Thermo Fisher Scientific DB Pension Scheme ('the Scheme')

Defined Contribution Governance Statement

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee to prepare an annual statement regarding governance, which must be included in the annual Trustee Report and Accounts. The governance requirements apply to all Defined Contribution (“DC”) pension arrangements and aim to help members achieve a good outcome from their DC pension savings.

This statement, issued by the Trustee, covers the period from 1 April 2021 to 31 March 2022 and is signed on behalf of the Trustee by the Chair.

This statement contains the Scheme's governance and charges disclosures in relation to the following:

1. The Default Investment Strategy
2. Net investment returns
3. Member-borne charges and transaction costs
   3.1 Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustee's knowledge and understanding

During the period covered by this statement, the Trustee has continued to consider the possible impact on the Scheme of the Covid-19 pandemic and, since early 2022, the Russia / Ukraine conflict.

The Trustee reviews the risks posed to the Scheme by these ongoing events, and the measures in place to mitigate those risks, on a regular basis. These included, for example, alternative Trustee meeting arrangements, holding meetings virtually and using online meeting portals to ensure that Trustee meeting packs could be reviewed by all those required and reviewing business continuity plans of scheme administrators to ensure that critical functions such as payroll could continue without interruption. The Trustee has also checked and confirmed that none of its members reside in countries directly affected by the Russia / Ukraine conflict.

The Scheme’s risk register, which includes a review of the key risk areas, current protocols in place and suggested actions in order to mitigate further risks is reviewed annually with specific sections subject to detailed review at each Trustee Board meeting. This process has allowed the Trustee to ensure business continuity and appropriate Scheme governance. The Trustee continued to monitor investment performance on an ongoing basis, including through the market turmoil as a result of the Covid pandemic and the ongoing Russia / Ukraine conflict. The Trustee remains satisfied that the investment arrangements within the Scheme remain appropriate for members’ needs. The Trustee did not make any changes to the Scheme’s underlying investment arrangements in direct response to the impact of the Covid pandemic or the Russia / Ukraine conflict.

1. The Default Investment Strategy

The Administration Regulations require trustees to comment on the default investment arrangement for their scheme. No DC contributions have been paid to our Scheme since the relevant Regulations came into force and the Scheme is not a qualifying scheme for auto enrolment purposes, therefore it has no ‘default’ arrangement, as defined by these Regulations. For this reason, the governance requirements in relation to default investment arrangements do not apply to the Scheme and are not covered in detail in this statement.

2. Net Investment Returns

The Trustees are required to report on net investment returns for each default arrangement and for each non-default fund which Scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges. The net investment returns have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

The Lifestyle strategy

The performance of the Lifestyle strategy, across a 1 year and 5 year rolling period as at 31 March 2022 is shown in the table below. The returns have been calculated as a weighted average of the underlying component funds using the different asset allocations that apply at the ages shown in the table. Please note that the underlying asset allocation for the Lifestyle Strategy is the same up until a member reaches the age of 50 years, assuming a retirement age of 65 years.

Age of member in 2022	Annualised Net Returns (%)	
	1 Year to 31 March 2022	5 Years to 31 March 2022
≤ 50	11.93	7.22
55	5.53	5.47
60	3.93	4.69
65	2.18	2.43

Source: Aegon and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. We have that the normal retirement age is 65, which is line with the retirement age selected by the majority of members.

The table shows that younger members invested in the Lifestyle Strategy achieved the highest net returns over the one- and five-year periods. This is to be expected given that members within this age bracket are solely invested in equities, which are expected to generate higher long-term returns due to a higher overall level of risk.

The level of net returns achieved over the one- and five-year periods decreases as members approach their selected retirement age, which is assumed to be 65 years in this case. This is to be expected as the Lifestyle Strategy automatically switches members' savings into a more diversified mix of assets in order to lower risk as they approach retirement age.

Self-Select Investment Funds

Fund Name	Annualised Net Returns (%)	
	1 Year to 31 March 2022	5 Years to 31 March 2022
Aegon BlackRock Aquila Life 50:50 Global Equity Fund	10.68	6.98
Aegon BlackRock Aquila Life 60:40 Global Equity Fund	11.21	6.41
Aegon BlackRock 70/30 Global Equity Fund	11.90	6.15
Aegon BlackRock UK Equity Index Fund	12.22	4.49

Aegon BlackRock World ESG Equity Tracker Fund[1]	Not applicable	Not applicable
Aegon HSBC Islamic Global Equity Index Fund[1]	19.49	Not applicable
Aegon BlackRock Consensus Index Fund	7.42	5.83
Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund	-7.97	0.87
Aegon BlackRock Cash Fund	0.02	0.34

Source: Aegon and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. We have that the normal retirement age is 65, which is line with the retirement age selected by the majority of members.

[1] The one and/or five-year net returns are not available for these funds as they had inception dates of 31/05/2021 for the Aegon BlackRock World ESG Equity Tracker Fund and 31/10/2019 for the Aegon HSBC Islamic Global Equity Index Fund.

Closed Additional Voluntary Contributions arrangements

Utmost Life and Pensions - Investing By Age Lifestyle Strategy

Age of member in 2022	Annualised Net Returns (%)	
	1 Year to 31 March 2022	5 Years to 31 March 2022[1]
≤ 50	5.62	Not applicable
55	5.62	Not applicable
60	3.01	Not applicable
65	0.40	Not applicable

Source: Utmost Life and Pensions. Returns quoted net of total expense ratios and transaction costs. We have that the normal retirement age is 65, which is line with the retirement age selected by the majority of members.

[1] This Strategy had an inception date of 01/01/2020, therefore five year performance is unavailable.

Fund performance covering a five-year period has not been reported as the Utmost Life Investing By Age Lifestyle Strategy was incepted on 1 January 2020, therefore five year performance is unavailable. Younger members benefited more than those members closer to retirement, reflecting a greater exposure to growth assets. As members approach their nominated retirement date, their assets are transitioned into less volatile assets.

Other Funds/Strategies

Fund Name	Annualised Net Returns (%)	
	1 Year to 31 March 2022	5 Years to 31 March 2022
Utmost Life Money Market	-0.43	-0.06
Standard Life Pension 2 With Profits 2	Not available	Not available
Phoenix Life (former Royal & Sun Alliance) With Profits Fund	0.37	3.53

Source: Aegon and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. We have that the normal retirement age is 65, which is line with the retirement age selected by the majority of members.

The Trustee has requested annualised net return information from Standard Life, regarding the fund used by the Scheme. However, at the time of writing, Standard Life were unable to provide this information.

3. Member-borne charges and transaction costs

The Trustee should regularly monitor the costs borne by members through the investment funds. These costs are made up of charges and transaction costs:

- Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;

- Transaction costs: these are not explicit, and are incurred when the Scheme's fund managers buy and sell assets within investment funds. They do not include any costs incurred when members invest in or sell out of funds.

The Trustee has obtained all relevant transaction cost information for the period of this Statement.

This section of the Chair's Statement has been prepared having regard to statutory guidance.

Explicit charges

Members of the Scheme pay only investment costs from their DC funds. Members with additional voluntary contributions (AVCs) pay for investment costs and the cost of the AVC provider administering their policy record.

The explicit charge that members pay from their DC/AVC funds is the TER. This is the total explicit cost of the fund to an investor and includes the AMC, plus legal, administration, audit, marketing, and regulatory costs. It is calculated by dividing all expenses paid by the fund over the year by the value of the fund's assets. The TER for the DC funds and AVC funds held by Scheme members are shown in the table below.

Implicit charges

Transaction costs are incurred on an on-going basis and are implicit within the performance of the fund.

The way that transaction costs must be calculated for this Statement means that they can be negative. This can happen, for example, when buying an asset, if the actual price paid ends up being lower than the mid-market (quoted) price at the time of placing the order, because something has happened in the market that pushes the price of the asset down – for example some negative publicity or a big sell order by someone else.

The charges and transaction costs each member pays have been supplied by the Scheme's DC and AVC fund managers and are set out in the table below.

Where transaction costs have been provided as a negative cost, these have been set to zero by the Trustee.

Our fund managers report transaction costs on a quarterly basis, therefore the costs below are for the twelve-month period to 31 March 2022, unless specified otherwise.

DC Fund	Total expense ratio (% p.a.)	Transaction Costs (%)[6]	Total Charge (%) (as a percentage of a member's funds under management)
Lifestyle strategy[1]	0.221-0.288	0.0076 – 0.0858	0.2286 – 0.3639
Self-select funds			
Aegon BlackRock Aquila Life 50:50 Global Equity Fund	0.160	0.0120	0.1720
Aegon BlackRock Aquila Life 60:40 Global Equity Fund	0.160	0.0174	0.1774

DC Fund	Total expense ratio (% p.a.)	Transaction Costs (%)[6]	Total Charge (%) (as a percentage of a member's funds under management)
Aegon BlackRock 70/30 Global Equity Fund	0.160	0.0543	0.2143
Aegon BlackRock UK Equity Index Fund	0.140	0.3295	0.4695
Aegon BlackRock World ESG Equity Tracker Fund	0.210	0.0663	0.2763
Aegon HSBC Islamic Global Equity Index Fund	0.430	0.0164	0.4464
Aegon BlackRock Consensus Index Fund	0.160	0.0361	0.1961
Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund	0.110	0.0000	0.1100
Aegon BlackRock Cash Fund	0.125	0.0157	0.1407
AVC Funds			
Utmost Life Money Market	0.5000	0.010	0.5100
Utmost Life Investing by age[2]	0.7500	0.1300 - 0.1800	0.8800 – 0.9300
Standard Life Pension 2 With Profits 2[3]	0.65[4]	0.15	0.80
Phoenix Life (former Royal & Sun Alliance) With Profits Fund[3,5]	Not applicable	0.09	0.09

Source: Underlying Managers

[1] TER experienced by member will depend upon a member's term to retirement.

[2.] Costs and charges based on a retirement age of 65 years

[3]The charges on these funds are not explicit, they are taken into account when the provider is deciding on the level of bonus to declare each year. Standard Life has provided an estimate of costs, whereas Phoenix Life does not disclose any information about the charges on the former Royal & Sun Alliance With Profits Fund.

[4] Includes 0.05% cost of guarantees and a deduction of 0.40% p.a. reflecting the scheme specific discount

[5.] The transaction costs cover the period from period 01/01/2021 to 31/12/2021.

[6.] Where transaction costs have been provided as a negative cost, these have been set to zero.

3.1 Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided illustrations of their cumulative effect on the value of typical scheme members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out below under 'notes and assumptions'.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

DC funds:

We have provided illustrations for an example member from each category of the DC Section:

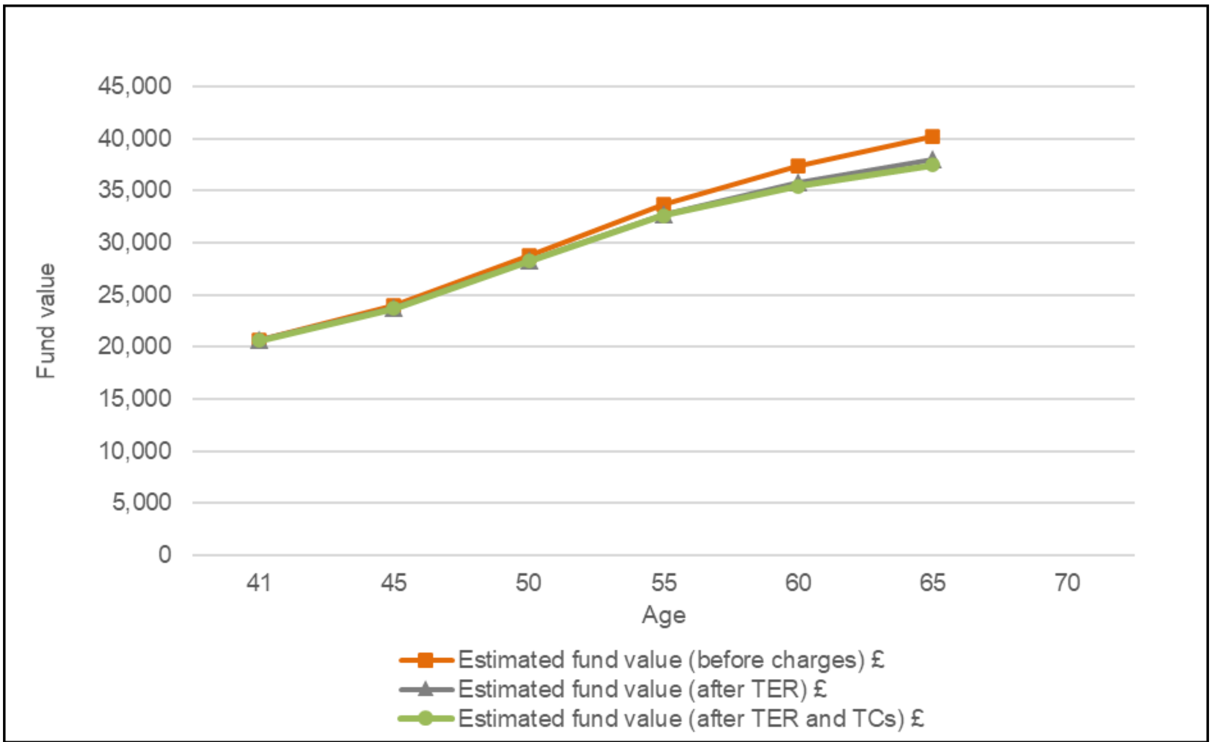
- **Example member 1:** A member of the Life Sciences category with the longest time to retirement (currently age 41) with a retirement age of 65 and an assumed current fund value of £20,609 (which is the median fund value for all members of this category).
- **Example member 2:** A member of the Unicam category with the longest time to retirement (currently age 43) with a retirement age 65 and an assumed current fund value of £34,761 (which is the median fund value for all members of this category).

We have produced illustrations to demonstrate the cumulative effect of costs and charges on member fund values over time. Projections are shown for the lifestyle strategy in the charts and tables below.

As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments in the tables. We show the projected retirement savings if the example member was invested in the BlackRock Over 15 Year UK Gilt Index Fund (which has a lower level of costs and charges compared to the one illustrated in the chart) and the BlackRock Diversified Growth Fund (which has a higher level of costs and charges compared to the one illustrated in the chart).

The estimated fund values are shown in 'today's money' terms, and do not need to be reduced further for the effect of future inflation. In the case of the BlackRock Over 15 Year UK Gilt Index Fund, as our assumed return on the fund is lower than our assumed level of inflation, the estimated fund values (in today's money terms) reduce over the projection period.

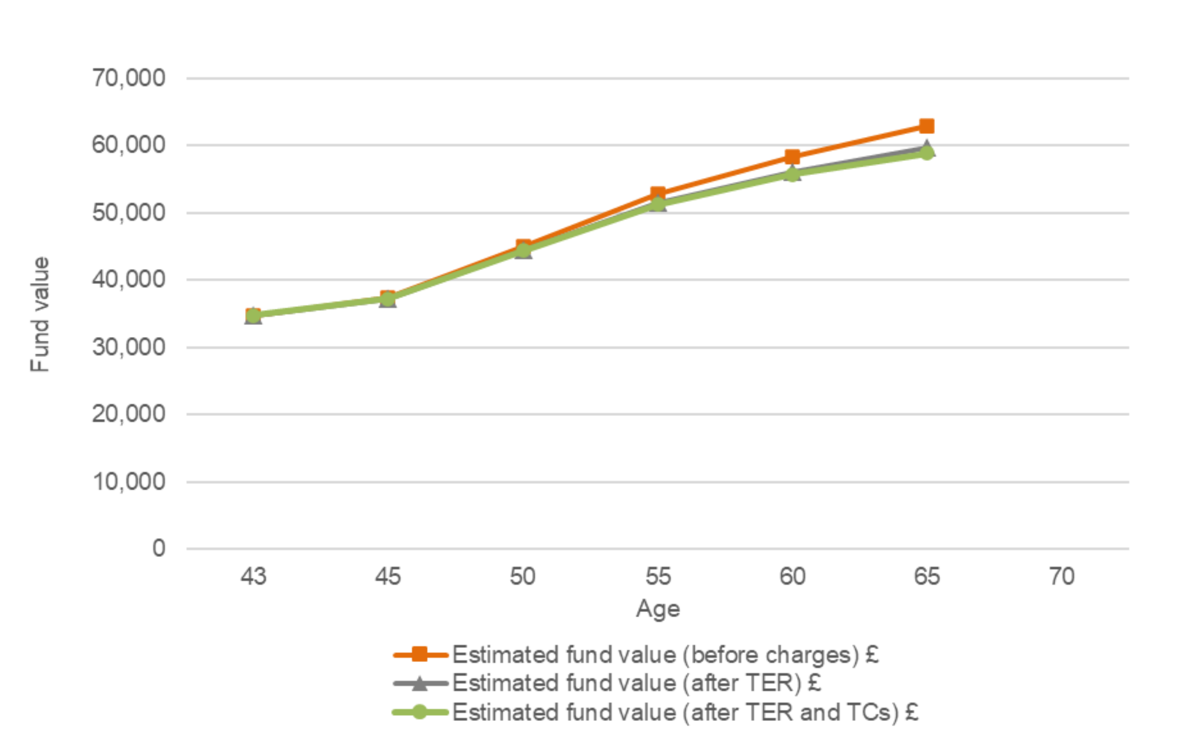
Example member 1



For example member 1, the impact of the costs and charges of the lifestyle strategy, BlackRock Over 15 Year UK Gilt Index Fund and the BlackRock Diversified Growth Fund on the estimated fund value (EFV) over the term to retirement is shown in the table below.

At age:	Lifestyle strategy			BlackRock Diversified Growth Fund			BlackRock Over 15 Year UK Gilt Index Fund		
	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges
41	£20,609	£20,609	£0	£20,609	£20,609	£0	£20,609	£20,609	£0
45	£23,920	£23,715	£205	£22,265	£21,438	£827	£19,583	£19,495	£88
50	£28,817	£28,264	£553	£24,524	£22,521	£2,003	£18,372	£18,186	£186
55	£33,716	£32,616	£1,100	£27,012	£23,659	£3,353	£17,237	£16,966	£271
60	£37,326	£35,448	£1,878	£29,752	£24,854	£4,898	£16,171	£15,827	£344
65	£40,171	£37,455	£2,716	£32,770	£26,110	£6,660	£15,171	£14,765	£406

Example member 2



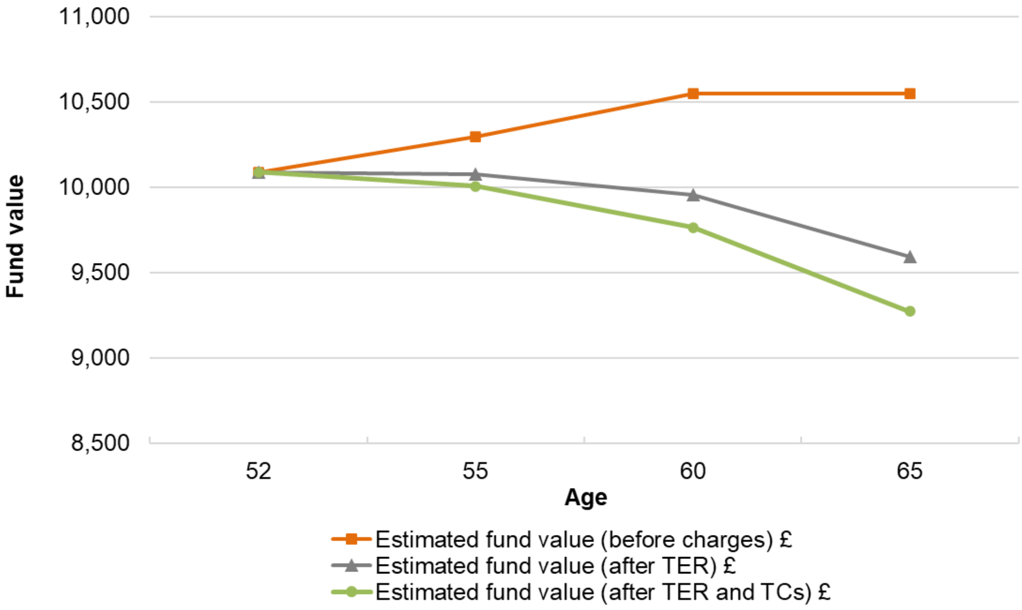
For example member 2, the impact of the costs and charges of the lifestyle strategy, BlackRock Over 15 Year UK Gilt Index Fund and the BlackRock Diversified Growth Fund on the estimated fund value (EFV) over the term to retirement is shown in the table below.

At age:	Lifestyle strategy			BlackRock Diversified Growth Fund			BlackRock Over 15 Year UK Gilt Index Fund		
	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges
43	£34,761	£34,761	£0	£34,761	£34,761	£0	£34,761	£34,761	£0
45	£37,450	£37,289	£161	£36,131	£35,453	£678	£33,885	£33,808	£77
50	£45,116	£44,442	£674	£39,796	£37,245	£2,551	£31,790	£31,539	£251
55	£52,786	£51,284	£1,502	£43,833	£39,126	£4,707	£29,824	£29,422	£402
60	£58,437	£55,737	£2,700	£48,280	£41,103	£7,177	£27,980	£27,448	£532
65	£62,893	£58,893	£4,000	£53,177	£43,180	£9,997	£26,251	£25,605	£646

AVC funds:

We have produced illustrations to demonstrate the cumulative effect of costs and charges assuming investment in the Utmost Life 'Investing by Age' strategy.

We have used an example member with the longest time to retirement (currently age 52) with a retirement age of 65 and an assumed current fund value of £10,091 (which is the median fund value for all members of this AVC arrangement).



For the example AVC member, the impact of the costs and charges on the Utmost Life Investing by Age strategy on the estimated fund value (EFV) over the term to retirement is shown in the table below.

At age:	Investing by Age strategy		
	EFV (before costs and charges)	EFV (after costs and charges)	Effect of costs and charges
52	£10,091	£10,091	£0
55	£10,299	£10,008	£291
60	£10,552	£9,765	£787
65	£10,552	£9,275	£1,277

Notes and assumptions:

1. *Projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *Inflation is assumed to be 2.5% each year.*
3. *Values shown are estimates and are not guaranteed, but the age of members and start fund values are representative of the Scheme's DC and AVC membership.*
4. *The assumed growth rates (gross of costs and charges) used as follows:*

DC Lifestyle funds:

- *Aegon BlackRock MSCI World Index Fund: 6.30% (3.80% p.a. above inflation)*
- *Aegon BlackRock Global Developed Fundamental Weighted Index Fund: 6.30% (3.80% p.a. above inflation)*
- *Aegon BlackRock Global Minimum Volatility Index Fund: 6.30% (3.80% p.a. above inflation)*
- *Aegon BlackRock Emerging Markets Equity Index Fund: 6.90% (4.40% p.a. above inflation)*
- *Aegon BlackRock Diversified Growth Fund: 4.50% (2.00% p.a. above inflation)*
- *Aegon BlackRock Over 5 Year Index-Linked Gilt Index Fund: 0.50% (2.00% p.a. below inflation)*
- *Aegon BlackRock Corporate Bond All-Stocks Index Fund: 1.40% (1.10% p.a. below inflation)*

DC Self-select funds:

- *Aegon BlackRock Diversified Growth Fund: 4.50% (2.00% p.a. above inflation)*
- *Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund: 1.20% (1.30% p.a. below inflation)*

AVC funds:

- *Utmost Life Multi-Asset Moderate Fund: 3.2% (0.70% p.a. above inflation)*
- *Utmost Life Multi-Asset Cautious Fund: 2.2% (0.30% p.a. below inflation)*

5. *For the DC lifestyle strategy and the Utmost Life Investing by Age strategy, the projection takes into account the changing proportion invested in the different underlying funds / asset classes. The underlying assumptions are shown above.*
6. *The transaction costs should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available. As the investment strategy changed on 28th May 2021, only 3 years' worth of transaction cost information is available for 1 fund and 1 years' worth for 6 funds. As such, the transaction costs listed below reflect these averages. Where there have been negative costs in any year, a floor of 0% has been applied. Transaction costs used in the illustrations are as follows:*
7. TERs used in the projections:

   DC Lifestyle funds:
   - *Aegon BlackRock MSCI World Index Fund: 0.14% p.a.*
   - *Aegon BlackRock Global Developed Fundamental Weighted Index Fund: 0.26% p.a.*
   - *Aegon BlackRock Global Minimum Volatility Index Fund: 0.26% p.a.*
   - *Aegon BlackRock Emerging Markets Equity Index Fund: 0.28% p.a.*
   - *Aegon BlackRock Diversified Growth Fund: 0.60% p.a.*
   - *Aegon BlackRock Over 5 Year Index-Linked Gilt Index Fund: 0.14% p.a.*
   - *Aegon BlackRock Corporate Bond All-Stocks Index Fund: 0.14% p.a.*

   AVC funds:
   - *Utmost Life Multi-Asset Moderate Fund: 0.75% p.a.*
   - *Utmost Life Multi-Asset Cautious Fund: 0.75% p.a.*
8. Transaction Costs used in the projections

   DC Lifestyle funds:
   - *Aegon BlackRock MSCI World Index Fund: 0.0000% p.a.*
   - *Aegon BlackRock Global Developed Fundamental Weighted Index Fund: 0.0000% p.a.*
   - *Aegon BlackRock Global Minimum Volatility Index Fund: 0.0306% p.a.*
   - *Aegon BlackRock Emerging Markets Equity Index Fund: 0.0000% p.a.*
   - *Aegon BlackRock Diversified Growth Fund: 0.3845% p.a.*
   - *Aegon BlackRock Over 5 Year Index-Linked Gilt Index Fund: 0.0573% p.a.*
   - *Aegon BlackRock Corporate Bond All-Stocks Index Fund: 0.0333% p.a.*

   DC Self-select funds:
   - *Aegon BlackRock Diversified Growth Fund: 0.3845% p.a.*
   - *Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund: 0.0044% p.a.*

   AVC funds:
   - *Utmost Life Multi-Asset Moderate Fund: 0.180% p.a.*
   - *Utmost Life Multi-Asset Cautious Fund: 0.130% p.a.*

4. Value for members assessment

The Administration Regulations require the Trustee to make an assessment of charges and transaction costs borne by members and the extent to which those charges and costs represent good value for money for members.

There is no legal definition of "good value" and the process of determining this for members is a subjective one. Based on advice from the Scheme advisers, Aon, the Trustee has established a cost-benefit analysis framework in order to assess whether the member borne charges deliver good value for members.

The costs and charges borne by members have been identified as the TERs and transaction costs as set out in Section 3 of this statement.

The DC investment options made available to members are all managed by BlackRock, with the exception of the HSBC Islamic Global Equity Index Tracker Fund. The funds available to members are a mixture of passive and active funds. We would expect the passive funds to deliver returns in-line with their respective market indices and the active funds to meet their performance targets over the long term. BlackRock and HSBC are remunerated on a fee basis and charge members a percentage of the assets under management. The level of charges is lower for the passive funds than for the active funds, reflecting the involvement of the fund managers in managing the active funds. We believe these investment options will provide value for members, in terms of their realised returns after fees, compared to other comparable options available in the market.

The Trustee has considered the benefits of membership under the following five categories: Administration costs, Scheme governance, Member communications, Investment choices and Retirement support. The Trustee believes the benefits of membership can be financial or non-financial in nature.

- **Administration costs**
  - The Scheme pays the administration costs on DC funds so members pay only investment charges. We believe member-borne charges are competitive when compared to current market rates for similar arrangements and that the transaction costs incurred were reasonable.
- **Scheme governance**
  - Scheme governance covers the time spent by the Trustee to ensure the Scheme is run in compliance with the law and regulation, including taking account of the interests of its members.
  - The Trustee believes that good governance is key to ensuring that a framework exists and is actively in use to help deliver better member outcomes. The Trustee regularly reviews and updates its governance processes and procedures to make sure that the Scheme follows industry best practices.
  - Given the governance processes and procedures in place, the Trustee believes the governance arrangements for the Scheme are appropriate.
- **Member communications and engagement (including support at retirement)**
  - The Scheme provides effective communications that are accurate, clear, informative and timely.
  - Scheme literature is available from the Scheme administrator on request.
  - Any Scheme-specific changes or announcements are issued by the Trustee when required.
- **Investment choices**
  - The Scheme offers a lifestyle strategy, and a range of self-select funds that cover the main asset classes, to DC members. The investment funds available have been designed, following advice from the Scheme's investment adviser, with the specific needs of members in mind, and fund performance is reviewed quarterly.
  - The Trustee is responsible for the governance of the Scheme's investments. It is expected to review the investment strategy and objectives of the investment options at regular intervals (at least every three years) and to take into account the needs of the Scheme's DC Section membership when designing the strategy. With the help of their DC investment adviser, the Trustee completed the triennial investment strategy review of the DC Section in December 2020 and several changes were implemented on the 28th May 2021. In particular, the Trustee agreed to replace the previous lifestyle strategy with a new lifestyle approach more suited to the changing approaches for taking pension benefits. In addition, the self-select fund range was expanded to include an ESG-focussed fund, more flexible equity options and more bond options.

- The Trustee reviewed and amended the DC Section of the Scheme's Statement of Investment Principles in July 2021, to reflect changes made to the investment strategy for the DC Section, following the detailed investment strategy review.

  The latest Statement of Investment Principles for the Scheme, dated July 2021, which governs decisions about the Scheme's investments and is prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is included in the Appendix to this Statement.

- **Retirement support**
  - The Trustee considers that the Scheme has suitable retirement support in place which offers members access to support, guidance and information.

Based upon the Trustee's assessment framework, described above, the Trustee believes that the Scheme has delivered value for DC members in all of the key areas over the period covered by this Statement.

Members can use their AVC funds towards their pension commencement lump sum ('tax-free cash') and thereby reduce the amount of defined benefit pension they commute for tax-free cash. The Trustee considers this option to be a valuable benefit for members.

Whilst the levels of charges for the unit-linked fund options made available in the AVC arrangements are generally higher than the main DC fund options, the charges on the With Profits funds are not explicit and so it is difficult to assess the costs and charges borne by members of these arrangements. We believe it is reasonable to assume members value the smoothed investment returns provided by the With Profits Funds.

The AVC arrangements are reviewed at least every three years or as circumstances or changes may require. The Trustee last conducted an AVC review in September 2021 and is currently working on the changes agreed.

5. Processing of core financial transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the transfer of member funds out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries.

The Scheme is closed to further contributions and the core financial transactions are undertaken on the Trustee's behalf by the Scheme administrator, Buck.

The Trustee has a Service Level Agreement (SLA) in place with Buck which includes core financial transactions relating to the DC funds, as well as other administration tasks such as: records management; benefits and tax calculations; provision of scheme information, quotes and statements; investments, disinvestments and reconciliations; operation of member helpline and email inbox; reporting to Trustee and regulatory bodies; supporting the Trustee's other advisers on projects such as valuations and audits; and data protection.

The timescales set out in the SLA for core financial transactions are as follows:

Task	Timescale to complete
Transfers-out	15 working days
Payment of death claims	5 working days
Payment of retirement benefits	10 working days
Fund switches	5 working days

Buck has confirmed that there are processes in place for each core financial transaction to ensure they are processed accurately and in a timely manner. An automated daily sales and redemptions report is used to check transactions placed the previous day. As an additional level of scrutiny, Buck also have an internal reconciliations team who independently carry out monthly checks, in addition to daily reconciliation of the Trustee bank account. Buck have internal audit functions in addition to the external audit carried out on the Scheme annually.

Buck reports performance against the SLA to the Trustee on a quarterly basis. The reports combine both DB and DC SLA performance and detail timescales for processing the core financial transactions set out above, as well as other tasks, against the SLA. The quarterly administration reports also include details of any formal member complaints. The checks and regular unit reconciliations carried out by the administrators ensure core financial transactions are accurate and timely.

As stated above, Buck reports administration service performance to the Trustee on a quarterly basis, but reports run from 1 Feb to 30 April, 1 May to 31 July and so on. A number of retirement and death illustrations delivered over the year to 31 March 2022 were outside of the Service Levels set out in the contract with Buck. Buck noted that during the reporting period they processed a number of Retirement Illustrations that were brought forward from previous Quarters, and that had passed agreed Service Level Agreement issue timescales. Processing the 'past target' cases has impacted upon the '% issued within target' figure.

Target delivery times were not fully met for the core financial transactions set out above for the Scheme as a whole (not just DC funds). In addition to internal delays with Buck, this was also partially due to incomplete information being received from members and their advisers during the periods in question which meant that the target dates were missed.

There were no complaints received from members during this period. However, Buck dealt with two complaints from individuals who believed that they had benefits under the Scheme. The complaints were managed through the Scheme's IDRP and with the Pension Ombudsman's office respectively.

Buck has also confirmed that one fund switch was processed during the Scheme year as a result of the changes agreed during the investment strategy review. This did not include the quarterly fund switches that are made as part of the lifestyling arrangements.

In the light of the above, the Trustee is satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and although the administrator was not able to meet all target delivery times during the Scheme year, the reasons for this are understood. Where the service provided was not at the level required under the SLA, the Trustee has discussed the reason for this issue with Buck and sought and received assurances about the measures Buck are putting in place to ensure that SLA requirements are achieved in the future;
- there have been no material administration errors in relation to processing core financial transactions; and
- the majority of core financial transactions have been processed promptly and accurately during the Scheme year, however there have been some processes that occurred outside of the agreed SLAs.

6. Trustee Knowledge and Understanding ('TKU')

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Trustee as a body in dealing with the whole Scheme and unless specifically mentioned, are not restricted to the DC section of the Scheme.

Ross Trustees Services Limited (‘Ross Trustees’) is the sole Trustee of the Scheme. The individuals that represent Ross Trustees are experienced pension professionals who act as trustees across a number of different pension schemes and have acted as Trustee of the Scheme for a number of years. These individuals therefore have a significant depth of pension knowledge, which they keep up to date as part of their professional duties, meaning they meet the Pensions Regulator's trustee knowledge and understanding requirements (as set out under Code of Practice 7). The Chair of the Trustee and other Ross Trustees pension professionals acting as Trustee of the Scheme are Accredited Professional Pension Trustees.

Ross Trustees has achieved the standards required by the Institute of Chartered Accountants in England and Wales Technical Release AAF 02/07 on its internal controls. Ross Trustees’ compliance with these requirements is audited annually and it maintains the level of training expected from a professional trustee.

Ongoing evaluation by the Trustee is carried out which considers, amongst other things, the design, systems, security, administration, risk management, advisers and governance of the Scheme and the effectiveness of the Trustee. This includes making sure that the Trustee has appropriate processes in place to ensure it has sufficient knowledge and understanding of:

- pensions and trust law;
- the relevant Scheme documentation, including a working knowledge of the Scheme's trust deed and rules;
- a working knowledge of the Scheme's Statement of Investment Principles; and
- a working knowledge of all documents setting out the Trustee's current policies in respect of the Scheme.

Additionally, Ross Trustees’ operates a comprehensive programme of training involving external and internal subject matter experts covering a variety of technical knowledge and other information and skills. This programme covers both annual mandatory training (for example, GDPR compliance) and additional training identified by cross-organisational training need self-evaluations. A formal online training resource is also in place under which all Ross Trustees staff have a specified timescale (usually 1 month) to complete a module which includes learning material plus a mandatory test to check understanding and knowledge. Subjects covered include Cyber Security, Anti-Money laundering and GDPR Refresher training.

In addition to the knowledge and understanding of the Trustee, the Trustee has engaged with its appointed professional advisers regularly throughout the year to ensure it runs the Scheme effectively and exercises its functions properly. The Trustee’s professional advisers also attend all Trustee meetings. Agenda-specific training is provided by the Scheme's advisers during Board meetings and during the Scheme year, to ensure that the Trustee maintains a sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes. In particular, the Trustee has received training both from its professional advisers on the Scheme and from other sources on:

- the Russia / Ukraine conflict to understand the potential impact on the Scheme assets and members benefits
- other updates and training over the course of the Scheme year covering a variety of topics including TPR’s single code of practice, Pensions Dashboards, GDPR update/refresher, Trustee duties in relation to the production of the annual Report and Accounts and GMP equalisation including GMP Conversion

Ross Trustees has signed up to the Pensions Regulator’s Scam Pledge which means that we will do what we can to protect scheme members and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice. We have also actively encouraged all of our pension scheme administrators to do so too.

The Pensions Regulator released a new Pension Scams Module in 2021 as part of the trustee toolkit training and all Ross Trustees pensions staff are required to complete this module.

Considering the training activities completed by the Trustee together with the professional advice available to the Trustee, the Trustee considers that it meets the Pension Regulator's TKU requirements (as set out under Code of Practice 7) and is confident that the combined knowledge and understanding of the Trustee board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Scheme.

Signed on behalf of the Trustee of the Thermo Fisher Scientific DB Pension Scheme

Manpreet Sohal

Chair of Trustee

Date of signing: 31 October 2022