

DC Governance Statement covering the 12 months to 31 March 2024 for the Societe Generale International Banque SA Pension Plan (“the Plan”)

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their retirement savings. This statement covers governance and charge disclosures for the Plan for the period 1 April 2023 to 31 March 2024 in relation to the following:

- The Default Arrangement
- Processing of core financial transactions within the Plan
- Member borne charges and transaction costs
- The Trustee's assessment of how the charges and transaction costs paid by members represent good value for members
- Net investment returns
- Trustee knowledge and understanding

Among other things, the statement demonstrates how the Plan has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 which was inserted into Regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996.

Following last years' Value for Member Assessment it was concluded that the Plan no longer offers good value. The Trustee has therefore commenced a project to wind-up the Plan and engaged with the Pensions Regulator to make this known. A Deed of Resolution to formally commence wind-up of the Plan was signed on 23 October 2024 which has been communicated to Zurich, insurer of the Plan. Zurich are writing to the 1 remaining deferred member to explain their options.

1. Default arrangements

As the Plan was closed to new members and contributions prior to 6 April 2015 the Trustee has not established a default investment strategy. Members are required to make an investment choice, and can update their selection at any time, from the range of funds the Trustee has made available to members.

Over the Plan year the Trustee considered the net of fees performance of the self-select options made available as part of their annual preparation of disclosures. As no default arrangement was in place over the year and all members of the Plan are deferred, the Trustee has not undertaken detailed investment work, however has no major concerns over the range of funds made available, which cover the main asset classes and regions.

The Plan is not used as a Qualifying Scheme for automatic enrolment purposes.

2. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. These transactions include, but are not limited to:

- *transfer of member assets into and out of the Plan;*
- *transfers between different investments within the Plan; and*
- *payments to and in respect of members.*

The processing of core financial transactions for the Plan is met by Societe Generale as the Plan administrator and Zurich as the plan insurer.

The Trustee has asked Societe Generale to report on these and the maintenance of appropriate internal controls. Additionally, the Trustee has put in place a process to request updates on administration processing performance. When administering the arrangement, Societe Generale have not reported any instances where they have failed to process the associated members' benefits in a timely manner.

The Trustee is comfortable that Societe Generale has adequate internal controls to ensure that core financial transactions relating to the Plan are processed promptly and accurately. During the period of this statement, there have been no material service issues that need to be reported by the Trustee. If any mistakes or delays occur, these are investigated, and action is taken to correct these as quickly as possible. There have been no complaints received during this period by the Trustee.

In light of the above, the Trustee is satisfied that there are processes in place to provide for administration of core financial transactions in an accurate and timely manner.

3. Member Borne Charges and Transaction costs

The Trustee is required to assess the costs associated with the Plan, which are paid by the members. These costs comprise charges and transaction costs.

Charges, such as the Annual Management Charge ("AMC" – the annual fee charged by the investment manager for investing in a fund), as well as additional expenses, together comprise the Total Expense Ratio ("TER"), which is the total cost of investing in a fund.

Transaction costs are costs which are incurred within the day-to-day management of the assets by the fund manager. These cover such things as the cost of buying and selling securities within a fund. Transaction costs are incurred on an on-going basis and are implicit within the performance of a fund.

The requirement for fund managers to calculate and disclose transaction costs using a method prescribed by the FCA was introduced on 3 January 2018. Fund managers calculate transaction costs at fund-level not Plan-level therefore the Trustee requested details of transaction costs for the period 1 April 2023 to 31 March 2024 from the Plan's provider.

As defined by the FCA, **explicit transaction costs** are the costs that are directly charged to or paid by a fund and may include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities.

Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted 'mid-market price' at the time of the order was placed (arrival price). This method, although reasonable if observed over a long period of time, can result in a volatile measure from one year to another and can even result in a profit, known as 'negative costs'. The transaction costs calculated by the providers, using a method prescribed by the FCA, have resulted in negative costs (i.e. a profit) for some funds held by members during the period of review.

Where transaction costs are negative within our calculations, we have assumed those costs to be zero as a measure of prudence.

The charges have been provided via Zurich, who are the Plan's insurer, and members have access to a wide range of funds. Zurich have provided the transaction costs for the 12-month period to 31 March 2024.

A full breakdown of the Fund Management Charges and transaction costs payable for the self-select fund range are listed in the table below.

Fund name	SEDOL	Fund Management Charge (% p.a.)	Transaction costs* (%)
Zurich Managed AP	0406181	0.18	0.12
Zurich Equity AP	0406493	0.15	0.19
Zurich Far East AP	0406932	0.25	0.30
Zurich American Equity AP	0406910	0.14	0.05
Zurich European 2000 AP	0019192	0.14	0.65
Zurich Property AP	0406170	0.54	0.13
Zurich Gilt Edged AP	0406471	0.11	0.03
Zurich Fixed Interest Deposit AP	0406211	0.08	0.02
Zurich Stewart Investors Asia Pacific Leaders Accumulation Sustainability AP	B5BJNG7	0.75	0.09
Zurich Managed Equity & Bond Accumulation AP	B59BHH4	0.23	0.19
Zurich Managed Bond Accumulation AP	B50Q530	0.25	0.09
Zurich Invesco Corporate Bond Accumulation AP	B5LSGN2	0.65	0.19
Zurich M&G Corporate Bond Accumulation AP	B5VXY66	0.45	0.10
Zurich Invesco UK Equity Income Accumulation AP	B56GY60	0.81	0.09
Zurich HSBC Equity AP	0021528	0.14	0.00
Zurich Henderson Strategic Bond Accumulation AP	B58YK64	0.70	0.16
Zurich Schroder UK Alpha Plus Accumulation AP	B52NJM6	0.66	0.21
Zurich Allianz Emerging Markets Equity Accumulation AP	B5M4XF0	0.97	1.33
Zurich JPM Natural Resources Accumulation AP	B59HL03	0.83	0.60
Zurich M&G Recovery Accumulation AP	B5KN1Y4	0.70	0.07
Zurich Managed Equity Accumulation AP	B58MKW4	0.24	0.39
Zurich BlackRock Gold & General Accumulation AP	B575N58	1.05	0.55
Zurich Aegon Ethical Equity Accumulation AP	B5B1KG2	0.77	0.07
Zurich Man GLG Japan CoreAlpha Accumulation AP	B5V33W5	0.90	0.19
Zurich Target Annuity Fund 2024 Accumulation AP	BTL1M08	0.17	0.02

**The FCA requires that implicit transaction costs are calculated using the 'slippage method'. The slippage method calculates transaction costs by looking at the difference in the asset value before and after a*

transaction. There can be a difference in the time when the transaction is executed and when it enters the market. As such, if an investor is selling in a rising market, or buying in a falling market, the calculation will create a gain that may outweigh the other explicit transaction costs, resulting in a negative cost. Where transaction costs are negative within our calculations we have assumed those costs to be zero as a measure of prudence.

Zurich has not provided a TER figure. The Trustee has observed that there are both percentage-based charges and fixed monetary charges applicable, making the calculation of a TER figure complex. Consequently, Zurich has opted to disclose all relevant charges individually rather than calculate and provide a single TER figure.

Capital Unit versions of the above funds are also available to members which have the same costs and charges. An additional charge is levied on Capital Unit funds inherent within the unit price of the fund. This is estimated to be 3.5% p.a.

Capital Unit Charges

- This is 4.25% per year and is only taken from capital unit funds.
- It is taken directly within the fund and is reflected in the daily fund price.
- It is only taken until the retirement age you chose when your plan started (or age 65 if earlier).
- This is taken by Zurich for setting up your plan and the payments into it.
- Capital units reflect payments made during an initial period per payment level.

Accumulation Unit Charges incur an Annual Charge of 0.75% which is refunded to members by Zurich.

An administration charge of £14.80 per month is applied by reducing the number of units in in each member's account each month and this increases each year with inflation.

Additional charges are levied on payments into the Zurich policy. The Trustee has observed that the overall level of charges levied on members of the Plan are higher than what is typical for a modern DC arrangement and complex to understand for members.

4. Illustration of the cumulative effect of costs and charges on member fund values over time

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of charges and transaction costs by the trustees and managers of a relevant Plan. These changes are intended to improve transparency on costs. As part of the changes, the Trustee is required to illustrate the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits.

The next few pages contain illustrations of the cumulative effect of costs and charges on the value of member savings within the Plan over a period of time. The illustrations have been prepared by Zurich having regard to statutory guidance.

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained in the notes section below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Plan.

The “before charges” figures represent the savings projection assuming an investment return with no deduction of member borne fees (ie the TER). The “after charges” figures represent the savings projection using the same assumed investment return but after deducting member borne fees.

The transaction cost figures used in the illustration are those provided by the managers over the past three years (where available), subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past three years (where available) as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the scheme year

The Plan does not have a default option (see page 1 above). The most frequently used self-select fund is the Zurich Managed AP fund. The three additional self-select funds shown in the illustration are:

- Zurich Equity AP – the second most popular self-select fund members are invested in.
- Zurich Allianz Emerging Markets Equity Accumulation AP – the fund with the highest charges.
- Zurich Fixed Interest Deposit AP – the fund with the lowest charges.

The illustrations below represent two different opening pot sizes for members who have not reached their originally selected retirement age, with investments allocated across the four funds listed above. For both pot sizes there are examples of how the projected pension pots may develop.

In practice the actual development of projected pension pots for an individual plan may vary significantly depending on member age, how long premiums were paid into the plan for and whether the pension pot has arisen from non-protected rights or protected rights contributions.

Example 1 – Opening Pot Size of £10,000 (members who have not reached their selected retirement age)

The illustration below is based on a deferred member aged 40 at the start of the projection invested in each fund over 20 years until their selected retirement age at 60.

Age	Zurich Managed AP			Zurich Equity AP			Zurich Allianz Emerging Markets Equity Accumulation AP		
	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
41	10,300	10,100	200	10,300	10,100	200	10,500	10,100	400
60	20,500	14,500	6,000	20,700	14,600	6,100	27,400	14,900	12,500

Age	Zurich Fixed Interest Deposit AP		
	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
41	9,950	9,760	190
60	9,080	5,910	3,170

Example 2 – Opening Pot Size £40,000 (members who have not reached their selected retirement age)

The illustration below is again based on a deferred member aged 40 at the start of the projection invested in each fund over 20 years until their selected retirement age at 60. This time, however, their opening pot size is £40,000.

Age	Zurich Managed AP			Zurich Equity AP			Zurich Allianz Emerging Markets Equity Accumulation AP		
	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
41	41,400	41,100	300	41,400	41,100	300	42,000	41,100	900
60	82,000	73,100	8,900	82,900	73,500	-	109,000	74,800	34,200

Zurich Fixed Interest Deposit AP			
Age	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
41	39,800	39,500	300
60	36,300	33,600	2,700

The following two illustrations depict different initial pot sizes (£10,000 and £40,000) for members who have surpassed their initially chosen retirement age. They show the values 1 year and 10 years after retirement.

Example 3 – Opening Pot Size of £10,000 (members who have passed their selected retirement age)

This illustration is based on a member with an opening pot size of £10,000 who has passed their selected retirement age.

Years	Zurich Managed AP			Zurich European Equity AP			Zurich Allianz Emerging Markets Equity Accumulation AP		
	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
+1 yr past retirement age	10,300	10,100	200	10,300	10,100	200	10,500	10,100	400
+10 yr past retirement age	14,300	11,600	2,700	14,400	11,700	2,700	16,500	11,800	4,700

Zurich Fixed Interest Deposit AP			
Years	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
+1 yr past retirement age	9,950	9,760	190
+10 yr past retirement age	9,530	7,510	2,020

Example 4 – Opening Pot Size £40,000 (members who have passed their selected retirement age)

This illustration is based on a member with an opening pot size of £40,000 who has passed their selected retirement age.

Years	Zurich Managed AP			Zurich European Equity AP			Zurich Allianz Emerging Markets Equity Accumulation AP		
	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
+1 yr past retirement age	41,400	41,100	300	41,400	41,100	300	42,000	41,100	900
+10 yr past retirement age	57,200	53,200	4000	57,600	53,300	4,300	66,200	53,800	12,400

Zurich Fixed Interest Deposit AP			
Years	Estimated Fund Value (before charges) £	Estimated Fund Value (after charges) £	Effect of charges £
+1 yr past retirement age	39,800	39,500	300
+10 yr past retirement age	38,100	36,300	1,800

Assumptions for illustrations

The following assumptions have been made for the purposes of the above illustrations:

1. *Accumulated fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *Inflation is assumed to be 2.5% each year.*
3. *No allowance has been made for real salary growth above assumed inflation of 2.5% p.a.*
4. *The projected fund values shown are estimates for illustrative purposes only and are not guaranteed.*
5. *Total contributions (employee plus employer) are assumed to be 0% of salary per year since the Plan is closed to new contributions.*
6. *The assumed transaction costs are based on the average of the actual transaction costs for each fund over the last five Plan years.*
7. *The assumed growth rates (gross of costs and charges) and transaction costs used in the illustrations are as follows:*

Fund	Projected Growth Rate	Assumed Transaction Costs* (% p.a.)
Zurich Managed AP	3.6% above inflation	0.25
Zurich Equity AP	3.7% above inflation	0.31
Zurich Allianz Emerging Markets Equity Accumulation AP	5.1% above inflation	0.80
Zurich Fixed Interest Deposit AP	0.5% below inflation	0.01

*In cases where transaction costs were negative for any of the reported periods, they were treated as zero for these purposes.

5. Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) Amendment Regulations 2021 introduces new requirements for trustees of DC pension schemes. From 1 October 2021, the Trustee is required to calculate and state the return on investments from the default and self-select funds, net of transaction costs and charges.

The table below sets out the annualised performance, net of all charges and costs, to 31 March 2024 for all funds in the Plan where members were invested:

The first table is for accumulation unit funds and the second table is for the corresponding capital unit funds.

The annualised returns are net of all fund charges related to the funds. The following charges are excluded from the Net Investment Return figures:

- These net investment returns do not take into account the policy charge that is payable as this relates to the policy as a whole and is not related to a given fund. Based on the current policy charge of £14.80 each month, the annual investment return for a fund of £10,000 would be increased by approximately **0.375%**.
- For accumulation unit funds these net investment returns do take into account the refund of the annual charge that is added back into the member's account by Zurich to offset the annual charge. This is 0.75% each year and is applied by increasing the number of units in your plan each month.

Accumulation Unit Funds

Fund	5 Years p.a. (2019-2024)	1 Year (2023-2024)
Zurich Managed AP	6.8%	11.5%
Zurich Equity AP	12.1%	19.1%
Zurich Far East AP	6.6%	7.9%
Zurich American Equity AP	18.1%	31.8%
Zurich European 2000 AP	12.6%	14.3%
Zurich Property AP	3.3%	3.9%
Zurich Gilt Edged AP	-4.1%	-1.2%
Zurich Fixed Interest Deposit AP	1.8%	5.0%

Zurich Stewart Investors Asia Pacific Leaders Accumulation Sustainability AP	6.5%	5.2%
Zurich Managed Equity & Bond Accumulation AP	4.6%	10.6%
Zurich Managed Bond Accumulation AP	0.8%	4.7%
Zurich Invesco Corporate Bond Accumulation AP	1.4%	8.7%
Zurich M&G Corporate Bond Accumulation AP	0.9%	7.2%
Zurich Invesco UK Equity Income Accumulation AP	0.8%	12.5%
Zurich HSBC Equity AP	5.4%	7.6%
Zurich Henderson Strategic Bond Accumulation AP	-0.4%	-0.3%
Zurich Schroder UK Alpha Plus Accumulation AP	3.3%	1.4%
Zurich Allianz Emerging Markets Equity Accumulation AP	5.6%	15.3%
Zurich JPM Natural Resources Accumulation AP	10.1%	3.3%
Zurich M&G Recovery Accumulation AP	-1.6%	0.7%
Zurich Managed Equity Accumulation AP	9.0%	15.0%
Zurich BlackRock Gold & General Accumulation AP	6.4%	-5.6%
Zurich Aegon Ethical Equity Accumulation AP	4.6%	14.5%
Zurich Man GLG Japan CoreAlpha Accumulation AP	10.0%	28.2%
Zurich Target Annuity Fund 2024 Accumulation AP	-0.6%	-2.1%

Capital Unit Funds

Fund	5 Years p.a. (2019-2024)	1 Year (2023-2024)
Zurich Managed Capital AP	2.3%	6.9%
Zurich Equity Capital AP	7.5%	14.1%
Zurich Far East Capital AP	2.2%	3.4%
Zurich American Equity Capital AP	13.2%	26.4%
Zurich European Capital AP	7.9%	9.6%
Zurich Property Capital AP	-1.0%	-0.4%
Zurich Gilt Edged Capital AP	-8.1%	-5.3%
Zurich Fixed Interest Deposit Capital AP	0.0%	0.7%
Zurich Stewart Investors Asia Pacific Leaders Capital Sustainability AP	2.1%	0.8%
Zurich Managed Equity & Bond Capital AP	0.3%	6.0%
Zurich Managed Bond Capital AP	-3.4%	0.3%
Zurich Invesco Corporate Bond Capital AP	-2.8%	4.2%
Zurich M&G Corporate Bond Capital AP	-3.3%	2.8%
Zurich Invesco UK Equity Income Capital AP	-3.4%	7.8%
Zurich HSBC Equity Capital AP	1.0%	3.1%
Zurich Henderson Strategic Bond Capital AP	-4.5%	-4.4%
Zurich Schroder UK Alpha Plus Capital AP	-1.0%	-2.8%

Zurich Allianz Emerging Markets Equity Capital AP	1.2%	10.5%
Zurich JPM Natural Resources Capital AP	5.5%	-1.0%
Zurich M&G Recovery Capital AP	-5.7%	-3.5%
Zurich Managed Equity Capital AP	4.4%	10.2%
Zurich BlackRock Gold & General Capital AP	1.9%	-9.5%
Zurich Aegon Ethical Equity Capital AP	0.3%	9.7%
Zurich Man GLG Japan CoreAlpha Capital AP	5.4%	22.9%
Zurich Target Annuity Fund 2024 Capital AP	-4.7%	-2.1%

Further information on each fund can be found under the “Fund details” tab of <https://www.zurich.co.uk/pensions-and-investments/manage-my-pension>.

All members of the arrangement receive an annual statement setting out their current value of their investment, together with a statutory money purchase illustration.

The governance oversight of the Plan by the Trustee (including regular monitoring of performance, taking action to address poor performance, reviewing the investment strategy and risk management) adds comfort to members about the management of the DC arrangement.

6. Value for Members assessment

Following last years' Value for Member Assessment it was concluded that the Plan no longer offers good value. The Trustee has therefore commenced a project to wind-up the Plan and engaged with the Pensions Regulator to make this known.

As such, the Trustee is exempt from preparing a Value for Member Assessment for the Plan year, however continues to disclose net investment returns and costs and charges in line with the requirements set out in legislation. A Deed of Resolution to formally commence wind-up of the Plan was signed on 23 October 2024 which has been communicated to Zurich, insurer of the Plan.

7. Trustee Knowledge and Understanding

The Trustee recognises the importance of training and development and has put in place arrangements for ensuring that Trustee take personal responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs.

The Trustee are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

The Trustee has processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below.

The Trustee's advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. During the period covered by this Statement, the Trustee received training on the following topics:

- Investment developments for pensions, including private markets and the Long Term Asset Fund

- Participation in discussions to select managers for self-select fund range

The Trustee are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed & Rules (together with any amendments). In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan. With that said, the Trustee believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

In addition to the skills within the Trustee board, the Trustee works closely with its appointed professional advisers throughout the year in order to ensure that it runs the Plan and exercises its functions properly. Its professional advisers also attend the Trustee's meetings.

Considering the knowledge and experience of the Trustee with the specialist advice received from the appointed professional advisers (e.g. investment consultants, legal advisers), the Trustee believes the combined knowledge of the Trustee and their advisers enables it to properly exercise its function as Trustee of the Plan.

Signed electronically by the Chair of Trustee of the Societe Generale International Banque SA Pension Plan

A handwritten signature in black ink, appearing to read 'H Nagar', with a stylized flourish at the end.

31 October 2024
H Nagar, Chair of the Trustee