



# Mitie Group Plc Retirement & Death Benefits Scheme

## Annual governance statement for the Scheme year ending 31 March 2024

### Introduction

This statement has been prepared in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Administration Regulations").

As Trustee of the Mitie Group Plc Retirement & Death Benefits Scheme (the Scheme), we have reviewed and assessed that our systems, processes, and controls across key governance functions are consistent with those set out in the Pensions Regulator's:

- code of practice 13: governance and administration of occupational trust-based schemes
- providing money purchase benefits (the DC Code); and
- regulatory guidance for defined contribution schemes (DC Regulatory Guidance).

Based on our assessment, the Trustee continues to work towards adopting the standards of practice set out in the DC Code and DC Regulatory Guidance and, during the Scheme year 2024/25 will undertake such review and assessment as is appropriate for the Pensions Regulator's General Code which came into effect from 28 March 2024.

As at 31 March 2024, there were thirteen deferred members of the Scheme. There were no other members in the Scheme.

### Governance of the default arrangement

The Scheme's assets are invested wholly in an insurance policy provided by Aviva Life & Pensions UK Limited (Aviva), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Trustee has not prepared a statement of investment principles (SIP) in relation to the Scheme because:

- the Scheme has fewer than 100 members, it is exempt from providing a SIP under regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005; and
- the Scheme ceased to receive contributions before 6 April 2015 and therefore Aviva does not operate a default arrangement in relation to members of the Scheme. Further, the Scheme is not being used for automatic enrolment purposes. As such, the Trustee is not required to prepare a default fund SIP under regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme is not used as a Qualifying Scheme for auto-enrolment.

### Objectives of the Scheme's default approach

Aviva does not operate a default arrangement for members of the Scheme as no contributions have been paid to the Scheme since 6 April 2015 and the Scheme is not used for automatic enrolment purposes. Accordingly, there is no default strategy nor default arrangement(s) to review.

## Core financial transactions

The Trustee has a duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the Scheme are processed promptly and accurately. The Trustee delegates the processing of these transactions to Aviva.

The Trustee has not identified any issues in terms of the prompt and accurate processing of certain transactions (known as “core financial transactions”) during the past Scheme year. The Trustee compares Aviva’s performance against targets set out in the policy to ensure no issues arise.

The Trustee keeps the processing of core financial transactions under regular review through reports received from Aviva which are reviewed by the Trustee.

For these purposes, “core financial transactions” are (broadly):

- investment of contributions to the scheme;
- transfers of assets relating to members into and out of the scheme;
- transfers of assets relating to members between different investments within the scheme;
- payments from the scheme to, or in respect of, members.

Members' benefits are invested in unit-linked funds or in Aviva’s conventional with profits fund.

### Unit linked funds

Members' benefits are invested in one or more of the following unit linked funds:

- Av FP With-Profits Sub-Fund (Series I)
- Aviva Pension Managed FPP
- Aviva Pension Pacific Basin FPP

Units are calculated daily using the bid price. The current bid / offer spread is approximately 5%.

Aviva has advised that non-with profits sub-funds have a management charge of 0.75% per year. This is not deducted directly from the unit values but has the effect of reducing the unit prices.

So far as we are aware there is no explicit management charge in respect of the Av FP With-Profits Sub-Fund (Series I) as Aviva accounts for the cost of running the fund when it reviews the regular bonus rates each year.

Some funds invest through Aviva unit trusts. Although these trusts carry their own initial and annual management charges, these are not payable in addition. However, a share of the trust’s fees to trustees, auditors etc., is payable which has the effect of increasing the annual management charges.

All premiums receive an allocation rate based on the level of premium paid. Allocation rates for single premiums are determined by the amount of the single premium and the term for which the premium will be invested. As the last active member left the Scheme on 1 May 2005, we have not set out details of the current premiums applicable to the funds in this statement.

A market value reduction does not currently apply to the funds.

There is no exit charge if the benefits are taken or transferred before the date chosen for retirement.

The Scheme does not benefit from guaranteed annuity rates, guaranteed bonus rates, guaranteed minimum pensions or guaranteed investment returns.

#### Av FP With-Profits Sub-Fund (Series I) information

As the Scheme is invested in the Av FP With-Profits Sub-Fund (Series I), it is entitled to a share of the profits of that fund. The profit shares are added as bonuses that are added to the plan. The with-profits unit price increases in line with the rate of regular bonus declared by Aviva.

On retirement, death, transfer and switching out of the Av FP With-Profits Sub-Fund (Series I), Aviva might add a final bonus to the value of the units. Aviva calculate the final bonus based on the period the investment has been held continuously in the fund and the performance of the fund over that time.

#### Transaction costs

Aviva's transaction cost disclosures for 2023 are set out in Schedule I. The Trustee has requested Aviva's Transactional Costs disclosures. For reasons beyond the Trustee's control, however, at the time of drafting Aviva has not yet provided this information. Aviva has indicated that the information will be provided by mid-December 2024. The Trustee will provide an updated Chair's statement as soon as this information is available.

#### Costs illustration

The Trustee has requested Costs Illustrations from Aviva. For reasons beyond the Trustee's control, however, at the time of drafting Aviva has not yet provided this information. The Trustee has appended Costs Illustrations' figures for January 2024 in the interim.

Aviva has indicated that the information will be provided by mid-December 2024. The Trustee will provide an updated Chair's statement as soon as this information is available.

#### Net return on investments

The Trustee has requested Net return in investments from Aviva. For reasons beyond the Trustee's control, however, at the time of drafting Aviva has not yet provided this information. The Trustee has appended the Net return in investment figures for January 2024 in the interim.

Aviva has indicated that the information will be provided by mid-December 2024. The Trustee will provide an updated Chair's statement as soon as this information is available.

#### Conclusion

To determine whether the transaction costs taken from members' savings represent "good value" for members, the Trustee has taken into account the balance of the costs against the benefits (including the fund performance, policy features, retirement support, member communication and the overall quality of Aviva's service).

At the time of preparing this report, the Trustee has requested but not yet received sufficient information from Aviva to enable the Trustee to make an assessment as to whether Aviva's charges and costs represent "good value" for members (including in relation to comparison schemes for the purposes of regulation 25 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996). As soon as such figures are received by the Trustee, the Trustee will carry out its assessment of Aviva's transaction costs.

In particular, "good value" is not purely about achieving the lowest possible costs. The Trustee's assessment will therefore also take into consideration non-financial and indirect benefits to members such as: the quality of the customer service and support provided to members; the extent to which member communications are user-friendly, accessible and clear; the efficiency of the Scheme's administration services; the quality of fund management and fund performance as against the Trustee's investment objectives; and the robustness of the Scheme's governance structures and processes.

## Trustee Knowledge and Understanding ("TKU")

Section 248 of the Pensions Act 2004 requires the Trustee to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. This includes having a working knowledge of the Scheme's trust deed and rules, and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally. The Trustee Directors also need to have an appropriate level of knowledge and understanding of matters such as the law relating to pensions and trusts, and the principles relating to investment of pension scheme assets.

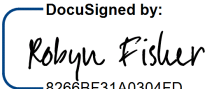
The Trustee combines the knowledge and understanding of the members of the board, together with the advice which is available to them through their professional consultants and advisers, to enable them to properly exercise their function as Trustee of the Scheme.

The Trustee takes training and development responsibilities seriously and training requirements are assessed bi-annually. Trustee directors attend bi-annual Pensions Governance Committee meetings which include training sessions provided by professional consultants and advisers. During the Scheme year, the Trustee Directors received training in respect of investment and funds, ethical investments, and defined contribution pension legal and regulatory updates.

In addition, at each Pensions Governance Committee meeting, there is a Q&A Open Forum session to allow trustee directors to discuss pension matters with advisers.

Each of the members of the Trustee's board of directors has access to the Scheme's documents in order to ensure they are conversant with those documents.

Finally, there is an appropriate induction process in place for any new Trustee Director to ensure that they have sufficient knowledge and understanding to run the Scheme effectively.

Signed:  Date: 23 October 2024  
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Director of Mitie Trustees Limited  
(Chair of Trustees)

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## Annual governance statement for the Scheme year ending 31 March 2024

### Schedule 2 - Aviva Transaction Cost Disclosures

**Transaction Cost Disclosure for Workplace Pensions**

Scheme Name:	Mitie Group PLC Retirement and Death Benefits Scheme
Scheme Number:	F29366
Date:	31/03/2023

<b>Explanatory Notes:</b>	In accordance with FCA & DWP regulations, Governance bodies of workplace pension schemes must perform a value for money assessment for their scheme which includes looking at the costs involved in managing pension funds. This table shows the administration and transaction costs for each fund in your scheme and is provided to assist with value for money / value for member assessments. The FCA has prescribed the 'slippage cost' methodology for calculating transaction costs. The slippage cost methodology calculates the transaction cost of buying or selling an investment as the difference between the price at which an asset is valued immediately before an order is placed into the market and the price at which it is actually traded. Where fund managers have not used this methodology it is shown below.
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The data in the table below shows the following:	
<b>Administration Cost</b>	This is the fund's annual administration cost for the scheme.
<b>Total Transaction Cost</b>	<p>Where the 'Total Transaction Cost' is 0 (zero) but there are 'Buying &amp; Selling', and 'Lending &amp; Borrowing' costs, this reflects modifications made to the calculation and reporting methodology set by the FCA. This modification means that:</p> <ol style="list-style-type: none"> <li>1) Where the sum of the 'Buying &amp; Selling,' 'Lending &amp; Borrowing' and 'Anti-dilution' costs are greater than the 'Anti-dilution', then the 'Transaction Cost' is the sum of the 'Buying &amp; Selling' and 'Lending &amp; Borrowing' costs.</li> <li>2) Where the sum of the 'Buying &amp; Selling' and 'Anti-dilution' costs is less than 0 (Zero), then the 'Total Transaction Cost' is the sum of 'Buying &amp; Selling', 'Lending &amp; Borrowing' and 'Anti-Dilution.'</li> <li>3) For other scenarios the 'Total Transaction Cost' is to be shown as 0 (zero).</li> </ol>
<b>Buying and Selling Transaction Cost</b>	<p>Where it is an internal fund, which is a fund managed to an investment mandate set by Aviva UK Insurance, these are the costs incurred in buying and selling units in the Aviva insured fund and the costs incurred by this fund in buying and selling its holdings.</p> <p>Where the Aviva insured fund invests in an external fund these are the annual costs incurred in buying and selling units in the underlying external fund and the annual costs incurred by the underlying fund in buying and selling its holdings.</p>
<b>Lending and Borrowing Transaction Cost</b>	The annual costs incurred by either the Aviva insured fund and / or the underlying fund in lending and borrowing its holdings.
<b>External Transaction Cost Data Missing</b>	<p>The percentage of the fund value for which underlying fund cost data is missing. As a result of this we cannot provide the total transaction costs for this fund. This includes when:</p> <ol style="list-style-type: none"> <li>a) the external fund manager has provided no transaction costs</li> <li>b) the external fund manager has not provided costs for a certain percentage of their fund</li> </ol>
<b>Slippage Cost methodology not used</b>	The percentage of the fund for which transaction costs have been calculated using a method other than the slippage cost methodology.

Fund Name	Administration Cost	Total Transaction Cost	Buying and Selling Transaction Cost	Lending and Borrowing Transaction Cost	External Transaction Cost Data Missing	Slippage Cost methodology not used	Comments/ Additional Information
Av Cash	0.77%	0.0012%	0.0012%	0.0000%	100%	100%	
Av European	0.78%	0.2425%	0.2369%	0.0056%	100%	100%	
Av Fixed Interest	0.77%	0.0836%	0.0836%	0.0000%	50%	50%	
Av FP With Profits Fund (DTB Series)							Required underlying data is not available.
Av FP With Profits Fund (Main Series 1)	0.25%	0.0890%	0.0890%	0.0000%	0%	0%	
Av FP With Profits Fund (Main Series 21)	0.75%	0.0890%	0.0890%	0.0000%	0%	0%	
Av Global Equity	0.77%	0.4066%	0.4048%	0.0018%	100%	100%	
Av Index Linked	0.77%	0.0343%	0.0343%	0.0000%	100%	100%	
Av Managed	0.78%	0.0267%	0.0261%	0.0006%	100%	100%	
Av Managed Balance Exempt	1.11%	0.2929%	0.2929%	0.0000%	99%	99%	
Av North American	0.77%	0.3446%	0.3436%	0.0010%	0%	0%	
Av Pacific Basin	0.80%	0.1761%	0.1761%	0.0000%	69%	69%	
Av Pre-retirement Fixed Interest	0.77%	0.0311%	0.0311%	0.0000%	0%	0%	

Fund Name	Administration Cost	Total Transaction Cost	Buying and Selling Transaction Cost	Lending and Borrowing Transaction Cost	External Transaction Cost Data Missing	Slippage Cost methodology not used	Comments/ Additional Information
Av Property	0.75%	0.1006%	0.1006%	0.0000%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Av Stewardship	0.77%	0.0687%	0.0687%	0.0000%	0%	0%	
Av Stewardship Bond	0.75%	0.1000%	0.1000%	0.0000%	0%	0%	
Av Stewardship Int Eq	0.77%	0.2896%	0.2896%	0.0000%	0%	0%	
Av Stewardship Managed	0.77%	0.2322%	0.2322%	0.0000%	0%	0%	
Av UK Equity	0.77%	0.1204%	0.1196%	0.0008%	100%	100%	
Av UK Index Tracking	0.81%	0.0310%	0.0310%	0.0000%	100%	100%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).

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## Annual governance statement for the Scheme year ending 31 March 2024

### Schedule 3 – Costs and Charges Illustration



#### Your pension scheme

### Mitie Group PLC Retirement and Death Benefits Scheme

#### Costs and charges illustration

##### What is this illustration for and how could it help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the pension scheme.

Your pension scheme benefits depend on many things such as contributions from you or your employer, how your investment funds have performed, and costs and charges. You may get back less than you put in.

##### How charges affect your pension scheme's investment funds

The table below shows how different costs and charges can impact the pension pot over certain periods of time, based on the selection of investment funds available for your pension scheme.

Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two you can see how much the charges over the years will impact your pension fund.

Illustration of effect of cost and charges for typical funds within your scheme – Mitie Group PLC Retirement and Death Benefits Scheme						
	Aviva Pension Managed FPP		Av FP With-Profits Sub-Fund (Main Series 1)		Aviva Pension Pacific Basin FPP	
	Default arrangement		Lowest charge		Highest charge	
	Assumed growth rate 5.0% p.a.		Assumed growth rate 3.0% p.a.		Assumed growth rate 5.0% p.a.	
	Assumed fund costs and charges 0.81% p.a.*		Assumed fund costs and charges 0.34% p.a.*		Assumed fund costs and charges 0.88% p.a.*	
At end of year	Projected value assuming no charges are taken	Projected value with charges taken	Projected value assuming no charges are taken	Projected value with charges taken	Projected value assuming no charges are taken	Projected value with charges taken
1	£10,200	£10,200	£10,000	£10,000	£10,200	£10,100
2	£10,500	£10,300	£10,100	£10,000	£10,500	£10,300
3	£10,700	£10,500	£10,100	£10,000	£10,700	£10,400
4	£11,000	£10,700	£10,200	£10,100	£11,000	£10,600
5	£11,300	£10,800	£10,200	£10,100	£11,300	£10,700
10	£12,700	£11,700	£10,500	£10,100	£12,700	£11,500
15	£14,400	£12,700	£10,800	£10,200	£14,400	£12,400
20	£16,200	£13,800	£11,000	£10,300	£16,200	£13,300
25	£18,300	£14,900	£11,300	£10,400	£18,300	£14,300
30	£20,600	£16,200	£11,600	£10,500	£20,600	£15,400
35	£23,200	£17,500	£11,900	£10,500	£23,200	£16,500
40	£26,200	£19,000	£12,100	£10,600	£26,200	£17,800

\*Includes transaction costs

## How we worked out the figures in the table

It's important to understand how much or how little difference charges make to your pension pot, but we can't predict exactly what will happen in the future so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

These assumptions are:

1. We've assumed a starting pot representative of a typical member in your scheme. It doesn't assume any on-going contributions into the pension pot.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by reducing values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.

## Some important things to remember

Your scheme will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyle investment approach. If you have selected the lifestyle investment approach your pension pot will automatically be moved into different funds as you approach your retirement date and your scheme literature will provide details of how this works. As the individual funds used in a lifestyle approach have different growth potential and different charges, the overall growth rate and overall charge will change over time.

A personal projection of your pension pot is included in your annual benefit statement and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual charges applicable to you in your scheme literature.

The figures shown here:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.
- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.

Aviva Life & Pensions UK Limited

Registered in England No. 1253947, Registered office: Aviva, Wellington Row, York, YO8 7WR, Authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Firm Reference Number 165896, aviva.co.uk

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## Annual governance statement for the Scheme year ending 31 March 2024

### Schedule 4 – NET Return Illustration

Annualised returns net of charges for a single investment of £10000 in your scheme - Mitie Group PLC Retirement and Death Benefits Scheme					
Duration	One year (annualised)	Five years (annualised)	Ten years (annualised)	Fifteen years (annualised)	Twenty years (annualised)
Time period (start date - end date)	31/03/2022	31/03/2018	31/03/2013	31/03/2008	31/03/2003
	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Av Stewardship Managed (Pension)-FPSTWMBP	-9.23%	6.08%	7.03%	6.34%	7.41%
Av North American (Pensions)-FPNAMEBP	-6.63%	12.44%	13.53%	12.45%	9.81%
Av Pacific Basin (Pensions)-FPACBBP	-3.54%	3.28%	5.89%	4.60%	8.30%
Av European (Pensions)-FPEUROBP	2.35%	4.72%	7.58%	5.85%	8.32%
Av Managed-FPMIXDBP	-7.51%	2.15%	3.64%	3.95%	5.55%
Av FP With Profits Fund (Main Series 1) Pensions-FWPF1AP	4.01%	6.23%	6.04%	6.39%	6.31%

**\* Av FP With Profits Fund (DTB Series) Pensions-FWPDTPB**

Note, this fund was only open to investment in 2001-2002; there were no other investments into this fund in later years as it was related to the demutualisation at that time. Net returns have been provided over the shorter durations but need to be interpreted with care.

The net returns in each period are based on a lump sum of £10,000 being invested at the start of each period and allow for a full final bonus. In practice, only investments from 2001-2002 would achieve the final bonus.