



ITV PENSION SCHEME
DEFINED CONTRIBUTION SECTION



Chair's
STATEMENT 2023

NOTE: THIS COMPLIANCE STATEMENT RELATES SOLELY TO THE DEFINED CONTRIBUTION SECTION AND ADDITIONAL VOLUNTARY CONTRIBUTIONS WITHIN THE ITV PENSION SCHEME. THIS STATEMENT IS NOT RELEVANT TO ANY MEMBER'S DEFINED BENEFIT PENSION IN THE SCHEME

This statement has been prepared by the Trustee of the ITV Pension Scheme ('the Scheme') to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 in relation to the defined contribution ('DC') section of the Scheme and other DC benefits under the Scheme (including additional voluntary contributions (AVCs) for defined benefit ('DB') members). This statement relates to the period from 1 January 2023 to 31 December 2023 inclusive ('the Scheme Year').

From 1 March 2017, the Scheme no longer accepted any new contributions, as active employees of ITV from that date became active members of the new ITV Defined Contribution Plan ('the Plan'). In addition, the majority of the Scheme's DC assets have now been moved to the Plan in two parts, firstly during 2017 and then as part of a subsequent transfer in October 2020.

The Trustee believes that it has taken the necessary steps to ensure compliance with the governance standards.

Scheme default arrangements

As noted above, the Scheme is closed to new entrants and future contributions so no ongoing default arrangement for automatic enrolment purposes is required. However, a number of investment options under the Scheme are considered default arrangements due to assets being mapped to these options without members' written consent. The Trustee took advice on the fund mapping prior to these defaults being established to ensure this was in the best interest of members. The objectives for these options are set out in the Scheme's Statement of Investment Principles ('SIP'), the latest version of which can be found after page 27.

During the Scheme Year, members' assets were transitioned from the Scottish Widows platform to Legal & General Investment Management's (LGIM) platform. In addition to the change in platform provider, the Trustee made changes to the investment options provided to members, with these changes being covered in more detail in the section 'Investment Strategy Review'. These changes led to the closure of a number of existing default arrangements and the creation of new default arrangements due to the mapping of member assets to the new investment options. Details of the default arrangements that applied during the Scheme Year are set out below.

For the period up to 4 July 2023, when members' assets were held on the Scottish Widows platform, the default arrangements were:

Hands off:

- Hands off phased
- Hands off blended
- Hands off focused
- Hands off steady

Hands on:

- Company bonds
- UK government bonds (index tracker)
- Money Markets
- Global shares (index tracker)

Following the transition undertaken in July 2023 and up to the end of the Scheme Year, members were invested on the LGIM platform, and the default arrangements are now:

Guided (formerly known as Hands off):

- Annuity Target

Customised (formerly known as Hands on):

- Diversified investments
- Global company bonds (index tracker)
- Global shares (index tracker)
- Global shares (responsible investment) (index tracker)
- Money markets
- UK government bonds (index tracker)
- UK shares (index tracker)

The objective for the Guided Annuity Target option is to generate capital growth over the long term and then provide effective matching to the stated retirement objective in the lead up to retirement.

For the Customised default arrangements set out above, their objectives are to perform in line with their stated investment performance target. More details on these objectives are set out in the DC Section Statement of Investment Principles (SIP) which can be found after page 27.

Investment strategy review

No formal review of the default arrangements was undertaken during the Scheme Year with the last review taking place over 2021 with this being considered and approved by the Trustee at its 15 December 2021 Board meeting. In its 2022 Governance statement, the Trustee noted that the strategy changes agreed in 2021 would be implemented during 2023. In addition, the Trustee agreed at its 28 November 2022 Board meeting to make the change to its platform provider as LGIM was expected to offer a better overall solution for members.

The Trustee agreed to implement two Guided lifestyle options (formerly known as Hands off options) and eight Customised funds (formerly known as "Hands on funds"). The Trustee, with support from its investment adviser, mapped the existing funds to an equivalent fund and where an exact match was unavailable, a fund of similar characteristics was chosen. The Trustee agreed the mapping of members to new investment options as it believed the approach was in the best interests of members and remained aligned with the relevant objectives as set out in the Scheme's SIP.

A summary of the changes which were implemented in July 2023 can be seen below:

- Two new Guided strategies are now available:
 - Annuity target - targets an annuity purchase on retirement – this is based on the fact that, as a result of restrictions in the Scheme Rules and legislation, the majority of the remaining DC members are required to purchase an annuity with their DC savings if retiring from the Scheme.
 - Flexible target - provides an appropriate balanced approach to allow for a range of retirement decisions – as there are a number of members where a range of retirement options may be considered.
- A streamlined Customised range with a focus on passively managed investment options was introduced. To achieve this the Trustee agreed that a number of existing funds were closed and mapped to the most appropriate fund option available.

Members received communications about the amended fund range which explained the changes and any investment mapping that applied. Members were provided with an opportunity to make an alternative investment decision prior to the changes being made. More information on these changes is provided in 'Core Financial Transactions' and 'Cost and Charges' Sections of this statement.

Ongoing monitoring

Over the Scheme Year, the Trustee, with support from its investment advisers, reviewed the strategy and performance of the default arrangements under the Scheme through reporting received during the Scheme Year. The reporting provided to the Trustee outlined:

- Whether the funds had met their stated objectives by measuring performance against benchmark over various time periods;
- Assessed the potential for meeting those objectives in the future based on estimated market conditions; and
- Analysed the suitability of the fund managers based on detailed research undertaken by the Scheme's investment adviser.

Based on the reporting and advice from the Trustee's investment advisers, the Trustee concluded that each default arrangement met its objective during the Scheme Year.

Statement of Investment Principles

As referenced above, a copy of the Scheme's latest SIP for DC savings which includes the default arrangements is included after page 27. The SIP governs the Trustee's decisions about investments, including its aims, objectives, and policies and is prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. In particular, the SIP covers:

- the Trustee's policies on risk, return and ethical investing; and
- how the default arrangements are intended to ensure that assets are invested in the best interests of members and beneficiaries.

The SIP was updated during the Scheme Year to reflect the changes set out above. The current SIP can also be found at www.itv-pensions.com/documents/Chairs-Statement.pdf

Investment returns

In Appendix 1 of this Statement, the Trustee has provided the net investment returns for the Scheme's investment options. These returns have been prepared taking into account the statutory guidance.

Financial transactions

The Trustee has put arrangements in place to ensure that the core financial transactions of the Scheme are monitored regularly. These include the transfers of assets out of the Scheme, fund switches and payments out of the Scheme to and in respect of members and beneficiaries. Given that the Scheme is closed to future accrual, there are no longer any contributions which need to be invested.

During the Scheme Year, the Scheme administrator in relation to the DC benefits under the Scheme was XPS and the Trustee has a service agreement in place with XPS to support the accuracy and timeliness of core financial transactions. This section of the statement sets out how the Trustee ensured that core financial transactions were processed promptly and accurately.

Processing of core financial transactions

The Trustee has delegated day to day administration of DC benefits to XPS, and delegates to the in-house pensions team (the ITV Pensions Department) to monitor XPS' performance, with periodic reports to the full Trustee Board. The Trustee had agreed service level agreements ('SLAs') in place with XPS during the Scheme Year, these SLAs set out the tasks XPS was required to perform and the Trustee's agreed levels for the promptness of the processing of financial transactions (examples of these are included in the table below). The Trustee continues to believe that the service standards agreed remain suitable.

Examples of core financial transactions	Target for completion (days)
Members transferring assets out of the Scheme (members are not permitted to transfer benefits into this Scheme)	5
The switching of member assets between the investment options within the Scheme following member instructions	2
Member payments out of the Scheme	5

These SLAs are all well within legal disclosure limits and over the Scheme Year XPS provided reports twice a year covering its performance against SLAs which were monitored by the ITV Pensions Department and considered by the Trustee at DC specific Trustee meetings. In addition, XPS also provides monthly SLA monitoring reports to ITV Pensions for its monitoring purposes. During the Scheme Year XPS completed 98% of tasks within the agreed SLA which is line with the Trustee's expectation for the performance. XPS's target SLA performance is 90% and should performance fall below 90% for a sustained period, service credits apply as means of compensation.

Over the Scheme Year there was one member complaint in relation to the payment of members benefits. The complaint was in respect of the length of time it took XPS to process a transfer out. There was no loss to the member and the transfer was completed within statutory timescales. ITV Pensions supported XPS in investigating and responding to the complaint and since then the administrator has improved its processes and resources to address delays in handling transfer requests.

Data accuracy

To support the accuracy of financial transactions, the Trustee reviews the Scheme's common and conditional data on an annual basis to ensure that financial transactions can be processed promptly and accurately. As at September 2023, the common data score was 99% (2022 100%), (2021 98%) and the conditional data was 99% (2022 99%), (2021 98%). Two conditional data gaps relate to missing information or incomplete protected tax-free cash data which is required in order to calculate members' maximum tax-free cash entitlement at retirement. One common data gap exists relating to an incorrect address record, for which initial tracing has been undertaken, although without success. ITV Pensions continues to work with XPS to review these data gaps.

Service monitoring

As indicated above, the Trustee relationship with XPS is supported by the ITV Pensions Department to ensure that the service received by members and the Trustee continues to be as expected and raise any issues if necessary. XPS and the ITV Pensions Department engage regularly around different aspects of the service during the Scheme Year including:

- Quarterly calls with senior XPS representatives to discuss the overall administration service provided with a focus on the service levels achieved.
- Weekly calls with the day-to-day administration team to discuss ongoing member cases.
- XPS produced weekly figures of their service standards performance and monthly statistics for the number of transfers, retirements and switches to assist the ITV Pensions Department's review of the ongoing service.

Any issues with the administration service would be raised with the Trustee (with any potential areas of concern being raised between meetings) and the Trustee considers XPS' performance via the reports provided to them twice a year. The ITV Pensions Department reviewed the following process documents and procedures followed by XPS to ensure financial transactions were processed accurately and promptly:

- AAF 01/06 internal controls reports
- Scheme specific manual
- Business Continuity Plan in place at applicable XPS sites
- Daily monitoring of bank accounts
- Ensuring robust checking of all investment and banking transactions including the additional sign off required for larger transactions.

The ITV Pensions Department also provided some limited support in relation to the processing of financial transactions in relation to DC administration during the reporting year by assisting XPS in identifying any discrepancies and supporting the retirement process where the benefits involved an underpin.

The Trustee as a whole considered the performance of the ITV Pensions Department at applicable 2023 Board meetings as part of its review of administration and governance matters and is satisfied the service provided meets all tasks delegated to it with regard to DC benefits.

As part of the transition of member assets from the Scottish Widows platform to the LGIM platform, the Trustee agreed with LGIM to pre-fund 95% of the value of the assets which removed the out of market exposure that members' funds would have been exposed to for this level of the assets. For the remaining 5%, the Trustee worked with Scottish Widows, LGIM and XPS to ensure the assets were paid to LGIM as promptly as possible to keep any out of market exposure to a minimum. In addition, the Trustee ensured that members' DC pension accounts were not impacted by the transaction costs incurred as part of this transition. Details of the transaction costs incurred are set out under the charges and transaction costs section of the Statement.

Following the completion of the transition of the Scheme assets, XPS confirmed it:

- Processed the reinvestment of the member's assets in line with the Trustee's instructions.
- Completed a member and unit reconciliation.
- Experienced no issues during the transition.

Based on the above, the Trustee is satisfied that core financial transactions were processed promptly and accurately during the Scheme Year.

Charges and transaction costs

The Trustee monitors the fund charges on an annual basis with the help of its advisers. The Trustee confirms that it is compliant with the Charge Cap Regulations, meaning that the charges for the Scheme's default arrangements do not exceed 0.75%.

The Trustee can confirm that no performance based fees apply to any of the investments held under the Scheme. The tables below detail the total expense ratio (TER) for the default arrangements and all other fund options within the Scheme for the reporting year and has been prepared to take into account the statutory guidance produced by the Department for Work and Pensions. The TER is a combination of the fund's annual management charge and any additional charge incurred over the reporting year. The Trustee has shown the charge that applied under Scottish Widows prior to the transition and then with LGIM post transition.

Scottish Widows - charges that applied up to 4 July 2023

Default arrangements – Hands off	Component funds	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Phased	Global shares (index tracker) – invested in until 10 years from retirement	0.153	0.027	0.180
	Mixed Selection – invested in from 20 years from retirement	0.570	0.060	0.630
	Company Bonds – invested in from 10 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 10 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153
Blended	Global shares (index tracker) & Mixed Selection – invested in up to within 1 year from retirement	0.362	0.044	0.406
	Company Bonds – invested in from 10 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 10 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153
Focussed	Global shares (index tracker) – invested in until 10 years from retirement	0.153	0.027	0.180
	Company Bonds – invested in from 10 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 10 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153
	Mixed Selection – invested in from 20 years from retirement	0.570	0.060	0.630
Steady	Company Bonds – invested in from 10 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 10 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153

'Hands On' default arrangements	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Company bonds	0.380	0.020	0.400
UK government bonds (index tracker)	0.130	0.000	0.130
Money markets	0.153	0.000	0.153
Global shares (index tracker)	0.153	0.027	0.180

The tables below provide the level of charges applying during the Scheme Year for all other non-default funds not listed above including DB AVCs options.

Non default Hands off options	Component funds	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Blended (cash at retirement)	Global shares (index tracker) & Mixed selection – invested in up to within 1 year from retirement	0.362	0.044	0.406
	Money Markets – invested in from 10 years from retirement	0.153	0.000	0.153
Focused (cash at retirement)	Global shares (index tracker) – invested in up to within 1 year from retirement	0.153	0.027	0.180
	Money Markets – invested in from 10 years from retirement	0.153	0.000	0.153
Blended (mainly pension)	Global shares (index tracker) & Mixed selection – invested in up to within 1 year from retirement	0.362	0.044	0.406
	Company Bonds – invested in from 10 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 10 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153
Focused (mainly pension)	Global shares (index tracker) – invested in up to within 1 year from retirement	0.153	0.027	0.180
	Company Bonds – invested in from 10 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 10 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153
Focused 5	Global shares (index tracker) – invested in up to within 1 year from retirement	0.153	0.027	0.180
	Company Bonds – invested in from 5 years from retirement	0.380	0.020	0.400
	UK government bonds (index tracker) – invested in from 5 years from retirement	0.130	0.000	0.130
	Money Markets – invested in from 3 years from retirement	0.153	0.000	0.153

'Hands On' non default funds	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Emerging Markets (index tracker)	0.430	0.000	0.430
Global Shares (index tracker) & mixed selection	0.362	0.044	0.406
Global shares excluding UK (index tracker)	0.153	0.000	0.153
Mixed selection	0.570	0.060	0.630
Property and Infrastructure	0.480	0.000	0.480
Shariah law (index tracker)	0.230	0.120	0.350
Social conscience	0.730	0.000	0.730
UK government inflation-linked bonds (index tracker)	0.130	0.000	0.130
UK shares (index tracker)	0.125	0.000	0.125
UK shares	0.680	0.020	0.700

LGIM platform – funds held from July 2023 to the end of the Scheme Year

Default arrangements - Guided	Component funds	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Annuity Target	Global shares (index tracker) – invested in until 10 years from retirement	0.18	0.00	0.18
	Diversified investments – invested in from 20 years from retirement	0.18	0.05	0.23
	Annuity Target – invested in from 10 years from retirement	0.11	0.00	0.11
	Money markets – invested in from 3 years from retirement	0.11	0.00	0.11

Customised – Default arrangements	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Diversified assets	0.18	0.05	0.23
Global company bonds (index tracker)	0.15	0.00	0.15
Global shares (index tracker)	0.18	0.00	0.18
Global shares (responsible investment) (index tracker)	0.12	0.00	0.12
Money markets	0.11	0.00	0.11
UK government bonds (index tracker)	0.08	0.00	0.08
UK shares (index tracker)	0.08	0.00	0.08

Guided - non-default arrangements	Component funds	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Flexible Target	Global shares (index tracker) – invested in until 10 years from retirement	0.18	0.00	0.18
	Diversified investments – invested in from 20 years from retirement	0.18	0.05	0.23
	Annuity Target – invested in from 5 years from retirement	0.11	0.00	0.11
	Money markets – invested in from 3 years from retirement	0.11	0.00	0.11

Customised – non default funds	AMC (%)	Additional Expenses (%)	Total Expense Ratio (TER) (%)
Shariah Law (index tracker)	0.23	0.12	0.35

Legacy funds	Total member borne deductions
Royal London Crest Secure Fund	No explicit member charges are applicable; however, a deduction is made to the total value of the With-Profits Fund to cover the costs of managing the With-Profits Fund. These costs are implicit in the annual bonus rate applying to members. The level of this cost has not been disclosed by Royal London despite the Trustee requesting the information.
Prudential With-Profits Fund	A deduction of 1.31% was made to the total value of the With-profits Fund to cover the guarantees and the management of the Fund. These costs are not directly applied to members but instead are taken into account when Prudential calculates the bonus rates that are applied to members fund values. As a result, no explicit member charge can be disclosed in this statement.

Asset allocation reporting

The Trustee is required to assess and report on the allocation of assets in each default arrangement for the Scheme held at the end of the Scheme Year. For the Guided strategies, the asset allocation is shown for an average member aged 25, 45, 55 and prior to State Pension Age. When preparing this section of the Statement, the Trustee has taken into account of the DWP's statutory guidance on "Disclose and Explain asset allocation reporting and performance-based fees and the charge cap".

Guided – Annuity Target

Asset class	Percentage allocation - average 25 year old (%)	Percentage allocation - average 45 year old (%)	Percentage allocation - average 55 year old (%)	Percentage allocation - average 1 day prior to State Pension Age (%)
Cash	2.8%	2.8%	2.2%	22.8%
Bonds	0.2%	0.2%	41.9%	66.1%
Listed equities	97.0%	97.0%	48.8%	9.8%
Private equity	0.0%	0.0%	0.8%	0.2%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Property/real estate	0.0%	0.0%	4.3%	0.9%
Private debt/ credit	0.0%	0.0%	2.0%	0.4%

Diversified investments

Asset class	Percentage
Cash	2.2%
Bonds	41.9%
Listed equities	48.8%
Private equity	0.8%
Infrastructure	0.0%
Property/real estate	4.3%
Private debt/ credit	2.0%

Global Company Bonds (index tracker)

Asset class	Percentage
Cash	5.1%
Bonds	94.9%
Listed equities	0.0%
Private equity	0.0%
Infrastructure	0.0%
Property/real estate	0.0%
Private debt/ credit	0.0%

Global shares (index tracker)

Asset class	Percentage
Cash	2.8%
Bonds	0.2%
Listed equities	97.0%
Private equity	0.0%
Infrastructure	0.0%
Property/real estate	0.0%
Private debt/ credit	0.0%

Global shares (responsible investment) (index tracker)

Asset class	Percentage
Cash	1.4%
Bonds	0.0%
Listed equities	98.6%
Private equity	0.0%
Infrastructure	0.0%
Property/real estate	0.0%
Private debt/ credit	0.0%

UK government bonds (index tracker)

Asset class	Percentage
Cash	0.0%
Bonds	100.0%
Listed equities	0.0%
Private equity	0.0%
Infrastructure	0.0%
Property/real estate	0.0%
Private debt/ credit	0.0%

UK shares (index tracker)

Asset class	Percentage
Cash	0.6%
Bonds	0.1%
Listed equities	99.3%
Private equity	0.0%
Infrastructure	0.0%
Property/real estate	0.0%
Private debt/ credit	0.0%

Money Markets

Asset class	Percentage
Cash	89.3%
Bonds	10.7%
Listed equities	0.0%
Private equity	0.0%
Infrastructure	0.0%
Property/real estate	0.0%
Private debt/ credit	0.0%

Notes:

1. Age specific asset allocations shown under the Guided strategies arrangements are based on a member with a target retirement age of 65.
2. The asset allocations have been provided by LGIM as at 31 December 2023

Transaction costs

In some cases, members may also be charged transaction costs whenever units are either bought or sold such as when a member switches their investment choice. These costs are taken into account through the unit price for each of the funds and are not directly charged to the members. Transaction costs are those incurred by the investment managers as a result of buying, selling, lending or borrowing investments. These costs are typically categorised as:

- Explicit costs which are directly incurred and include broker commissions and taxes, or
- Implicit costs which are not incurred in the same way but can also result in a reduction in the value of capital invested. These implicit costs include market impact or delay costs which can also result in a gain for the fund (i.e., a negative transaction cost).

The FCA's Policy Statement 'Transaction Cost Disclosure in WorkPlace Pensions' establishes a defined methodology to calculate transaction costs (known as the 'slippage cost' methodology).

The following transaction costs have been calculated by Scottish Widows (the Trustee's platform provider up to the transition on 4 July 2023) and LGIM (the current platform provider) in conjunction with the underlying fund managers and full transaction costs information has been provided. The Trustee has taken into account the statutory guidance when providing this information and has not deviated from this guidance.

Scottish Widows platform – funds only held up to 4 July 2023

Fund Name	Transaction costs (as at 30 June 2023)(%)
Global shares excluding UK (index tracker)	0.029
Company bonds	0.000
Emerging markets (index tracker)	0.115
Global shares (index tracker)	0.095
Mixed selection	0.473
Social conscience	0.019
UK government bonds (index tracker)	0.209
UK government inflation-linked bonds (index tracker)	0.205
UK shares	0.120
Property and Infrastructure	0.194
Money markets	0.059
Global shares (index tracker) and mixed selection	0.284

LGIM platform – funds held from July 2023 to the end of the Scheme Year

Fund Name	Transaction costs (as at 31 December 2023) %
Annuity target (index tracker)	0.021
Global shares (index tracker)	0.023
UK shares (index tracker)	0.000
UK government bonds (index tracker)	0.000
Diversified investments	0.000
Global company bonds (index tracker)	0.000
Global shares (responsible investment) (index tracker)	0.008
Shariah law (index tracker)	0.000
Money Markets	0.000

These transaction costs were provided with the following notes:

1. Total transaction costs are a combination of some or all of: transaction taxes, fees and charges, implicit costs, indirect costs, anti-dilution offsets and lending and borrowing costs.
2. For funds with more than one underlying fund, transaction cost calculations are based on blended fund-level holdings at the report date given.
3. Indirect costs relate to transaction costs incurred within an underlying investment vehicle within the fund manager's fund.
4. Anti-dilution offset (where provided) reflects the price adjustments the fund manager has made to protect existing investors from dilution effects resulting from investors buying or selling units. This reduces the total transaction cost incurred by existing investors and so is deducted from the costs incurred.
5. Lending & borrowing (where provided) reflects transaction costs associated with short term loans of securities that the fund manager may undertake to increase investment returns.
6. Transaction cost totals represent annualised transaction costs incurred by the fund manager within the underlying fund.
7. Reporting cycles may differ between fund managers, and so data provided may not align completely with the overall report date. The latest available annualised information has been used in each case.
8. Fund managers may use different methodologies to calculate their transaction costs; therefore, overall transaction cost figures may not be directly comparable, or may exclude some elements or breakdowns of the total cost.
9. A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative.

Fund Name	Total transaction costs (%)
Royal London Crest Secure Fund	No transaction costs apply that are applicable to members
Prudential Cash Accumulation With Profit Fund	0.170*

* Prudential data covers the year to 30 June 2023 as this is the latest information they could provide.

The Trustee's assessment of transaction costs

The Trustee benchmarked the transaction costs incurred during the Scheme Year for each of the funds available to members within the Scheme at the end of the Scheme Year. The Trustee found, based on advice from its investment adviser, that the transaction costs that members experienced were on the whole either less than or broadly in line with the average transaction cost observed across the market. As a result, the Trustee has concluded that the transaction costs reported over the period are reasonable.

Illustration of the impact of costs and charges

Appendix 2 contains details of illustrations which demonstrate the effect of costs and charges across a range of example members and investment options. These illustrations have been prepared taking into account the statutory guidance and are reflective of typical members. The Trustee has not deviated from this guidance.

Value for Members (VFM)

Costs of the provision of services under the Scheme are split between members and the Trustee. During the Scheme Year, members met investment related charges only. All other costs incurred by the Scheme, including costs of administration, legal costs, Scheme governance and communications, are met by the Trustee.

The Trustee is legally required to undertake a VFM assessment on at least an annual basis, and report on the outcome of the assessment. At the Trustee's request, WTW carried out an assessment in March 2024 in respect of the 2023 Scheme year that considered three areas:

1. The investment returns of the Scheme's Guided Annuity Target strategy and how it performed against a range of master trusts' 'off the shelf' default options. The assessment also considered the investment performance of the Customised funds against their respective benchmarks.
2. Governance, administration and communication, including a comparison of the services and features offered by the Scheme against those observed across best practice DC arrangements.
3. The level of the charges members pay.

The results of the assessment are set out below.

Investment returns

- The assessment considered the performance of the Guided Annuity Target strategy at three different stages in comparison to the performance seen across a range of master trust providers default options. The Trustee also reviewed the performance of the Customised fund range against their performance objectives. The assessment showed that:
 - The performance of the Guided Annuity Target strategy during the growth phase was higher than the performance seen across all of the master trust default options compared against.
 - The performance of the Guided Annuity Target strategy was below the average seen across the master trust default options both at the 10 years to retirement and at-retirement stages. The Trustee and its advisers believe this relates to the investment approach taken by the Guided strategy which differs to the majority of the master trust default options reflecting that the Guided approach is tailored to specific needs and likely retirement decisions for members of the Scheme. As a result, the Trustee was comfortable with the performance achieved.
 - The Customised funds had all performed in line with their benchmarks over the longest time period.

Scheme services

- This element of the assessment considered whether the Scheme offered services that are seen across best practice arrangements. The assessment showed that the Scheme offered the majority of these services including having addressed a number of gaps identified in the previous value assessment including:
 - The Scheme's DC assets were moved from the Scottish Widows to the LGIM platform during the Scheme Year to offer a better overall solution to members and reduced charges across a number of funds.
 - A new investment strategy was implemented during the Scheme Year which now offers Guided strategies that were designed based on analysis of the Scheme membership. In addition, a more streamlined range of Customised fund options was introduced to improve the fund options in a number of areas, aid member understanding through offering a more focused fund range and reduce risk to members through removing a number of underperforming actively managed options.
 - The Trustee refreshed the bespoke member website including updating the investment guide to reflect the investment strategy changes.
 - The Trustee also previously implemented a number of improvements to the ongoing governance of the DC assets including dedicated DC only focused meetings and undertaking more regular monitoring in response to key market developments (such as the investment volatility seen over 2022).

Costs and Charges

- The Trustee benchmarked the charges paid by members by comparing these to the charges seen across a range of pension schemes of a similar type and size, as well as the charges paid within the wider market (across contract based and master trust arrangements). The benchmarking showed that the average charge for the Scheme was the average paid by schemes of a similar asset size and using a similar investment approach.
- The transaction costs for all of the Scheme's funds were benchmarked against an average cost for their respective asset class. The assessment showed that all of the funds were either below or broadly in line with the market average for their relevant asset class.

The overall conclusion of the assessment was that the Scheme was providing good value to members due to the fact that:

- Members currently only pay for the investment charges under the Scheme.
- The member charges and costs applying were below the benchmarking undertaken.
- The improved investment fund range now in place has been designed based on the current DC Scheme membership.
- The Scheme's funds have performed in line with their stated objectives and broadly in line with the wider market comparison.
- The administration performance over the Scheme Year was in line with expectation.
- The Trustee undertook a range of governance and monitoring activities over the Scheme Year including considering the administration and investment performance of the Scheme.
- The Scheme's website and supporting member documentation were refreshed to align with the new investment options and to reflect the membership.
- The support provided to members and the Trustee by the ITV Pensions Department.

The Trustee will continue to review the services provided to members and what improvements could be offered to ensure the Scheme provides value for money to members both now and in the future.

Trustee's knowledge and understanding (TKU)

The Trustee has a TKU process in place, which enabled the Trustee Directors, together with advice on specific issues before them, to properly exercise their functions as the Trustee Directors of the Scheme during the Scheme Year.

During the Scheme Year, the Trustee's approach to meeting the TKU requirements from a DC perspective has included:

- The Trustee Directors assessed their training needs during the Scheme Year via one-to-one reviews by the Chair with each Trustee to consider any individual or Board level training. It was agreed by the Board that there were no urgent training gaps that needed addressing but that the Trustee would benefit from receiving training on pensions scams, which was addressed during the Scheme Year.
- Training or updates being provided to the Trustee Board or appointed working parties. Examples over the Scheme Year included:
 - Updates to the VFM framework.
 - DWP consultation's including:
 - Consolidation of small DC pots.
 - Trustees' skills and capabilities.
 - Helping savers understand their pension choices.
 - Training on the new requirements for Implementation Statements which included the DWP's guidance on setting stewardship priorities and examples of potential areas of stewardship focus for trustees and ESG factors.
 - Cyber policy training.
 - Pension scams training.
 - The Pensions Regulator's new General Code of Practice.
- Some members of the Trustee Board also undertaking individual training outside of the Trustee meetings over the Scheme Year. The individual training included:
 - Training by the Pensions Management Institute (PMI) in relation to the Award In Trusteeship.
 - PMI Trustee Workbench.
 - PMI Northern Conference in October 2023.
 - WTW Pensions & Savings Conference in November 2023.
- Key Scheme documents are available on the dedicated Trustee site and are considered where appropriate at Trustee meetings, examples during the Scheme Year included:
 - The Trustee considered the conflicts of interest policy in January 2023 and confirmed that it remained appropriate.
 - At the 21 March 2023 Trustee meeting the Trustee, with support from its legal adviser, considered the Trust Deed and Rules as part of decision making around the implementation of the changes to the DC investment strategy. This included receiving confirmation that the Trustee had the power under the Scheme Rules to:
 - Implement the agreed changes to its investment platform provider and fund options.
 - Cover transactions costs incurred by members from the general fund of the Scheme.
 - The Trustee considered certain policies under the DC section SIP as part of its review of the Implementation Statement in 21 March 2023.

- The Trustee reviewed and agreed an updated SIP at the 14 September 2023 Trustee meeting. The changes agreed included:
 - Updates to reflect the changes to the investment options.
 - Updating the Trustee's overall objectives for its DC investment strategy.
 - Updating the default arrangements under the Scheme.
 - Changing the investment platform provider to now be LGIM.
 - Updating the risk management section to update the risks involved in the investment of the Scheme's DC assets.
 - Including the Trustee's priorities for its stewardship activities.
- Reviewing any conflicts of interest at each Trustee meeting.
- Annual review of the register of interests and any amendments during the Scheme Year are noted.
- Reviewing and agreeing fund mapping advice from WTW at the 21 March 2023 Trustee meeting which set out how members' existing investments should be moved to the new options available on the LGIM platform.
- Receiving training at the 13 June 2023 Trustee meeting on key areas for consideration by trustees as part of a DC investment transition. The Trustee also received an update on the transition approach that would be utilised for the Scheme's DC investment strategy changes and details of the potential transaction costs involved with the move to the LGIM platform. As part of this process the Trustee's legal adviser also provided an update around the legal considerations when making investment decisions.
- Receiving an update on the two legacy policies held with Royal London and Prudential at the 14 September 2023 Trustee meeting.
- Reviewing a sustainable investments report in relation to the DC investment managers at the 11 December 2023 Trustee meeting.
- The Trustee has maintained training logs covering training over the Scheme Year.

In addition, all Trustee Directors have completed The Pensions Regulator's Trustee Toolkit, which is a free, online learning program aimed at trustees of occupational pension schemes and is a popular way for trustees to meet the level of knowledge and understanding required by law.

The Trustee has an agreed process for training new Trustee Directors. New Directors are provided with detailed information about the Scheme (including copies of all of the Scheme's key documentation) and around the role of a trustee. A bespoke training program has been established, which is run by key advisers both to enable the new Trustee Directors to complete The Pension Regulator's (TPR) Trustee Toolkit and to learn about Scheme specific issues and projects. Following completion of the new trustee training program, the ITV Pensions Department then support new Directors with identifying any additional training needs. No Trustee Director was appointed during the Scheme Year.

In addition to the above TKU processes, the following factors enable the Trustee to properly exercise its function as Trustee Directors of the Plan:

- The members of the Board were selected following a detailed selection process. This involved identifying and prioritising skills that would enhance the overall effectiveness of the Trustee Board (including considering diversity of the Board) and incorporating these factors into the selection process.
- The Trustee Board includes individuals who have a long and broad experience of the pensions industry, and individuals who, outside of their Trustee role hold or have held senior positions within ITV or within other professions, e.g., legal.
- Some of the Trustee Directors are long standing members of the Trustee Board and have built up detailed knowledge of the Scheme, trustee responsibilities and the management of pension schemes. Some have worked together for a number of years and as such have learnt to operate in a way which plays to each Director's strengths and areas of expertise.

- Two professional trustees are appointed to the Board. Both professional trustees are Accredited Members of the Association of Professional Pension Trustees. These two Trustee Directors hold appointments on other boards, which contributes to the knowledge, understanding and experience of the Board as a whole. ITV Pensions periodically receives and considers updated training logs from the two firms whom the professional trustees represent.
- The Board has the support of an experienced secretariat as well as professional advice from leading specialist advisers.
- The Trustee received support from its advisers during the Scheme Year who were present at the majority of Trustee meetings, including:
 - Sacker & Partners LLP – legal advice.
 - WTW – investment and general pensions advice.
 - WTW – actuarial advice.

The overall effectiveness of the Trustee Board was assessed by the Trustee Directors through a peer review process via individual meetings with the Chair with the aim of identifying improvements to Trustee Board practices. The outcome of these meetings was considered by the Scheme Secretary and actions incorporated into the Trustee's training plan and future board developments. No material issues were identified, and the Trustee continued to believe the Board is run effectively.

The training and development of the Board outlined above means each Trustee is conversant with:

- The Trust Deed and Rules of the Scheme.
- The Statement of Investment Principles.
- Other Trustee documents and policies.

In addition, to the degree to which it is appropriate for the purposes of each Trustee Director to properly exercise his or her functions as a Trustee Director, they have knowledge and understanding of:

- The law relating to pensions and trusts.
- The principles relating to the funding and investment of the assets of pension schemes.

The combined knowledge, understanding and experience of the Trustee Directors together with the advice available to them enables them to properly exercise their functions as Trustee Directors of the Scheme. This is demonstrated through the Trustee regularly challenging the advice received from its advisers.

Signed by the Chair on behalf of ITV Pension Scheme Limited

Date: 17 July 2024

Appendix 1: Net investment returns

The below tables provide the net investment returns for each of the investment options held by members during the Scheme Year the Trustee has taken into account the statutory guidance when providing these investment returns and has not deviated from this.

For all investment options, the Trustee is expected to provide returns net of the Scheme specific fees over a 1, 5, 10, 15 and 20 year periods where available. Where members are investing in a Guided lifestyle strategy (formerly known as Hands off) where returns vary with age, the Trustee is also required to show the returns that would have applied for a member aged 25, 45 and 55.

The figures for net investment returns used in the tables below as at 30 June 2023 were provided by Scottish Widows (the Trustee's DC platform provider up to the transition date of 4 July 2023) and from July 2023 to 31 December 2023 by LGIM (the current platform provider).

Investments held on the Scottish Widows platform up to 4th July 2023 – performance shown is to 30 June 2023

Hands off and Hands on options

Hands off	Age of member in 2023	1 year (2023)	5 years (2018-2023)
Phased	25	11.7%	6.9%
	45	11.7%	6.9%
	55	-3.8%	1.4%
Blended	25	3.7%	4.3%
	45	3.7%	4.3%
	55	3.7%	4.3%
Focused	25	11.7%	6.9%
	45	11.7%	6.9%
	55	11.7%	6.9%
Steady	25	-3.8%	1.4%
	45	-3.8%	1.4%
	55	-3.8%	1.4%
Blended – cash at retirement	25	3.7%	4.3%
	45	3.7%	4.3%
	55	3.7%	4.3%
Blended – mainly pension	25	3.7%	4.3%
	45	3.7%	4.3%
	55	3.7%	4.3%
Focused – cash at retirement	25	11.7%	6.9%
	45	11.7%	6.9%
	55	11.7%	6.9%
Focused – mainly pension	25	11.7%	6.9%
	45	11.7%	6.9%
	55	11.7%	6.9%
Focused 5	25	11.7%	6.9%
	45	11.7%	6.9%
	55	11.7%	6.9%

Hands on Funds	1 year - (2023)	5 years - (2018-2023)
Global Shares (index tracker)	11.7%	6.9%
Mixed Selection	-3.8%	1.4%
Company Bonds	-5.6%	-0.6%
UK Government Bonds (index tracker)	-24.4%	-8.3%
Money markets	2.9%	0.8%
Global Shares ex-UK (index tracker)	12.0%	10.1%
Global Shares (index tracker) and Mixed Selection	3.7%	4.3%
UK shares	7.0%	-3.5%
UK shares (index tracker)	8.4%	3.1%
Emerging markets (index tracker)	-3.6%	2.5%
UK Government inflation- linked bonds (index tracker)	-17.7%	-5.8%
Property and Infrastructure	-5.5%	1.7%
Shariah law (index tracker)	17.1%	14.3%
Social Conscience	17.5%	9.2%

Investments held on the LGIM platform from July 2023 – performance shown is to 31 December 2023

Guided and Customised options

Guided	Age of member in 2023	1 year (2023)	5 years (2018-2023)
Annuity Target	25	16.1%	10.5%
	45	16.1%	10.5%
	55	N/A	N/A
Flexible Target	25	16.1%	10.5%
	45	16.1%	10.5%
	55	N/A	N/A

Customised Funds	1 year - (2023)	5 years - (2018-2023)
Diversified investments	N/A	N/A
Global company bonds (index tracker)	N/A	N/A
Global shares (index tracker)	16.1%	10.5%
Global shares (responsible investment) (index tracker)	N/A	N/A
Money markets	4.6%	1.3%
UK government bonds (index tracker)	0.7%	-6.8%
UK shares (index tracker)	5.8%	6.9%
Shariah Law (index tracker)	27.1%	16.6%

Notes:

1. Returns are net of the fund specific charges and factor in the transaction costs incurred by the funds.
2. Age specific returns shown under the Hands off and Guided strategies arrangements are based on a member with a target retirement age of 65.
3. The Scottish Widows returns have been provided as at 30 June 2023.
4. The LGIM returns have been provided as at 31 December 2023.
5. The longer term performance for the funds formerly on the Scottish Widows platform over the 10, 15 and 20 year periods is not available as the funds have not been in place for these periods. No assets remained invested in these funds at the end of the Scheme Year.
6. The performance for certain funds on the LGIM platform is not available as the funds have only been in place since July 2023. The Trustee will include longer term fund performance in future Chair's statements for all funds once the funds have been in place for the required performance time period.

Legacy Funds

The legacy funds are all invested in with-profits funds and so members' fund values are not directly linked to the returns of these funds. In addition, for these funds the charges that apply are not directly deducted from a member's fund value. As a result, it is not possible to provide investment returns that are net of any Scheme specific charges.

Fund	Commentary
Prudential Cash Accumulation With- profits Fund	Prudential confirmed it is unable to provide net investment returns this year for the Scheme due to the nature of the policy and investments held. Prudential confirmed that members' fund values will increase by a declared bonus rate of 2.5% in 2023 (unless a higher guaranteed bonus rate applies).
Royal London Crest Secure Fund	The Crest Secure Fund is a subset of With Profits and as such doesn't operate like unit-linked pension funds, therefore Royal London are unable to provide the required performance figures.

Appendix 2: Illustrations of the effects of costs and charges

The below illustrations are based on three different example members (see details of these below). During the Scheme Year, members' assets were transitioned from the Scottish Widows platform to Legal & General Investment Management's (LGIM) platform. The illustrations are based on the projected growth and charges for all of the default arrangements under the Scheme including the most popular investment option in terms of number of members invested; the Guided option. In addition, the Trustee is required to include illustrations for the two funds invested in over the Scheme Year with the highest charge (Social Conscience under the Scottish Widows platform) and lowest charge (UK Shares (index tracker) under LGIM platform).

We would note that when reviewing the below illustrations, it is important to consider the assumptions used (see details below) and to bear in mind that there are other factors that impact what a member may receive on retirement. In addition, when considering what is a suitable investment choice charges are only one aspect and other areas should be considered by members (such as potential for investment return and a member's own preferences and tolerances to various risks). It is important to highlight that lower charges do not necessarily equate to better value.

Investments held on the Scottish Widows platform up to 4th July 2023

Example member	Years	Steady		Phased		Focused	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member	1	£40,200	£39,800	£41,000	£40,900	£41,000	£40,900
	3	£40,600	£39,400	£43,100	£42,800	£43,100	£42,800
	5	£41,000	£38,900	£45,300	£44,700	£45,300	£44,700
	10	£42,000	£37,900	£49,700	£48,000	£51,200	£50,000
	15	£43,100	£36,900	£52,000	£48,100	£57,900	£56,000
	20	£44,200	£36,300	£53,300	£47,300	£63,600	£60,700
	25	£44,900	£36,000	£54,100	£47,000	£65,900	£62,000
Average member	1	£55,300	£54,700	£55,400	£54,900	£56,400	£56,200
	3	£55,800	£54,100	£55,900	£54,300	£59,100	£58,700
	5	£56,400	£53,800	£56,500	£53,900	£61,500	£60,800
	10	£57,700	£53,400	£57,800	£53,600	£65,500	£63,900
	12	£57,800	£53,200	£57,900	£53,300	£65,700	£63,800
Approaching retirement	1	£70,400	£69,900	£70,400	£69,900	£70,900	£70,700
	3	£70,900	£69,800	£70,900	£69,900	£72,200	£71,600
	5	£71,100	£69,500	£71,100	£69,500	£72,500	£71,500

Example member	Years	Blended		Social conscience	
		Before charges	After charges	Before charges	After charges
Youngest member	1	£40,600	£41,000	£41,000	£40,700
	3	£41,800	£43,000	£43,100	£42,100
	5	£43,100	£45,100	£45,300	£43,600
	10	£46,400	£50,800	£51,200	£47,600
	15	£50,000	£57,300	£57,900	£51,900
	20	£53,100	£64,500	£65,500	£56,600
	25	£54,400	£72,700	£74,200	£61,800
Average member	1	£55,800	£56,300	£56,400	£56,000
	3	£57,500	£59,100	£59,200	£57,900
	5	£58,900	£62,000	£62,200	£60,000
	10	£61,500	£69,900	£70,400	£65,400
	12	£61,700	£73,300	£74,000	£67,800
Approaching retirement	1	£70,600	£71,700	£71,800	£71,200
	3	£71,600	£75,200	£75,400	£73,700
	5	£71,800	£78,900	£79,200	£76,400

Investments held on the LGIM platform from July 2023

Example member	Years	Guided - Annuity Target		Diversified investments		UK shares (index tracker)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member	1	£41,000	£40,900	£40,200	£40,000	£41,000	£41,000
	3	£43,100	£42,800	£40,600	£39,900	£43,100	£43,000
	5	£45,300	£44,800	£41,000	£39,900	£45,300	£45,100
	10	£49,700	£48,400	£42,000	£39,800	£51,200	£50,800
	15	£52,000	£49,400	£43,100	£39,700	£57,900	£57,300
	20	£54,600	£50,800	£44,200	£39,600	£65,500	£64,500
	25	£58,400	£53,600	£45,300	£39,500	£74,200	£72,700
Average member	1	£55,400	£55,100	£55,300	£55,000	£56,400	£56,300
	3	£56,000	£55,200	£55,800	£54,900	£59,200	£59,100
	5	£57,000	£55,600	£56,400	£54,900	£62,200	£62,000
	10	£61,100	£58,600	£57,800	£54,700	£70,400	£69,900
	12	£62,500	£59,700	£58,400	£54,700	£74,000	£73,300
Approaching retirement	1	£71,000	£70,800	£70,400	£70,000	£71,800	£71,700
	3	£73,200	£72,500	£71,100	£69,900	£75,400	£75,200
	5	£74,900	£73,900	£71,800	£69,800	£79,200	£78,900

Example member	Years	Global company bonds		UK government bonds (index tracker)		Money markets	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member	1	£40,200	£40,100	£40,200	£40,200	£39,400	£39,400
	3	£40,600	£40,400	£40,600	£40,500	£38,200	£38,100
	5	£41,000	£40,700	£41,000	£40,800	£37,100	£36,900
	10	£42,000	£41,400	£42,000	£41,700	£34,400	£34,000
	15	£43,100	£42,200	£43,100	£42,600	£31,900	£31,400
	20	£44,200	£42,900	£44,200	£43,500	£29,600	£28,900
	25	£45,300	£43,700	£45,300	£44,400	£27,400	£26,700
Average member	1	£55,300	£55,200	£55,300	£55,200	£54,200	£54,100
	3	£55,800	£55,600	£55,800	£55,700	£52,600	£52,400
	5	£56,400	£56,000	£56,400	£56,200	£51,000	£50,700
	10	£57,800	£57,000	£57,800	£57,400	£47,300	£46,800
	12	£58,400	£57,400	£58,400	£57,800	£45,900	£45,300
Approaching retirement	1	£70,400	£70,200	£70,400	£70,300	£69,000	£68,900
	3	£71,100	£70,700	£71,100	£70,900	£66,900	£66,700
	5	£71,800	£71,200	£71,800	£71,500	£64,900	£64,500

Example member	Years	Global shares (responsible investments) (index tracker)		Global shares (index tracker)	
		Before charges	After charges	Before charges	After charges
Youngest member	1	£41,000	£40,900	£41,000	£40,900
	3	£43,100	£42,900	£43,100	£42,800
	5	£45,300	£45,000	£45,300	£44,800
	10	£51,200	£50,600	£51,200	£50,100
	15	£57,900	£56,900	£57,900	£56,100
	20	£65,500	£63,900	£65,500	£62,800
	25	£74,200	£71,900	£74,200	£70,300
Average member	1	£56,400	£56,300	£56,400	£56,300
	3	£59,200	£59,000	£59,200	£58,800
	5	£62,200	£61,800	£62,200	£61,600
	10	£70,400	£69,500	£70,400	£68,900
	12	£74,000	£72,900	£74,000	£72,100
Approaching retirement	1	£71,800	£71,700	£71,800	£71,600
	3	£75,400	£75,100	£75,400	£74,900
	5	£79,200	£78,700	£79,200	£78,300

Notes and assumptions:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Projected pension pot values are rounded to the nearest hundred.
3. For the purpose of the illustrations, it is assumed that investment returns, transaction costs and fund charges are applied annually at the end of the year. Charges and costs are deducted before applying investment returns.
4. Switching costs are not considered in the Hands off and Guided strategies.
5. No additional contributions are assumed.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund (set out below) are shown gross of fees and before accounting for the assumed inflation rate (see 9. below):

Fund	Projected growth rate (p.a.)
Hands off Steady	2.50% to 3.00% (adjusted depending on term to retirement)
Hands off Phased	2.50% to 5.00% (adjusted depending on term to retirement)
Hands off Focused	2.50% to 5.00% (adjusted depending on term to retirement)
Hands off Blended	2.50% to 4.00% (adjusted depending on term to retirement)
Guided - Annuity Target	2.50% to 5.00% (adjusted depending on term to retirement)
Diversified investments	3.00%
Global Company bonds	3.00%
UK government bonds (index tracker)	3.00%
Money Markets	1.00%
Global shares (responsible investments) (index tracker)	5.00%
Global shares (index tracker)	5.00%
UK shares (index tracker)	5.00%
Social Conscience	5.00%

8. The TERs applying to each of the above investment option as set out in the 'Charges and transaction costs' section of the statement are deducted from the above growth rates as part of the calculation of the illustrations.
9. Inflation is assumed to be 2.5% each year and is deducted from the above growth rates as part of the calculation of the illustrations.

10. Transactions costs and other charges provided by Scottish Widows covered the period 1st January 2019 to 30th June 2023 (when the assets were disinvested). Transactions costs and other charges provided by LGIM covered the period 1st January 2019 to 31 December 2023 except for Global shares (responsible investments) (index tracker) and Annuity Target funds that reflect the costs for the year to 31 December 2023 due to the fact that these investments were only introduced during the Scheme Year. The transaction costs have been averaged by WTW using a time-based approach. These average transaction costs are deducted from the above growth rates as part of the calculation of the illustrations. Where transaction costs are negative these are assumed to be zero.

11. Example members:

- Youngest member of the Scheme: age 40, starting fund value: £40,000, normal retirement age: 65
- Average member of the Scheme: age 53, starting fund value: £55,000, normal retirement age: 65
- Member approaching retirement: age 60, starting fund value: £70,000, normal retirement age: 65

The assumed pot sizes were based on the averages for the relevant example member. For example, the pot size for the 'average member' shown in the above table was based on the average pot size across all members of the Scheme of that age.



ITV PENSION SCHEME
DEFINED CONTRIBUTION SECTION



Statement of
INVESTMENT PRINCIPLES

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Section 1: Introduction

Scheme details

- 1.1** This document describes the defined contribution (“DC”) investment policy pursued by ITV Pension Scheme Limited (“the Trustee”).
- 1.2** The ITV Pension Scheme: Defined Contribution Section (“the Scheme”) operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries. The Scheme operates on a defined contribution basis.
- 1.3** The Scheme is a registered pension scheme under the Finance Act 2004.
- 1.4** The Scheme is administered by XPS and the investment platform provider is Legal & General through which a number of different underlying investment managers and funds are accessed.

Pensions Acts

- 1.5** Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement to the principles governing investment decisions. This document contains that statement and describes the investment principles adopted by the Trustee of the Scheme.
- 1.6** ITV Services Limited (‘the Sponsor’) has been consulted regarding this Statement as required by the Pensions Act 1995.
- 1.7** In drawing up this document, the Trustee has sought advice from the Scheme’s investment consultant, WTW. When choosing investments, the Trustee and the Investment Managers, to the extent delegated, are required to have regard to the criteria for investment set out in the Occupational Pension Scheme (Investment) Regulations 2005 and the principles contained in this Statement.
- 1.8** This document has been drafted in light of the Pensions Regulator’s General Code of Practice and the DWP’s minimum governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015, and specifically the recommendations relating to the content of Statements of Investment Principles generally.
- 1.9** In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers, which may include an insurance company or companies.

Section 2: Objective and Investment Strategy

2.1 The Trustee's objective is to make available to members:

- Lifecycle options that generate capital growth over the long term and then provide effective matching to the lifecycle's stated retirement objective in the lead up to retirement.
- A range of individual funds to give members the freedom to structure their own investment policy to suit their individual risk, return, liquidity and retirement planning preferences.

Investment Strategy

2.2 A full list of the investment options offered is shown in Appendix A.

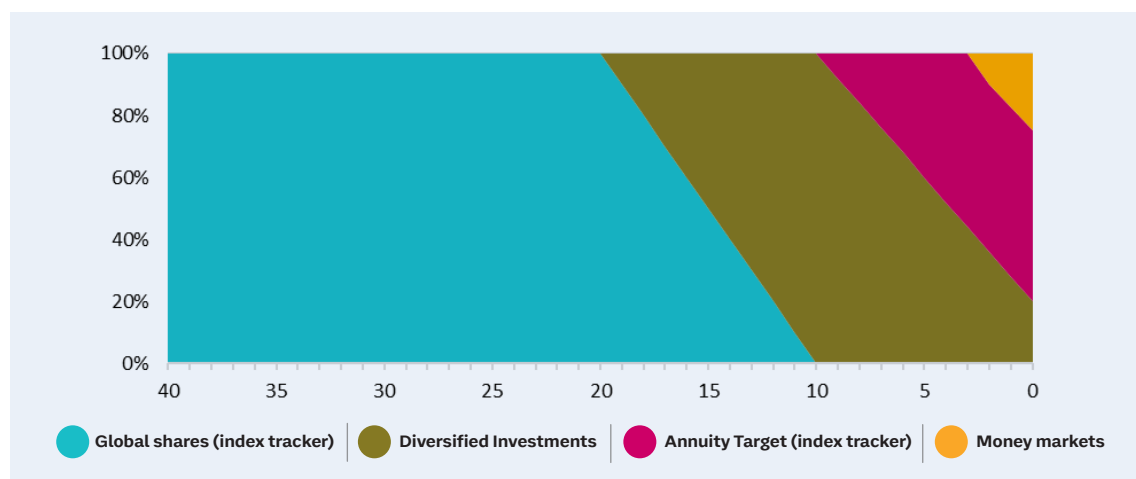
2.3 The Trustee has selected a range of lifecycle ('Guided') and self-select ('Customised') funds to achieve its investment objectives and to offer members a balanced range of investment options to allow members to match their investment choice against their own risk tolerance and the different ways in which members may take their benefits.

2.4 The Guided options are pre-packaged investment options comprising a growth phase and a synchronise phase, where members' investments are progressively switched into lower risk investments as retirement approaches. The Guided phases are:

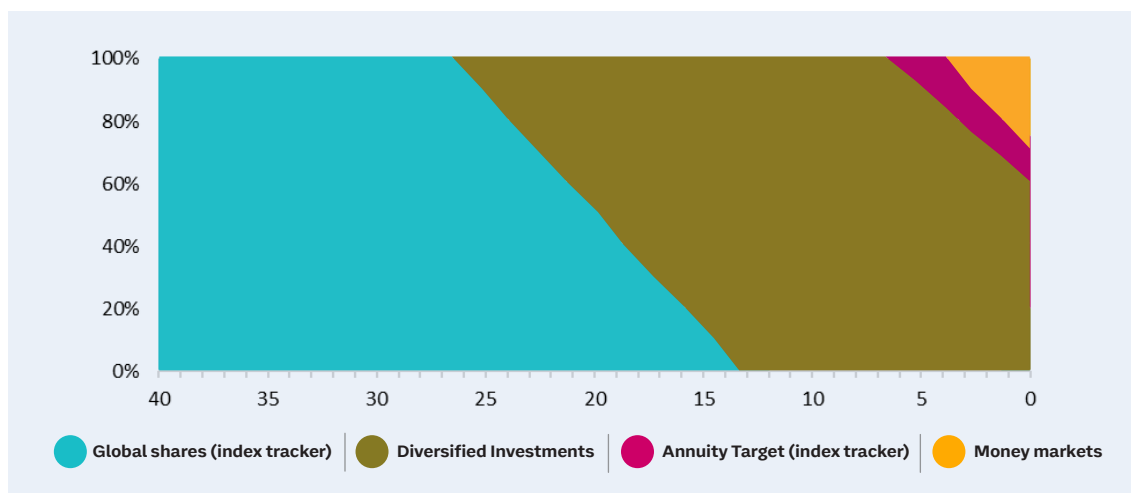
- **A growth phase:** during this phase, the Guided options aim to build pension savings through investing in funds with good growth potential but with higher investment risk
- **A synchronise (de-risking) phase:** during this phase (which lasts for 10 years), Guided invests pension savings into funds that aim to match against the retirement objective of each Guided option.

2.5 There are two Guided options to choose from – one for members targeting annuity purchase at retirement and the other for members who wish to take their benefits flexibly. Both of these options have the same growth phase but different glidepaths in the 'synchronise' phase, reflecting their different retirement matching objectives:

- **Guided - Annuity target:** This option is designed for members who are looking to take 25% of their savings as a tax-free cash lump sum at retirement and use the rest to buy an annuity. This option aims to maximise the potential for growth over the longer term by investing in equities until 20 years prior to retirement. Risk is then spread through investing in a more diversified range of assets from 20 years prior to retirement for 10 years. 10 years before retirement, this option then starts to switch into a bond fund that aims to reflect the price of buying an annuity. 3 years before retirement a money market fund is introduced to provide matching against the tax-free cash lump sum retirement payment.



- **Guided – Flexible target:** This option is designed for members who are looking to take their savings as a series of cash lump sums or flexibly throughout their retirement. This fund aims to maximise the potential for growth over the longer term by investing in equities until 20 years prior to retirement age. Risk is then spread through investing in a more diversified range of assets from 20 years prior to retirement for 10 years. Additional funds are introduced from five years from retirement age, initially via a bond fund to provide additional retirement matching before a money market fund is introduced from 3 years to retirement age to match against the member taking cash lump sums retirement payments.



Default arrangements

- 2.6** The Scheme is closed to new entrants and future contributions so no ongoing default arrangement for automatic enrolment purposes is required. However, a number of investment options under the Scheme are considered default arrangements due to assets being mapped to these options without members' written consent. The Trustee took advice on the fund mapping prior to these defaults being established to ensure this was in the best interest of members. The default arrangements are:
- Guided – Annuity Target
 - Diversified investments
 - Global shares (responsible investment) (index tracker)
 - Global company bonds (index tracker)
 - Global shares (index tracker)
 - UK shares (index tracker)
 - Money markets
 - UK government bonds (index tracker)
- 2.7** The Trustee believes, based on the analysis of the membership and advice received, that the Scheme's default arrangements are suitably designed to ensure they meet the needs of members, provide a reasonable balance between risk and return over time (based on their specific investment approach) and meet their stated objective. These default arrangements are monitored through the investment policies outlined in this Statement of Investment Principles to ensure that assets are invested in the best interests of the Scheme's members.
- 2.8** More information on the Scheme's default arrangements and the objectives for these are set out in the 'Investment Strategy' section and in Appendix A.

Expected Risk and Return

- 2.9** The investment options invest in the following assets and have the following risk and expected return characteristics:
- (i) **Equities** – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be highly volatile in the short term.
 - (ii) **Diversified investments** – expected to produce returns in excess of a cash return in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.
 - (iii) **Bonds** – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term.
 - (iv) **Cash** – low risk to capital with more limited investment returns over the medium to long term associated with the low risk nature of the assets.

Additional Voluntary Contributions ('AVCs')

- 2.10** Prior to the Scheme closing to future contributions members were provided a facility for Defined Benefit members to pay AVCs into the Scheme to enhance their benefits at retirement. Additional Voluntary Contributions were paid on a Defined Contribution basis. The Scheme provides a facility for the AVC members to use the same investment options made available by the Trustee to the Defined Contribution Section as set out above.
- 2.11** In addition to the investments available on the Legal & General investment platform, there are also two legacy AVC providers, Prudential and Royal London. These legacy providers are no longer open for members to switch into.
- 2.12** The Trustee monitors the AVC arrangements to ensure that they remain appropriate. WTW provides assistance to the Trustee with regards to the monitoring of these legacy AVC policies.

Section 3: Other Investment Policies

The Trustee also faces other requirements relating to investment, be they legislative or considered best practice.

The Trustee periodically reviews reports from investment managers to ensure that the policies outlined in this Statement are being met.

Choosing investments

- 3.1** The Trustee has appointed investment managers who are authorised under Financial Services and Markets Act 2000 to undertake investment business. After gaining (and reconfirming at least annually) appropriate investment advice, the Trustee has specified the asset allocation of every manager. Investment choice has been delegated to the managers subject to defined tolerances relative to their respective benchmarks.
- 3.2** In this context, investment advice is defined by Section 36 of Pensions Act 1995 (as amended).

Approach to sustainable investing

- 3.3** The Trustee defines “Sustainable and Responsible Investment” as investing to meet present and future needs through management of long-term risks and opportunities, which involves considering environmental (including climate risk), social and governance (ESG) issues within a broader risk management framework. The Scheme’s long term investment horizon gives us both a responsibility and an advantage which the Trustee believes will produce better investment outcomes. Considering these factors will help the Scheme and its agents (including the Scheme’s advisers and investment managers) make more informed and better investment decisions.
- 3.4** The Trustee considers sustainability to be an important and relevant issue and follows a policy of encouraging effective stewardship to influence this with fund managers across the investment strategy. The Trustee recognises the UK Stewardship Code as best practice and encourages its investment managers, via its investment adviser, to comply with the Code or explain where they do not adhere to this policy.
- 3.5** Where applicable in the overall fund range, integration of ESG factors into the investment process is delegated to the investment managers, with the Trustee monitoring this on an ongoing basis through engagement with managers and an annual review of their sustainable investment processes and approach, focusing on the manager of the Scheme’s default arrangements. The extent to which investment managers integrate and consider ESG factors, and their approach to stewardship (comprising voting and engagement) is a criterion used as an input for the selection of new asset managers.
- 3.6** The assets of the Scheme are invested in pooled funds. As such, the day-to-day management of the Scheme’s assets is delegated to professional investment managers. Therefore, the exercise of the Scheme’s corporate governance powers (including its voting rights) with respect to relevant matters such as performance, strategy, capital structure, management of actual and potential conflicts of interest, risks and ESG considerations, is delegated to and directly carried out by the investment managers, with oversight by the Trustee where appropriate

Arrangements with investment managers

- 3.7** Alignment between an investment manager's management of the Scheme's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of a new investment manager. As the Scheme only invests in pooled investment funds, the Trustee cannot directly influence or incentivise investment managers to align their management of the funds with the Trustee's own policies and objectives. However, the Trustee will seek to ensure that the investment objectives and guidelines of any investment fund used are consistent with its own policies and objectives. The Trustee will also seek to understand the investment manager's approach to sustainable investment (including engagement).
- 3.8** The Trustee is responsible for monitoring the investment funds and managers. As part of this, the Trustee will provide investment managers with the most recent version of this Statement of Investment Principles on a regular basis to ensure managers are aware of the Trustee's expectations regarding how the Scheme's assets are being managed.
- 3.9** Should the Trustee's monitoring processes reveal that an investment fund's objectives and guidelines or an investment manager's approach to sustainable investment do not appear to be sufficiently aligned with the Trustee's policies, the Trustee will (with the assistance with its advisers) engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. If this is not possible the Trustee may consider alternative options available in order to terminate and replace the manager.
- 3.10** The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long-term time horizon, and to use their engagement activity to drive improved performance over these periods.
- 3.11** When assessing an investment manager's performance the focus is on longer-term outcomes, and the Trustee would not expect to terminate an investment manager's appointment based purely on short-term performance. However, an investment manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- 3.12** In line with normal market practice, investment managers are paid a fee for a given scope of services (which includes consideration of long-term factors and engagement) expressed as a percentage of assets managed.
- 3.13** The Trustee reviews the costs incurred in managing the Scheme's assets on a regular basis, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that type of fund.

Corporate governance and stewardship

- 3.14** The Trustee recognises that good corporate governance and good stewardship by investors can protect or enhance the value of investments and believes that investment managers should exercise strong stewardship, in accordance with the UK Stewardship Code, and follow a policy of active engagement with the companies in which a fund invests.
- 3.15** The Trustee delegates responsibility for stewardship (including the exercise of voting rights) to the investment managers, however the Trustee's policy is to encourage effective stewardship and considers the below areas to be its priority for the Scheme's stewardship activities and will outline these to the Scheme's investment managers to ensure their activity is aligned with these where appropriate:
- Climate change
 - Income inequality
 - Governance
- 3.16** The Trustee will monitor the investment manager stewardship activity in relation to these priority areas at least annually via reporting from its investment adviser.

Suitability

- 3.17** The Trustee has taken advice from its investment adviser to ensure that the investment options specified above are suitable for the Scheme. The Trustee continues to monitor and take advice on the various options on an ongoing basis.
- 3.18** The Trustee has a range of investment options available to members to allow members sufficient diversification of investment choice and meet varying retirement objectives.

Fee basis

- 3.19** Members bear the investment management charges on their investment. These fees are charged by adjustment to the unit prices within the funds, calculated daily on the value that day. The Trustee believes the charging structure is appropriate and in line with standard market practice. The Sponsor meets the administration and communication costs of the Scheme.

Non-financial matters

- 3.20** At present, the Trustee does not explicitly take account of non-financial matters (such as member views) in the Scheme's investment strategy. The Trustee's approach will be to consider requests for alternative fund options where these are made proactively by members, but it will not actively seek members' views.

Illiquid investments

- 3.21** The Trustee has considered carefully whether to make an allocation to illiquid assets within the default arrangements. The Trustee believes allocating to illiquid assets is likely to improve diversification and offers the potential for higher risk adjusted returns. The Scheme currently accesses illiquid assets indirectly, through the investments in the pooled fund underlying the Diversified investments fund, a component of the Guided Annuity Target strategy, which is classified as a default arrangement, and is also a stand-alone default arrangement in the Customised range. The Diversified investments fund is also a component of the Guided Flexible Target strategy which is not a default arrangement. Any investments in illiquid assets in this pooled fund are at the discretion of the investment manager, with decisions taken in the context of the fund's overall risk and return objectives, and currently the investments include property and private market credit investments.
- 3.22** The age profile of members investing in illiquid assets through this pooled fund will vary and, for the Guided strategies, will be driven by the term to their target retirement age. For Guided strategies members will start to invest in the Diversified investments fund 20 years before retirement. Members in the Guided strategies will continue to hold a portion of their total investments in this fund through to retirement.
- 3.23** The Trustee does not currently have any plans to invest directly in illiquid assets. This is principally due to the size of the DC assets making it impractical to make a direct investment. In addition, the proximity of the members to retirement age means that holding an illiquid investment is less appropriate due to the risk of members not being able to access their savings on retirement when desired.
- 3.24** The Trustee will continue to consider the use of illiquid investments in the context of improving the Scheme's overall risk and return characteristics to improve long-term outcomes for members.

Section 4: Investment Manager Arrangements

Performance Objectives

- 4.1 Whilst the Trustee is not involved in each investment manager's day to day method of operation and therefore cannot directly influence attainment of the performance target, it will regularly assess performance and review appointments. A set of measurable objectives has been developed for each investment manager consistent with the achievement of the Scheme's longer-term objectives with an acceptable level of risk.
- 4.2 The investment managers set performance objectives and risk tolerances for each of the Scheme's funds. The Trustee considers these investment performance objectives to be appropriate to assess each fund's performance against.
- 4.3 The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Scheme as a whole or any part of it.

Realisation of investments

- 4.4 The Scheme only has investment options that can be readily realised which allows members to access funds quickly and easily. The investments are daily dealt, and this aims to provide benefits on retirement or transfer to another pension arrangement without delay.

Section 5: Risk Management

Member risks

- 5.1** The Trustee recognises investment risks specific to each member which can be managed by the range of investment options provided to the members. These are:
- (i) 'Inflation risk' – the risk that the investment return over members' working lives does not keep pace with inflation and therefore does not secure an adequate retirement income.
 - (ii) 'Retirement objective mismatch' risk – the risk that members' investment allocations in the years prior to retirement does not match their retirement objectives, exposing members to inefficient or uncertain outcomes.
 - (iii) 'Sequencing' risk – the risk that unfavourable investment returns close to retirement can result in less money for retirement. This risk is particularly pronounced in the immediate weeks pre and post retirement when a member is transacting their retirement options and moving their assets out of the Scheme.
 - (iv) 'Shortfall' or 'opportunity cost' risk – the risk that members end up with insufficient funds at retirement with which to secure a reasonable income.
 - (v) 'Capital risk' – the risk of a fall in the value of members' funds.
- 5.2** In formulating the Guided options, the Trustee considered the willingness and ability of the Scheme's membership to take investment risk (as analysed in the strategy review undertaken over 2021 and 2022).
- 5.3** The Guided options offered through the Scheme have been chosen in part to help members mitigate these risks in 5.1 above.
- 5.4** The Customised investment options are a range of funds which allow members to mitigate the risks in 5.1 by selecting which funds to use.
- 5.5** The Trustee continues to monitor these risks on a regular basis in line with the ongoing monitoring outlined in this document.

Investment risks

The Trustee uses WTW's investment reporting to monitor the funds and fund managers selected by the Trustee. The Trustee understands that it will be alerted to concerns raised about selected managers through this regular quarterly report or between reports, if significant changes are made at the fund management company. The Trustee will invite fund managers to its meetings if WTW recommend it or if the Trustee requests it.

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme.

1. **Manager risk:** the risk that the chosen investment manager underperforms the benchmark against which they are assessed. This is addressed through ongoing monitoring of the managers as set out in this document.
2. **Liquidity risk:** the risk that assets are not easily realisable such that cash is not readily available to meet cash flow requirements. The Trustee has had regard to this in selecting appropriate funds. This is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.
3. **Political risk:** the risk of an adverse influence on investment values from political intervention is reduced by the Trustee offering members funds in which assets are diversified across many countries.
4. **Currency risk:** the risk that arises where members invest in funds with an exposure to overseas securities, as there will be an element of currency risk if these securities are converted back into Sterling. The Trustee has made available to members a number of funds that invest in Sterling and overseas securities to provide choice to members.

Section 6: Compliance with and review of this Statement

Compliance with this Statement

- 6.1 The Trustee will monitor compliance with this Statement annually and following its planned reviews of the Trustee's investment strategy.

Review of this Statement

- 6.2 The Trustee will review this Statement in response to any material changes to any aspects of the Scheme, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.
- 6.3 This review will occur no less frequently than every three years. Any such review will be based on written expert investment advice and the Sponsor will be consulted.

9 August 2024

Appendix A: Fund Range

Type	Name	Underlying Fund(s)	Benchmark	Annual Management Charge (% p.a.)
Guided Lifecycle	Annuity Target	1. Global shares (index tracker) 2. Diversified investments 3. Annuity Target Fund 4. Money markets	See benchmarks for individual funds below	0.14 - 0.20
Guided Lifecycle	Flexible Target	1. Global shares (index tracker) 2. Diversified investments 3. Annuity Target Fund 4. Money markets	See benchmarks for individual funds below	0.17 - 0.20
Guided only fund	Annuity Target Fund*	LGIM Future World Inflation Linked Annuity Aware Fund	Composite of index-linked gilt indices designed to have a duration similar to that of inflation linked annuities	0.11
Customised	Global shares (index tracker) Fund	LGIM All World Equity Index (blended to achieve a 50% Hedged position)	FTSE All-World Index	0.18
Customised	UK shares (index tracker) Fund	LGIM UK Equity Index	FTSE All-Share Index	0.08
Customised	UK government bonds (index tracker) Fund	LGIM All Stocks Gilt Index	FTSE Actuaries UK Conventional Gilts All Stocks Index	0.08
Customised	Diversified investments Fund	LGIM Diversified	Bank of England Base Rate +3.75% per annum	0.20
Customised	Global company bonds (index tracker) Fund	LGIM Investment Grade Corporate Bond All Stocks Index Fund	Markit iBoxx £ Non-Gilts (ex BBB) Index	0.15
Customised	Global shares (responsible investment – index tracker) Fund	LGIM Future World Global Equity Index	Solactive L&G ESG Global Markets Index	0.12
Customised	Shariah Law (index tracker) Fund	HSBC Islamic Equity Index	Dow Jones Islamic Market Titans 100 Index	0.37
Customised	Money markets Fund	LGIM Cash Fund	Sterling Overnight Index Average (SONIA)	0.11

*Not available as part of the Customised fund range

The objective of the Customised options is to provide members with a range of funds from which they can construct their own portfolio. The specific objectives for each fund including those considered default arrangements are as follows:

- **Global shares (index tracker)** - invests in shares of UK and overseas companies. Objective is to track the performance of the FTSE All-World Index to within +/- 0.5% per annum for two years out of three.
- **UK shares (index tracker)** - invests in shares of UK companies. Objective is to track the performance of the FTSE All-Share Index to within +/- 0.25% p.a. for two years out of three.
- **UK government bonds (index tracker)** - invests in government bonds (loans) issued by the UK government. Objective is to track the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index to within +/- 0.25% p.a. for two years out of three.
- **Diversified investments** - invests in a wide variety of investments including shares of UK and overseas companies, UK and overseas bonds, private equity, commercial property, and commodities. Objective is to provide long-term investment growth through exposure to a diversified range of asset classes.
- **Global company bonds (index tracker)** - invests in Bonds (loans) issued by UK and overseas companies. Objective is to track the performance of the Markit iBoxx £ Non-Gilts (ex BBB) Index to within +/- 0.5% p.a. for two years out of three.
- **Global shares (responsible investment – index tracker)** – Invests in shares of UK and overseas that have a strong focus on responsible investment and exclude companies that fail to meet the fund's minimum standards in low carbon transition and corporate governance. Objective is to track the performance of the Solactive L&G ESG Global Markets Index to within +/- 0.60% p.a. for two years out of three.
- **Shariah Law (index tracker)** - invests in shares of UK and overseas companies that comply with the principles of Islamic Shariah law. Objective is to track as closely as possible the performance of the Dow Jones Islamic Market Titans 100 Index (the Islamic Index).
- **Money markets** - invests in a wide range of Sterling investments including short-term bank deposits, UK government bonds, and promissory notes such as bankers' drafts and Treasury bills which allow money to be borrowed and lent for short periods of time. Objective is to perform in line with SONIA, without incurring excessive risk.