

BARNES GROUP (UK) LTD PENSION & LIFE ASSURANCE SCHEME (“THE SCHEME”)

CHAIR’S STATEMENT FOR YEAR ENDING 31 MARCH 2021

PREPARED IN ACCORDANCE WITH REGULATION 23 OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME ADMINISTRATION) REGULATIONS 1996 (THE “REGULATIONS”)

Regulations require the Trustees to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits.

As Chair of Trustees, I have provided details of how the Trustees have embedded these standards for the year ending 31 March 2021. This statement covers five key areas:

- The investment strategy relating to the Scheme’s default arrangement;
- The processing of core financial transactions;
- Charges and transaction costs within the Scheme; including the new disclosure requirements;
- Value for Members assessment; and
- The Trustees’ compliance with the statutory knowledge and understanding (“TKU”) requirements.

The arrangements covered by this statement fall into two categories, namely;

- The Scheme’s Defined Contribution (“DC”) section in which all benefits are Money Purchase.
- Additional Voluntary Contributions (“AVCs”), which are much smaller in size and number of members, which are also Money Purchase benefits in nature.

This statement will be published on a publicly available website and the information with regards to cost disclosures will be signposted in the annual benefit statements.

1. THE SCHEME’S DC INVESTMENT ARRANGEMENTS

1.1 DC investment arrangements within the Scheme are provided by Aviva, who deliver both administration and investment management services through their platform. Aviva also provide AVC investment arrangements for some members within the Scheme, offering the same fund range and default strategy as the DC arrangements.

1.2 The current default investment arrangement for the DC section of the Scheme is the Five Year Lifestyle Programme. Under this arrangement, a member’s Retirement Account is invested in the Aviva Pension BlackRock (60:40) Global Equity Index Tracker fund until 5 years before their Target Retirement Age. From this point, member savings are incrementally transferred to lower-risk funds so that by retirement 38% is invested in the Aviva Pension BlackRock Over 15 Year Corporate Bond Index Tracker fund, 37% is invested in the Aviva Pension Index-Linked fund, and 25% is invested in the Aviva Pension Cash fund. The switches from higher risk to lower risk assets take place annually on, or as close as possible to, the date on which the member’s birthday falls.

1.3 The structure of the current default investment arrangement is further detailed below:

TIME TO RETIREMENT (YEARS)	AVIVA BLACKROCK (60:40) GLOBAL EQUITY INDEX TRACKER (%)	AVIVA BLACKROCK OVER 15 YEAR CORPORATE BOND INDEX TRACKER (%)	AVIVA PENSION INDEX- LINKED (%)	AVIVA PENSION CASH (%)
5+	100.0	0.0	0.00	0.0
4	70.0	12.0	11.00	7.0
3	50.0	19.0	19.0	12.0
2	30.0	26.0	27.0	17.0
1	10.0	34.0	34.0	22.0
0	0.0	38.0	37.0	25.0

The aims and objectives of the default investment arrangement as set out in the Statement of Investment Principles are:

- To generate returns in excess of inflation during the accumulation phase of the strategy.
- To provide a strategy that reduces investment risk for members as they approach retirement.
- To provide exposure at retirement to assets that are broadly appropriate for an individual planning to use their savings in the Scheme to buy an annuity and to take a 25% tax-free cash lump sum at retirement.

The majority of the Scheme's members continue to have savings invested in the default investment arrangement. The Trustees therefore regard the design and performance of the default investment arrangement as pivotal to good member outcomes.

The Trustees reviewed the investment strategy at the 26 November 2019 Trustee meeting, considering the suitability of the funds used within the default options and other possible options on the platform. As a result of this review a number of recommendations were made regarding the structure of the default strategy, the target of the default strategy, and the range of self-select options available to members. The Trustees continue to consider the best course of action with regard to implementing some of these changes, with wider considerations for the Scheme beyond investment strategy under consideration.

1.4 A copy of the Scheme's latest Statement of Investment Principles ("SIP"), prepared in accordance with Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, is included in Appendix B of this statement.

1.5 The Trustees review how the investments within the Scheme's default and the wider self-select fund options have performed against their targets at each of the Trustees' meetings during the year (these meetings take place twice a year), taking input from professional investment advisors. The Trustees have been satisfied with the performance of the fund options, and performance of the fund options has had a beneficial impact on member outcomes, reflecting the strong performance of investment markets over the last few years.

2. LEGACY ADDITIONAL VOLUNTARY CONTRIBUTIONS ('AVCs')

2.1 The Scheme has several members invested in policies with Scottish Widows. These members are invested in a variety of ways including unit-linked funds, with-profits funds, and assets held on deposit. The holdings are relatively small in scale relative to the size of the Scheme's main arrangements held with Aviva.

2.2 The Trustees have sought to quantify the charges and transaction costs associated with the holdings in the policies with Scottish Widows by requesting the information from the providers in line with the prescribed transaction cost disclosure methodology. The information provided for the two policies is listed in section 4 of this document.

2.3 With respect to the With-Profits policies, pay outs on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, the actual performance received by members, net of charges, is only known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of any 'smoothing'. This places limitations on what can be shown in the member illustrations.

2.4 The Company currently meets advisory costs for these assets.

3. CORE FINANCIAL TRANSACTIONS

3.1 The Trustees recognise the importance of processing financial transactions promptly and accurately as failure to do so may have an adverse effect on member outcomes and may result in members disengaging with the Scheme.

The Trustees therefore operate measures and controls aimed at ensuring that all financial transactions (such as benefit payments and switches between funds) are processed promptly and accurately.

- 3.2** The Trustees are required to explain how they ensure that core financial transactions are processed promptly and accurately. Core financial transactions include:
- Investment of contributions paid to the Scheme;
 - Transfer of members' assets into and out of the Scheme;
 - Transfers of members' assets between investment options available in the Scheme; and
 - Payments from the Scheme to or in respect of members.
- 3.3** The DC section of the Scheme's administration is provided by Aviva. Aviva measures performance against Service Level Agreements (SLAs). For the 12 months to 31 March 2021, the service level achieved was 56% across all processes. The target service level for Aviva is 95%.
- 3.4** Aviva have also monitored the handling of core financial transactions, specifically:
- Contribution payments
 - Transfer out payments
 - Investment switches
 - Payments from the scheme

Aviva have confirmed that all core financial transactions as described above were completed within their SLA during the period. They have further clarified that there were no complaints raised by customers during the Scheme year. Based on this information the Trustees are satisfied that core financial transactions were processed promptly and accurately during the period to which this Statement relates.

4. CHARGES AND TRANSACTION COSTS

- 4.1** As required by regulation 25 of the Administration Regulations, the Trustees are required to report on the charges and transaction costs for the investments used in the default and non-default arrangements and their assessment of the extent to which the charges and costs represent good value for members.
- 4.2** We note that while transaction costs and charges are an important consideration, they are not the only criteria the Trustees assess. A number of other qualitative and quantitative factors are also considered in a holistic manner when making strategic decisions in relation to investment strategy with good outcomes for members being the ultimate goal for the Scheme.
- 4.3** In addition to investment management charges and the additional fund expenses included in the TER, investment funds are subject to other implicit costs, such as the investment manager's expenses associated with trading a fund's underlying securities, including commissions and stamp duty. These expenses are not explicitly deducted from the fund but are captured by a reduction in investment returns.

The Financial Conduct Authority has provided guidance (PS17/20) to investment managers regarding calculations and disclosures of transaction costs which comply with the updated Regulations. The Trustees have requested information about transaction costs calculated according to the 'slippage cost' methodology; information about administration charges and appropriate contextual information from the underlying fund managers, through Aviva. The information was provided and is included below and the Trustees have taken the information in good faith and are not aware of any information that they were unable to obtain in regard to the Aviva arrangements.

Due to the way in which transaction costs are required to be calculated, they can be negative or positive; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

4.4 The following table sets out the headline TER applying to each of the funds available to members and the transactions costs incurred by the funds during the year, including those making up the Scheme default investment arrangement for the DC section.

SCHEME FUNDS	TER (% P.A.)	AGGREGATE TRANSACTION COSTS (% P.A.)
FUNDS WITHIN THE DEFAULT		
BlackRock Global Equity Index Tracker (60:40)	0.50	0.110
BlackRock Over 15 Year Corporate Bond	0.50	0.145
Aviva Index-Linked	0.50	0.002
Aviva Cash	0.50	0.001
SELF-SELECT FUNDS (INCLUDING THOSE WITHIN THE DEFAULT)		
BlackRock Global Equity Index Tracker (60:40)	0.50	0.110
BlackRock Over 15 Year Corporate Bond	0.50	0.145
Baillie Gifford International	0.73	0.074
Baillie Gifford Managed	0.73	0.223
Aviva Index-Linked	0.50	0.002
Aviva Cash	0.50	0.001

Source: Aviva, as at 31 March 2021

The TER is a measure of the total cost of investing in a fund, which may include various fees and other expenses and may vary from time to time.

4.5 The Pension Regulator has set a charge cap of 0.75% p.a. for the default options for pension schemes. As shown above, the charges for all underlying funds in the default strategy (and therefore the default strategy across a member's lifetime) are 0.50% p.a., and fall well within the charge cap.

4.6 There are members of the Scheme with legacy AVC assets in funds provided by Scottish Widows. These are held across two arrangements; an AVC Master Policy (in which members' benefits are held by the Trustees) and an arrangement wherein benefits are held in members' individual policies. The funds available and charges are specific to each arrangement.

Scottish Widows were unable to provide updated charges to 31 March 2021, therefore, the charges for the funds invested in by members of the arrangements outlined in the below table are as at 31 March 2020. The Trustees will continue to liaise with Scottish Widows to acquire the missing information.

MASTER POLICY FUNDS	TER (% P.A.)	AGGREGATE TRANSACTION COSTS (% P.A.)
Mixed	0.914	0.26
UK Equity	0.875	0.41***
Conventional With Profits	.*	0.20
Cash**	0.875	0.01
INDIVIDUAL MEMBER POLICY FUNDS	TER (% P.A.)	AGGREGATE TRANSACTION COSTS (% P.A.)
Mixed	0.908	0.26
Consensus	0.958	0.04
Unitised With Profits	0.875	0.20

Source: Scottish Widows, as at 31 March 2020, except where noted. Scottish Widows provide TER figures to 3 decimal places, but provide transaction costs to 2 decimal places.

The TER is a measure of the total cost of investing in a fund, which may include various fees and other expenses and may vary from time to time.

**The Conventional With Profits fund does not have transparent charges; more information is given below.*

***There are no members currently invested in the Cash fund; however, one member has assets held on deposit in line with the Cash fund. More information is given below.*

****This fund's transaction costs are for the year to 29 February 2020; Scottish Widows are unable to provide them for the year to 31 March 2020.*

Members of the Master Policy have access to a limited range of additional funds, including Scottish Widows' Fixed Interest, Indexed Stock, International and Property funds. Members of the individual policy arrangement have access to the full range of Scottish Widows' funds.

With respect to the Conventional With Profits fund (a traditional with-profits fund), pay outs on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, the actual performance received by members, net of charges, is only known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of any 'smoothing'. The Unitised With Profits fund (while the same underlying investment practice) operates in a different manner, represented as a unit-linked fund where the with-profits premiums buy units in the fund (and unlike other unit-linked funds, the unit price is guaranteed not to fall). Consequently there are explicit charges associated with the fund, as reported above.

One member (who has passed their nominated retirement date) has assets with a guaranteed value held on deposit in line with the Scottish Widows Cash Fund. Whilst this guaranteed value applies, no charges are applicable to the investment. In the event that the bid price of the Cash fund rises to a point where the value of the Cash fund is higher than the guaranteed value, the higher Cash value will be quoted and the charges will be as set out for the Cash fund (as above).

- 4.7** Using the charges and transaction cost data provided by Aviva and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Scheme's relevant funds/strategies listed in brackets). As the demographic of the AVC membership can be considered substantially different to that of the main DC membership, and is invested in a different range of funds, we have demonstrated these in a separate illustration from those representing the DC section of the Scheme, shown in the appendix.

The funds we are required to illustrate to represent the fund range (with the specific fund within the DC Section in brackets) are:

- The fund or strategy with the most members invested (Five Year Lifestyle Programme)
- The most expensive fund (Baillie Gifford Managed Fund)
- The least expensive fund (Aviva Cash)
- The fund with the highest expected return (BlackRock Global Equity Index Tracker (60:40))
- The fund with the lowest expected return (Aviva Cash)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below.

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 1

A typical active DC member's pot as it changes over time

Age	Current Default Arrangement: Five Year Lifestyle Programme		Highest Assumed Return Fund: BlackRock (60:40) Global Equity Index Tracker		Fund with Highest Charges: Baillie Gifford Managed Fund		Lowest Assumed Return Fund and Fund with Lowest Charges: Aviva Cash	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
45	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
46	£18,198	£18,105	£18,198	£18,105	£18,072	£17,916	£17,544	£17,456
47	£21,461	£21,256	£21,461	£21,256	£21,182	£20,842	£20,038	£19,850
48	£24,789	£24,455	£24,789	£24,455	£24,330	£23,778	£22,482	£22,185
49	£28,184	£27,701	£28,184	£27,701	£27,517	£26,726	£24,877	£24,462
50	£31,648	£30,995	£31,648	£30,995	£30,744	£29,684	£27,224	£26,683
...								
55	£50,039	£48,217	£50,039	£48,217	£47,486	£44,635	£38,276	£36,981
...								
60	£70,357	£66,762	£70,357	£66,762	£65,289	£59,859	£48,268	£46,060
61	£73,945	£69,943	£74,669	£70,638	£68,983	£62,937	£50,148	£47,743
62	£77,057	£72,651	£79,068	£74,572	£72,723	£66,026	£51,991	£49,383
63	£79,645	£74,844	£83,556	£78,565	£76,509	£69,127	£53,797	£50,983
64	£81,678	£76,499	£88,133	£82,617	£80,342	£72,238	£55,568	£52,543
65	£83,406	£77,860	£92,803	£86,729	£84,222	£75,361	£57,302	£54,064

Notes

- Values shown are estimates at end of each year and are not guaranteed.
- Projected pension pot values are shown in today's terms.
- Age, salary, and fund size assumptions are based on full membership data as at 31 March 2021. Contribution rate is based upon the national auto-enrolment minimum for pension schemes.
- The starting fund size is assumed to be £15,000, starting salary is assumed to be £41,000 per annum and this person is 45 years old. This member is assumed to retire at 65.
- This member's contribution rate is assumed to be 7% per annum, and their salary increases by 2.5% per annum.
- Charges assumed for each individual fund are as provided by Aviva as at 31 March 2021, shown earlier in this Statement.
- From Aviva's figures, the default strategy has an assumed TER of 0.50 % p.a. throughout the member's life.
- The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Scheme Year End. Aviva have been unable to provide historic transaction costs for these funds; consequently, the assumed transaction costs used in this illustration are based on an average of those provided for the three years to 31 March 2021, and are as follows:

Current Default Arrangement: 5 Year Lifestyle	0.01% p.a. further than 5 years from retirement, rising to 0.05% p.a. for members within 5 years of retirement
Highest return: BlackRock Global Equity (60:40)	0.01% p.a.
Highest cost fund: Baillie Gifford Managed	0.14% p.a.
Lowest expected investment return and lowest cost fund: Aviva Cash	0.00% p.a.

Where funds have negative transaction costs over the period of this Statement, we have assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

- Inflation is assumed to be 2.5% per annum.
- The projected gross growth rates for each fund are based on growth assumptions provided by Aviva, and are as follows:

Current Default Arrangement: 5 Year Lifestyle	4.50% p.a. before inflation for members further than 5 years from retirement, falling to 1.07% p.a. before inflation for members at retirement
Highest return: BlackRock Global Equity (60:40)	4.50% p.a. before inflation

Highest cost fund: Baillie Gifford Managed	3.60% p.a. before inflation
Lowest expected investment return and lowest cost fund: Aviva Cash	0.50% p.a. before inflation

Illustration 2: A typical young member's pot as it changes over time

Age	Current Default Arrangement: Five Year Lifestyle Programme		Highest Assumed Return Fund: BlackRock (60:40) Global Equity Index Tracker		Fund with Highest Charges: Baillie Gifford Managed Fund		Lowest Assumed Return Fund and Fund with Lowest Charges: Aviva Cash	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
25	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000
30	£12,875	£12,643	£12,875	£12,643	£12,571	£12,193	£11,376	£11,180
35	£23,784	£23,027	£23,784	£23,027	£22,749	£21,554	£18,949	£18,391
40	£35,836	£34,207	£35,836	£34,207	£33,572	£31,085	£25,796	£24,748
45	£49,151	£46,245	£49,151	£46,245	£45,081	£40,790	£31,987	£30,351
50	£63,860	£59,208	£63,860	£59,208	£57,320	£50,672	£37,584	£35,291
55	£80,110	£73,165	£80,110	£73,165	£70,336	£60,734	£42,644	£39,646
60	£98,061	£88,194	£98,061	£88,194	£84,176	£70,979	£47,219	£43,485
65	£105,558	£93,346	£117,894	£104,376	£98,894	£81,411	£51,356	£46,870

Notes

- Values shown are estimates at end of each year and are not guaranteed.
- Projected pension pot values are shown in today's terms.
- Age, salary, and fund size assumptions are based on full membership data as at 31 March 2021. Contribution rate is based upon the national auto-enrolment minimum for pension schemes.
- The starting fund size is assumed to be £3,000, starting salary is assumed to be £26,000 per annum and this person is 25 years old. This member is assumed to retire at 65.
- This member's contribution rate is assumed to be 7% per annum, and their salary increases by 2.5% per annum.
- Charges assumed for each individual fund are as provided by Aviva as at 31 March 2021, shown earlier in this Statement.
- From Aviva's figures, the default strategy has an assumed TER of 0.50% p.a. throughout the member's life.
- The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Scheme Year End. Aviva have been unable to provide historic transaction costs for these funds; consequently, the assumed transaction costs used in this illustration are based on an average of those provided for the three years to 31 March 2021, and are as follows:

Current Default Arrangement: 5 Year Lifestyle	0.01% p.a. further than 5 years from retirement, rising to 0.05% p.a. for members within 5 years of retirement
Highest return: BlackRock Global Equity (60:40)	0.01% p.a.
Highest cost fund: Baillie Gifford Managed	0.14% p.a.
Lowest expected investment return and lowest cost fund: Aviva Cash	0.00% p.a.

Where funds have negative transaction costs over the period of this Statement, we have assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

- Inflation is assumed to be 2.5% per annum.

10. The projected gross growth rates for each fund are based on growth assumptions provided by Aviva, and are as follows:

Current Default Arrangement: 5 Year Lifestyle	4.50% p.a. before inflation for members further than 5 years from retirement, falling to 1.07% p.a. before inflation for members at retirement
Highest return: BlackRock Global Equity (60:40)	4.50% p.a. before inflation
Highest cost fund: Baillie Gifford Managed	3.60% p.a. before inflation
Lowest expected investment return and lowest cost fund: Aviva Cash	0.50% p.a. before inflation

Illustration 3

A typical deferred member's pot as it changes over time

Age	Current Default Arrangement: Five Year Lifestyle Programme		Highest Assumed Return Fund: BlackRock (60:40) Global Equity Index Tracker		Fund with Highest Charges: Baillie Gifford Managed Fund		Lowest Assumed Return Fund and Fund with Lowest Charges: Aviva Cash	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
53	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000
54	£13,262	£13,194	£13,262	£13,194	£13,161	£13,047	£12,741	£12,676
55	£13,528	£13,390	£13,528	£13,390	£13,324	£13,094	£12,486	£12,361
56	£13,801	£13,590	£13,801	£13,590	£13,488	£13,142	£12,237	£12,053
57	£14,078	£13,792	£14,078	£13,792	£13,655	£13,189	£11,993	£11,753
58	£14,362	£13,998	£14,362	£13,998	£13,824	£13,237	£11,754	£11,460
59	£14,651	£14,206	£14,651	£14,206	£13,995	£13,285	£11,519	£11,175
60	£14,945	£14,418	£14,945	£14,418	£14,168	£13,333	£11,289	£10,897
61	£15,095	£14,486	£15,246	£14,633	£14,344	£13,381	£11,064	£10,625
62	£15,144	£14,454	£15,553	£14,851	£14,521	£13,430	£10,843	£10,361
63	£15,089	£14,324	£15,866	£15,072	£14,701	£13,478	£10,627	£10,103
64	£14,933	£14,097	£16,185	£15,297	£14,883	£13,527	£10,415	£9,851
65	£14,728	£13,825	£16,511	£15,525	£15,067	£13,576	£10,207	£9,606

Notes

- Values shown are estimates at end of each year and are not guaranteed.
- Projected pension pot values are shown in today's terms.
- Age, salary, and fund size assumptions are based on full membership data as at 31 March 2021.
- The starting fund size is assumed to be £13,000, this person is 53 years old, and is assumed to be making no further contributions to the Scheme. This member is assumed to retire at 65.
- Charges assumed for each individual fund are as provided by Aviva as at 31 March 2021, shown earlier in this Statement.
- From Aviva's figures, the default strategy has an assumed TER of 0.50 % p.a. throughout the member's life.
- The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Scheme Year End. Aviva have been unable to provide historic transaction costs for these funds; consequently, the assumed transaction costs used in this illustration are based on an average of those provided for the three years to 31 March 2021, and are as follows:

Current Default Arrangement: 5 Year Lifestyle	0.01% p.a. further than 5 years from retirement, rising to 0.05% p.a. for members within 5 years of retirement
Highest return: BlackRock Global Equity (60:40)	0.01% p.a.
Highest cost fund: Baillie Gifford Managed	0.14% p.a.
Lowest expected investment return and lowest cost fund: Aviva Cash	0.00% p.a.

Where funds have negative transaction costs over the period of this Statement, we have assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

- Inflation is assumed to be 2.5% per annum.
- The projected gross growth rates for each fund are based on growth assumptions provided by Aviva, and are as follows:

Current Default Arrangement: 5 Year Lifestyle	4.50% p.a. before inflation for members further than 5 years from retirement, falling to 1.07% p.a. before inflation for members at retirement
Highest return: BlackRock Global Equity (60:40)	4.50% p.a. before inflation
Highest cost fund: Baillie Gifford Managed	3.60% p.a. before inflation
Lowest expected investment return and lowest cost fund: Aviva Cash	0.50% p.a. before inflation

In Appendix A we have also provided:

- An illustration demonstrating the impact of charges on the pension pot of a typical AVC member of the Scheme investing in the AVC fund range, as at 31 March 2020, due to lack of more recently available data from Scottish Widows.

5. VALUE FOR MEMBERS

5.1 The Trustees are committed to ensuring that members receive good value from the Scheme. In conjunction with professional advisors, the Trustees have undertaken a formal value for members' assessment, as has been the case in previous years.

5.2 Overall analysis of value was underpinned in the assessment which covered the following aspects:

- Investment charges for the default and self-select options
- Transaction costs
- Member services
- Net performance (for active funds)
- Scheme governance
- Investment design and range
- Investment manager
- Administration efficiency

5.3 The Trustees have assessed the extent to which the charges and transaction costs set out above represent good value for members, taking into account the points above, and have concluded that the Scheme provides **reasonable value for members**.

5.4 Additionally, the Company pays for all advisory costs associated with operating the Scheme, which further enhances the value that members receive.

5.5 The Trustees are committed to continue to communicate to members invested as and when appropriate.

6. TRUSTEE KNOWLEDGE AND UNDERSTANDING

6.1 In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding which, together with the professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Scheme. This requirement has been met during the period to which this Statement relates as follows:

- The Trustees have received the following training in the scheme year or shortly after:
 - April 2021: GMP Equalisation
 - February 2021: Actuarial Valuations
 - Monthly: Current Issues in Pensions

Further training needs are considered at the Trustees' regular meetings.

- There is an induction process in place for new Trustees. Two new Trustees were appointed during the Scheme year.
- The Trustees have continued to monitor fund performance and options throughout the year, with particular regard to the Scheme's Trust Deed and SIP.
- The Trustees have undertaken ongoing training, both collectively as a group and individually to keep them abreast of pensions legislation and regulations, and relevant developments; all such training is recorded on a training log. Updates on current DC topics are considered at all Trustees' meetings.
- The Trustees assess their training needs in light of the business plan priorities and with regard to the statutory requirements to have knowledge and understanding of pensions law, and maintain a good working knowledge of the Trust Deed & Rules, Statement of Investment Principles and other policy documents.

An example of this is that the Risk Register is reviewed annually. This demonstrates that the Trustees hold relevant knowledge on DC specific internal controls and the regulatory requirements.

6.2 Using Advisors

The Trustees believe that the best run schemes use the combined skill and knowledge of both the Trustees and their professional advisors. The relevant skills and experience of those advisors are key criteria when evaluating advisor performance and selecting new advisors.

Additionally, the following measures have applied during the period:

- The Trustees' professional advisors attend their formal meetings;
- The Trustees receive briefings from their advisors on relevant legislative and regulatory developments and DC topics at each meeting.

6.3 Trustees meetings occur at least twice a year, with additional meetings as needed and minutes are taken and approved at the next meeting. Advisors are invited to all meetings and the administrator as required.

6.4 Taking into account actions taken individually and as a Trustee group and the professional advice available to us, The Trustees consider that we are able to exercise our function as Trustees appropriately.

I confirm that the above statement has been produced by the Trustees to the best of their knowledge.

Signed for and on behalf of the Trustees of the Barnes Group (UK) Ltd Pension & Life Assurance Scheme

Date 29.9.21

By *dwmcwally*

Chair of Trustees

Appendices

Appendix A: Additional Illustrations relating to investment in the Scheme over time

Appendix B: The most recent Statement of Investment Principles (SIP) for the Scheme

Appendix A

Illustration 4

A typical deferred member's pot within Scottish Widows' AVC funds under the Scheme as it changes over time

As Scottish Widows were unable to provide updated charges and transaction cost information as at the time of writing, the below illustration is based on data provided as at 31 March 2020. The Trustees will continue to liaise with Scottish Widows to acquire the missing information.

Scottish Widows provides unit-linked funds and with-profits funds to members of the Scheme with legacy AVC investments. In order to best represent the membership with AVC assets and the fund range invested in through Scottish Widows, we have chosen to illustrate the AVC membership and the AVC fund range separately from the DC section. To represent the unit-linked AVC funds available and invested in by the Scheme we will be illustrating Scottish Widows' funds in line with our approach to the DC funds within the Scheme:

- The fund or strategy with the most members invested (With Profits)
- The most expensive fund (UK Equity)
- The least expensive fund (Cash)
- The fund with the highest expected return (UK Equity)
- The fund with the lowest expected return (Cash)

Age	Most Popular Fund: With Profits		Most Expensive and Highest Expected Return Fund: UK Equity		Cheapest and Lowest Expected Return Fund: Cash	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
59	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
60	£10,119	£10,012	£10,238	£10,111	£9,801	£9,714
61	£10,240	£10,023	£10,482	£10,223	£9,606	£9,437
62	£10,362	£10,035	£10,732	£10,336	£9,415	£9,167
63	£10,486	£10,047	£10,988	£10,450	£9,227	£8,905
64	£10,611	£10,058	£11,250	£10,566	£9,044	£8,651
65	£10,737	£10,070	£11,518	£10,683	£8,864	£8,403

Notes

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. Age, salary, and fund size assumptions are based on full membership data as at 31 March 2020.
4. The starting fund size is assumed to be £10,000, this person is 59 years old, and is assumed to be making no further contributions to the Scheme. This member is assumed to retire at 65.
5. Charges assumed for each individual fund are as provided by Scottish Widows as at 31 March 2020, shown earlier in this Statement. The charges assumed for the With-Profits illustration are based on the charges provided for the Unitised With Profits Fund (as the charges for the Conventional With Profits Fund are not transparent).
6. The Regulations require that, where possible, the transaction costs used in these illustrations are based on an average of those for the five years to Scheme Year End. Scottish Widows have only been able to provide limited historic transaction cost data, and so the information used (and the periods covered) are as follows:

	Assumed transaction costs	Period used
Most Popular Fund: With Profits	0.19% p.a.	1/7/2018-31/3/2020
Most expensive and highest expected return fund: UK Equity	0.38% p.a.	1/6/2018-29/2/2020
Cheapest and lowest expected return fund: Cash	0.01% p.a.	1/7/2018-31/3/2020

Where funds have negative transaction costs over the period of this Statement, we have assumed these costs to be nil, as negative costs are not expected to continue consistently over time.

7. Inflation is assumed to be 2.5% per annum.
8. The projected gross growth rates for each fund are based on growth assumptions provided by Scottish Widows, and are as follows:

Most Popular Fund: With Profits	3.50% p.a. before inflation
Most expensive and highest expected return fund: UK Equity	4.50% p.a. before inflation

Cheapest and lowest expected return fund:
Cash

0.50% p.a. before inflation

Appendix B