



# **Océ (UK) Limited Pension Scheme ('the Scheme')**

## **Chair's Statement**

1 May 2022 to 30 April 2023

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# 01 Executive Summary

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**£163,084**

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Total defined contribution assets in the Scheme as at 30 April 2023

**This is the Chair's Statement for the Océ (UK) Limited Pension Scheme, (the "Scheme") covering the period 1 May 2022 to 30 April 2023.**

As the Chair of the Trustees, I provide you with a yearly statement which explains what steps have been taken by the Board of Trustees, with help from our professional advisers, to meet the 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 provides both defined benefit ('DB') and defined contribution ('DC') benefits to members. The DC benefits are a Trustee Transfer Plan ('TTP'), which relates to three remaining members' DC benefits with Prudential Assurance Society Limited ('Prudential') which were transferred into the Scheme; and there are a number of AVC funds used by DB Section members. In addition to this, the Trustees identified a new set of data to be included in this year's Statement covering a 'DC section' which consists of three members who are wholly invested in the Prudential With-Profits Fund.

The Scheme closed to new entrants in June 2004 and has been closed to future service accrual since August 2015. Therefore, there are no further ongoing pension contributions. The Scheme is not being used as a qualifying scheme for automatic enrolment purposes.

The 'TTP', 'DC section' and AVC arrangements do not have qualifying default investment options as set out in the appropriate regulations. Therefore, this Statement does not cover, nor is it required to cover, any default investment options that may have historically existed, aside from explaining these for member understanding where we consider it helpful.

This statement is produced to comply with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

## 01.01 Governance and Queries

The Scheme is managed and administered by the Trustees in accordance with the Scheme Rules and relevant legislation. There are five Trustees in total who manage the Scheme; me (Matthew Searle) as Chair Trustee, Allan Whalley (Independent Trustee) and Elizabeth MacDonald are the Employer Appointed Trustees and Graeme Wappett and Shiv Samara are nominated by the Members of the Scheme.

The Trustees are committed to having high governance standards and we meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration.

I welcome this opportunity to explain what the Trustees do to help ensure the Scheme is run as effectively as it can be. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact the Secretary to the Trustees: Chris Gawke, XPS Pension Group, 11 Strand, London, WC2N 5HR, Chris.Gawke@xpsgroup.com

The Scheme operates under a Trust Deed and Rules dated 17 November 2009 (as amended).

I, Matthew Searle, was appointed as the Chair of the Trustees in 2013 and am signing this Statement in that capacity

# 02 Investment Strategy

## 02.01 The investment option

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The DC Section and TTP have a single investment option, being the Prudential With-Profits Fund. The fund is not a default arrangement as defined in regulation for this Statement. The TPP was created to accept transfers-in from another occupational pension arrangement and enabled members to amalgamate pension benefits gained from a previous employer's scheme.

## 02.02 Reviewing the DC arrangements

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The Statement of Investment Principles in place during the reporting year end period was signed December 2021 and the latest Statement of Investment Principles was signed on 28 September 2023. Copies of the Statement of Investment Principles can be accessed using the following web link <https://www.canon.co.uk/ocesip/>.

The Trustees have been considering the TTP /DC section and AVCs over the last year, and this review is ongoing (as at the time of signing this statement). The Trustees are considering whether the investments remain appropriate, or whether changes are required. The Trustees will confirm their conclusions once in a position to do so.

## 03 Charges and transaction costs

### 03.01 Investment Manager Charges

The TTP and DC sections are invested in the With-Profits Fund which is managed by Prudential.

There is an implicit member charge for this Fund which includes transaction costs and any other expenses levied on members, including the Total Expense Ratio (TER). This charge is deducted prior to the declaration of bonuses each year.

Transaction costs are costs associated with buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs are incurred when contributions are invested, on switching between funds and when selling investments to take benefits.

The charges and other expenses levied on the underlying investments were:

Fund Name	Total Expense Ratio (TER)	Transaction Costs	Total Costs
TTP	1.29%	0.17%	1.46%
DC section	1.00%	0.00%	1.00%

Note that both options are invested in the Prudential with Profits Fund only.

(Source: Prudential 30 April 2023)

\*TER represents the sum of the Annual Management Charge (AMC) and Additional Fund Expenses (AFEs).

For a list of all the AVC arrangements with invested Scheme monies, please see Appendix B

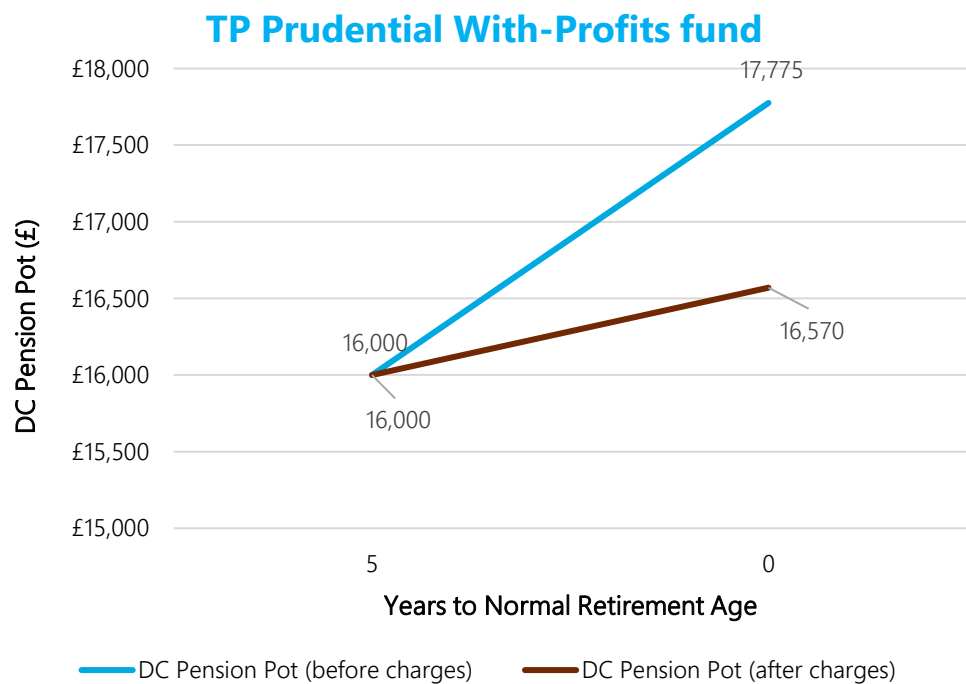
All other costs associated with the services provided under the Scheme are met by the Employer.

## Charges and transactions costs

continued

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

Below you can find an illustration of the effect of the charge met by members on an example pension pot in the TTP 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 TTP
- > Average member age of 60;
- > An initial pension pot of £16,000;
- > No further contributions being made throughout the period;
- > Investment returns (before charges) estimated as 4.68% p.a. for the Prudential With-Profits Fund;
- > Inflation of 2.5% p.a

# Charges and transactions costs

## continued

### 03.03 What are the assumptions based on?

In preparing these illustrations, the Trustees have had regard to relevant guidance including:

The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of relevant occupational schemes' – effective from 1 October 2021;

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.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018)

### 03.04 Investment Performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement(s) and for each fund which scheme members are, or have been able to select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

### 03.05 Fund Performance

This table shows how the single investment funds underlying investments have performed for members over the last one and five years with a target retirement date of 65.

	5 years (annualised) %	1 Year %
TTP	2.7	(2.8)
DC Section	3.0	(2.5)

*Source: Prudential Figures are net of fees as of 31 December 2022. The Trustees have requested this at Scheme Year end date and will continue to request this from Prudential.*

## Charges and transactions costs

continued

<b>AVC funds</b>	1 year %	5 years (annualised) %
Utmost Multi Asset (Moderate) Fund	(4.12)	-
Utmost Multi Asset (Cautious) Fund	(6.97)	-
Utmost Money Market Fund	1.48	(0.14)
Utmost Asia Pacific Equity	(2.35)	2.97
Utmost European Equity	12.33	5.99
Utmost US Equity	(1.68)	11.38
Utmost UK Equity	3.93	3.02
Utmost Global Equity	2.44	8.75
Utmost UK Government Bond	(16.5)	(3.92)
Utmost Sterling Corporate Bond	(10.26)	-
Utmost Property	(13.14)	(4.85)
Utmost Managed Fund	0.04	3.20
Clerical Medical North American Pension	(4.60)	12.26
Clerical Medical International Growth Pension	(3.30)	8.71
Clerical Medical UK Equity Income Pension	1.60	2.27
Clerical Medical Balanced Pension	(4.29)	2.56
AgrClerical Medical Managed Retirement Protection Pension	(31.14)	(7.37)
Clerical Medical Non-Equity Pension	(9.80)	0.36
Clerical Medical Halifax Pension	0.00	0.00
Clerical Medical UK Growth Pension	0.84	2.05
Clerical Medical Cautious Pension	(5.10)	1.34
Clerical Medical UK Property Pension MF	(19.30)	1.00
Clerical Medical European Pension	5.70	6.29
Clerical Medical Cash Pension Fund	1.32	0.26

Source: Utmost figures published gross of fees 18 April 2023 - XPS has calculated net of fees figures shown here. Clerical Medical figures net of fees as of 31 March 2023

# 04 Core financial transactions

## 04.01 Assessing Core Transactions

During the year, the Trustees 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. For example:

- > There is an agreement in place with XPS (as Scheme administrator), committing them to defined service level agreements ("SLAs"). Amongst other matters, this covers the accuracy and timeliness of all core financial transactions. The Trustees consider that core financial transactions were processed promptly and accurately during the year.
- > XPS report on their performance quarterly against the SLAs above so that the Trustees can monitor that the SLAs are being met. These reports also provide details of any breaches or complaints identified in the period and explain the action taken.
- > The Scheme administrator carries out an annual audit to check that internal control procedures are being followed. Where any error or issue is identified, the administrator takes appropriate steps to resolve and take action as required.

We can confirm there were no material issues in the Statement period on which to report. The Trustees have received quarterly administration reports from the Scheme's administrator which are reviewed at each Trustee meeting. The Trustees' have considered the report on internal controls prepared by XPS (in its capacity as the Scheme's administrator) at 31 December 2022. It is satisfied that the processes and controls in place have been subject to independent audit under AAF 01/06 and ISAE 3402 and will ensure that the financial transactions which are important to members are dealt with properly.

The core financial transactions include:

- > The transfer of assets relating to members into and out of the Scheme – Any investments transferred to another scheme are processed within 5 working days following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a pensions scam.
- > The transfer of assets relating to members between different investments within the Scheme – Transfers between Scheme investments are accomplished as quickly as possible.
- > 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. In addition, every effort is made to check for possible pension scams.

## **Core financial transactions**

### continued

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustees are taking steps to continually review and where necessary, correct any problems with the member data which is held by the Scheme administrator. This is reported each year to the Pensions Regulator in the online scheme return.

The Trustees have concluded that core transactions have been processed promptly and accurately during the scheme year.

# 05 Value for Members

## 05.01 Assessment of Value

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The Trustees have reviewed whether they believe the scheme provides value for members considering the latest guidance from the Pensions Regulator.

The value assessment included the consideration of the member borne costs and charges and the net returns for the Scheme's investment options (net of all costs and charges). In doing so, the Trustees have considered these against three large (as defined in the value for members regulations) comparator arrangements. The Trustees also considered the administration and governance of the Scheme. In summary, the Trustees have concluded that:

### **Net investment returns**

The Trustees compared the net investment returns of the TTP and DC section to three comparators. The analysis showed that the underlying investment returns of the TTP investment policy and DC section policy had not performed as highly as the comparator arrangements.

For the AVCs (Utmost Life and Pensions), the net returns were broadly in-line with their own benchmarks. However, for Clerical Medical, they had not provided data on their benchmark returns despite this being requested, and the Trustees have continued to request this from Clerical Medical and will report this in future Statements when received.

### **Costs and Charges**

The Trustees compared the member borne costs and charges of both policies to the three comparators. The analysis showed that the charges borne by members within the TTP and DC section were higher when compared against the comparator arrangements. For the AVC arrangements, these are broadly in-line with the expectation of costs for other legacy AVC options.

### **Administration**

The Trustees have a service level agreement in place with the service providers covering all expected tasks, with varying timescales for different tasks. The Trustees receive quarterly reports from the Scheme administrators that enable it to monitor the administration service and that agreed service levels are being met. The Trustees keep providers' service levels under review and ensure that the services provided reflect the SLA and continue to meet the needs of the members. There have been no material errors in relation to the service providers and the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA.

### **Governance**

The Trustees have adopted a governance structure that provides the Trustees with sufficient resource to govern the Scheme. Guidance is provided to the Trustees concerning technical matters of relevance by their professional advisors. Resources are also made available to individual Trustees should they wish to enhance their own knowledge.

Overall, the governance of the Scheme, which includes the 'Trustees knowledge and understanding', along with the general oversight and governance, continued in the period, to a level which the Trustees considers as suitable.

# Value for Members

## continued

### Communications

The Scheme is committed to producing clear and concise communication materials that are appropriate for its members. This information is designed to assist members in understanding the impact of their decisions.

### Conclusion

The Trustees have decided that for the TTP and DC section investments, the Scheme investments did not provide good value for members. This is due to the underperformance of the investments (over a 5-year period) versus the comparators used. However, the Trustees do note that the comparators are large (£100m+) arrangements. As such, whether better value is available outside of this legacy TTP arrangement (and DC section) is currently being considered by the Trustees. Overall, the Trustees conclude that the Scheme is not good value for TTP and DC section members.

For the AVCs, the Trustees believe their value is broadly reasonable due in-part to returns being largely in line with benchmarks where reported. The Trustees are considering whether any alternative arrangements may be available which give greater value as part of a wider review of the DC benefits in the Scheme.

# 06 Trustees Knowledge and understanding

## 06.01 Knowledge and understanding of the Trustees

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The Trustees are satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustees have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by interaction with their advisers as shown in the Trustees meeting minutes and at which updates on current issues are provided by advisers, with ad-hoc advice provided in relation to any new requirements as a result of changes in regulation or legislation.

The Trustees as a group have many years' combined experience between them and they manage both the defined benefit and defined contribution sections of the Scheme, and so have built up a strong working understanding of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by their interaction with the Scheme's advisers as shown in the Trustees Meeting minutes, and the governance framework established by the Trustees to review the performance of the Scheme.

The Trustees have access to key scheme documentation through a central online portal, XPS Gateway. This includes the Trust Deed and Rules applicable to the Scheme, their Statement of Investment Principles the Risk Register, minutes from previous meetings and other important documents that are relevant to the operation of the Scheme. Any training materials delivered to the Trustees are also uploaded to XPS Gateway so they can be referred to if required in the future.

The Trustees have exercised their discretion and power in line with the Trust Deed and Rules, current legislation and, where required, legal advice has been taken, demonstrating their working knowledge of the Scheme's Trust Deed and Rules.

## 06.02 Trustees Training

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In-house training is offered; use of the Pensions Regulator's (TPR's) online Trustee Toolkit is encouraged, and trustees attend 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. There have been no new Trustees appointed during the period covered in this statement. A log of trustee participation in training is maintained, and Trustees are regularly polled regarding the training that they would find most valuable and to identify any gaps in knowledge. The Trustees' advisers provide in-meeting training on new legislation and literature published by TPR.

The Trustees also make use of a team of expert advisers. Investment advisers, representatives from the third-party administrator, and other experts including legal advisors regularly attend meetings of the Trustees.

During the period covered by this Statement, the Trustee Board had training including on the Pension Schemes Act 2021, Currency Hedging and Defined Contribution training.

## **Trustees Knowledge and understanding**

### continued

#### **06.03 Conclusion**

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As a result of the training activities completed by the Trustees (both individually and collectively), and considering the professional advice available, I am confident that the combined knowledge and understanding of the Trustees has enabled them to exercise properly their functions. We conclude that for the TTP and DC section, value for members is not being provided by the investments at present, and therefore we are considering further the alternatives for these and the AVC benefits and will confirm our conclusions on these in due course.

# 07 Conclusion

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.

Approved by the Trustees and signed on their behalf by:

Name	Qualification
Matthew Searle	Chair of the Trustees

# Appendix A

## Projections

The chart shows in monetary terms the accumulative effect of charges taken from a member's fund over time.

### TPP - Single Investment Option

Years from Now	Pension Pot (before Charges)	Pension Pot (after charges)
1	16,340	16,112
2	16,688	16,226
3	17,043	16,340
4	17,405	16,454
5	17,775	16,570

*All the figures illustrated here are only examples and are not guaranteed - they are not minimum or maximum amounts.*

#### Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumptions used are:

After Charges: 4.68% p.a. to retirement.

The assumed level of inflation is 2.5% pa Average Pension Pot Value at Start: £16,000  
Deferred Member with no future contributions.

# Appendix B

## Additional Voluntary Contributions

The Scheme includes AVCs paid by members until the closure to accrual (which included the cessation of further AVC payments).

### With-Profits investments

Member charges are equivalent to the fund management charges and additional expenses for investment totalling the total expense ratio "TER". In addition, there is a deduction for the cost of providing the guarantees under with-profits contracts, but this is not a member charge.

### Unit-Linked funds

These are the alternative funds available to members from Clerical Medical

Fund Name	Total Expense Ratio %	Transactions costs* %
Clerical Medical with Profits	1.00	0.33

Fund Name	Total Expense Ratio %	Transactions costs* %
Clerical Medical North American Pension	0.50	0.04
Clerical Medical International Growth Pension	0.50	0.34
Clerical Medical UK Equity Income Pension	0.50	0.35
Clerical Medical Balanced Pension	0.50	0.38
Clerical Medical Managed Retirement Protection Pension	0.50	0.30
Clerical Medical Non-Equity Pension	0.50	0.36
Clerical Medical Halifax Pension	0.50	0.00
Clerical Medical UK Growth Pension	0.50	0.38
Clerical Medical Cautious Pension	0.50	0.16
Clerical Medical UK Property Pension	0.50	0.07
Clerical Medical European Pension	0.50	0.15
Clerical Medical Cash Pension Fund	0.50	0.02

Source: Clerical Medical as at 30 March 2023

## Clerical Medical

## Additional Voluntary Contributions

continued

### Utmost

Fund Name	Total Expense Ratio %	Transactions costs %
The Investing by Age Strategy is made of 3 Funds:		
Multi Asset (Moderate) Fund	0.75	0.32
Multi Asset (Cautious) Fund	0.75	0.36
Money Market (Cash) Fund	0.50	0.01

### Unit-Linked funds

These are the alternative funds available to members from Utmost. Transaction cost figures are for the year to 31 March 2023. Data as at the scheme year end date is not available, and this date is the closest date post the scheme year end available. The Trustees continue to seek data at the Scheme Year end date from the Provider.

Name	Total Expense Ratio %	Transactions costs %
Asia Pacific Equity	0.75	0.36
European Equity	0.75	0.07
US Equity	0.75	0.07
UK Equity	0.75	0.28
UK FTSE All Share	0.50	0.08
Global Equity	0.75	0.11
UK Government Bond	0.50	0.26
Sterling Corporate Bond	0.75	0.13
Property	1.00	0.53
Money Market (Cash) Fund	0.50	0.01
Managed Fund	0.75	0.09

# Appendix C

## Projections for Self-select funds

Below you can find an illustration of the effect of varying levels of investment return and charges on an example Pension Pot over time. This is for illustration only. This illustration is based on:

- > An initial Pension Pot of £10,000
- > No further contributions being made throughout the period.
- > Assumed member charges of 0.50% per annum (e.g., Clerical Medical Halifax Pension) including transaction costs (i.e. the lowest charging option)
- > Inflation of 2.5% per annum

The 1.0% Investment Return (Low Growth) - represents the expected level of return of 'Cautious Risk' investments which may include "Cash" investments.

The 3.0% Investment Return (Mid Growth) - represents the expected level of return on the most commonly used AVC fund being the Clerical Medical Balanced Pension Fund.

The 5.0% Investment Return (High Growth) - represents the expected level of return of 'High Risk' investments which may include "Equity" investment funds.

	Low Growth		Mid Growth		High Growth	
Gross Investment Return	1.00%	1.00%	3.00%	3.00%	5.00%	5.00%
Member Charges	0.00%	0.50%	0.00%	0.50%	0.00%	0.50%
Years to Normal Retirement Age (65)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)
30	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
25	£9,289	£9,062	£10,246	£10,000	£11,280	£11,014
20	£8,629	£8,211	£10,499	£10,000	£12,725	£12,132
15	£8,016	£7,441	£10,757	£10,000	£14,354	£13,362
10	£7,446	£6,743	£11,022	£10,000	£16,192	£14,718
5	£6,917	£6,110	£11,294	£10,000	£18,266	£16,211
NRD	£6,426	£5,537	£11,572	£10,000	£20,605	£17,856

## Projections

continued

Below you can find an illustration of the effect of member charges of 1.53% per annum in the same circumstances on an example Pension Pot over time (based on the highest charging fund being the Property Fund). This is for illustration only.

	Low Growth		Mid Growth		High Growth	
Gross Investment Return	1.00%	1.00%	3.00%	3.00%	5.00%	5.00%
Member Charges	0.00%	1.53%	0.00%	1.53%	0.00%	1.53%
Years to Normal Retirement Age (65)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before charges)	DC Pension Pot (after charges)
30	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
25	£9,289	£8,607	£10,246	£9,508	£11,280	£10,482
20	£8,629	£7,408	£10,499	£9,039	£12,725	£10,988
15	£8,016	£6,376	£10,757	£8,594	£14,354	£11,518
10	£7,446	£5,487	£11,022	£8,171	£16,192	£12,073
5	£6,917	£4,723	£11,294	£7,769	£18,266	£12,655
NRD	£6,426	£4,065	£11,572	£7,386	£20,605	£13,265



**Contact us**  
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**Registration**

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**Authorisation**

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