

**United Steels Limited Nexus Savings Scheme**  
**Chairman's statement regarding governance**  
**for the year ended 31 March 2022**

This statement is produced pursuant to regulation 17 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015. It explains how the United Steels Limited Nexus Savings Scheme is meeting the new governance standards that apply to occupational pension schemes that provide Defined contribution (DC) benefits, also known as money purchase benefits.

The Trustees recognise the importance of member confidence in the Trustees' management of the scheme. Key areas that will impact on the performance of your pension savings will be investment options, charges applied to the scheme, proper and timely processing of transactions and the professional conduct of the Trustees.

This report seeks to impart information on each of these key areas and also inform you - the members - of key developments. An updated Statement of Funding Principles was provided in the triennial actuarial valuation as at 31 March 2019 for the purpose of recording the principles underlying the funding of the scheme and to satisfy the requirements of section 223 of the Pensions Act 2004.

The Trustees funding objective is the statutory funding objective as defined by section 222 of the Pensions Act 2004 and states that a scheme must have sufficient and appropriate assets to cover its technical provisions. The technical provisions are an estimate of the assets needed at any particular time to make provision for the benefits accrued based on actuarial principles and appropriate assumptions.

The Trustees policy for achieving their funding objective is to commission the scheme actuary to review whether or not the Trustees funding objective is being met, the valuation of the scheme and to advise on a recovery plan to be agreed with the employer.

World stock markets fell in early 2020 as a result of the Coronavirus pandemic and economic challenges continue. Rising inflation and interest rates, the ongoing conflict in Ukraine and the cost of living crisis make for an uncertain future. The Trustees will continue to seek specialist advice and regularly monitor the situation to ensure as far as possible that the strategy for the scheme remains appropriate.

**Default arrangements**

Members of the scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement.

The Trustees' objective is to make available to members with DC benefits an appropriate range of investment options to which members and the employer will contribute in order to provide a fund which will be used to provide members' benefits at retirement. The default strategy should provide opportunities for long term investment growth at an acceptable level of risk taking into consideration the characteristics of the scheme's membership.

All members are assumed to retire at their normal retirement age.

The default arrangement is held with Mobius Life Limited following a platform transfer on 30 March 2021. Members' accounts in respect of DC benefits are currently invested in mixed funds following restructure transactions on 1 April 2021.

The investment strategy will be reviewed every three years, or as soon as any significant developments in investment policy or member demographics take place.

The Trustees will monitor performance of the Investment Advisors in accordance with the CMA recommendations.

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**Chairman's statement regarding governance (continued)**  
**for the year ended 31 March 2022**

**De-risking**

In view of the scheme deficit, at the request of the Trustees, Mercer Limited undertook a de-risking feasibility study for the scheme in 2017. The study considered strategies for increasing the scheme assets and reducing liabilities but also the possibility of offering FAR and ETV to deferred members. The exercise had further considerations in respect of GMP equalisation which caused delays and has resulted in an increased provision in the employers financial statements. A number of additional factors including the Coronavirus Pandemic came into play causing further delay and the Trustees considered it inappropriate to act on the original 2017 feasibility study. In view of the time that has passed since the de-risking feasibility study and more recent economic events, the Trustees intend to commission an updated feasibility study.

Until such time that the final options are presented and decisions made, the Trustees have committed to make payments under the recovery plan determined by the scheme actuary.

**Investment platform/strategy**

The Trustees agreed an investment platform change from Aegon UK PLC to Mobius Life Limited based on an investment strategy report provided by investment consultants with JLT Employee Benefits (now Mercer Limited), the transfer took place on 30 March 2021.

The report considered the investment strategy for both Underpin and DC sections.

To meet Trustee objectives the underpin allocation agreed strategy across index linked gilts, gilts, corporate bonds, equities and diversified growth funds. Funds originally held in cash holdings are now invested in multi asset credit holdings following restructure transactions on 1 April 2021.

DC section only members will be offered a small number of funds to include diversified growth fund, global equity fund, long dated fixed gilt fund, long date index linked gilt fund, all stocks corporate bond fund, multi asset credit fund and a cash type fund.

**Processing Scheme transactions**

The Trustees have a specific duty to secure that core financial transactions (including the investment of contributions, transfer of members' assets into and out of the scheme, transfers between different investments within the scheme and payments to and in respect of members) relating to members' DC benefits are processed promptly and accurately.

These transactions are undertaken on the Trustees' behalf by the scheme administrator, Mercer Limited, and its investment manager, now Mobius Life Limited. The Trustees have reviewed the processes and controls implemented by those operations and have concluded them to be suitably designed to achieve those objectives.

The Trustees will also perform periodic assessments of methods and efficiency of the scheme's administrators and will challenge them in terms of efficiency using available facilities including technological functionality.

In light of the above the Trustees consider that the requirements for processing core financial transactions specified in the Administrators Regulations (The Occupational Pensions Scheme (Scheme Administration) Regulations 1996) have been met.

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**Transaction costs - default arrangement and additional funds**

Members pay for the plan's investment and transactions costs while the employer pays the cost of the plan's administration, governance and communications. The Trustees should disclose the charges and transaction costs borne by scheme members with DC benefits and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on members funds, but should also include trading costs incurred within such funds. Transaction costs are borne by the scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the swinging single price or the bid/offer spread of these investments.

Information regarding the specific costs on transfer of investments from Aegon UK PLC to Mobius Life Limited were made available to the Trustees. Exit fees of £ 21,482 representing 2.5% of the funds transferred were incurred in the previous year. Mobius Life Limited have also provided information regarding ongoing costs to be applied which are detailed in the table below:

Mobius ID	Fund name	Underlying fund identifier	Mobius fee	Mercer fee	Mobius total fee
P	Threadneedle Multi Asset Fund	TPNMA3	0.38%	1.15%	1.53%
P	LGIM CN - AAA - AA - A Corporate Bond-All Stocks-Index Fund	CN	0.09%	1.15%	1.24%
P	LGIM TB - Global Equity Market Weights (40/60) Index Fund	TB	0.11%	1.15%	1.26%
P	LGIM AF - Over 15 Years Gilt Index Fund	AF	0.07%	1.15%	1.22%
P	LGIM AF - Over 5 Year Index-Linked Gilts Index Fund	AP	0.07%	1.15%	1.22%
P	Payden Absolute Return Bond Fund	IE00B973TK71	0.38%	1.15%	1.53%

The Trustees are not aware of any changes to these charges for the current scheme year.

**Trustees' knowledge and understanding**

Two Trustees served during the scheme year. Marcella Cashmore and Ian Grinsell who is a member of the scheme.

Sections 247 and 248 of the Pensions Act 2004 set out the requirements for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pensions schemes, investment of Scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's codes of Practice 07 and 13. The trustees are mindful of developing the required level of knowledge and understanding under the Pensions Act 2004. The trustees have significant experience of sitting on the Trustee board for the scheme and, together with the advice provided by advisers and service providers, this enables them to properly exercise their functions as Trustees of the scheme.

The Trustees receive and review regular pension information regarding legislation and best practice and seek professional advice as appropriate.

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**Governance statement**

As Trustees of the scheme, we have reviewed and assessed our systems, processes and controls across key governance functions and we are satisfied these are consistent with those set out in the Pensions Regulators:

- Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes

- Regulatory guidance for defined contribution schemes

These are underpinned by the DC quality features.

Based on our assessment we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. These help demonstrate the presence of DC quality features which we believe will help deliver better outcomes for members in retirement.

The Chairman's statement regarding DC governance was approved by the Trustees on 27 October 2022 and signed on their behalf by:



M T Cashmore  
Chairman