

Clifford Chance Pension Scheme

Chair's statement regarding the governance of Defined Contribution arrangements

Scheme year - 1 May 2023 to 30 April 2024

1. Introduction

- 1.1. This statement has been prepared by the Trustee Directors of the Clifford Chance Pension Trustees Limited (the "Trustee"), the Trustee of the Clifford Chance Pension Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to Defined Contribution ("DC") arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the Scheme year 1 May 2023 to 30 April 2024.
- 1.4. This statement covers six key areas:
 - 1.4.1. The investment strategy in relation to the Scheme's default investment arrangements;
 - 1.4.2. The net investment returns and asset allocations for the Scheme's investment options;
 - 1.4.3. The processing of core financial transactions;
 - 1.4.4. Charges and transaction costs within the Scheme;
 - 1.4.5. Value for members assessment; and
 - 1.4.6. The Trustee's compliance with the statutory knowledge and understanding requirements.
- 1.5. A copy of this statement will be included in the Scheme's Annual Report and Accounts and will be published on a publicly available website <https://pensioninformation.aon.com/cliffordchance>.
- 1.6. This statement does not contain advice in respect of actions that members should take, and it is not intended to be used for that purpose. If members need advice they can get help finding a regulated financial adviser through the Money Helper website at www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser.

2. The Scheme's DC arrangements

- 2.1. The Scheme's DC arrangements comprises:
 - 2.1.1. The Scheme's Money Purchase Section
 - 2.1.2. Voluntary Contributions ("VCs") providing additional benefits for members of the Defined Benefit Section ("the DB Section")
- 2.2. The Scheme is not and has never been used as a Qualifying Scheme for auto-enrolment purposes and it is closed to future contributions.

3. Default investment arrangements

- 3.1. Despite not being used for auto-enrolment purposes, due to historic bulk transfers of members' benefits there are some investments which are technically deemed as default arrangements for the purposes of reporting requirements. These are:
 - The Legal and General (L&G) Target Date Funds
 - The L&G Cash Target Date Funds
 - The Utmost Life and Pensions Investing By Age strategy

More details on these are set out below.

Review of the default

- 3.2. The objectives, strategy and performance against peers of the L&G default Target Date Fund and Cash Target Date Fund strategies were formally reviewed during the Scheme year by the newly appointed Investment Consultant, Barnett Waddingham. This was presented at the Trustee meeting on 23 February 2024. This review included analysis of the membership. The conclusion of the review was the ongoing suitability of the strategies.
- 3.3. The on-going suitability of the Utmost arrangement had been reviewed in the previous Scheme year, being completed at a Trustee meeting on 11 November 2022, with no changes proposed.
- 3.4. The Trustee monitors the performance of all investment options, including the default, on a quarterly basis. These quarterly reviews are part of the regular governance of the Scheme and do not constitute a formal review of the default, which ordinarily follows a three-year cycle.

Further information on the default strategies

- 3.5. Further details of the default investment arrangement can be found in the SIP. For the purposes of Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 the SIP sets out more detail around the Trustee's investment objectives, as well as the default investment strategy. The SIP was last updated in September 2024 and the most recent version is appended to this Statement.

Legal & General

- 3.6. The key features of the L&G Target Date Funds and L&G Cash Target Date Funds are:
 - 3.6.1. They are structured as a target date investment strategy which consists of a series of separate funds that are designed to target the date (across five-year windows) most closely aligned with each member's Normal Retirement Date (NRD). For example, a member with an NRD in 2047 would be invested in the 'Default Target Date Fund 2045 – 2050'. The NRD of the DC Section is set at a member's 65th birthday, however members can amend their target retirement date should they wish.
 - 3.6.2. It invests in a broad mix of assets which are automatically rebalanced at different stages of membership. When a member is a long way from accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investing predominantly in growth assets) in search of long-term returns that exceed inflation. As each member approaches their NRD, their retirement savings are progressively switched to lower risk funds with the aim of protecting their value relative to the way in which they are expected to be accessed.
 - 3.6.3. The target investment profile of the L&G Target Date Fund has been designed with the assumption that members are likely to access their pension savings through drawdown. This means that the Default Target Date Fund will hold a proportion of assets that offer the prospect of future growth in the lead up to and through retirement.
 - 3.6.4. The target investment profile of the L&G Cash Target Date Fund has been designed with the assumption that members are likely to access their pension savings as cash – which is reflective of most of the members with VC benefits linked to their DB section.
 - 3.6.5. Legal & General, as the provider of the Target Date Funds, will adjust the investment profile, strategy and asset allocation of the Funds on an ongoing basis in order to take account of changes in market conditions.

Utmost Life and Pensions

- 3.7. The key features of the Utmost Investing By Age Strategy are:

- 3.7.1. This uses a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age and utilises white labelled investment funds.
- 3.7.2. Up until 10 years before a member's retirement age, the default allocates 100% to the Multi Asset Moderate Fund.
- 3.7.3. Over the 10 years to a member's retirement age, the default automatically and gradually switches out of the Multi-Asset Moderate Fund and into the Multi-Asset Cautious Fund. Members then remain 100% invested in the Multi-Asset Cautious Fund until 10 years post-retirement, when they automatically and gradually switch out of the Multi-Asset Cautious Fund and into the Money Market Fund.
- 3.7.4. Utmost, as the provider of the Investing By Age Strategy, can adjust the investment profile, strategy and asset allocation of the strategy on an ongoing basis in order to take account of changes in market conditions.

Asset allocation of the defaults

- 3.8. We have provided further details in the tables below of the underlying asset allocation of the default investment arrangements. We have provided this information in line with statutory guidance.
- 3.9. Within the default investment arrangements, the underlying assets change over time. Asset allocations are shown for members aged 45, 55 and 1 day before retirement age, all assuming retirement at age 65.

L&G Target Date Funds (as at 31 March 2024)

Asset Class	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age (65)
Cash	0.43%	0.85%	8.86%
Bonds	18.45%	36.90%	48.08%
Listed Equities	70.00%	40.00%	14.11%
Private Equity	1.00%	2.00%	0.18%
Infrastructure	5.88%	11.75%	5.90%
Property/Real Estate	0.00%	0.00%	2.44%
Private Debt/Credit	4.25%	8.50%	18.73%
Other	0.00%	0.00%	1.70%

As the Target Date Fund and the Cash Target Date Fund strategies are the same up to 10 years before target retirement age, the asset allocation for the L&G Cash Target Date Fund would be as above apart from the allocation 1 day before retirement age would be 100% in cash.

Utmost Investing By Age Strategy (as at 31 March 2024)

Asset Class	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age (65)
Cash	3.63%	3.63%	4.25%
Bonds	28.13%	28.13%	52.49%
Listed Equities	67.50%	67.50%	42.49%
Private Equity	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%
Property/Real Estate	0.00%	0.00%	0.00%
Private Debt/Credit	0.00%	0.00%	0.00%
Other	0.74%	0.74%	0.76%

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
 - 4.2.1. transfers into and out of the Scheme
 - 4.2.2. investment switches within the Scheme
 - 4.2.3. payments out of the Scheme
- 4.3. Core financial transactions for the DC Section are undertaken on behalf of the Trustee by the HR Team of Clifford Chance London Limited, in its capacity as the Scheme administrator, and by the by DC providers – L&G, Clerical Medical, Aviva, Utmost and Scottish Widows.

Controls and monitoring arrangements

- 4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
L&G
 - 4.4.1. The Trustee has a Service Level Agreement (SLA) in place with the administrator. The SLA sets out the timeline standards expected for each step of the Scheme's main administration tasks, including core financial transactions. The administrator aims to process at least 95% of core financial transactions within the service level for each type of transaction.

Core financial transaction	Service level
Contribution/allocations	5 working days
Transfer payments in	5 working days
Transfer payments out	3 working days
Investment switches	5 working days
Retirement payments out of the Scheme	5 working days

- 4.4.2. The Trustee receives quarterly governance reports on performance against the service levels from L&G and reviews the latest report at each trustee meeting. In the year to 31 March 2024 the SLA achieved for core financial transactions was 97.4% with only one item missing the agreed service levels.

Utmost Life and Pensions

- 4.4.3. This information is the latest published, is not plan specific and applies across Utmost's book of business

Service Level Agreements during 2023 were measured as follows:

- *95% of payments out made within 5 days*
- *95% of illustrations completed within 10 days*
- *90% of general servicing completed within 10 days*

All Service Level Agreements were met during 2023.

Utmost have published details which confirm that

- *We have internal standards which ensure that staff are properly trained, qualified, supervised and monitored. Staff are encouraged to enhance their skills and knowledge by also attending external training courses where appropriate.*
- *Our administration procedure manuals are regularly reviewed and updated. Both automated and manual processes are subject to checking and/or regular quality sampling.*
- *We carry out regular data integrity exercises covering both core and conditional data. Any errors identified are investigated and corrected. As we are not the scheme administrator, we do not hold full details of the common or conditional data. We do not, therefore, measure the data or calculate data scores.*
- *The adequacy and effectiveness of Governance and control over Data Protection, Information Security and Cyber Security is periodically reviewed by our Internal Audit function.*

- 4.4.4. We recognise that Utmost provides a limited administration service with benefit statements being provided and an annual financial report. Members do not interact directly with Utmost, this is via the Clifford Chance HR Team, and there is no on-line functionality or member support provided by Utmost

Aviva, Clerical Medical and Scottish Widows

- 4.4.5. No information has been provided by Aviva, Clerical Medical and Scottish Widows although we note that there have been minimal transactions during the period. Whilst the providers produce the annual benefit statements, members do not interact directly with these providers, this is via the Clifford Chance HR Team.
- 4.4.6. The Clifford Chance HR Team keep the Trustee apprised of any activity by these providers with an update at the Trustee meetings.

Clifford Chance HR Team and wider controls

- 4.4.7. The Clifford Chance HR Team manage the administration of the DB Section and have oversight of all the administration arrangement. A report is provided in advance of each Trustee meeting confirming the activity in respect of members' DC arrangements.
- 4.4.8. The Clifford Chance Finance Team are responsible for reconciliation of the Scheme bank account and are provided with details of all transactions as they occur.
- 4.4.9. Additional measures that help to monitor the accuracy of core financial transactions are the external audit of the Scheme's annual report and accounts and the administrator's checks on data quality. As at April 2021, the common data score for the scheme was 95%, and the scheme-specific data score was 100%.
- 4.4.10. The providers' controls and processes are also subject to a formal external audit for its annual assurance report on internal controls.
- 4.4.11. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the reporting to the Trustee.

Performance during the Scheme year

- 4.5. The Trustee received quarterly reports from L&G together with the pre-Trustee meeting report from the Clifford Chance HR Team during the Scheme year and was satisfied with the performance against the SLA.
- 4.6. Neither the administrator's quarterly reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions.

Assessment

- 4.7. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the Scheme year, the Trustee believes that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
 - 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
 - 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Arrangements

- 5.2. The following tables provide details of the charges and transaction costs for each of the investment options provided through the DC arrangements over the Scheme year, where available. Data has been sourced from each relevant investment manager as at 30 April 2024 unless otherwise noted. Many providers reporting on transaction costs is limited to quarter end dates so information to 30 April 2024 is not necessarily available. The Trustee will continue to request this information but they are comfortable that the detail provided to 31 March 2024 will give a good indication of the transaction costs incurred by members over the Scheme year.

- 5.3. In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

Legal & General (as at 31 March 2024)

Investment option	TER (p.a.)	Transaction costs (p.a.)
2020 – 2025 Target Date Fund	0.28%	0.0747%
2025 – 2030 Target Date Fund	0.28%	0.0451%
2030 – 2035 Target Date Fund	0.28%	0.0338%
2035 – 2040 Target Date Fund	0.28%	0.0492%
2040 – 2045 Target Date Fund	0.28%	0.0532%
2045 – 2050 Target Date Fund	0.28%	0.0563%
2020 – 2025 Cash Target Date Fund	0.28%	0.0000%
2025 – 2030 Cash Target Date Fund	0.28%	0.0000%
2030 – 2035 Cash Target Date Fund	0.28%	0.0185%
2035 – 2040 Cash Target Date Fund	0.28%	0.0465%
2040 – 2045 Cash Target Date Fund	0.28%	0.0523%
LGIM World (ex UK) Equity Index Fund	0.25%	0.0200%
LGIM Multi-Asset Fund	0.26%	0.0200%
LGIM Future World Equity Fund	0.37%	0.0900%
LGIM UK Equity Index Fund	0.23%	0.0000%
LGIM Future World Annuity Aware Fund	0.25%	0.0000%
LGIM North America Equity Index Fund	0.25%	0.0000%
LGIM Cash Fund	0.22%	0.0000%
LGIM Asia Pacific (ex Jap) Equity Index Fund	0.27%	0.0100%

Utmost Life and Pensions Investing by Age Strategy (as at 28 March 2024)

Investment option	TER (p.a.)	Transaction costs (p.a.)
Investing by Age Strategy	Age 45	0.2082%
	Age 55	0.2082%
	1 day before selected retirement age	0.2404%

The charges and transaction costs for the Utmost strategy, which is a lifestyle strategy, have been calculated as a composite of the underlying fund charges and transaction costs. These vary depending upon a member's term to retirement age (assumed 65).

Up-to-date data has been requested on the charges from Aviva, Clerical Medical and Scottish Widows. At the time of completing the Chair's Statement this is still outstanding. Accordingly, the data noted below is that provided for the previous Chair's Statement. The Trustee will continue to follow up with the providers on this request and will publish an updated statement when the outstanding information is received.

Aviva (as at 31 March 2023)

Investment option	TER (p.a.) ¹	Transaction costs (p.a.) ^{1,2}
Pension Mixed Investment Fund	0.875%	0.045%

Clerical Medical (as at 31 March 2023)

Investment option	TER (p.a.) ¹	Transaction costs (p.a.) ^{1,2}
Balanced Fund	0.495	0.380
Cash Fund	0.495	0.020
Halifax Cash Fund	0.495	0.000
With-Profits Fund	1.000 ⁴	0.330

Scottish Widows³ (as at 31 March 2023)

Investment option	TER (p.a.) ¹	Transaction costs (p.a.) ^{1,2}
With-Profits Fund – unitised	0.875 ⁴	0.390
With-Profits Fund – conventional	See note 5	0.390
Mixed Fund	0.939	0.190
Cash Fund	0.875	0.020
UK Equity Fund	0.875	0.260
International Fund	0.926	0.260

Notes:

1. The total costs and charges paid by members is the sum of the TER and transaction costs shown for each fund, plus for Scottish Widows funds a monthly policy fee (see note 3).
2. As noted above, the TER and transaction costs shown are over the year to 31 March 2023 as was the most recent charge information received from the providers.
3. Members invested with Scottish Widows also pay a monthly policy fee. The exact fee charged from month to month varies by member.
4. The charges on the Clerical Medical and Scottish Widows unitised with-profits funds are not explicit, they are taken into account when the interest rate or annual bonus rate is declared. However, Clerical Medical has confirmed that it aims to take no more than 1% p.a. in charges and Scottish Widows has estimated that charges on the with-profits fund are in line with those on the unit-linked funds i.e. 0.875% p.a. We have therefore shown these charge estimates in the table.
5. The charges on the Scottish Widows conventional with-profits funds are not explicit. Scottish Widows were unable to estimate these charges over the year but did note that they vary depending on the type and term of the policy. As an example, for policies maturing in 2019 the estimated charges ranged from 0.90% p.a. to 1.50% p.a.

Impact of costs and charges

- 5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations, and these are set out in Appendix 1.

6. Net investment returns

- 6.1. The Trustee is required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance. Data sourced from the relevant investment managers was requested as at 30 April 2024 however given the usual quarterly reporting this have been provided as at 31 March 2024 unless stated otherwise.

Legal & General Target Date Funds

Investment option	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
2020 – 2025 Target Date Fund	6.74%	1.39%	2.91%
2025 – 2030 Target Date Fund	7.52%	1.44%	3.46%
2030 – 2035 Target Date Fund	8.82%	2.29%	4.17%
2035 – 2040 Target Date Fund	10.99%	3.06%	4.64%
2040 – 2045 Target Date Fund	11.54%	3.28%	4.75%
2045 – 2050 Target Date Fund	12.23%	4.22%	5.66%
2020 – 2025 Cash Target Date Fund	6.35%	1.46%	2.16%
2025 – 2030 Cash Target Date Fund	7.61%	2.03%	3.67%
2030 – 2035 Cash Target Date Fund	8.68%	2.25%	4.13%
2035 – 2040 Cash Target Date Fund	10.72%	2.89%	4.52%
2040 – 2045 Cash Target Date Fund	11.34%	3.13%	4.75%
LGIM World (ex UK) Equity Index Fund	24.23%	11.66%	13.35%
LGIM Multi-Asset Fund	8.63%	2.35%	4.27%
LGIM Future World Equity Fund	16.27%	8.97%	10.25%
LGIM UK Equity Index Fund	7.73%	7.60%	5.50%
LGIM Future World Annuity Aware Fund	4.12%	-8.19%	-3.40%
LGIM North America Equity Index Fund	28.74%	13.90%	15.65%
LGIM Cash Fund	5.12%	2.44%	1.62%
LGIM Asia Pacific (ex Jap) Equity Index Fund	8.45%	2.67%	7.40%

Utmost Life and Pensions Investing by Age Strategy

Age of member at start of period	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)*
45	10.76%	3.26%	-
55	10.76%	2.89%	-

*due to the inception date of this fund 5 year performance is not available

Clerical Medical

Investment option	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Balanced Fund*	10.50%	2.50%	3.03%
Cash Fund*	4.40%	2.18%	1.30%
Halifax Cash Fund*	0.00%	0.00%	0.00%
With-Profits Fund**	8.00%	3.04%	4.03%

*Performance has been provided as at 30 June 2024. **Unsmoothed performance has been provided as at 31 December 2023.

Aviva and Scottish Widows

Net investment performance has been requested from Aviva and Scottish Widows. At the time of completing the Chair's Statement this is still outstanding. The Trustee will continue to follow up with the providers on this request and will publish an updated statement when the outstanding information is received.

7. Value for members

- 7.1. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 7.2. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated October 2024. The Trustee considered the report and confirmed its value for members assessment at a meeting on 15 November 2024.
- 7.3. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.
- 7.4. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.
- 7.5. Other services paid for by Clifford Chance LLP were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the Clifford Chance HR Team in the Scheme administration and the operation of the trustee board, with a duty to act in the best interest of members.
- 7.6. In relation to the DC arrangements, the member-borne charges and transaction costs relate to:
 - 7.6.1. investment services
 - 7.6.2. administration services (provided by the bundled providers)
 - 7.6.3. communication services (provided by the bundled providers)
- 7.7. The assessment considered:
 - 7.7.1. in relation to investment services:
 - 7.7.1.1. the investment strategy, e.g. the design of the default and range of alternative options
 - 7.7.1.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy
 - 7.7.1.3. the investment governance arrangements
 - 7.7.2. in relation to administration services:

- 7.7.2.1. the general administration arrangements
 - 7.7.2.2. arrangements in relation to financial transactions
 - 7.7.2.3. data and record keeping
- 7.7.3. in relation to communication services:
 - 7.7.3.1. communication strategy
 - 7.7.3.2. pre-retirement communications
 - 7.7.3.3. at/post-retirement communications
- 7.8. The assessment recognised that full information had not been received from all providers, but given the Clifford Chance HR Team oversight and the proportionality regarding the amount of assets and members accounts held with Legal & General, the Trustee concluded that the DC arrangements offer good value in relation to the charges and transaction costs borne by members.
- 7.9. In reaching this conclusion, the Trustee recognised:
 - 7.9.1. the overall robust governance in place to manage the Scheme
 - 7.9.2. the DC sub-committee to more closely monitor the DC arrangements
 - 7.9.3. the services provided by Legal & General as the main provider of the DC arrangements, including the wider communications support
 - 7.9.4. the wider administration services and reporting from the Clifford Chance HR Team
 - 7.9.5. the costs for the Legal & General investments where majority of DC assets are held, although it is recognised that the member charges from the other providers are not as competitive

8. Trustee knowledge and understanding

The Trustee Board

- 8.1. The Trustee Board currently comprises of six trustee directors, three of whom are nominated by the members and three of whom are employer appointed. During the period there had at times been a Board of eight directors but this was reduced to six with effect from 1 July 2024.
- 8.2. One of the employer appointed trustee directors, Robin Tremaine, is the Chair.

Trustee knowledge and understanding requirements

- 8.3. The Trustee is required to be conversant with the Scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 8.4. The Trustee aims to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the statement of investment principles, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Scheme year and access to professional advice.
- 8.5. The Trustee aims to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee (pensions lawyer) as a trustee director.

- 8.6. Training is focussed on areas considering Scheme activity, changing legislation and identified training needs. A training log is maintained in relation to training undertaken.
- 8.7. An induction process is in place for newly appointed trustee directors, which involves an introductory training session by the Secretary to the Trustee and completion of the TPR's Trustee Toolkit. There was one new Trustee Director appointed during the year.
- 8.8. The Trustee consults with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending trustee meetings and often in the delivery of training at these meetings.

Activities over the Scheme year

- 8.9. The Trustee appointed a new DC investment adviser and undertook the triennial investment review of the main DC assets.
- 8.10. The Trustee reviewed the Scheme's Statement of Investment Principles (SIP), this was updated after the Scheme year end, in September 2024, to take account of required detail around illiquid assets.
- 8.11. The Trustee reviewed the following Scheme documents:
 - 8.11.1. the risk register, which had a full review by a sub-committee that was then referred back to the full Board
 - 8.11.2. the conflicts of interest register – conflicts are declared at each meeting
 - 8.11.3. annual report and accounts
- 8.12. During the Scheme year, the Trustee also took professional advice on:
 - 8.12.1. undertaking the annual value for members assessment
 - 8.12.2. preparation of the Implementation Statement
 - 8.12.3. disclosure of costs, charges and investments
- 8.13. The Trustee received training at trustee meetings over the Scheme year on the following topics:
 - 8.13.1. Legislative update
 - 8.13.2. DC investment strategy in regard to the triennial review
 - 8.13.3. The General Code of Practice, with an initial assessment by the Trustee adviser and timetable being agreed after the Scheme year-end to comply with requirements

Assessment

- 8.14. The Trustee consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:
 - 8.14.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively
 - 8.14.2. Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties
 - 8.14.3. The trustee directors' decisions are not compromised by such things as conflicts or hospitality arrangements

Chair's Declaration

I confirm that the above Statement has been produced by the Trustee to the best of their knowledge.

RTTremaine

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Robin T Tremain, Chair of Trustee

November 21, 2024

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Date

Appendix 1 – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance, these have been prepared by Legal & General.

Parameters used for the illustrations

- A1.2. Pot size: pot size of £56,573 representing the average pot size.
- A1.3. Contributions: the illustrations assume no future contributions.
- A1.4. Timeframe: the illustrations are shown over a 26 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.
- A1.5. Investment options: illustrations are provided for the Legal & General default investment arrangements and the highest and lowest charge self-select funds. As there is only one member invested in the Utmost default arrangement an illustration has not been included as this would effectively be a personal illustration based on the member's age and fund value – the member will receive their illustration within their annual benefit statement.

Guidance to the illustrations

- A1.6. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.
- A1.7. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.
- A1.8. The projected growth rates (net, i.e. after allowing for inflation) and costs and charges used are as follows:

Fund/Strategy	Assumed return	TER	Transaction costs*
2045-50 Target Date Fund	2.4%	0.28%	0.0600%
2045-50 Cash Target Date Fund	2.4%	0.28%	0.0500%
Future World Equity Fund	3.4%	0.37%	0.0900%
Cash Fund	-0.5%	0.22%	0.0000%

**Transaction costs are based on the average yearly costs incurred, measured over a period of up to the last five years, which may differ from the details included in Section 5.3.*

- A1.9. Values shown are estimates and not guaranteed.
- A1.10. The starting date for the illustrations is 30 April 2024.

Default investment arrangement – 2045-50 L&G Target Date Funds

Pot value at end of year	Current fund value: £56,573.00 Contribution: £0.00 per month	
	Investment growth after inflation reduced from 2.2% a year to 1.9%.	
	No charges	After all charges
1	57,953	57,831
3	60,814	60,432
5	63,817	63,150
10	71,989	70,492
20	89,488	85,807
26	98,628	93,387

A1.11. Note on how to read this table: If a member had £56,573 invested in this option on 30 April 2024, in 10 years the savings pot could grow to £71,989 if no charges are applied but to £70,492 with charges applied.

Default investment arrangement – 2045-50 L&G Cash Target Date Funds

Pot value at end of year	Current fund value: £56,573.00 Contribution: £0.00 per month	
	Investment growth after inflation reduced from 1.6% a year to 1.4%.	
	No charges	After all charges
1	57,953	57,837
3	60,814	60,450
5	63,817	63,182
10	71,989	70,563
20	85,887	82,519
26	85,341	81,017

A1.12. Note on how to read this table: If a member had £56,573 invested in this option on 30 April 2024, in 10 years the savings pot could grow to £71,989 if no charges are applied but to £70,563 with charges applied.

Highest charge self-select fund – Future World Equity Fund

Pot value at end of year	Current fund value: £56,573.00 Contribution: £0.00 per month	
	Investment growth after inflation reduced from 3.4% a year to 2.9%.	
	No charges	After all charges
1	58,505	58,236
3	62,568	61,711
5	66,914	65,393
10	79,146	75,587
20	110,726	100,993
26	135,438	120,169

A1.13. Note on how to read this table: If a member had £56,573 invested in this option on 30 April 2024, in 10 years the savings pot could grow to £79,146 if no charges are applied but to £75,587 with charges applied.

Lowest charge self-select fund – Cash Fund

Pot value at end of year	Current fund value: £56,573.00 Contribution: £0.00 per month	
	Investment growth after inflation reduced from -0.5% a year to -0.7%.	
	No charges	After all charges
1	56,297	56,173
3	55,749	55,382
5	55,207	54,603
10	53,873	52,701
20	51,302	49,094
26	49,819	47,049

A1.14. Note on how to read this table: If a member had £56,573 invested in this option on 30 April 2024, in 10 years the savings pot could grow to £53,873 if no charges are applied but to £52,701 with charges applied.

Clifford Chance Pension Scheme – Money Purchase section (“the Scheme”) Statement of Investment Principles (“the Statement”)

1. Scope of Statement

This Statement sets out the policy of the Trustee of the Clifford Chance Pension Scheme (“the Trustee”) on various matters governing decisions about the investments of the Money Purchase section of the Clifford Chance Pension Scheme. The Trustee maintains a separate Statement for the Final Salary section. This Statement replaces the previous Statement dated March 2022.

This Statement has been prepared in accordance with Section 35 of the Pension Act 1995 (as amended by the Pension Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005) and the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and (Investment and Disclosure) Regulations 2019, which introduced minimum governance standards that apply to all trust-based Defined Contribution (DC) schemes).

This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

The effective date of this Statement is 25 September 2024. The Trustee will review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this Statement and without undue delay after any significant change in investment policy.

The investment powers of the Trustee are set out in Clause 7 of the Definitive Trust Deed & Rules, dated 13 December 2001. This statement is consistent with those powers.

2. Consultations Made

The Trustee has consulted with the relevant employer in writing this Statement.

The Trustee is responsible for the investment strategy of the Scheme. The Trustee has obtained and considered written professional advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Barnett Waddingham LLP (“Barnett Waddingham”), the Scheme’s investment adviser for the Money Purchase section, whom the Trustee believes to be suitably qualified and experienced to provide such advice and who are authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of business activities.

The day to day management of the Scheme’s assets has been delegated to investment managers who are appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012). A copy of this Statement is available to Scheme members on request and is stored on the Scheme’s website.

3. Objectives and Policy for Securing Objectives

The Trustee’s primary objectives for setting the investment strategy of the Money Purchase section of the Scheme are:

- “asset choice” to ensure members have an appropriate choice of assets for investment
- “return objective” to enable members to benefit from investment in “growth” assets until they approach retirement, when they will be able to switch to “matching” assets which are more related to the format of the benefits they are expected to take at retirement

4. Choosing Investments

The investment options offered to members of the Money Purchase section are deemed appropriate, given the profile of the membership. A range of funds is available to members. This has been expanded to provide suitable like for like funds to members who transferred funds from the legacy Voluntary Contribution ("VC") arrangements. A summary of the investment options available is set out in the Appendix.

The Trustee set a 'default' investment strategy for funds transferred to Legal & General from the Unitised Mixed Managed Fund and the legacy VC arrangements. This strategy applied to transfers unless members provided alternative investment instructions.

When setting the default investment strategy, the Trustee considered:

- The need for appropriate diversification of asset classes.
- The differing investment priorities for members, depending upon their term to retirement.
- The format in which members are expected to take benefits.

The default investment strategy for money purchase funds is the Legal & General target date fund corresponding to the members' normal, or selected, retirement age. This strategy aims to build real retirement income, whilst managing possible downside risk. The asset allocation of the fund assumes members will keep their pension savings invested at retirement (albeit outside of the Scheme) and 'drawdown' on them as and when they wish.

The default investment strategy for VC funds is the Legal & General cash target date fund corresponding to the members' normal, or selected, retirement age. This strategy aims to build real retirement income, whilst managing possible downside risk. The asset allocation of the fund assumes members will take their pension savings as a cash lump sum at retirement.

In addition to the default investment strategies set for the Legal & General arrangement, the Utmost Life and Pensions Investing by Age strategy may also be considered a default strategy, as funds transferred from the Equitable Life With Profits Fund were invested in the Investing by Age strategy if members did not provide alternative investment instructions. The Investing by Age strategy adopts a multi-asset approach until members are age 75, when it starts to switch to cash. The aim of the Investing by Age strategy is to achieve capital growth over the long term whilst spreading risk by investing in a range of asset classes.

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Scheme asset allocation, when selecting managers and when monitoring their performance.

Day to day selection of stocks is delegated to the fund managers appointed by the Trustee. The Trustee takes regular professional advice when formally reviewing managers or funds offered to members.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to give effect to the principles in this Statement, so far as is reasonably practicable. The investment managers are authorised and regulated by the Financial Conduct Authority.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

5. The Balance between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from fund selection for the Money Purchase section. The Trustee therefore retains responsibility for selecting a range of appropriate funds for the members to subsequently choose from for the Money Purchase section. The Trustee takes expert advice as required from professional advisers.

The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

Investment in illiquid assets is expected to bring certain benefits to members including diversification, return enhancement and inflation protection. The Trustee believes these advantages can outweigh the disadvantages of reduced liquidity, higher investment fees and higher investment risk.

LGIM currently invest a portion of members' funds in illiquid assets. Investment is made within the growth phase of some of the Target Date vintages. Whilst there has been no explicit commitment as to how much LGIM might ultimately invest in this, there is up to a 10% allocation for the nearer dated vintages, which impacts members who are close to their retirement age.

The Trustee is aware that LGIM are looking to introduce a further allocation to illiquid assets for members in the growth phase, impacting members who are furthest from their retirement age. The Trustees will consider the suitability of any material changes to the target date funds (including but not limited to illiquid assets).

6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriate investments.

Details of the investment managers are set out in the Appendix.

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Scheme's investments.

The Trustee has limited influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers. The Trustee is supported in this monitoring activity by its investment advisers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone. There are no predetermined terms of agreement on duration of arrangement with the investment managers.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

7. Investment Risk Measurement and Management

The Trustee recognises that risk in a defined contribution scheme lies with the members themselves. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members, and in setting the default investment strategy for the Legal & General and Utmost Life and Pensions arrangements.

8. Custody

The assets managed by all managers are invested in pooled funds which gives the Trustee a right to the cash value of the units rather than to the underlying assets. The investment managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the underlying assets.

9. Expected Returns on Assets

Returns achieved by the fund managers within the Money Purchase section are assessed against performance benchmarks set by the Trustee in consultation with the advisers and fund managers.

The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

10. Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (through the sale of units in pooled funds). The Trustee has delegated the responsibility for buying and selling investments to the investment managers.

11. Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social, governance (“ESG”) and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee has limited influence over managers’ investment practices where assets are held in pooled funds but expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate where relevant to financial performance. The Trustee seeks to appoint fund managers that have appropriate skills and processes to do this.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments, but does offer an ESG fund to members as a self-select fund.

12. Stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee has limited influence over managers’ stewardship practices where assets are held in pooled funds.

13. Costs & Transparency

The Trustee believes it is important to understand all the different costs and charges, which are paid by members. These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio (‘TER’);
- investment platform costs;

- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund.

The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within each fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

Other costs of providing the Scheme, including Scheme administration and Scheme adviser costs, are not charged to members.

The member borne costs of the Scheme are met through annual charges on the funds in which the Scheme members are invested; these charges being a fixed percentage of the value of the assets. The Trustee collects information on all the member-borne costs and charges on an annual basis, where available, and sets these out in the Scheme's Annual Chair's Statement ("the Chair's Statement"), which is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Chair's Statement exercise.

14. Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

15. VC Arrangements

Some members obtained further benefits by paying VCs to the Scheme. These funds are now closed to new contributions. A summary of the investment options that are available for existing contributions is set out in the Appendix.

R T Tremaine Director for Clifford Chance Pension Trustees Ltd
Signature *RTTremaine*

A Dawson Director for Clifford Chance Pension Trustees Ltd
Signature *Alistair Dawson*

25 September 2024
Date

Clifford Chance Pension Scheme – Money Purchase section ("the Scheme")

Appendix to Statement of Investment Principles

This Appendix sets out information on the fund range available for the members of the Money Purchase section of the Scheme, and for members that made Voluntary Contributions to the Scheme, and is supplementary to the Trustee's Statement of Investment Principles (the "attached Statement").

Provider	Fund	Investment Objectives	Annual Management Charge %
Legal & General ¹	Target Date Fund (Money Purchase default)	To help investors build their real retirement income, whilst managing possible downside risk. The asset allocation of the fund aims to be aligned with members' chosen retirement goal for members that expect to keep their pension savings invested at retirement and 'drawdown' on them as and when they wish.	0.28
	Cash Target Date Fund (VC default)	To help investors build their real retirement income, whilst managing possible downside risk. The asset allocation of the fund aims to be aligned with members' chosen retirement goal for members that expect to take their pension savings as a cash lump sum at retirement.	0.28
	Annuity Target Date Fund	To help investors build their real retirement income, whilst managing possible downside risk. The asset allocation of the fund aims to be aligned with members' chosen retirement goal for members that expect to use their pension savings to purchase a guaranteed pension income (annuity) at retirement.	0.28
	World (ex-UK) Equity Index Fund	To track the performance of the FTSE World (excluding UK) Index (including re-invested income) to within +/- 0.50% each year for two years out of three.	0.25
	UK Equity Index Fund	To track the performance of the FTSE All-Share Index (including re-invested income) to within +/- 0.25% each year for two years out of three.	0.23
	Future World Fund	To replicate the performance of the FTSE All-World ex-CW Climate Balanced Factor Index ² . The anticipated annual tracking error, in normal market conditions, relative to the Index is +/-0.60% in two years out of three.	0.37
	Asia Pacific (ex-Japan) Equity Index Fund	To track the performance of the FTSE World Asia Pacific (excluding Japan) Index (including re-invested income) to within +/- 0.75% each year for two years out of three.	0.27
	Europe (ex UK) Equity Index Fund	To track the performance of the FTSE World Europe (excluding UK) Developed Index (including re-invested income) to within +/- 0.50% each year for two years out of three.	0.25
	North America Equity Index Fund	To track the performance of the FTSE World North America Index (including re-invested income) to within +/- 0.50% each year for two years out of three.	0.25
	Multi-Asset Fund	To provide long-term investment growth through exposure to a diversified range of asset classes, which currently includes equities, bonds, property and infrastructure.	0.26

¹ Replaced the Unitised Mixed Managed Fund in March 2021

² This is a specialist equity index which is designed to reflect the performance of the FTSE All-World Index incorporating Climate Change and Controversial Weapons ('CW') considerations and balanced exposure to Value, Quality, Low Volatility and (Small) Size factors.

	Pre-Retirement Fund	To provide diversified exposure to assets that reflect the broad characteristics of investments underlying a typical level annuity product.	0.25
	Cash Fund	To provide capital protection with growth at short-term interest rates. The fund invests in the short-term money markets such as bank deposits and Treasury Bills.	0.22

Provider	Notes	Fund	Annual Management Charge
Utmost Life and Pensions (formerly Equitable Life),	Equitable Life available until December 2000	Unit-linked funds	0.5%-1.81% for unit-linked funds
Clerical Medical and Scottish Widows	Scottish Widows available until March 1996. Clerical Medical available from June 2001	With-profits and unit-linked funds	0.495% - 1.125% for unit-linked funds Inherent within the bonus declarations for With Profits

Fee structure for advisers and managers

Advisers

The Trustee's investment advisers are paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (for example one off special jobs, or large jobs), the Trustee will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.

Investment managers

The investment managers are remunerated as a set percentage of the assets under management as per the annual management charges set out in the table above. This is in keeping with market practice.