

The Brink's Pension Scheme
THE CHAIR'S ANNUAL GOVERNANCE STATEMENT
Scheme Year ended 31 December 2023

Under legislation set out in regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the "Administration Regulations"), the Trustees of The Brink's Pension Scheme (the "Scheme") are required to prepare a statement (the "Statement") on governance in the annual report. This statement relates to the governance of the Scheme's defined contribution (DC) underpin and the DC benefits relating to historical age-related rebates.

This statement describes how the Trustees seek to make sure that the Scheme is well managed and delivers excellent services and value to members. In doing so, the Trustees provide the Statutory Disclosures required by legislation.

This Statement covers four key areas:

1. The investment strategy relating to the Scheme's default arrangement;
2. The processing of core financial transactions;
3. Charges and transaction costs within the Scheme, the impact of these on fund performance and Value for Members assessment; and
4. The Trustees' compliance with the statutory knowledge and understanding ("TKU") requirements.

Significant events during the Scheme year

There were no significant events to report during the Scheme year; however, following the Year end, a Trustee left the company and therefore resigned as a Trustee of the Scheme. The company is currently considering a suitable replacement.

Retained DC Benefits

Retained DC benefits within the Statement fall into two categories:

Notional money purchase underpins in respect of defined benefit ("DB") benefits members (the "Underpin")

Members' main Scheme benefits are calculated with reference to a test which compares:

- The members' final salary entitlement calculated at retirement, based on pay and length of service (1/60th of Final Pensionable Salary for each year of Pensionable Service), irrespective of investment returns or fund charges.

And

- The benefits that could be secured via the notional money purchase underpin (the "Underpin") attaching to them.

The Underpin is set out in the Scheme's Trust Deed and Rules which states that members have a 'Personal Pension Account' that acts as a money purchase underpin. A Member's Personal Pension Account is determined by:

- A notional amount determined by the Trustees on Actuarial advice which is equal to the value of the Scheme benefits accrued by each Member up to and including 30 November 1987.

Plus

- A notional amount equal to 10% of the Member's Pensionable Salary for so long as

the Member is in Pensionable Service (as though each contribution were paid by the employer).

At the point that benefits become payable, a Member's Personal Pension Account is compared with the value of their benefits at retirement and, if the Personal Pension Account is greater, the difference is applied to provide additional benefits for the Member.

During the period under review, the Underpin did not bite for any members and the final salary calculation provided a greater amount.

The Trustees expect that, due to the methodology employed in calculating the Underpin, the Underpin will not exert an influence on any members' benefits if they have final salary benefits.

DC benefits relating to historical age-related rebates: in respect of benefits which could not be repaid under legislation at the time members exited ("DC benefits").

These are revalued annually using an index return provided by SEI which represents the DB net investment portfolio return. SEI are the fiduciary investment manager for the DB section of the Scheme in which the DC benefits and notional underpins are held.

This Statement therefore focuses on those members with DC benefits.

1. Default investment arrangement

Following the transfer out of the Money Purchase Section in May 2022, the benefits of the Scheme are provided for by the investment portfolio which is wholly invested to meet the final salary liabilities. Therefore, the Scheme is no longer being used as a qualifying scheme for automatic enrolment purposes and there is no longer a default arrangement.

The Trustees' latest Statement of Investment Principles (SIP), can be found on the following link: <https://brinksglobal.com/pension-documents>. This covers their aims and objectives in relation to the investment arrangements as well as their policies in relation to matters such as risk and diversification.

The Trustees undertake a holistic and strategic review of the Scheme's investment arrangements triennially, and the latest strategic review was agreed at the 14 December 2022 Trustees' meeting in conjunction with our investment adviser, as required by regulation 2A of the 2005 Investment Regulations. The Trustees discussed the formal report presented by our advisers.

The Trustees continue to work with their legal advisors and Scheme Actuary to discuss their longer-term strategy for the DC underpins and are reviewing the Scheme rules in relation to the members with DC benefits.

The Trustees continue to monitor the performance of its underlying funds at each of their meetings, taking input from their professional investment advisers.

2. Requirements for processing core financial transactions

As required by the Administration Regulations, the Trustees must ensure that “core financial transactions” are processed promptly and accurately. Core financial transactions are broadly:

- Investment of contributions made to the Scheme by members (none) and their employer, with SEI, the Scheme’s Investment Advisor and Fund Manager;
- Transfers into (not applicable) and out of the Scheme of assets relating to members;
- Switches of members’ investments (not applicable) between different funds within the Scheme; and
- Payments from the Scheme to or in respect of members (e.g. on retirement or death).

The Trustees operate an outsourced operational model, with the Scheme’s administration and management of its Scheme bank account delegated to the Scheme Administrator. The Trustees have agreed timescales with its administrators for the processing of all member-related services, including core financial functions relating to quoting and settling benefits. These timescales are well within any applicable statutory requirements as summarised below.

Task	Service Level Agreement	Comment
Transfer out	20 working days Quotation 15 working days Settlement	Relies on receipt of all documentation
Retirement – UFPLS	8 working days	Relies on receipt of all documentation
Death claim – issue documentation	2 working days Quotation 2 working days Settlement	Relies on receipt of all documentation

The Scheme Administrator maintains a full record of all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to each task.

The administration reports disclose the Scheme Administrator’s performance against these agreed timescales. These disclosures are considered by the Trustees quarterly and at their six-monthly meetings and are reviewed against the targets set. The Trustees require additional disclosures in respect of any transactions and benefit processing activity that has not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the proposed remedial measures.

The Trustees also monitor the accuracy of the Scheme’s data annually. A summary report is received from the Scheme administrator. Reasons for any decline in scores are considered, as are the remedial measures available to the Trustees, like address tracing exercises.

The Trustees last oversaw a project in 2018 to significantly improve the data quality scores and continue to look to improve the accuracy of the data. The Scheme Specific data score as at 31 December 2023 was 96%, a significant improvement from the prior year.

As a wider review of the Scheme administrator in general, the Trustees receive the Scheme administrator's assurance report on internal controls. For the Scheme year, the report received was for the year ended 31 December 2022 and noted in all material aspects, its controls were suitably designed and those tested operated effectively.

Table 2 sets out the Scheme's core financial transactions and controls that existed during 2023 to ensure accuracy and promptness. The Trustees are satisfied the administrator's controls to process transactions promptly and accurately functioned well in the year. Additionally, the auditor conducted checks in relation to financial transactions. During 2022 no issues arose from these checks and the full year to 31 December 2023 will be completed in June 2024.

The Trustees are pleased to confirm that in the last Scheme year there have been no material administration service issues. Performance over the year was above 96% for the whole Scheme* with the following core financial transactions across the Scheme* reported quarterly to the Trustees:

- 96% for Q1 2023
- 100% for Q2 2023
- 100% for Q3 2023
- 94% for Q4 2023

(DC only transactions are not reported separately).

We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with promptly and accurately.

Table 2

Core financial transaction	Key internal control
Payment of benefits to members	<p>Promptness</p> <p>Cash flow preparation includes identification of forthcoming benefit payments.</p> <p>SLAs for core benefit transactions (retirements, deaths and transfers) help ensure that member wishes are known well in advance of benefit payment date.</p> <p>Annual appraisal of common data helps ensure that member data is accurate, reducing the likelihood of delay from data gaps.</p> <p>Clear authorisations exist for the payment of transactions, balancing the need for promptness on the one hand with senior oversight on the other.</p> <p>Data is provided on any events that breached the target timescale, including the amount of time it took to complete.</p>
	<p>Accuracy</p> <p>Administrator operates peer review system for all benefit calculations and data accuracy is subject to regular evaluation and updating.</p>

3. Charges and costs

The Trustees are required to report on the charges and transaction costs for the investments used by members and assess the extent to which the charges and costs represent good value for members. The Trustees have taken account of statutory guidance when producing this section.

In addition, the Trustees are required under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 to calculate and state the return on investments, net of transaction costs and charges, for all the funds members were invested in over the year to 31 December 2023.

The Company meets all non-investment related charges with members bearing the cost of investment related fees.

The notional money purchase underpin did not bite for any members during the Scheme year and the Schemed Actuary has confirmed it is unlikely to bite in the future (this is tested annually) and so has not been considered from a cost and charges perspective.

Because the DC benefits are revalued annually using an index return provided by SEI which represents the DB net investment portfolio return, the charges are at a Scheme level and based on annual MIFID reporting from SEI to 30 September 2023 rather than the Scheme year end.

Fund performance period to 31 December 2023	Return p.a. after deduction of all fees	AMC (p.a.)	TER (p.a.)	Transaction Costs (p.a.)
1 year	3.6%	0.38%	0.66%	0.28%*
5 years	-2.0%			

Source: SEI

* This is the annualised average over the last 5 years.

Cost and Charges illustration

Using the charges data provided by SEI, the Trustees have prepared an example illustration detailing the impact of these charges on a member with a DC benefits the Scheme. The statutory guidance provided has been considered when providing these examples.

The illustration has taken into account the following elements:

- Savings pot size.
- Contributions.
- Real terms investment return before the deduction charges.
- Adjustment for the effect of costs and charges; and
- Time.

The starting point of the illustration overleaf is based on the age of the youngest member with DC benefits (age 48).

Fund Value at End of year	Age	Starting Fund: £3,150 Future contributions: £0pm	
		No costs	After all costs
0	48	£3,150	£3,150
1	49	£3,300	£3,200
3	51	£3,500	£3,400
5	53	£3,800	£3,600
10	58	£4,600	£4,200
15	63	£5,500	£4,800
17	65	£5,900	£5,100

Notes and Assumptions

The Illustration is calculated based on the expected returns used in the 2024 annual benefit illustrations of 3.5% after inflation.

1. Projected fund values are shown in today's terms and do not need to be reduced further to illustrate the effect of future price inflation.
2. The starting fund size used is the average across all members with DC benefits.
3. Expected returns are based on past volatility of the DB scheme assets index as provided by SEI, and incorporating the investment management fees to 30 September 2023.
4. The projection assumes that no withdrawals are made, and the projected growth rate is less inflation, which is assumed to be 2.5% per annum.
5. These are not projections of your own pension account within the Scheme. To view these please refer to your 2024 annual benefit statement.
6. All the figures illustrated here are only examples and are not guaranteed. You may also get back less than the amount that you have invested. These figures are not a replacement for your personalised illustration included with your annual benefit statement.
7. The illustrations take into account the annual average of the transaction costs over the last 5 years to 31 December 2023.

Value for Members assessment

The Trustees have received advice on how to assess good value from their advisers and considered regulatory guidance.

The Trustees have carried out an assessment of the value for members with DC benefits in the Scheme, considering the following areas:

- 1) Costs and charges;
- 2) Net investment returns; and
- 3) Administration and governance

For 1) and 2), the Trustees' assessment is based on a comparison against three comparator pension schemes. For 3), the Trustee's assessment is carried out considering the Scheme's arrangements in and of themselves as they relate to this cohort of members.

The comparators pension schemes have been selected as those who would be willing and able to accept the funds in respect of the DC benefits and do not apply a minimum transfer value. An overview of the results of the Trustee's assessment against the three areas is shown below.

Assessment area	Rating	Key comments
1) Costs and charges	POOR	The charges borne by members with DC benefits are higher than those of the 3 comparator arrangements.
2) Net investment returns	POOR	<p>While the net fund performance experienced by members with DC benefits has improved compared to the previous Scheme Year, performance has still lagged compared to the comparator arrangements for both the 1-year and 5-year periods.</p> <p>It should be noted that the returns of the comparator arrangements are not directly comparable due to the nature of their design vs the Scheme's investment portfolio which is not aligned with the DC members' retirement outcomes or expectations at retirement.</p> <p>The Funds used by the Scheme's investment portfolio are highly rated by the Scheme's investment consultant as having good prospects of achieving their risk and return objectives for the DB liabilities.</p>
3) Administration and governance	REASONABLE	Whilst the overall administration and governance structure of the scheme is considered good, because of the DB focus, this has been assessed as reasonable for those members with DC benefits given, they do not have investment choices and the investment governance is aligned to the management of a DB investment portfolio.
Overall	POOR	The Trustees concluded that the Scheme's overall benefits and options represent poor value for money for those members with DC benefits.

The Trustees want to ensure members receive value and recognising the mismatch for the members with DC benefits, the Trustees have been considering their longer-term strategy for these members and have taken steps to address some of the areas highlighted in last year's assessment.

- The Trustees communicated with those members with DC benefits in April 2024 to remind them of benefits and current options.
- The Trustees are working with their legal advisors around the options available within the Rules for members with DC benefits.
- The Trustees will also be undertaking a wider exercise in relation to these members including whether it would be appropriate for these members to be transferred to another arrangement.

4. Trustees' Knowledge and Understanding

The Scheme is run by a board of Trustees and, in accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of

knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Scheme.

The Trustees must also be conversant with the Scheme’s own documentation. These are described in legislation as the trust deed and rules and Statement of Investment Principles. The Trustees must also be conversant with any other document recording current policy relating to the administration of the Scheme generally. The Pensions Regulator interprets ‘conversant’ as having a working knowledge of those documents such that the Trustees are able to use them effectively when they are required to do so in the course of carrying out their duties.

The Trustees are required to disclose how these duties have been fulfilled and how their combined knowledge and understanding, together with the advice that is available to them, enables them to properly exercise their duties and responsibilities.

The table overleaf shows how these requirements have been met during the year.

Requirement	How met
<p>Have a working knowledge of the trust deed and rules and own documentation such as the documents setting out the trustees’ current policies.</p>	<p>Trustees undertake an annual evaluation of training requirements, which includes specific consideration of whether any further training is required in respect of these statutory areas.</p> <p>All Trustees certify their training twice per year which includes confirmation that they have completed The Regulator’s training.</p> <p>The Trustees have demonstrated a working knowledge of their current policies through their maintenance of a business plan outlining the key business items and when they fall due, and review of the new General Code. Key policies and documents are reviewed annually and updated if appropriate, and the Trustees are undertaking a further review under compliance with the General Code during 2024.</p> <p>For example, during each Scheme year, the Trustees maintains a “Decision Record”, containing key decisions made at Trustees’ meetings, to ensure an accurate record of the Trustees’ current policies. They also revisited the cyber security policies of the Trustees and their providers.</p> <p>The Trustees also reviewed their Risk Register and register of conflicts in November 2023.</p>
<p>Have a Working knowledge of the current SIP and understanding of the relevant principles relating to the</p>	<p>The Trustees completed their annual review of the SIP with changes made in May 2024.</p> <p>The Trustees undertook training in relation to a number of topics during the year covering funding, investment, governance and legal areas (a summary is provided below) to ensure they maintain their knowledge and understanding.</p>

Requirement	How me
Have sufficient knowledge and understanding of the law relating to pensions and trusts.	<p>The Trustees receive regular advice from its investment, legal, audit and governance advisers. Advisers regularly attend Trustees' meetings and help the board to obtain the necessary working knowledge of pension matters and investment issues.</p> <p>The Trustees' professional advisers attend all meetings and are asked to input into the agenda.</p> <p>The Trustees also receive the Mercer current issues each month which provides details of upcoming legislation and industry updates.</p> <p>In addition, if there are any ambiguities over the interpretation of the Rules or new legislation, legal advice is sought from the Trustees' legal advisers.</p>

Knowledge and resources generally

The Trustees' training and education policy requires that a new Trustee complete the Pensions Regulator's online training modules for DB and DC within six months, following their appointment. In addition, newly appointed Trustees receive a briefing from the Secretary, and detailed explanation of investment strategy from the investment advisers. There have been no new Trustees in the year to 31 December 2023.

Further, each Trustee must complete any relevant new online learning module provided by the Pensions Regulator as soon as possible following the module becoming available.

The Trustees attend conferences relevant to their role and in addition the Board conducts at least two group training sessions annually, facilitated by external advisers. The Trustees maintain a training log that sets out individual and board training activities.

During the year the following training was undertaken by the Board:

In June 2023:

- DC governance requirements and member options
- Pensions Dashboards
- The Pension Regulator's General Code: Effective System of Governance requirements

In November 2023

- Refresher on the Notifiable Events regime in November 2023
- Key points of the Autumn Statement in November 2023

The Board of Trustees comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the challenges that its governance must address.

The Trustees continue to monitor review and assess, on an ongoing basis, whether the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Codes of Practice. The Trustees have carried out an additional Effective System of Governance checks against the draft code and will be taking further action in 2024 following the publication of the final code in March 2024.

The Trustees receive professional advice from Mercer, SEI and Osborne Clarke to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules, legal requirements and industry best practice. The relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The advice received by the Trustees along with their own experience allows them to properly exercise their function as Trustees.

Declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

Signed for and on behalf of The Trustees of the Brink's Pension Scheme

Brian Pereira

This Chair's Statement was signed on 21 June 2024 by the Chair of the Trustees