

THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE: 30 SEPTEMBER 2019 – 30 SEPTEMBER 2020

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Amnesty International Superannuation Scheme - DC Section ("the Scheme") is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes – DC).

The Trustees have set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds online at the following URL: <https://www.amnesty.org/en/documents/org20/1088/2019/en/> and will notify members about this in their annual benefit statements.

Default arrangement

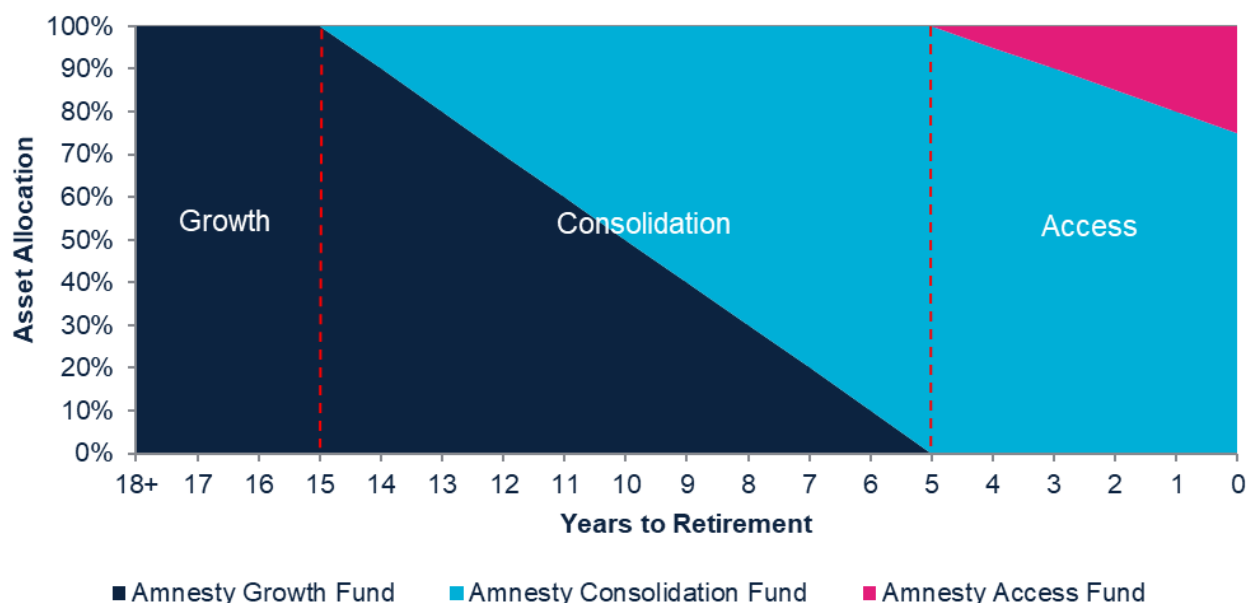
Members of the Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustees with the advice of their Investment Consultant. During the period covered by this statement, the Scheme's assets were held on an investment platform provided by Mobius Life Limited and were managed by JLT Investment Management. However, the Investment Management Agreement (IMA) with JLT Investment Management will cease with effect from 31 March 2021, after which assets will continue to be held on the Mobius platform.

During the period covered by this statement there has not been a review of the Scheme's investment strategy; however, it was last reviewed on 27 April 2018, with the Trustees receiving formal written investment advice from their investment consultants on 17 July 2018. In determining the investment strategy, the Trustees undertook extensive investigations and have explicitly considered the trade-off between risk and expected returns. The expected amount of risk is considered appropriate for the typical member and will differ by member depending on their age as well as their expected retirement date. The new strategy was implemented with effect from 20 November 2018.

The default strategy is split into three distinct phases, as described below. The Trustees designed three new white-labelled funds for these phases: the Amnesty Growth Fund, the Amnesty Consolidation Fund and the Amnesty Access Fund. These funds are managed by JLT Investment Management and the underlying funds within each white-labelled fund are selected by the Trustees, who reserve the right to make changes to the underlying funds when deemed appropriate.

- **The Growth Phase** (more than 15 years from members' chosen retirement age) invests members' retirement savings into assets which set out to achieve higher returns, but also have a greater level of risk. During this phase, all savings are invested in the new Amnesty Growth Fund. This fund aims to provide long-term capital growth through investment allocation predominately to equities and other return-seeking assets. The current underlying funds within the Amnesty Growth Fund are a 50:50 split between the Columbia Threadneedle Multi-Asset Fund and the L&G Global Ethical Equity Index Fund.
- **The Consolidation Phase** (between 15 and 5 years from members' chosen retirement age) aims to gradually switch investments into funds with less risk. During this phase, member savings gradually switch from the Amnesty Growth Fund to the Amnesty Consolidation Fund. This Fund aims to provide a long-term investment return for members who are approaching retirement, through a diversified allocation. The current underlying funds within this fund are the Columbia Threadneedle Multi-Asset Fund, the L&G Global Ethical Equity Index Fund, the L&G AAA-AA-A Corporate Bond All Stocks Index Fund and the L&G Over 5 Year Index-Linked Gilts Index Fund.
- **The Access Phase** (less than 5 years from members' chosen retirement age) aims to reduce risk further while still achieving some growth. During this phase, 25% of members' savings will be switched from the Amnesty Consolidation Fund to the Amnesty Access Fund and remain this way until all savings have been withdrawn by the member. This Fund aims to provide capital protection to members who are close to retirement and is currently fully allocated to the L&G Sterling Liquidity Fund.

This lifestyle strategy can be illustrated using the chart shown overleaf.



The default arrangement is described in further detail in the Scheme’s Statement of Investment Principles (SIP) which was last reviewed by the Trustees in August 2020 and a copy of which is submitted alongside this governance statement. The SIP will be reviewed a minimum of every three years (i.e. by August 2023) or as soon as any significant developments in investment policy or member demographics take place.

The Trustees continually monitor the performance of the Scheme’s investments throughout the year and receive quarterly performance reports from their advisors. We are happy with the performance over the period covered by this statement and we believe the Scheme’s investment strategy remains on track to meet our aims and objectives.

The Trustees have set up processes to publish relevant information on the default arrangement online and will notify members about this in their annual benefit statements.

Processing Scheme transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately. These include 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.

These transactions are undertaken on the Trustees’ behalf by the Scheme’s administrator, Mercer, and its investment manager, JLT Investment Management. The Trustees periodically review the processes and controls implemented by those organisations and consider them to be suitably designed to achieve these objectives. The Trustees have a service level agreement (SLA) in place with the Scheme’s administrator which covers the accuracy and timeliness of all core transactions. The Trustees receive regular reports to monitor the performance against those service levels. The processes adopted by the Scheme’s administrator to help meet the SLA include dynamics checklists, a central financial control team separate to the administration team, peer checking and authorisation of payments, automated reporting of late contributions, daily monitoring of bank accounts, daily checking and reconciliation of member unit holdings and four eyes checking of investment and banking transactions. During the period covered by this statement, 88% of work was completed within the agreed service levels; both the Trustees and the Scheme’s administrator recognise that the performance of the administrators had previously been below the standard expected and the Scheme’s administrators provided monthly reports to increase visibility in the work undertaken during the Scheme year covered by this statement. The Trustees acknowledge that the service improved throughout the year covered by this statement. The Trustees further recognise that the improvements were made during a challenging period with the onset of the COVID-19 pandemic. No members were financially disadvantaged as a result of missed SLAs and there were no issues relating to the processing of Scheme transactions. The Trustees continue to monitor the performance of the administrators against the SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer.

We also perform periodic assessments of methods and efficiency of the Scheme’s administrator and challenge them, particularly in terms of their efficiency, when necessary.

In light of the above, the Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustees to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds but should also include trading costs incurred within such funds. We have taken account of statutory guidance when preparing this section of the report.

Transaction costs have been provided by Mobius Life and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) payable for each fund as well as the transaction costs within the default arrangement are shown below.

Fund	TER (%)	Transaction Cost (%)
Amnesty Growth Fund	0.390	0.145
Amnesty Consolidation Fund	0.280	0.100
Amnesty Access Fund	0.128	-0.015

Source: JLT Investment Management and Mobius Life. Charges are as at 30 September 2020. Transaction costs are shown for the 1-year period to 30 September 2020.

This is lower than the maximum TER allowed of 0.75% for default arrangements.

The Trustees also make available a range of funds which may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as shown below. The transaction costs shown are for the period 30 September 2019 to 30 September 2020, except where stated.

Fund	TER (%)	Transaction Cost (%)
Columbia Threadneedle Multi-Asset Fund	0.380	0.286
L&G Ethical Global Equity Index Fund	0.330	0.005
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	0.090	-0.034
L&G Over 5 Year Index-Linked Gilts Index Fund	0.068	0.096
L&G Sterling Liquidity Fund	0.093	-0.015
L&G Ethical UK Equity Index Fund	0.230	0.003
L&G Pre-Retirement Fund	0.090	0.004
L&G Managed Property Fund*	0.720	-
L&G World Emerging Markets Equity Index Fund	0.330	0.021
L&G Global Equity Fixed Weights (50:50) Index Fund	0.080	0.014
L&G Diversified Fund	0.340	-0.008
HSBC Islamic Global Equity Index Fund	0.330	0.024

Source: JLT Investment Management and Mobius Life. Transaction costs are shown for the 1-year period 30 September 2020. *Transaction costs for the L&G Managed Property Fund are unavailable as the Scheme did not hold any investments in this fund over the period considered.

We are comfortable that the costs for the default arrangement and self-select funds are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies. The Trustees' assessment of value for members is discussed later in this statement.

Cumulative effect of charges

Using the charges and transaction cost data provided by Mobius, and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order 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 (with the DC section's relevant funds/strategies listed in brackets):

- The fund or strategy with the most members invested (*the default strategy*)
- The most expensive fund (*Colombia Threadneedle Multi-Asset Fund*)
- The least expensive fund (*L&G Global Equity Fixed Weights (50:50) Index Fund*)
- The fund with the highest expected return (*L&G World Emerging Markets Equity Index Fund*)
- The fund with the lowest expected return (*L&G Sterling Liquidity*)

Although the LGIM Managed Property Fund is actually the most expensive fund available in the Scheme, no members currently hold investments in it; therefore the Trustees decided that providing cost and charge illustrations for this fund would be of little use to members. L&G Global Equity Fixed Weights (50:50) Index Fund is the least expensive fund once transaction costs are allowed for. The three default funds have not been considered for the four individual fund illustrations as they are not listed as self-select funds in the Scheme's Statement of Investment Principles.

The compounding effect of charges on an active member's fund can be illustrated as follows:

Illustrations for an "Average" member										
Year End	Default Arrangement (most popular option)		Columbia Threadneedle Multi-Asset (most expensive fund)		LGIM Global Equity (50:50) Index (cheapest fund)		LGIM World Emerging Markets Equity Index (highest expected return fund)		LGIM Sterling Liquidity (lowest expected return fund)	
	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	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£33 398	£33 230	£33 082	£32 883	£33 713	£33 684	£33 917	£33 802	£32 147	£32 117
3	£48 998	£48 364	£47 787	£47 051	£50 230	£50 118	£51 040	£50 590	£44 333	£44 229
5	£65 425	£64 142	£62 944	£61 479	£67 993	£67 762	£69 706	£68 768	£56 109	£55 910
10	£110 407	£106 577	£102 909	£98 721	£118 493	£117 769	£124 071	£121 068	£83 840	£83 333
15	£158 536	£151 077	£146 019	£137 699	£179 072	£177 498	£191 534	£184 869	£109 293	£108 386
20	£205 523	£193 972	£192 521	£178 493	£251 740	£248 839	£275 251	£262 700	£132 655	£131 274
25 (retirement)	£247 766	£232 202	£242 683	£221 188	£338 912	£334 050	£379 137	£357 647	£154 097	£152 185

Illustrations for a "Young" member										
Year End	Default Arrangement (the most popular option)		Columbia Threadneedle Multi-Asset (Most expensive fund)		LGIM Global Equity (50:50) Index (Cheapest fund)		LGIM World Emerging Markets Equity Index (Highest expected return fund)		LGIM Sterling Liquidity (Lowest expected return fund)	
	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	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£9 712	£9 663	£9 630	£9 572	£9 793	£9 785	£9 846	£9 813	£9 388	£9 379

3	£17 836	£17 625	£17 458	£17 211	£18 220	£18 183	£18 473	£18 323	£16 373	£16 338
5	£26 392	£25 925	£25 526	£24 991	£27 284	£27 200	£27 877	£27 538	£23 123	£23 050
10	£49 818	£48 249	£46 800	£45 072	£53 050	£52 756	£55 267	£54 052	£39 020	£38 806
15	£76 474	£73 018	£69 749	£66 089	£83 959	£83 280	£89 257	£86 395	£53 610	£53 201
20	£106 807	£100 500	£94 503	£88 085	£121 036	£119 739	£131 435	£125 851	£67 001	£66 351
25	£140 750	£130 519	£121 205	£111 106	£165 513	£163 285	£183 774	£173 984	£79 293	£78 366
30	£174 095	£159 538	£150 009	£135 200	£218 866	£215 298	£248 724	£232 701	£90 574	£89 343
35	£203 830	£185 152	£181 079	£160 416	£282 868	£277 423	£329 321	£304 330	£100 929	£99 371
38 (retirement)	£218 867	£198 011	£200 883	£176 107	£327 247	£320 355	£386 723	£354 661	£106 728	£104 968

Assumptions

The above illustrations have been produced for an “average” member and a “young” member of the Scheme based on the Scheme’s membership data. The “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.

You will note that the total fee figure is lower than the difference between the pot size before and after fees. The total fee reflects what has actually been taken from the pot to pay for the management of assets and other expenses, whereas the difference between before and after fee pot values reflects the effect of compounding.

Age	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>40 (<i>the average age of the Scheme’s membership</i>)</p> <p>27 (<i>the average age of the youngest 10% of members</i>)</p>
Scheme Retirement Age	65
Starting Pot Size	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£25 895 (<i>the median pot size of the Scheme’s membership</i>)</p> <p>£5 804 (<i>the median pot size for the youngest 10% of members</i>)</p>
Starting Salary	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£48 176 (<i>the median salary of the Scheme’s membership</i>)</p> <p>£37 113 (<i>the median salary for the youngest 10% of members</i>)</p>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
Employer annual contributions	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>11% p.a. (<i>the median annual Employer contribution</i>)</p> <p>9% p.a. (<i>the median annual Employer contribution for the youngest 10% of members</i>)</p>
Employee annual contributions	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>3% p.a. (<i>the median annual Employee contribution</i>)</p> <p>1% p.a. (<i>the median annual Employee contribution for the youngest 10% of members</i>)</p>

Expected future nominal returns on investment:	
<ul style="list-style-type: none"> • Default Strategy <ul style="list-style-type: none"> ○ Amnesty Growth Fund ○ Amnesty Consolidation Fund ○ Amnesty Access Fund • Columbia Threadneedle Multi-Asset • LGIM Global Equity (50:50) index • LGIM World Emerging Markets Equity Index • LGIM Sterling Liquidity Fund 	<ul style="list-style-type: none"> 2.5% above to inflation 1.1% above inflation 1.7% below inflation 1.3% above inflation 3.7% above inflation 4.4% above inflation 1.7% below inflation

Value for members

The Trustees monitor value for members on an ongoing basis and have a good understanding of the membership demographics of the Scheme and what good member outcomes should look like for the Scheme's members in aggregate. We understand that value for money does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for money we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of scheme governance, fund management and performance of the funds.

All of the funds used by the Scheme are approved by our investment advisors as having good prospects of achieving their objectives, and the performance of funds is reviewed and discussed at each Trustee meeting, which in general take place quarterly. The Trustees also consider forward looking considerations such as market outlook and the advisor's expectations of manager performance. The same applies with the efficiency of administration services, which are also discussed at each Trustee meeting.

Bearing all this in mind, the Trustees carried out a formal value for members assessment for the 12-month period covered by this statement. The law require trustees to calculate at least annually all member-borne charges and, where possible, transaction costs, and to assess the extent to which they represent good value for members. A scheme offers value where the costs and charges deducted from members' pots or contributions provide good value in relation to the benefits and services provided, when compared to other options in the market. It does not necessarily mean low cost. The statutory requirements focus only on charges and costs borne by members. For the Scheme, this covers investment management costs which are the most prominent part of our analysis. The governance and administration costs of the Scheme are met by the Sponsoring Employer.

The assessment considered three key areas: Price, Performance and Productivity, covering factors such as investment fees, investment performance and non-investment items such as administration, governance and communications with members. The assessment concluded that overall the Scheme was offering **good value** to members across all three of the areas considered.

- In relation to the Price Assessment area, charges are competitive relative to peers and alternative investment platforms and investment manager fees are challenged by the Trustees where necessary.
- Regarding the Performance Assessment area, most funds have met their long term objectives, and any manager performance issues are given due attention by the Trustees, with action taken as deemed necessary.
- Lastly, in relation to Productivity, softer elements of value remain strong. In particular, the Scheme has a strong governance structure in place and administration and governance costs are met by the Sponsoring Employer.

Member outcomes were at the heart of the investment strategy review carried out over 2018 and the Trustees will formally assess value for members again next year.

Trustees' Knowledge and Understanding

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 Codes of Practice 07 and 13.

The Trustee group includes an independent Professional Trustee, Winterbourne Trustee Services Ltd, who provide an experienced representative to attend and Chair Trustee meetings alongside the other nominated Employer and Member Trustees. The team at Winterbourne comprises experienced professionals who are well versed in the operation and practices of occupational pension schemes. The Winterbourne team hold qualifications and have professional experience appropriate to all aspects of managing an occupational pension scheme and undertake continuous professional development appropriate to their specific discipline. Each of the team maintains adequate professional knowledge by undertaking more than 25 hours of professional training annually and has undertaken the Pension Regulator Trustee Toolkit training.

The Trustees have put in place arrangements for ensuring that we take personal responsibility for keeping ourselves up to date with relevant developments by identifying training needs at meetings. Most of the Trustees have completed the Pensions Regulator's Trustee Toolkit. The Trustees understand the importance of keeping up to date with the range of issues that affect them in their role and regularly attend industry seminars and read industry newsletters.

Over the last year, the Trustees have received training on Environmental, Social and Governance requirements recently introduced around Trustee considerations of pension scheme investment strategies. As a part of their work around this, the Trustees have strengthened their working knowledge of the Statement of Investment Principles, which was updated in August 2020 to accommodate the new requirements.

The Trustees maintain a Conflicts of Interest Policy and Register, along with a Governance Report, which are both standing items on the agenda at every meeting. They also maintain a Data Strategy Policy which is reviewed annually. In addition, over the Scheme year, the Trustees have adopted a new Risk Register and Integrated Risk Management Policy. In light of these points, the Trustees feel they have demonstrated a working knowledge of all the documents setting out their current policies. The Trustees also believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and seek legal advice from their advisors as and when required; for example, legal advice was sought when the Scheme's member booklet was being updated in August 2020.

The Trustees receive advice from professional advisors, and the relevant skills and experience of those advisors is a key indicator for the Trustees when evaluating advisor performance or selecting new advisors. The Trustees also include legislative updates and Trustee Knowledge and Understanding on the agenda for each of our meetings. All the Trustees are also required to familiarise themselves with the Scheme's Trust Deed and Rules and a proposed Deed of Amendment was discussed thoroughly over the course of the Scheme year along with an updated Member Booklet. In addition, the Trustees have discussed the requirements of GMP equalisation at length with our advisers within our regular Trustee meetings through the Scheme year.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to us, the Trustees consider that we are properly enabled to exercise our functions as Trustees of the Scheme.

In addition, while most schemes simply focus on trustee training and use of advisers, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour to ensure that Trustees can be certain that a scheme remains fit for purpose. For this Scheme in particular, member attitudes towards Environmental, Social and Governance matters are taken into account due to the nature of the charity they work/worked for.

The Trustees recognise the importance of ensuring that our knowledge and understanding is continually maintained and evidenced. To this effect, three of the Trustees attended the first day of a two day training course, provided by Mercer, on DB Confident Trusteeship on 12 March 2020. The second day of the course was impacted by the global COVID-19 pandemic, and the Trustees will look to attend other training opportunities in the coming year. One of the Trustees also attended conferences on 31 October 2019 (AMNT conference), 5 November 2019 (Professional Pensions Investment Conference) and 27 November 2019 (Professional Pensions Scheme Funding Summit).

The Trustees will also consider a self-assessment of our knowledge and training needs against the Pensions Regulator's scope guidance to help identify any remaining knowledge gaps and inform further training into the future, once suitable training becomes available again.

Given the extent of the training above, the Trustees are comfortable that we have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. I am also satisfied that the Trustees have demonstrated a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles and all other documents setting out the Trustees' current policies.

The Chairman's statement regarding DC governance was approved by the Trustees and signed on their behalf by:

Mr M Weir

Chairman of the Trustees

Date: 26 April 2021