



# HERMES GROUP PENSION SCHEME

February 2024

Dear Member

## HERMES GROUP PENSION SCHEME

### INTRODUCTION

Welcome to the 2024 newsletter of the Hermes Group Pension Scheme.

The newsletter provides you with some key information from the latest annual Report and Accounts as at 30 June 2023. It also informs you of any developments that have taken place since.

One development, following feedback from the Hermes Pensioner Association (HPA) was a change to the timing of pension increase letters. The Trustee can confirm that the letters will now be issued a month earlier, to be available in March rather than April going forward. This is covered further under "Digital Communications".

Other developments covered in the newsletter include an update on the Member Nominated Trustee Director ballot, the work the Trustee has been doing on digital communications, including the launch of the online member portal and the Pensions Dashboard. Information is also included on the investments, including the work being done on Stewardship, including Environmental, Social, & Governance (ESG).

For some time the Trustee has been concerned that not enough members have completed a Nomination of Beneficiary Form. This allows you to indicate to the Trustee who you would like to nominate to receive any lump sum death benefit. *A lump sum death benefit will not be available if you have been receiving a pension for more than five years.* The importance of this is set out in the article in the newsletter.

The Trustee would also like to remind you about Hermes Pensioners Association, (HPA), launched in January 2017 to enable Scheme members to maintain contact, meet occasionally and provide a forum to discuss relevant issues. HPA is run independently of Hermes Group Pension Scheme Trustee, but the Trustee is happy to make Scheme members aware of HPA and how they can join the Association (note that membership is no longer restricted to those already drawing their scheme pension). David Bridges is the Chair of HPA. If you would like to receive information about HPA and its forthcoming events, please contact David by Email: [davidchbridges@gmail.com](mailto:davidchbridges@gmail.com) or Telephone: 0208 3990160.

The usual factual information on the membership, Trustee advisers, Trustee Directors and contact details is included at the end of the newsletter.

There is much more information about the Scheme, the Trustee and its advisers on the website. Please use the website; <https://www.hermesgrouppensionscheme.co.uk/> There is important information on there on pension transfers and scams and access to the Trustee Report and Accounts, past newsletters, Summary Funding Statements and the Statement of Investment Principles.

***The Trustee of the Hermes Group Pension Scheme***



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## NOMINATION OF BENEFICIARY FORM

*If you have been in receipt of a pension for over five years there will be no lump sum death benefit payable.*

As mentioned earlier the Trustee is concerned that many members have not completed a Nomination Of Beneficiary Form. This expression of wish provides guidance to the Trustee as to who to consider as recipients of any lump sum death benefits. This does not have to be the same as the beneficiaries under your Will, as the lump sum is not part of your Estate. For example, you can nominate a partner, your children or other family members or a charity, and the sum can be divided between a number of people or organisations. Once you have completed a Nomination of Beneficiary Form it is important to keep it up to date, particularly if your circumstances change, so that the Trustee can take into account your wishes. If there is no Nomination of Beneficiary form, or it appears to be very out of date, the Trustee has to make its own judgment on who to pay to, based on our investigations of your personal circumstances, and this may not be in line with what you would have wanted and will take more time.

If a lump sum death benefit under the Scheme would be payable, please do complete a Nomination of Beneficiary Form, if you haven't done so already, or update your current form if your circumstances have changed. The form is available on the member website and should be sent to XPS, the administrators of the Scheme (contact details at the end of this newsletter).

## CYBER CRIME/SCAMS

On 31 March 2023, Capita, who historically was the Scheme's pension administrator, experienced a cyber incident. This led to some data being compromised from its systems including personal data for members of pension schemes administered by Capita. Having made enquiries, the Trustee understood from Capita that no Hermes Group Pension Scheme data was compromised. The Trustee transferred its administration to XPS administration in 2019.

Although no members were affected by this particular event, given the increase in incidents of cybercrime, members need to be especially alert to fraud, identity theft and malicious emails. The Trustee has provided more information on how you can protect yourself and your personal data below.

The Trustee encourages you to stay alert against any suspicious calls, texts or emails (Phishing) which could be a scam. Phishing is when criminals use scam emails, text messages or phone calls to trick their victims. The aim is often to make you visit a website, which may download a virus onto your computer, or steal bank details or other personal information. [Phishing: Spot and report scam emails, texts, websites and... - NCSC.GOV.UK](#)

*If you do receive any suspicious messages, emails or calls, please do not hand over any information such as your bank account details. Instead, hang up, or delete any worrying texts or emails.*

If you are planning to transfer or take your benefits, it is vital to make sure that any adviser or provider you speak to is fully qualified and authorised. Offers to use or access your pension savings may come to you out of the blue, by post or email, either from a company you might have never heard of, or a scammer impersonating a well-known firm. Whether you want to find an adviser, or check if someone contacting you is above board, the best place to start for guidance is MoneyHelper [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) (search for 'Find a retirement adviser'). The Financial Conduct Authority (FCA) also have a wide range of information and guidance on the 'ScamSmart' area of their website: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

If you think you have been a victim of fraud, you should report it to Action Fraud, the UK's national fraud and internet crime reporting centre, on 0300 123 2040.



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## **STEWARDSHIP AND ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG)**

In our last issue, the Trustee told you about some of the work that has taken place to bring environmental, social and governance (ESG) issues into our investment strategy. The Trustee expects its fund managers to consider long-term ESG risks when making their investment choices which should lead to better returns. The Trustee engages with the managers on their ESG engagement record, as the Trustee believes that prioritising these practices will also result in better returns over the long term.

In 2023 the Trustee agreed to adopt an ambition to be net zero by 2050. The Trustee will rely on LCP as its adviser to manage this process and provide regular reports and data to show progress.

The Trustee also held discussions with LGIM and Abrdn on how they integrate ESG into their mandates. The Trustee is trying to obtain more information from LGIM on the reasons for its voting policies so it can be asked to align its voting with our stewardship priorities, climate change and corporate transparency/governance.

Abrdn gave the Trustee examples of properties being sold and bought, along with the ESG processes. Abrdn work with tenants to improve ESG credentials on site and provide incentives. They shared examples on how this was done and the success of such a process.

One example was a building in Manchester where Abrdn's expertise and relationship with a solar (photovoltaic) panel company helped the tenant save 126 tonnes of CO<sub>2</sub> in year 1 alone with an estimated c.2,075 tonnes of CO<sub>2</sub> saved over 25 years. This meant 10% of electricity off-set onsite. 30 new electric vehicle (EV) charging points were also installed in the designated car park area, with the option for further installations.

Both improvements had a positive impact on the building's EPC ratings.

Abrdn told the Trustee that the long lease property fund had been selected in house to lead the way on the house approach to ESG and the net zero pathway. The fund was working with an organisation to assess the carbon footprint of buildings and the spend required to improve the position. This included control of the asset and working with tenants to improve. It could be costly and would steer the sales program. The next phase would be to consider the UK based offsetting solution to reach net zero by 2050, although internally working to 2040.

## **DIGITAL COMMUNICATIONS**

The Trustee undertook an exercise to collect member email addresses so it can widen its avenues of communication with members. As part of this the Trustee asked for member feedback through a survey on communication preferences. Taking into account the results of the survey and the feedback received regarding the change in frequency of payslips, the Trustee investigated whether an online portal with XPS could be made available to members.

The portal allows members to log into their own area and have access to information such as monthly payslips and P60s.

The Trustee is pleased to announce that at its June Trustee meeting the decision was taken to implement the online member portal. In September 2023, members received a communication containing a username and password to enable access to the portal.

As a result of moving towards digital communications, members are encouraged to provide their private email address to XPS so that the information can be saved to member records.

If you wish to supply XPS with your email address for communication purposes, please send your email and a request that your member file is updated to [HGPS@XPSgroup.com](mailto:HGPS@XPSgroup.com).





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Another separate development, as mentioned previously, following feedback from the Hermes Pensioner Association (HPA) was a change to the timing of pension increase letters. The Trustee can confirm that the letters will now be issued a month earlier, to be available in March rather than April going forward.

## ACTUARIAL VALUATION AS AT 30 JUNE 2023

The last full actuarial valuation of the Scheme was as at 30 June 2023. The valuation was agreed between the Trustee and the Sponsoring Employer in January 2024. The Scheme is still well funded with a surplus on an ongoing basis. Full details will be provided separately in the Summary Funding Statement.

## PENSIONS DASHBOARD

The Pensions Dashboard Programme which was announced by the government a few years ago, called for pension schemes to connect to an online pension dashboard. The aim is to enable everyone to have quick and easy access to information on all their pension savings in one place. Pensions dashboards are digital services which could be in the form of an app, website or other digital platform.

In order to prepare for the release of Pensions Dashboards, between now and when the Scheme has to provide data, the Trustee will be working with its advisers and administrators to make sure that it has the right processes in place to be able to support this initiative.

To find out more about the PDP go to [www.pensionsdashboardsprogramme.org.uk](https://www.pensionsdashboardsprogramme.org.uk).

## INVESTMENTS

The portfolio of Scheme assets aims to reduce the volatility of the funding level, i.e., to align the value of the assets with the value of the liabilities as far as possible.

### Performance

The Scheme's performance for the 12 months to 30 June 2023 and three year period, based on the performance of the investment managers after the deduction of fees for all managers, is shown in the table below:

	One year (%)	Three years (% pa)
Scheme	(23.2)	(15.0)
Benchmark	(21.6)	(15.2)

\* The Scheme Benchmark is an amalgamation of the individual benchmarks for each investment manager and the various funds employed. Further details can be found on page 14 of the 2023 Annual Report & Accounts.

Investment returns were negative in the second half of 2022 due to the significant rise in gilt yields following the "mini budget". This was matched by a fall in the Scheme's liability value as higher gilt yields placed a lower value on the liabilities.



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## TRUSTEE BOARD AND DIRECTORS

The membership of the Trustee Board is shown below:

Trustee Board				
	Directorship type	Professional trustee?	Ex Hermes employee?	Scheme member/pensioner?
<b>Alison Bostock</b> <b>Representing ZEDRA</b> <b>Governance</b>	Independent Chair	Yes	-	-
<b>Penni Coe</b>	Member-Nominated	-	Yes	Yes
<b>Hans Christoph Hirt</b>	Member-Nominated	-	Yes	Yes
<b>Matt Simms</b>	Employer Appointed	Yes	Yes	-
<b>Joanne Coxwell</b>	Employer Appointed	-	-	-

## MEMBER NOMINATED TRUSTEE DIRECTOR

The Trustee previously wrote to notify the membership that Penni Coe's term of office as a Member-Nominated Trustee Director (MNTD) was due to expire in December 2023. The Trustee Board, along with the Sponsoring Employer, asked for nominations from Scheme members to fill the vacancy. It was with great pleasure that the Trustee was able to announce in September 2023 that Penni Coe had been reappointed following a ballot.

*\*The membership is asked to note that the Trustee of the Hermes Group Pension Scheme operates in line with the normal practice regarding the MNTD election which is to not disclose actual statistics of the ballot.*

The Trustee did receive some feedback that the time allowed for nominations was too short, taking into account that it fell in the summer holiday period, and the Trustee will aim to address this next time.

## MEMBERSHIP STATISTICS

The figures below show the recent history of membership:

	31.07.2021	30.06.2022	30.06.2023
Employed deferred	33	26	26
Deferred	346	341	321
Pensioner	203	210	232
<b>Total</b>	<b>582</b>	<b>577</b>	<b>579</b>

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## ADVISERS

The current advisers to the Trustee are:

<b>Actuary</b>	XPS	Adam Stanley
<b>Lawyer</b>	Sackers	Lucy Dunbar
<b>Investment Adviser</b>	LCP	Matt Mandelbaum
<b>Secretary</b>	ZEDRA Inside Pensions	Fiona Kilpatrick
<b>Administrator</b>	XPS	George Patterson
<b>Finance</b>	XPS	Amy Webb
<b>Auditor</b>	KPMG	Paul Thompson
<b>Covenant Adviser</b>	Cardano	Alex Hutton-Mills

## CONTACT DETAILS

Please contact the Scheme Secretary via any of the following:



sta.Hermes@zedra.com



01727 733150



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c/o ZEDRA Inside Pensions  
First Floor, Trident House  
42-48 Victoria Street  
St Albans  
Hertfordshire  
AL1 3HZ

Should you require any details of your pension benefits or if your personal circumstances have changed please contact XPS, the Scheme administrators, via any of the following:



HGPS@xpsgroup.com



0131 370 2601



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