selecting assets the Trustees consider the liquidity of the investments in the context of the likely needs of members.



8. ENVIRONMENTAL SOCIAL AND GOVERNANCE (“ESG”) INVESTMENT POLICY

The Trustees recognise that ESG considerations (including climate change) can have a material financial impact on the Scheme’s investments. The Trustees have considered ESG issues with their Investment Adviser and will evaluate and manage these risks and opportunities when reviewing the Scheme’s investment strategy and in the selection and retention of their Investment Manager.

- The Trustees expect the Investment Manager to include ESG considerations, including climate change, in the selection and retention of sub funds within each investment mandate.
- The Trustees have reviewed these risks by reference to an ‘appropriate time horizon’ for the Scheme’s investments. The Trustees have defined as the median average term to the Scheme’s NRA for members.

The Trustees believe that the primary driver of long term investment returns is asset allocation (as opposed to individual stock/investment selection). The Trustees have a preference for passive index tracking underlying investment management utilising pooled funds. The expectation is that passive management reduces the risk of significant underperformance relative to the market being tracked and minimises investment costs with the aim of maximising value for money for members.

However, the Trustees recognise that there are circumstances where passively tracking whole market indices may not be in the best interests of members. The Trustees therefore accept that some of the Scheme’s investments will be invested by the Investment Manager and sub fund managers on a partially or fully active basis, or track adjusted non-whole market indices.

For example some of the sub funds will exclude investee companies that deal in controversial weapons or that are persistent UN Global Compact violators.

When selecting new Scheme funds available to members, the Trustees will consider the ESG policies adopted by the Investment Manager and underlying sub fund managers.

- The Trustees expect the Investment Manager to review the ESG and Stewardship policies of the underlying sub fund managers and report the results to the Trustees at least annually and take those issues into consideration in the selection and retention of the sub fund managers with the aim of improving the outcomes for members, especially in the longer term.
- The Trustees also expect the Investment Manager to engage with the sub fund managers on relevant ESG issues to reduce risks and benefit from opportunities both in the shorter and longer term with regard to the expected investment time horizon for members.
- The Trustees expect the Investment Manager to report on the above activities on at least an annual basis.
- The Trustees will aim to review this ESG investment policy on an annual basis and at least every three years.
- The Trustees will review compliance with the ESG investment policy on an annual basis and report this to members. In doing so the Trustees, with the assistance of their Investment Adviser, will consider not only the direct Investment Manager’s funds, but also the managers of the sub funds.



Climate Change

The Trustees support the goals of the Paris Agreement and have made the following commitments: -

- **ZeroByFifty** – The target for the Scheme to achieve net zero status on carbon emissions for all member investments under management by 2050
- **FiftyByThirty** – The target for the Scheme to achieve a 50% reduction on carbon emission for all member investments under management by 2030

In support of these commitments the Trustees expect the Investment Manager and/or the sub fund managers to report relevant climate-related metrics and voting and stewardship activities on at least an annual basis.

The Trustees, with support from their Investment Adviser, will monitor progress against climate-related targets and produce an annual public report in line with the Task Force on Climate-Related Disclosures regulations. The latest report is available on the Scheme website.

Voting and stewardship

The Trustees have a preference for engagement activity, including the use of voting rights, to manage ESG and other investment risks and opportunities, rather than large scale positive or negative screening of underlying investments.

The Trustees expect the Investment Manager and their sub fund managers to adhere to the UK Stewardship Code and for the sub fund managers to be signatories to the Principles for Responsible Investment (“PRI”) Association (or equivalent principles and/or codes), or explain why if they are not.

The Trustees, or their Investment Adviser on their behalf, will also consider how any sub fund managers exercise their rights (including voting rights) in relation to the underlying investments they hold in line with the UK Stewardship code.

The Trustees, or their Investment Adviser on their behalf, will monitor compliance with the above on at least an annual basis.

The Trustees expect the Investment Manager to issue an annual stewardship report, or explain the reasons why it has not done so, and the Trustees will review that report to identify any areas of concern.

The Trustees expect the Investment Manager’s selection and retention criteria and engagement activities in relation to the sub fund managers to influence the sub fund managers in their voting and engagement activities with individual investee companies to improve returns and/or reduce risk for members, especially in the longer term.

The Trustees expect the Investment Manager to provide examples of those activities on at least an annual basis, or explain why such activity has not been undertaken.

The Trustees expect the Scheme’s Investment Manager to check adherence to the UK Stewardship code in relation to the sub funds they use, as well as reviewing and collating information on the use of voting rights and engagement activities on at least an annual basis.



Capital Structure

The Trustees expect the Investment Manager and the relevant sub fund managers to monitor the capital structure of investee companies on behalf of the Trustees.

The Trustees expect the sub fund managers to vote and engage on the capital structure of investee companies to reduce risks and/or improve returns.

The Trustees expect the Investment Manager and/or sub fund managers to provide evidence of that on at least an annual basis, or explain why that is not available.

Investment Manager Engagement

The Trustees, with the assistance of their Investment Adviser, will provide a copy of this policy and any subsequent updates to the Scheme's Investment Manager with the aim of exerting influence as regards the above key issues in their interactions with the sub fund managers. Additional engagement may take the form of additional meetings and communications between the Investment Manager and the Trustees, although the Trustees may delegate this to their Investment Adviser on their behalf.

Conflicts of Interest

- In their dealings with the Investment Manager, the Trustees and their Investment Adviser will disclose any actual or potential conflicts of interest.
- The Trustees expect the Investment Manager to disclose to the Trustees any actual or potential conflicts of interest in relation to their dealings with relevant sub fund managers and any actual or potential conflicts of interest arising for those sub fund managers.
- Where any potential or actual conflict of interest is identified the Trustees will invest the assets of the Scheme in the sole interest of the members and their beneficiaries.

Non-Financial Factors

The Trustees will also consider non-financial factors in the selection and retention of the investment options available to members and have utilised the experience of their Investment Adviser in that respect. The Trustees, with the assistance of their Investment Adviser, review feedback from members and take that into consideration in relation to the management of the Scheme's investment strategy.

The Trustees recognise that some members may prioritise ethical or religious concerns over other investment considerations and as such, following advice from their Investment Adviser, have made a number of suitable funds available (see Appendix 4 for further details).

The Trustees will continue to seek and review feedback from members in relation to investment issues, including non-financial factors.



9. MONITORING

The Trustees will monitor compliance with this SIP annually and produce an Implementation Statement to detail that process.

- The Trustees, or their Investment Adviser on their behalf, will issue the SIP and any subsequent updates to the Investment Manager and will expect the Investment Manager to comply with the terms of the SIP or explain any deviation as soon as practically possible.
- The Trustees will then assess any deviations and determine any appropriate actions to be taken to address those. The results will be reported in the annual Implementation Statement.

The Trustees intend to review this SIP annually, but will do so at least every three years and immediately following any significant change in investment policy. The Trustees will take expert investment advice on any changes to this SIP.

The Trustees typically monitor the performance of each investment mandate against relevant benchmarks on a quarterly basis with the assistance of their Investment Adviser and normally conduct a full annual review of the overall investment strategy.

For and on behalf of the Trustee Board of Creative Pension Trust


Roger Mattingly (Chair)

February 2023

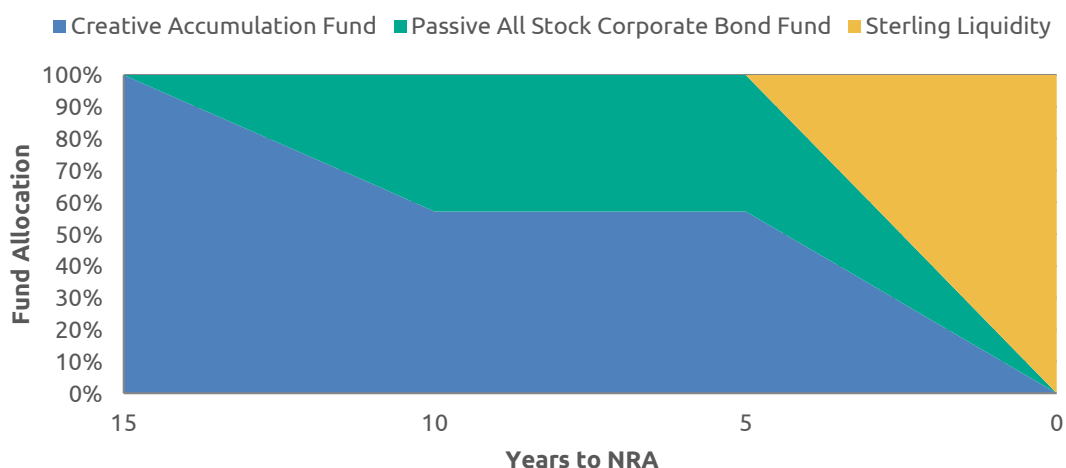


APPENDIX 1 - Lifestyle Strategy Fund (Default)

The table below shows how the Lifestyle Strategy Fund will be invested at key landmarks leading up to the member's Normal Retirement Age, or alternative member selected retirement age. The target split of investment between the different asset classes and actual percentage holdings within the Lifestyle Strategy Fund may vary, or be changed over time to better suit market conditions and try to ensure the best possible overall outcome and balance of risk for members.

Highest Risk					Lowest Risk
	Target Split of Investments Used				
Term to NRA/SRA	Overseas Shares	UK Shares	Bonds	Cash	
15 years +	52.5%	17.5%	30.0%	0.0%	
10 years	28.0%	12.0%	60.0%	0.0%	
5 years	28.0%	12.0%	60.0%	0.0%	
At NRA/SRA	0.0%	0.0%	0.0%	100.0%	

In order to achieve the above asset allocation the Lifestyle Strategy Fund assets are invested in underlying funds managed by Mobius Life Limited that are blended to provide the required investment split as follows:



Please note that the above chart is based on a member retiring at the Scheme's NRA of 65, but will be appropriately modified for members that select an alternative retirement age with the Scheme Administrator.

The Creative Accumulation Fund currently invests in a number of sub funds as follows:

Fund	Target Allocation	Control Range
SSgA* UK ESG Screened Equity Index	17.50%	+/- 3.0%
SSgA* International ESG Screened Equity Index	47.50%	+/- 3.0%
SSgA* Emerging Markets ESG Screened Equity Index	5.00%	+/- 2.0%
SSgA* Sterling Non-Gilts Bond All Stocks ESG Screened Index	20.00%	+/- 3.0%
SSgA* UK Index Linked Gilts Over 5 Years Index	10.00%	+/- 3.0%

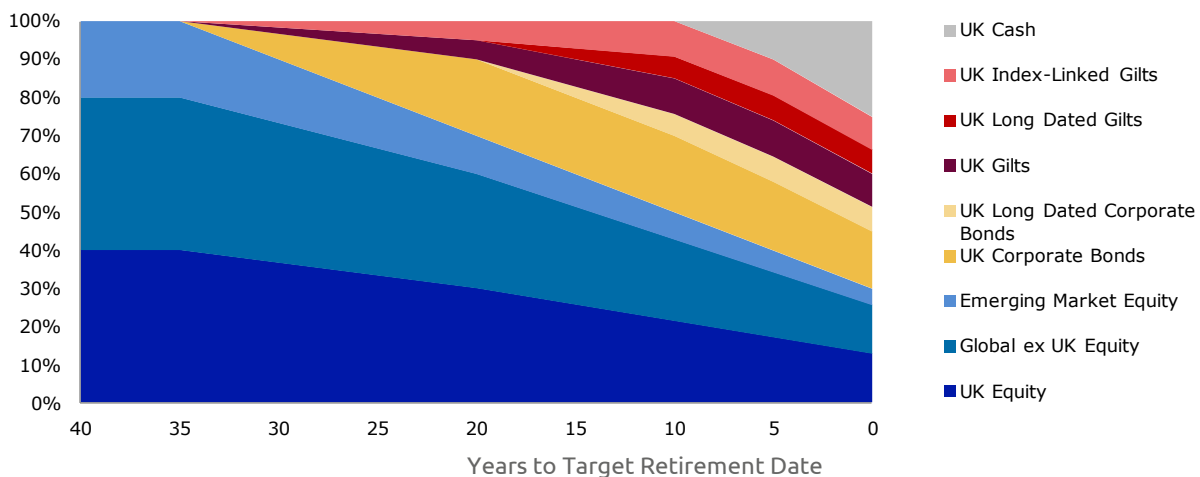
*State Street Global Advisors.

APPENDIX 2 – RETIREMENT AGE FUND

Each version of the Retirement Age Fund will have a target retirement date at intervals of 5 years commencing from 2020.

The Funds aim to achieve real investment growth for a member expecting to retire around the target year. Throughout a member's investment journey the Funds will shift towards a more capital preservation focus as the target retirement date is reached. The Funds follow a glide path that sets the asset allocation between growth and protection assets, dynamically managed by Mobius Life. The Funds have been designed to allow for continued investment growth for members who are considering managing their investments for post retirement income.

The glidepath of the Retirement Age Funds is shown in the chart below.



February 2023

APPENDIX 3 – RISK RATED FUNDS

These funds are designed to provide an overall investment solution for a specified risk level, although they can be used in conjunction with other CWP funds. The target asset allocations and sub funds for each fund provided below may be subject to change from time to time at the discretion of the Investment Manager Mobius Life Limited.

General Asset Allocations:

Asset Class / Fund	Pre-Retirement	Conservative	Retirement Builder	Diversified Beta	Equity Accumulation
UK Equity	4.50%	11.25%	18.00%	21.00%	30.00%
Global ex UK Equity	7.50%	18.75%	30.00%	35.00%	50.00%
Emerging Market Equity	3.00%	7.50%	12.00%	14.00%	20.00%
UK Corporate Bonds	25.00%	22.50%	20.00%	20.00%	-
UK Long Dated Corporate Bonds	25.00%	12.50%	-	-	-
UK Gilts	12.50%	11.25%	10.00%	5.00%	-
UK Long Dated Gilts	12.50%	6.25%	-	-	-
UK Index-Linked Gilts	10.00%	10.00%	10.00%	5.00%	-
Total	100%	100%	100%	100%	100%

Fund Summaries:

Pre-Retirement Fund	
Fund Aim	The Fund aims to provide long-term investment return through a diversified allocation to a range of asset classes. This Fund aims to outperform its inflation target over the business cycle. The Fund invests in a range of passive funds based on a strategic asset allocation designed to provide superior risk adjusted returns over time. The Fund benefits from an Active Asset Allocation in order to target a higher risk adjusted return over the business cycle.
Risk Level	Cautious
Inflation Target	Retail Price Index (RPI) plus 1% over a business cycle.
Launch Date	01/08/2011
Sub funds	Legal & General AAA-AA-A Over 15 Year Corporate Bond Index Fund Legal & General AAA-AA-A All Stock Corporate Bond Index Fund Legal & General Over 15 Year Gilt Index Fund ML Passive Over Five-year Index-Linked Gilt Fund ML Passive All Stock Fixed Interest Gilt Fund ML Equity Accumulation Fund

Conservative Fund	
Fund Aim	The Fund aims to provide long-term investment return through a diversified allocation to a range of asset classes. This Fund aims to outperform its inflation target over the business cycle. The Fund invests in a range of passive funds based on a strategic asset allocation designed to provide superior risk adjusted returns over time. The Fund benefits from an Active Asset Allocation in order to target a higher risk adjusted return over the business cycle.
Risk Level	Moderately Cautious
Inflation Target	Retails Price Index (RPI) plus 2% over a business cycle.
Launch Date	01/03/2018
Sub funds	Pre-Retirement Fund Retirement Builder Fund

Retirement Builder Fund	
Fund Aim	The Fund aims to provide long-term investment return through a diversified allocation to a range of asset classes. This Fund aims to outperform its inflation target over the business cycle. The Fund invests in a range of passive funds based on a strategic asset allocation designed to provide superior risk adjusted returns over time. The Fund benefits from an Active Asset Allocation in order to target a higher risk adjusted return over the business cycle.
Risk Level	Average
Inflation Target	Retail Price Index (RPI) plus 3% over a business cycle.
Launch Date	01/08/2011
Sub funds	ML Equity Accumulation Fund Legal & General AAA-AA-A All Stock Corporate Bond Index Fund ML Passive Over Five-year Index-Linked Gilt Fund ML Passive All Stock Fixed Interest Gilt Fund

Diversified Beta Fund	
Fund Aim	The Fund aims to provide long-term investment return through a diversified allocation to a range of asset classes. This Fund aims to outperform its inflation target over the business cycle. The Fund invests in a range of passive funds based on a strategic asset allocation designed to provide superior risk adjusted returns over time. The Fund benefits from an Active Asset Allocation in order to target a higher risk adjusted return over the business cycle.
Risk Level	Moderately Adventurous
Inflation Target	Retail Price Index (RPI) plus 4% over a business cycle.
Launch Date	01/10/2011
Sub funds	ML Equity Accumulation Fund ML Passive Pacific Basin Ex-Japan Equity Fund ML Passive Over Five-year Index-Linked Gilt Fund ML Passive All Stock Fixed Interest Gilt Fund

Equity Accumulation Fund	
Fund Aim	The Fund aims to provide long-term capital growth through investment allocation to the Global equity market. The equity market exposure aims to be split 30% UK equities, 50% Overseas equities and 20% Emerging Market equities. This Fund employs a 'fund of funds' approach blending passive funds, aiming to outperform the specific equity market exposure on a consistent three-year rolling basis. The Fund benefits from an Active Asset Allocation in order to target a higher risk adjusted return.
Risk Level	Adventurous
Launch Date	01/08/2015
Sub funds	Legal & General UK Equity Index Fund Legal & General Future World UK Equity Fund BlackRock Aquila Connect Emerging Markets Index Fund ML Passive World Ex-UK Equity Mixed ESG Sub-Fund

Retirement Ready Fund	
Fund Aim	The Fund aims to achieve real investment growth for a member who has reached target retirement age and is determining retirement income options. The Fund has been designed to allow for continued investment growth post retirement for members who are considering managing their investments for post retirement income.
Risk Level	Moderately Cautious
Launch Date	01/09/2015
Sub funds	ML Pre-Retirement Fund ML Diversified Beta Fund ML Sterling Liquidity

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APPENDIX 4 – SPECIALIST INDIVIDUAL FUNDS

Cash - Sterling Liquidity Fund	
Fund Aim	The Fund aims to provide a return through an allocation to the short term UK money market. The Fund aims to outperform the short term UK money market on a consistent three-year rolling basis.
Risk Level	Very Cautious
Launch Date	01/07/1997

Fixed Interest - All Stock UK Corporate Bond Fund	
Fund Aim	The Fund aims to provide long-term investment return through an allocation predominately to the UK Corporate Bond market. This Fund employs a 'fund of funds' approach blending complementary active funds, aiming to outperform the UK Corporate Bond market on a consistent three-year rolling basis.
Risk Level	Moderately cautious
Launch Date	01/07/2003

Absolute Return – DGF Solutions Fund	
Fund Aim	The Fund provides exposure to a combination of Diversified Growth Funds. Mobius Life look to combine complimentary funds that are unique in strategy and implementation. The Fund aims to provide a return profile that is consistent with the Diversified Growth Fund universe average.
Risk Level	Moderately cautious
Launch Date	01/10/2012

Property – Passive Global Real Estate Equity Index Fund	
Fund Aim	The Fund aims to provide long-term capital growth through investment allocation to globally listed property securities.
Risk Level	Adventurous
Launch Date	01/03/2018

UK Equity – Passive UK Equity Fund	
Fund Aim	This Fund aims to provide long-term capital growth through investment allocation to the UK equity market. This Fund will invest using a passive management strategy, aiming to perform in line with the UK equity market on a consistent three-year rolling basis
Risk Level	Adventurous
Launch Date	01/07/1997

Global Equity – Passive Global Ex-UK Equity GBP Hedged Fund	
Fund Aim	The Fund aims to provide long-term capital growth through investment allocation to global ex UK equities, with currency hedged to sterling.
Risk Level	Adventurous
Launch Date	01/03/2018

Emerging Markets – Passive Emerging Market Equity Fund	
Fund Aim	The Fund aims to provide long-term capital growth through investment allocation to emerging market equities.
Risk Level	Adventurous
Launch Date	01/03/2018

Ethical (Equity) Fund – Passive Ethical Equity Fund	
Fund Aim	The Fund aims to provide long-term capital growth through investment allocation to global equity securities that are compliant with ethical principles.
Risk Level	Adventurous
Launch Date	01/03/2018

Shariah Fund – Shariah Fund	
Fund Aim	The Fund aims to provide long-term capital growth through investment allocation to global equity securities that are compliant with Islamic Shariah principles.
Risk Level	Adventurous
Launch Date	01/03/2018

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