

Statement of the Chair of the Trustees of the Crédit Agricole Indosuez Executive Pension Plan (the Plan) for the scheme year ending 31 January 2019

This statement is produced in accordance with section 23 of the Occupational Pension schemes (Scheme Administration) Regulations 1996 (the Regulations)

In March 2015, the Department for Work and Pensions set out new rules for the governance of Defined Contribution (DC) pension schemes. Trustees are required to produce an annual statement, signed by the Chair, setting out how they believe they have met with the required governance standards. This statement is produced in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Regulations).

This statement has been produced by Crédit Agricole Corporate & Investment Bank ('the Bank', in its capacity as Trustee of the Plan. I hereby confirm that I, Dorai Subramanian, have been appointed as Chair of the Trustee for the purpose of completing this statement and I am authorised to sign this statement on behalf the Trustee.

In accordance with section 23 of the Regulations, this statement describes how the Trustee has met the statutory governance standards in relation to the Plan, covering:

1. The default investment strategy;
2. Requirements for processing financial transactions;
3. Assessment of charges and transaction costs; and
4. The requirement for trustee knowledge and understanding.

This statement also contains a 'Value for Members Assessment' - an assessment of the Plan in terms of whether and how it represents Value for Members.

1. The default investment strategy

The Plan does not operate as a 'qualifying' workplace pension scheme for the purpose automatic enrolment and the Bank's 'employer duties'.

The Plan is closed to both new entrants and ongoing contribution payments.

As the Plan is a 'fully insured' scheme as well as having less than 100 members, Section 35 of the Pensions Act 1995 and regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 does not require the Trustee to produce (and neither has the Trustee produced) a Statement of Investment Principles. In addition, the Trustee is not required to produce audited Plan accounts on an annual basis.

In Light of the Plan's background outlined above, the Plan does not impose a default investment strategy. Instead, members are able to select from a range of investment options made available by Standard Life, the Plan's provider. The fund range is regularly reviewed by Standard Life and where appropriate existing funds closed and new funds and strategies added.

The Trustee acknowledges it has not reviewed the Plan's investment strategy or investment options during the last three years. For the reasons outlined under paragraph below and within the Value for Members assessment and Statement (Appendix A), the Trustee is not intending to undertake a review during the next twelve-month period.

As the Plan does not offer a default strategy and reflecting the background outlined above, the Trustee can confirm that it has not considered the returns of each fund, as the Trustee's aims and objectives for each fund have not been considered and agreed within a Statement of Investment Principles.

As a result of the 'freedom and choice' changes introduced in April 2015, members are now able to choose from a range of investment strategies made available by Standard Life that target different benefit outcomes at retirement – encashment, annuity and continued investment.

2. Requirements for processing financial transactions

The Trustee relies on Standard Life for Plan investment management and administration including processing core financial transactions, maintaining Plan records and member communications such as benefit statements. As the number of Plan members is small (less than 30) and there are no ongoing contributions, the core financial transactions are limited to transfers out of the Plan, benefit settlements and investment switches. Based on information made available, the Trustee is of the view that on the whole, core financial transactions are processed promptly and accurately. In support of this the Trustee has also considered the most recent report published by Standard Life's [Independent Governance Committee](#) (IGC). Although the scope of IGC does not extend to the Plan, the Trustee is of the view that its content serves as a reasonable proxy.

The Trustee acknowledges that Standard Life has certain obligations and duties for complying with operational and investment governance aspects of the Financial Conduct Authority's regulatory regime, including associated system and control requirements. As the Plan's sole administrator and investment platform provider, the Trustee is reliant on Standard Life meeting their regulatory obligations in this regard.

3. Assessment of charges and transaction costs

The charges borne by Plan members have been reviewed by the Trustee and it is our view the Plan represents reasonable Value for Members at this time.

The Trustee attaches the Value for Members assessment and Statement for the Plan (Appendix A).

Standard Life's management costs are taken into account in unit pricing and any other costs are borne by the employer, Crédit Agricole Corporate & Investment Bank, and therefore have no bearing on member charging. However, for completeness we have referred to these as part of our assessment of Value for Members.

The charges and transaction costs for each fund in which members were invested during the Plan year are recorded in Appendix B, based on details requested from and provided by Standard Life. Examples of the cumulative effect of costs and charges on member funds are set out in Appendix C.

In preparing Appendices B and C of this Statement, the Trustee has had regard to statutory guidance published by the Department for Work and Pensions.

4. The requirement for trustee knowledge and understanding

The Trustee is expected to ensure it meets the trustee knowledge and understanding requirements. The Trustee ensures it has access to the necessary skills and knowledge.

In addition to access to an in-house pensions actuary, the Trustee employs Capita Employee Solutions from time to time, to provide advice and ensure that skills and knowledge are current.

Summary and next steps

It is the Trustees' view the Plan represents reasonable Value for Members at this time.

However, as outlined within the Value for Members assessment and Statement, Crédit Agricole Corporate & Investment Bank, in consultation with the Trustee, has determined that the existing member funds should be assigned to members, with the Plan subsequently being wound-up.

The Trustee had anticipated the wind-up would be completed before 31 January 2019 but this was not possible, mainly as a result of the need to undertake member and address tracing activities. The Trustee now expects the wind up to be completed before the next Plan year end of 31 January 2020.

Signed: 

Date: 23 August 2019

Dorai Subramanian

Authorised Signatory

For and on behalf of Crédit Agricole Corporate & Investment Bank as Trustee of the Crédit Agricole Indosuez Executive Pension Plan

List of evidence represented in Appendix:

Appendix A: Value for Members Assessment and Statement

Appendix B: Member Charges and Transaction Costs

- Charges and costs applying to funds utilised during the Plan year

Appendix C: Projected Values

- Examples of the cumulative effect of costs and charges on member funds

Further evidence available on request:

- Standard Life Investment Guide;
- Standard Life Independent Governance Committee (IGC) Report;
- Plan 'Options for future management' report dated December 2016.

Appendix A: Value for Members Assessment and Statement:

Value for Members Assessment

To make an assessment of the Plan in terms of whether and how it represents value for money for members, the Trustee has considered the following evidence:

- The evidence available as set out above;
- Information available to members via the Standard Life website;

Also, the Trustee has taken into account the following:

- The Trustee has negotiated favourable investment management charges with Standard Life – a discount to their standard charges (excluding members invested in With Profit funds). The discounts applied to each fund are disclosed to members within the annual benefit statements provided to members, by Standard Life.
- There are currently no exit charges applied to member funds, other than ‘early leaver penalties’ (Market Value Adjustments (MVAs) that may apply to members invested in Standard Life’s With Profits fund. Units are ‘single priced’ meaning there is no ‘bid / offer’ spreads or explicit pricing differences between buying and selling units.
- For members invested in With Profit funds there are no explicit fund management charges applied, which are instead recovered through an ‘initial unit’ charge.
- All other costs associated with the management and operation of the Plan are met by Crédit Agricole Corporate & Investment Bank.
- Members are able to:
 - manage their pension accounts online and access a wide range of support material and tools;
 - Choose from a wide range of funds covering all asset classes and market sectors, many of which fall below the 0.75% charge cap (noting the Plan does not provide a default investment strategy and as such the charge cap does not apply);
 - Select investment strategies that target different benefit outcomes at retirement;
 - Access a range of different products (annuities, income drawdown) either through Standard Life, or through alternative providers.

Costs borne by the employer

The following ongoing costs are borne by the sponsoring employer:

1. Cost of administration outside of Standard Life’s standard administration service; and
2. Cost of advice (consultancy, legal costs, other advice)

Assessing transaction costs on behalf of Scheme members

The Trustee has obtained from Standard Life details of ongoing charges and costs that applied (or may have potentially applied) to the investment funds available to members. Actual and potential transaction costs will typically include (but may not be limited to):

- Broker commission

- Transaction taxes
- Implicit costs
- Entry/exit charges
- Other transaction costs
- Indirect transaction taxes
- Indirect broker commission
- Indirect implicit costs
- Indirect entry/exit charges
- Indirect other transaction costs
- Indirect transaction costs - external funds
- Anti-dilution offset
- Indirect anti-dilution offset

Details of the ongoing charges and costs disclosed by Standard Life are set out in Appendix B, and Appendix C shows examples of the cumulative effect of charges and costs on a representative sample of the funds currently used by members.

Value for Member Statement

The Trustee believes the Plan represents reasonable value for members. The reasons for this are based on the evidence outlined above.

In prior year statement, it was noted that Crédit Agricole Corporate & Investment Bank would consider the long term suitability of the Plan and whether member benefits can or should be delivered through an alternative structure / vehicle.

In consultation with the Trustee, Crédit Agricole Corporate & Investment Bank has determined that the existing member funds should be assigned to members, with the Plan subsequently being wound-up. The Trustee anticipates the wind-up will be completed by 31 January 2020. Assignment will ensure that all exiting member options (investment and benefit options) and terms and conditions will remain in place. We acknowledge this process has taken longer than anticipated, which in part has been due to the need to undertake member and address tracing activities for a material number of members.

Appendix B: Member Charges and Transaction Costs

Charges and expenses for all fund held as at the year ending 31 January 2019.

Fund	Fund Management Charge (FMC)	Additional Expenses*
Standard Life Managed Pension Fund	1.00%	0.020%
Standard Life UK Equity Pension Fund	1.00%	0.010%
Standard Life Index Linked Bond Pension Fund	1.00%	0.010%
Standard Life Money Market Pension Fund	1.00%	0.010%
Pension With Profits Fund	Note 2	Note 2
Pension Millennium With Profits Fund	Note 2	Note 2
Standard Life Far East Equity Pension Fund	1.00%	0.100%
Standard Life Property Pension Fund	1.00%	0.030%
Standard Life International Equity Pension Fund	1.00%	0.030%
Standard Life North American Equity Pension Fund	1.00%	0.010%
Standard Life Annuity Targeting Pension Fund	1.00%	0.010%
SL SLI Global Emerging Markets Pension Fund	1.60%	0.010%
SL JP Morgan Emerging Markets Pension Fund	1.68%	0.180%
SL Schroder Global Emerging Markets Pension Fund	1.75%	0.240%
SL Merian UK Mid Cap Pension Fund	1.85%	0.000%
SL BNY Mellon Emerging Income Pension Fund	1.68%	0.150%
Standard Life Japanese Equity Pension Fund	1.00%	0.020%
Standard Life Multi Asset Managed (20-60% Shares) Pension	1.00%	0.020%
Pension Inflation Plus Fund	Note 2	Note 2
Standard Life Stock Exchange Pension Fund	1.00%	0.030%
Standard Life European Equity Pension Fund	1.00%	0.020%
Standard Life Asia Pacific ex Japan Pension Fund	1.00%	0.140%

Notes for Appendix B

* Includes items such as custodian, third party administration, trustee, registrar, auditor and regulator fees. Where a fund invests in other underlying funds, they may also include the underlying management charges.

Note 1: Within the Plan, FMCs are subject to a discount to the standard charge shown above. The standard charge is applied to member funds. Standard Life then add additional units to member accounts on a monthly basis to reflect the discount applied. Discounts are applied at member level.

Note 2: Investments in these funds do not have an explicit fund management charge or additional expenses, but when Standard Life calculate a plan's value they take into account deductions for costs. These deductions are broadly the same as the fund management charges and additional expenses for investment-linked funds with similar assets. In addition, Standard Life make deductions which may vary, for the cost of guarantees provided by with profits business.

All charges and cost information has been provided by Standard Life.

Appendix C: Projected Values

In this Appendix we have set out projected values for:

- The three funds with the highest exposure to member investments – the Standard Life Managed Pension Fund, the Standard Life UK Equity Pension Fund and the Standard Life Index Linked Bond Pension Fund; and
- The funds with the highest and lowest gross accumulation (growth) rates. These include the Managed Pension Fund and the UK Equity Pension Fund noted above which attract the highest gross accumulation rates and the Standard Life Money Market Pension Fund which attracts the lowest gross accumulation rate.

Projected pension pot showing effect of charges and transaction costs produced in accordance with DWP guidance

Projected pension fund in today's money We have assumed a starting value of £100,000 and a 50 year old member, but other ages can be assessed using the following table		
Standard Life Managed Pension Fund Gross Accumulation Rate (3.00%) (Discount = 0.407%)		
Years	Before costs and charges deducted	After costs and charges deducted
1	£102,500.00	£101,887.00
3	£107,689.06	£105,768.49
5	£113,140.82	£109,797.86
10	£128,008.45	£120,555.70
15	£144,829.82	£132,367.58

Notes (for the above and the following tables)

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £100,000 - approximately the average value within the scheme.
3. Salary, salary growth and contribution rates are not relevant, as the Plan is closed.
4. Inflation is assumed to be 2.5% each year.
5. Gross accumulation rates have been provided by Standard Life. Typically Standard Life produce three rates (lower, intermediate and higher). We have used the intermediate rate for our projections.
6. The Plan offers a discount to the Fund Management Charge applicable to each fund held at member level. These have been factored into the projection calculations. For members who hold more than one fund a different discount will apply depending on the funds held (and the proportion).

Values shown are estimates and are not guaranteed.

Projected pension fund in today's money Standard Life UK Equity Pension Fund (Gross Accumulation Rate = 3.00%) (Discount = 0.486%)		
Years	Before costs and charges deducted	After costs and charges deducted
1	£102,500.00	£101,976.00
3	£107,689.06	£106,045.91
5	£113,140.82	£110,278.25
10	£128,008.45	£121,612.92
15	£144,829.82	£134,112.60

Projected pension fund in today's money Standard Life Index Linked Bond Pension Fund (Gross Accumulation Rate = 0.00%) (Discount = 0.455%)		
Years	Before costs and charges deducted	After costs and charges deducted
1	£99,500.00	£98,945.00
3	£98,507.49	£96,868.27
5	£97,524.88	£94,835.13
10	£95,111.01	£89,937.03
15	£92,756.90	£85,291.90

Projected pension fund in today's money Standard Life Money Market Pension Fund (Gross Accumulation Rate = -0.50%) (Discount = 0.464%)		
Years	Before costs and charges deducted	After costs and charges deducted
1	£99,000.00	£98,454.00
3	£97,029.90	£95,433.33
5	£95,099.00	£92,505.34
10	£90,438.21	£85,572.39
15	£86,005.84	£79,159.03