UNITED UTILITIES PENSION SCHEME

DC GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2023

1. Introduction and Governance Arrangements

1.1 This statement describes how the Trustee has governed the DC Section of the Scheme during the year. The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report. This statement covers the period from 1 April 2022 to 31 March 2023.

1.2 The Trustee Board delegates certain DC matters to its DC Sub-Committee (DCSC). The Trustee Board has agreed appropriate terms of reference for the DCSC, which meets at least four times each year to consider matters relating to the DC Section. The DCSC reports on a quarterly basis to the Trustee Board.

1.3 The DCSC is supported by an independent DC investment adviser, who also covers wider DC matters and governance, and attends DCSC meetings. The Trustee's legal advisers provide additional support and attend meetings as required. Day-to-day support to the DCSC is also provided by the employer's in-house pensions team.

1.4 The statement covers four principal areas:

1. Investment, including the Scheme's default investment arrangements.
2. Internal controls, with particular focus on the processing of core financial transactions.
3. Value for members, including charges and transaction costs borne by members.
4. The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Scheme and how these help the Trustee to ensure that the Scheme is governed effectively.

2. Investment Arrangement

Introduction

2.1 A copy of the Scheme's Statement of Investment Principles (SIP), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is included within the Annual Report and online at UUPS SIP. The SIP covers the Trustee's aims and objectives in relation to the default investment arrangement as well as policies in relation to risk, diversification, and environmental, social, and governance (ESG) matters. It also states why the Trustee believes the default investment arrangement to be designed in members' best interests.

2.2 During the year, there were no changes to the overall DC investment strategy or the Trustees' investment policies. As such, no changes were made to the SIP. The SIP in place as at the end of the Scheme year is the SIP dated April 2022 (this SIP was agreed at the Trustee meeting held on 8 March 2022, but the document was formally signed and uploaded to the public website in April 2022).

Current Default Investment Arrangement

2.3 The default investment arrangement during the year was the Retirement Flexible Income Fund Lifestyle. This strategy is designed to meet the needs of members who intend to remain invested when they start drawing benefits, and assumes that members invested in the strategy will take benefits out in stages, via income drawdown. Currently, the Scheme does not provide an income drawdown facility, but members are able to transfer out of the Scheme when they take their benefits in order to access such a policy.

2.4 The default arrangement invests in equities and other growth-seeking assets during the growth phase of the strategy. Starting from 10 years prior to each member's selected retirement date (or the member's default normal retirement date where none is selected), investments are gradually switched into a balanced mix of assets by the year of the member's normal or selected retirement date, including cash, corporate and government bonds, global equities and alternative assets such as property and infrastructure (accessed through diversified growth funds).

Strategic Review of Default Investment Arrangement

2.5 The last triennial review of the default investment strategy commenced in during the Scheme year ended 31 March 2022, and further review work was undertaken in the year to 31 March 2023.

2.6 For completeness and to document the review in its entirety, we outline below the steps of the review, including those that took place in the prior Scheme year.

2.7 At the DCSC meeting on 15 February 2022 the following aspects of the strategic review were considered:

- **Membership analysis.** In considering the membership profile, the DCSC reviewed the size of members' savings pots, the range of pot sizes, the age profile and the projected size of members' benefits at retirement.

- **Member outcomes analysis.** Using the Pension and Lifetime Savings Association ("PLSA") Retirement Living Standards as a guideline, analysis prepared by the DC adviser considered whether the default investment arrangement was on track to provide good member outcomes in retirement. This was considered for different types of member circumstance / role within the business.

- **Analysis of retirement experience.** A detailed review of the experience of the Scheme was completed, in terms of the age at which members take benefits, and the way in which they withdraw funds (e.g. cash, annuity, or transfer out to access drawdown). This was particularly useful when deciding on the 'target' benefit type for the default strategy.

- **Consideration of broader UK-wide experience.** Using the Financial Conduct Authority (FCA) Retirement Income Market Data, the review considered industry trends in the withdrawal of funds at retirement from DC pension schemes.

2.8 Following the stage of the review described above, it was agreed that the objective (in particular, the "at retirement target") of the current default investment strategy remained appropriate - i.e. to retain the flexible retirement target of the strategy.

2.9 The review moved on to consider the composition of the funds used within the default investment arrangement. The review included assessment of the following aspects:

Level of equity risk

The default strategy invests in equities and alternative assets (the latter via diversified growth funds). The review tested whether the level of equity risk remained appropriate.

Investment Manager review

A review of the investment managers used within the default strategy was undertaken, including consideration of performance and forward-looking assessments.

Integration of ESG factors

The review considered whether there were further opportunities to integrate environmental, social, and governance factors within the investment strategy.

2.10 As a consequence of the review, the Trustee decided to replace one of the investment managers used within the default strategy, specifically one of the diversified growth fund managers. A manager selection exercise was undertaken, and at the 15 November 2022 DCSC meeting the DCSC selected a replacement diversified growth fund, managed by a different investment manager. The new fund also has specific objectives and guidelines in relation to ESG integration. The Trustee Board subsequently ratified this decision, and the new fund was implemented within the default arrangements in January 2023.

2.11 Note that as the overall objectives and broad asset allocation of the default strategy have not changed, no updates were required to the SIP (the investment funds affected are managed via “white label” structures).

2.12 The new investment fund has lower charges than the prior fund. Taken together with the stronger integration of ESG factors and the higher level of confidence in this fund meeting its objectives, the change was deemed to contribute to enhancing value for members.

Investment Governance

2.13 In addition to the reviews described above, performance and risk metrics were also considered on a quarterly basis. These reviews include consideration of investment returns and volatility levels. The reporting incorporates consideration of:

- Performance after fees relative to fund benchmarks, peer group levels (where relevant) and also relative to inflation measures (for the default investment arrangement).
- Investment manager research ratings published by the Trustee's investment adviser. These ratings include an assessment of each manager's ESG capabilities and the extent to which ESG issues are integrated into investment processes and portfolios.
- Analysis of member experience throughout the 'de-risking' path.
- Risk analysis, including the volatility and experience of capital loss within the default strategy.
- Members' retirement experience, in order to assess whether the default investment strategy aligns with the actual retirement benefits typically accessed by members when they draw their DC benefits from the Scheme.

Net Investment Returns

2.14 From 1 October 2021, trustees of certain pension schemes have been required to calculate and state the return on the investment funds available to members, net of transaction costs and charges. This information must be recorded in the Chair’s Statement and published on a publicly accessible website.

2.15 Investment returns after charges and costs for the funds available to members during the year are provided in the tables on the following pages. For the default strategy, the analysis assumes a retirement age of 65 and its performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle strategy that is in place, with the weightings as at the ages shown.

2.16 Note that 15-year and 20-year returns (and in some cases, returns over shorter periods) are not available because a number of the Scheme’s funds were only launched by the investment manager or added to the Scheme more recently. Returns since inception have been included in order to provide the longest history possible.

2.17 To provide some context, on the fund returns, we note that the year to 31 March 2023 was a very volatile year for investment markets. Traditionally defensive assets produced negative returns – for example, long term UK fixed interest government bonds produced a return of -30.1%. Global equity prices also fell in most regions. Few asset classes and regions were spared from concerns around inflation, political tensions such as the Ukraine conflict, and the impact of the pandemic.

2.18 This sort of volatility does happen periodically. Retirement saving is a long term investment, and the funds available do involve a certain level of risk. Some funds with a lower capital value risk, such as the DC Cash Fund and the BlackRock Up to 5 yrs Index Linked Gilt Index Fund, produced a positive return over this volatile year.

Default strategy – Retirement Flexible Income Fund Lifestyle Returns (Net of Fees) % p.a.					
Age of member	**1 year**	**5 years**	**10 years**	**Since inception**	**Inception date**
Up to age 55 (UUPS Medium Growth)	-3.5	3.8	N/a	4.3	28/02/2014
60 (part way through de-risking)	-3.6	Not available as the Scheme made changes to the default strategy over the period.			
65 (based on the “at retirement” asset allocation)	-2.0				
Other funds - Net of Fees Returns % p.a.					
Fund	**1 year**	**5 years**	**10 years**	**Since inception**	**Inception date**
UUPS Medium Growth	-3.5	3.8	N/a	4.3	28/02/2014
BlackRock Corporate Bond All Stocks Index	-10.6	-1.0	0.2	3.3	31/03/2010
BlackRock Up to 5 yrs Index Linked Gilt Index	2.5	N/a	N/a	2.5	28/03/2019
DC Cash	2.0	0.8	N/a	0.6	31/03/2017
UUPS Blended Bond	-4.0	0.8	N/a	3.5	28/02/2014
UUPS Defensive	-2.5	0.7	N/a	2.8	28/02/2014
UUPS Higher Growth	-3.0	4.7	N/a	5.4	28/02/2014
UUPS Lower Growth	-3.7	2.7	N/a	4.1	28/02/2014
UUPS Diversified Growth	-4.8	1.7	N/a	1.5	28/02/2014
UUPS Property Fund	-13.7	2.3	N/a	5.9	28/02/2014
UUPS Corporate Bond	-7.7	-0.2	N/a	1.9	28/02/2014
UUPS Ethical UK Equity	3.4	5.1	N/a	5.0	28/02/2014
UUPS Shariah Global Equity	-3.3	14.5	N/a	13.8	28/02/2014
UUPS Global Emerging Market Equity	-5.9	2.2	N/a	6.8	28/02/2014
UUPS Sustainable Global Equities	-1.3	N/a	N/a	1.7	30/06/2021
BlackRock UK Equity Index	2.1	4.6	5.6	6.9	31/10/2009
BlackRock (30/70) Currency Hedged Global Equity Index	-3.5	6.7	8.1	8.5	30/09/2010
BlackRock (50/50) Global Equity Index	2.2	6.8	7.9	8.6	31/10/2009
BlackRock US Equity Index	-3.2	13.4	14.1	14.8	31/07/2010
BlackRock European Equity Index	7.7	7.7	8.8	8.4	31/07/2010
BlackRock Japanese Equity Index	1.8	3.9	7.6	7.4	31/07/2010
BlackRock Pacific Rim Equity Index	-4.2	4.6	5.4	6.2	30/09/2010
BlackRock Over 15 Year Gilt Index	-30.1	-6.6	0.4	2.5	31/10/2009
BlackRock Over 5 Yr Index-Linked Gilt Index	-29.6	-4.3	1.5	3.8	31/10/2009
BlackRock Over 15 Yrs Corporate Bond Index	-23.5	-3.6	1.7	3.6	31/10/2009
BlackRock Emerging Markets Equity Index	-6.6	1.4	N/a	1.94	28/09/2017
L&G Pre-Retirement (available within lifestyle only)	-19.8	-3.3	1.3	3.28	31/01/2007

Source: Aegon. Note that in certain cases the performance history for the underlying pooled fund has been shown rather than the Scheme-specific share class.

3. Internal Controls and Core Financial Transactions

Introduction

3.10 The Scheme has appointed a professional third party administrator, Aegon. The Trustee has received assurance from the administrator, and has taken steps to seek to ensure, that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the year. This includes investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between investments, and payment of benefits. Our processes in this regard are documented below.

Administration

3.11 The Scheme has established service level agreements (SLAs) with the administrator which include target timescales for processing core financial functions relating to contribution handling, quoting, switching and paying benefits. The target timescales are all well within applicable statutory timescales.

3.12 SLAs are monitored on a quarterly basis by the Trustee, via the DCSC and the in-house team. As at the end of March 2023, the total percentage level of SLAs achieved for Scheme-specific SLAs stood at 97% (up from 83% at the same date in 2022). The average over the year was 87%, as the administrator had a particularly challenging start to the Scheme year (the SLA for Q2 2022 was 74%).

3.13 While there has been a steadily improving picture, the service levels early in the year were disappointing and the Trustee considered these to be unacceptable. Accordingly, the DCSC took a proactive approach to questioning the administrator about their service levels, and requested that an improvement plan be put in place. The DCSC asked for this to be presented at the DCSC meeting held on 15 November 2022, at which a series of key performance indicators and service level milestones were agreed, to allow the DCSC to carry out enhanced monitoring, and to hold Aegon accountable for improvements. We are pleased to report that service levels have improved materially. The administrator remains under close scrutiny to seek to ensure that improvements are maintained.

3.14 Where items fall outside of the agreed service levels by more than 5 days, the administrator documents in quarterly reports (which are considered at each DCSC meeting), whether these instances relate to financially critical requests. For example, for the quarter ending 31 March 2023, within the overall SLA achieved (97%), the financially critical items attained 98%.

3.15 The administrator includes information in quarterly reports that focus specifically on core financial transactions. This highlights, for example, the administrator’s processes and controls in relation to checking and reconciling contributions and investment records.

3.16 Through the administrator, the quality of the common and conditional records in respect of member data is reviewed at least annually. The administrator provides an annual report to the Trustee summarising the quality of member records, allowing any actions to be identified and carried out.

3.17 The DCSC also reviews member feedback on their interactions with the administrator, primarily by reviewing the administrator’s “net promoter score”, which is reported quarterly. We have been pleased to note improving scores during the year, although there has been month-to-month variability. Again, this will be carefully monitored by the DCSC.

Broader Controls

3.18 The Scheme has put arrangements in place to seek to ensure that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the employer. In March 2020 as the Covid-19 pandemic triggered a UK-wide lockdown, business continuity plans were tested, and we are pleased to confirm that smooth running of the Scheme has continued throughout the last three years, all of which were affected to some degree by the pandemic (either by way of lockdown rules, or by the longer term impact of the pandemic on provider services and resources, and changes in ways of working).

3.19 The Trustee requires all third party providers to share their data security and cyber risk policies with the Trustee. The policies are reviewed and the parties are questioned on any areas requiring clarity.

3.20 The administrator provides an independently produced Audit and Assurance Faculty (AAF) internal controls audit report each year. For the Scheme year, the report received was for the period 1 October 2021 – 30 September 2022 and noted the Independent Service Auditor's opinion that, in all material aspects, the administrator's controls were suitably designed and those tested operated effectively.

3.21 The Trustee maintains a Risk Register which outlines the risks to members and the Scheme, including those in relation to financial transactions, and considers the impact, likelihood, controls and mitigation steps for each risk. The Risk Register at the total Scheme level is maintained by the Scheme's Governance, Risk and Audit Sub-Committee. The risks relating to the DC Section are then considered at each DCSC meeting, with additional oversight from the Trustee board. At the DCSC level, the DCSC seeks to integrate the output of the Risk Register with its strategic agenda; that is, we focus our time on significant risks and / or those where practical action can be taken to mitigate the risks.

3.22 The Trustee has appointed a Registered Auditor to undertake an annual audit.

3.23 I am pleased to confirm that in the last Scheme year there were no material administration service issues which need to be reported here by the Trustee. We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

Legacy Additional Voluntary Contributions (AVCs)

3.24 In addition to governing the DC Section, the Trustee has oversight of the benefits, investments, and core financial transactions relating to legacy AVC policies with Clerical Medical. These transactions are limited given the small number of members who retain such benefits. The Trustee is satisfied that there have been no material service issues in respect of these policies.

4 Value, Charges and Transaction Costs

Introduction

4.10 The range of the levels of charges and transaction costs applicable to the investment arrangements during the period are detailed in this section.

4.11 Note that a total expense ratio (TER) reflects the annual total costs associated with managing and operating a fund, including investment management fees, fund legal fees, investment platform fees and any other expenses. In relation to transaction costs, these costs can be incurred when buying and selling investments. They are not explicitly deducted from a fund but are captured in its performance (in other words, the higher the transaction costs, the lower the return produced). The Financial Conduct Authority has provided guidance regarding calculation and disclosure of these costs. Due to the way in which the 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.

Charges and Transaction Costs for the Scheme

4.12 In the following table, we set out the charges and transaction costs applicable as at 31 March 2023. Funds used as part of the default investment option are shaded in blue.

Fund	Total Expense Ratio % p.a.	Transaction Costs %
UUPS Medium Growth	0.39	0.10
BlackRock Corporate Bond All Stocks Index	0.20	0.06
BlackRock Up To 5 Year Index-Linked Gilt Index	0.20	0.01
DC Cash	0.21	0.01
UUPS Blended Bond	0.21	0.04
UUPS Defensive	0.22	0.03
UUPS Higher Growth	0.34	0.08
UUPS Lower Growth	0.30	0.08
UUPS Diversified Growth	0.48	0.16
UUPS Property Fund	0.98	0.27
UUPS Corporate Bond	0.59	0.17
UUPS Ethical UK Equity	0.39	0.11
UUPS Shariah Global Equity	0.50	-0.07
UUPS Global Emerging Market Equity	1.35	0.15
UUPS Sustainable Global Equities	0.29	0.05

Fund	Total Expense Ratio % p.a.	Transaction Costs %
BlackRock UK Equity Index	0.18	0.02
BlackRock (30/70) Currency Hedged Global Equity Index	0.23	0.01
BlackRock (50/50) Global Equity Index	0.19	0.03
BlackRock US Equity Index	0.19	0.02
BlackRock European Equity Index	0.19	0.01
BlackRock Japanese Equity Index	0.19	0.00
BlackRock Pacific Rim Equity Index	0.21	0.03
BlackRock Over 15 Year Gilt Index	0.19	0.01
BlackRock Over 5 Year Index-Linked Gilt Index	0.19	0.08
BlackRock Over 15 Years Corporate Bond Index	0.19	0.12
BlackRock Emerging Markets Equity Index	0.36	0.00
L&G Pre-Retirement (available within lifestyle only)	0.30	0.00

Source: Aegon. Charges as at 31 March 2023, transaction costs cover 12 months to 31 March 2023.

Impact of Costs and Charges

4.13 Using the charges and transaction cost data provided by Aegon and in accordance with Regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member on their retirement savings pot. Statutory guidance has been considered when providing these examples.

4.14 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:

- The fund or strategy with the most members invested (i.e., the most popular option).
- The fund(s) available as self-select options with the highest charges.
- The fund(s) available as self-select options with the lowest charges.

4.15 The illustrations take into account contributions and real terms assumed investment returns gross of costs and charges, adjusted for the effect of costs and charges (using assumptions made in the Scheme's Statutory Money Purchase Illustrations).

4.16 The illustrations are estimates and are not guaranteed. Projected values are shown in today's terms and do not need to be reduced for the effect of assumed future inflation. The starting pension pot size is assumed to be £0.

	Default strategy and most popular option: Retirement Flexible Income Fund Lifestyle		Highest cost fund: UUPS Global Emerging Market Equity		Lowest cost fund: BlackRock Over 15 Year Gilt Index	
Year End	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
1	£6,706	£6,671	£6,715	£6,613	£6,581	£6,568
5	£35,172	£34,613	£35,421	£33,811	£31,771	£31,592
10	£74,750	£72,551	£75,844	£69,551	£60,858	£60,242
15	£119,286	£114,133	£121,977	£107,331	£87,487	£86,223
20	£169,401	£159,709	£174,624	£147,267	£111,866	£109,783
25	£225,795	£209,662	£234,706	£189,483	£134,185	£131,149
30	£289,253	£264,414	£303,273	£234,107	£154,619	£150,524
35	£360,661	£324,424	£381,523	£281,279	£173,326	£168,094
40	£440,225	£389,560	£470,824	£331,143	£190,453	£184,028
45	£512,141	£446,952	£572,737	£383,853	£206,132	£198,477
49	£554,457	£479,769	£664,536	£428,178	£217,716	£209,062

Source for underlying data: Aegon. Notes:

i. Projections have been prepared with a time period based on the term of the expected age of the youngest member, up until the Scheme's current Normal Retirement Age.

ii. Contribution rates in line with the Scheme median are used. This is 7% for the employee, 14% for the employer.

iii. A median salary across the Scheme is used for the purpose of calculating contributions, based on the median salary baselined in the 2020 statement increased annually up to 2023 using an inflation measure.

iv. Projected growth rates assumptions are based on those used for Statutory Money Purchase illustrations.

v. Price inflation is assumed at 2.5% p.a. Salaries are assumed to grow in line with inflation.

vi. If the growth rate is lower than the inflation rate, this produces a "negative" growth rate after allowing for inflation.

vii. Regulations require that where possible the transaction costs assumed are based on an average of the previous five years' transaction costs, where available. As Aegon is unable to provide historical transaction costs for these funds, the transaction costs used are an average across the 4 year period to 31 of March 2023.

Value for Members

4.17 The Trustee assesses annually the extent to which the charges and transaction costs set out above represent good value for members and has concluded, following receipt of reports from its DC adviser, that the Scheme offers good value for money relative to peers including other pension schemes of a similar size and nature (using data from Mercer, the Pensions Regulator and other public surveys) and relative to options available to the Trustee with alternative investment managers and providers.

4.18 The Trustee conducts an annual Value for Money assessment in order to arrive at this conclusion, which incorporates consideration of:

- Total expense ratio charges borne by members
- Transaction costs borne by members
- Net of cost performance
- Governance arrangements
- Fund range available to members
- Investment manager and platform provider ratings
- Administration service levels
- Additional member services, including communications, services and member tools.

4.19 Alongside the annual review noted above, the Trustee has established an ongoing fee review process with the administrator, whereby a formal review of member-borne charges is undertaken either every three years or at the end of the calendar year that the Scheme's total assets under administration reaches certain agreed levels. The last full review was completed in 2021/22, which resulted in charges being reduced for a number of funds in June 2022. This negotiation and the subsequent reductions supported the Trustee's continued commitment to ensuring that members receive good value for money through the Scheme.

5. Trustee Knowledge and Understanding

Introduction and Policies

5.1 The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee as a body in dealing with the whole Scheme (not just the DC Section).

5.2 The Trustee Board has in place a Trustee Director Training Policy, which sets out the Trustee's procedures and approach to meeting the Pensions Regulator's Code of Practice (No.7) on Trustee Knowledge and Understanding.

5.3 The Trustee has put in place arrangements for ensuring its Trustee Directors take personal responsibility for keeping up to date with relevant developments and each quarter consider training requirements. Training logs are maintained for each Director and training for the full board and its various Committees is provided regularly during quarterly meetings. Training plans are bespoke, and tailored to issues that arise on the Trustee's business plan. Training plans are also discussed at the annual one-to-one meetings with the Chair of the Trustees.

5.4 Alongside dedicated Scheme-specific training events and meetings, the Trustee Directors also attend external webinars and events.

5.5 The Trustee has adopted a robust training programme in place for new Trustee Directors. Upon appointment, a Trustee Director is required to undertake an induction process. This includes a training session with the in house pension department and completion of the Pensions Regulator's Trustee Toolkit. There were no new Trustee Directors appointed during the year

5.6 The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Trust Deed and Rules, legal advice is sought from the Scheme's legal advisers. The Trustee is also conversant with, and has a working knowledge of, the SIP, including the requirement that came into force in 2020 in relation to our policies in relation to investment manager arrangements. The SIP is reviewed annually, which allows the Trustee to ensure that it maintains a good working knowledge of this document and the policies it contains.

5.7 In addition, the Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.

Activity During the Scheme Year

5.8 During the course of the year, the training topics considered by the DCSC were delivered, for example, through the DC adviser's "current topics" training material. The papers are tabled at each DCSC meeting and during the year included discussion of:

May 2022 DCSC meeting

- An update on the launch of Pensions Dashboards, including timelines and actions for pension schemes such as ours.
- Details of the UK Government's Budget 2022.
- Discussion of the high inflation environment and the cost of living challenges faced by many in the UK, and consideration of actions for pension schemes.

September 2022 DCSC meeting

- Further developments relating to the Pensions Regulator's Single Code of Practice (now known as the General Code).
- The introduction of new rules that require the Trustee, via the administrator, to ensure that members seeking to withdraw benefits in certain ways are directed to appropriate guidance (known as the "stronger nudge" to pensions guidance).
- Outcomes from the Government's "Climate and investment reporting" consultation. For example, the addition of a requirement for certain schemes (including the United Utilities Pension Scheme) to select an additional metric for climate reporting.

November 2022 DCSC meeting

- Discussion of volatility in the UK Government bond (gilt) market, political turbulence, and how this may impact DC scheme savers.
- A focus on developments in sustainable investment, including carbon transition planning, and biodiversity and nature-related risks.

February 2023 DCSC meeting

- Upcoming changes to the way that Statutory Money Purchase Illustrations (SMPIs) are prepared, including changes to the methodology used for investment return assumptions. SMPIs are used to provide illustrations in members' annual benefit statements, and as such the Trustee will be working through implementation considerations in the coming year.
- Cyber risk considerations.
- Changes to the requirements for Implementation Statements including the definition of significant votes for reporting on stewardship activities.

5.9 The Trustee holds an annual dedicated training day. The topics considered at the training day during the Scheme year (held on 13 September 2022) that are relevant to the DC Section were the Pension's Regulator's draft Single Code (now known as the General Code), climate change, and the law relating to pension transfers.

5.10 The Trustee periodically conducts assessments of its effectiveness. These assessments include candid feedback on the Trustee's operating framework and performance generally. They also provide insight to areas where we can improve our effectiveness by identifying training needs.

5.11 All of the Trustee Directors in office over the full Scheme year period have completed the Pension Regulator's Trustee Toolkit.

5.12 Taking account of actions taken individually and as a trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.

6. Trustee Statement of DC Governance

6.1 The Trustee considers that its systems, processes and controls across key governance functions are consistent with those set out in The Pensions Regulator's Code of Practice.

Signed for and on behalf of United Utilities Pensions Trustee Limited

Date 26 October 2023

Gary Dixon

Chair of United Utilities Pensions Trustee Limited