



# **The Holmen Paper Pension Scheme**

## **Chair's Statement**

1 January 2021 to 31 December 2021

# 01 Introduction

**This is the Chair's Statement for The Holmen Paper Pension Scheme (the 'Scheme') covering the period 1 January 2021 to 31 December 2021.**

As the Chair of the Trustee ('the Trustee'), I provide you with a yearly statement which explains what steps have been taken by the Trustee, with help from our professional advisers, to meet the required governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a defined contribution ('DC') arrangement with a defined benefit ('DB') underpin. The Holmen Paper Pension Scheme was established with effect from 1 January 1989 to provide retirement and death benefits for its directors and employees. The operation of the Scheme is governed by the definitive trust deed dated 1 January 1989.

It is important to note that this pension is not a qualifying workplace pension scheme for the purposes of auto-enrolment.

## 01.01 Queries

If you have any questions about anything that is set out below, suggestions about what can be improved, or queries about your Scheme benefits, please do contact XPS Pensions Group using the details below:

Holmen Iggesund Paperboard Limited  
C/O XPS Pensions Group  
1 Station Hill  
Reading  
RG1 1NB

Or via email [hannah.rowden@xpsgroup.com](mailto:hannah.rowden@xpsgroup.com)

# 02 Default Investment Strategy

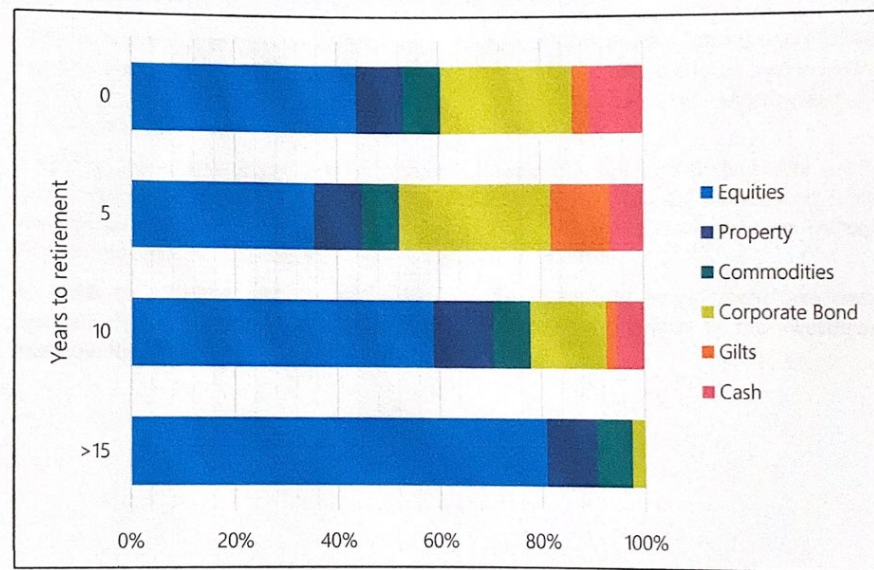
## 02.01 Investments

The Scheme is not deemed to have a default arrangement as no contributions were paid to it by the later of April 2015 and the Company's auto enrolment Staging Date. The Scheme closed to future contributions which coincided with the AE staging Date on 30 April 2017 and therefore there is no default 'generated'.

The Trustee has adopted the RLP Managed Fund as its sole investment vehicle. This is a mixed asset fund which invests in other Royal London Asset Management (RLAM) funds such as the Global Managed, Property, Medium (10yr) Index Linked and Medium (10yr) Corporate Bond funds.

The manager ensures the maximum potential for capital growth exists for the given level of risk. This option will target pension and cash benefits.

The strategy is summarised below:



This investment is operated in accordance with the policies described in this Statement and is intended to ensure investment in the best interests of members and beneficiaries as further described in this Statement.

## Default Investment Strategy continued

### 02.02 Investment performance

Included below is a breakdown of the performance of the RLP Managed fund:

	Percentage Change				
	31.05.2021 - 31.05.2022 % Chg	31.05.2020 - 31.05.2021 % Chg	31.05.2019 - 31.05.2020 % Chg	31.05.2018 - 31.05.2019 % Chg	31.05.2017 - 31.05.2018 % Chg
RLP Managed	6.41	14.88	-2.04	0.62	5.43
Benchmark	5.22	12.85	-1.48	0.55	5.16

	Compound Annual Growth Rate				
	Fund Volatility	3 Years	5 Years	10 Years	15 Years
RLP Managed	9.44	6.19	4.90	7.51	5.25
Benchmark		5.36	4.34	7.05	5.12

### 02.03 Reviewing the investment arrangement

The last investment review was undertaken on 10 August 2020 and the Trustee was satisfied that the investments were being managed well. At the time of the last review, the fund had slightly underperformed the benchmark over a 1-year period but had outperformed the benchmark over a 3-year and 5-year period.

Following the review, it was agreed that no changes were required to be made to the investment at that time. It was acknowledged that the Trustee should continue to monitor the age demographic of the members, as well as the members' fund values vs the Defined Benefit underpins, to monitor the ongoing suitability of the Fund.

We wish to note that performance reviews of the investment arrangement take place annually. This is supported by quarterly monitoring reports provided by the investment manager Royal London.

# 03 Charges and transaction costs

The level of charges borne by members during the scheme year amount to no more than 1% of the fund value

## 03.01 Investment Manager Charges

The Trustee has purchased an insurance policy from The Royal London Mutual Insurance Society. The underlying stocks and shares are owned by The Royal London Mutual Insurance Society. The Trustee has therefore outsourced the investment decisions to Royal London. The Trustee however review the suitability of Royal London as the Investment Manager and the current fund selection, the Royal London Managed Fund ordinarily once a year.

The level of charges borne by members during the scheme year amount to 1% of the fund value. The charges associated with the fund are noted on the fact sheet for the fund which are available on the Royal London website. Copies of the fact sheet can be provided to members on request.

Whilst there was a 5% bid offer spread when contributions were paid into the Scheme this no longer applies.

### Total Expense Ratio ('TER')

Members meet what is known as the TER in respect of their individual pension pots. This is comprised of a Annual Management Charge ('FMC') and other indirect fees which are incurred. The TER is calculated as a percentage of all applicable assets under management.

The FMC does not include other costs of running the Scheme outside of administration and actuarial - these charges are met by the Employer.

### Transaction costs

Transaction costs are costs associated with the buying and selling of investments and include for example stamp duty and brokerage fees.

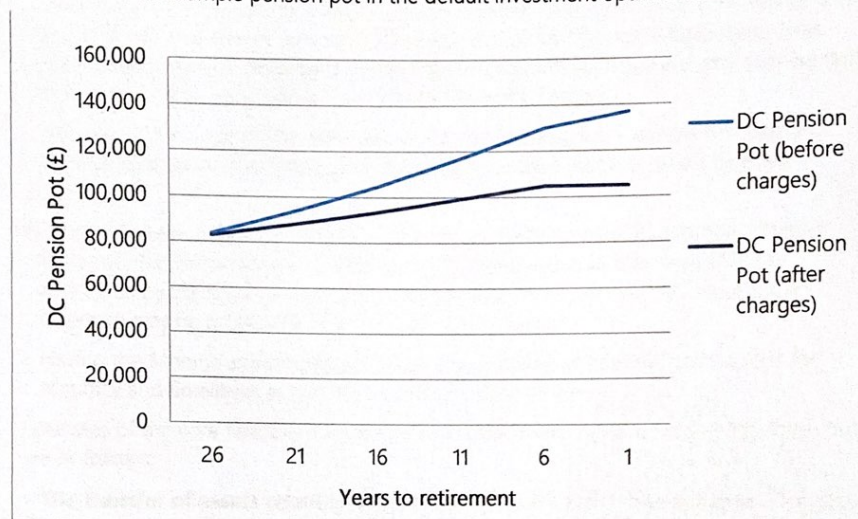
Fund Name	TER (%)	Transaction cost (%)
RLP Managed	1	0.069

(Source: Royal London)

## Charges and transaction costs continued

### 03.02 An illustration of the charges levied on members

Below you can find an illustration of the effect of the TER and transaction costs met by members on an example pension pot in the default investment option over time.



This is for illustration purposes only. The actual returns received are likely to differ over time, as will individual member's pension pot sizes. This illustration is based on:

- > The Scheme's default investment option
- > Member is 30 years from retirement
- > An initial pension pot of £82,022 – which was the average pot size in the period
- > Net (after charges, before inflation) returns estimated as 4.80% p.a.
- > Inflation of 2.5% p.a.
- > Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

### 03.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to:

- > The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes'.
- > Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council and
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

# 04 Core financial transactions

## 04.01 Assessing Core Transactions

During the year, the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- > Carrying out regular monitoring by Royal London on service levels. There is no Service Level Agreement in place with Royal London however they do monitor their service levels on a daily basis to ensure transactions do not fall outside of quoted timescales. Their work is regularly monitored by a Quality Assurance team, and they are internally audited from time to time. Any delays are reported on to the Trustee.
- > Considering the annual AAF 01/06 assurance report ('Assurance reports on internal controls of service organisations made available for third parties') issued by Royal London.
- > Considering the ongoing suitability of the complaint procedure, to ascertain whether there may be any weaknesses in their processes and controls. All complaints are addressed by the Royal London and, depending on the nature of the complaint, a response may be provided to the member by the Trustee.
- > Having the Scheme auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

Examples of the core financial transactions – as well as how Royal London carry these out – are as follows:

- > **The transfer of assets relating to members into and out of the Scheme** – Transfers of assets are usually accomplished within the agreed timescales.
- > **Monitoring of bank accounts** – There is a dedicated contribution processing team, checking investment and banking transactions.
- > **Payments to members** – All payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and also complies with HMRC rules and guidance. There were no payments out of the Scheme to members of beneficiaries during the year.

## 04.02 Administration

The Trustee recognises that good administration often correlates with positive member outcomes. Administration is a standing agenda item for each Trustee's meeting and the Trustee review the following:

- > Membership compliments and complaints during the period of review. If a complaint is received, then the Trustee are provided with the background to the case and what has been done to resolve the issue with the member. The Trustee will also take this opportunity to discuss whether a member complaint is the result of an underlying issue regarding the Scheme's design.
- > Whether there have been any data breaches that would be reportable to the Information Commissioner Office ("ICO") under the General Data Protection Regulation ("GDPR").

## Core financial transactions continued

- > Any cases that require trustee discretion. Such examples would include the payment of discretionary benefits to a partner or dependant on the death of a member, or where a formal complaint has been made under the Scheme's dispute resolution process.
- > Any forthcoming legislation or guidance that will have an impact on the administration of the Trust.

The Trustee has concluded that core financial transactions were processed promptly and accurately during the reporting period.



# 05 Value for Members

## 05.01 Assessment of Value

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which these represent good value for members. The Trustee takes professional advice on whether this is the case and having considered the advice provided by its advisers, has concluded that the Scheme does overall, offer good value for members. In summary, the Trustee concluded that:

- > The processes that are in place to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee' sections of this Statement) are of a good standard and are kept under regular review.
- > The returns achieved by the investment funds compared to the charges and transaction costs that are met by members (as set out in this Statement) are reasonable. Coupled with the fact that members also would receive an enhancement from the Defined Benefit underpin should their DC pot not meet the required level, the Trustee believes this constitutes good value.
- > The investment arrangement is targeting pension and cash at retirement. The Trustee notes that this is not aligned with wider market take up on how individuals typically access their benefits in retirement, but are comfortable with this approach given the nature of this Scheme (ie the defined benefit underpin).
- > The quality of communications and other services, such as administrative support, provide members with clear and coherent information on their benefits and the options available to them. The Trustee however recognises the lack of online presence. The Trustee also notes that a clear communication strategy and tailored member journey (which provides members with information beyond the Trustee's regulatory duties) have not yet been considered and would be beneficial to their members.
- > The Trustee believes that the charges associated with the scheme represent good value to the members, albeit that the overall charge of 1% exceeds the 0.75% charge cap associated with auto-enrolment schemes. A 1% charge is typical for an older style scheme which includes a defined benefit underpin. The 1% annual management charge not only covers the administrative costs of Royal London and their investment management charges but it also covers the actuarial expenses. There are other costs associated with the administration of the Scheme, but these are all borne by the employer. The Trustee believe therefore that the Scheme represents good value for the members.

## 05.02 Conclusion

Assessment of value for members is an ongoing process and the Trustee undertake a review each year to ensure the Scheme continues to offer good value, and that any changes in legislation, market conditions or member views are reflected for the benefit of members.

# 06 Trustee Knowledge and understanding

## 06.01 Knowledge and understanding of the Trustee

The Trustee is required to have appropriate levels of knowledge and understanding. This includes a working knowledge of the Scheme's Trust Deed and Rules, and documents setting out the Trustee's current policies. Further, it must have sufficient knowledge and understanding of the law relating to pensions and trusts; and the principles relating to the funding and investment of occupational schemes.

The Trustee is satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004. This is evidenced by the Trustee's interaction with its advisers as shown in the Meeting minutes, and the governance framework established by the Trustee to review the performance of the Scheme.

The Trustee has access to, and knowledge of, the Scheme's documentation (e.g. Deed and Rules). These documents are available to the Trustee via its advisors and the Chair of the Trustee.

The Trustee receives updates from its advisors on pensions law developments and any other areas of particular importance, including appropriate training.

In-house training is offered, use of TPR's online Trustee Toolkit is encouraged, and Trustee attends external seminars and updates. Any new trustee would be expected to carry out this training and be fully conversant with the Scheme's documentation within 6 months.

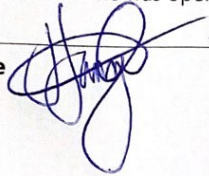
The Trustee has also appointed professional advisers who provide advice and support. The Trustee, therefore, believes that it meets the requirements to be able to exercise its functions as the Trustee of the Scheme.

# 07 Conclusion

## 07.01 Conclusion

In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period.

Signature



Date

29/7/22

Name

Jonny Lowe

Qualification

Chair of the Trustee



**Contact us**  
**xpsgroup.com**

**Registration**

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

**Authorisation**

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).