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Dear Sir/Madam

Our response to the defined benefit funding code consultation document ("Consultation")

We are writing on behalf of the Pensions Committee of the 100 Group of Finance Directors with regard to the Consultation.

About the 100 Group

The 100 Group represents the finance directors of the FTSE 100, several large UK private companies and some UK operations of multinational groups. Our member companies represent the vast majority of the market capitalisation of the FTSE 100, collectively employing 6% of the UK workforce, and pay (or generate) taxes equivalent to around 12% of total UK government receipts.

Our overall aim is to promote the competitiveness of the UK for UK businesses, particularly in the areas of tax, reporting, pensions, regulation, capital markets and corporate governance.

The 100 Group represents companies sponsoring defined benefit (DB) pension schemes with assets of approximately £590bn as the end of 2021 and membership of 3.5m (around a third of the overall DB universe).

Summary

Before addressing the questions in the Consultation that are relevant to the 100 Group, we would first like to emphasise our support for the way in which the draft defined benefit funding code (**Code**) brings in some welcome flexibility to the interpretation of the draft Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations (**regulations**).

We believe flexibility is needed to retain the scheme-specific approach which has been successful to date – in particular, allowing those defined benefit pension schemes (**DB Schemes**) with a robust employer covenant, and which are well run and well-funded, to continue to be run in a sensible and proportionate way.

We do have some material concerns in relation to the Code. We address these below in answer to the Consultation questions, but we would also like to highlight the following key points.

(a) **Special dividends – drawing the distinction** – we believe the provisions in the draft Code do not appreciate the vital importance to businesses of being able to pay 'business as usual' (**BAU**) dividends (as opposed to special dividends) in accordance with their dividend policy. The key issue is that the Code treats all dividend payments as 'covenant leakage'. It then suggests that pension trustees will be making judgment calls about whether those BAU dividend payments are reasonable. For example, it suggests that trustees should be concerned where sponsors decide to allocate available cash to fund both the sustainable growth of the business and make BAU dividend payments (para 316). We believe this fundamentally misunderstands the role of BAU dividends compared to special dividends, and could result in pension trustees being in a very difficult place for corporate governance (including the real risk that they become 'shadow directors' for Companies Act purposes – see response to question 39 for more detail on this point).

(b) **The role of trustees in business planning** – Linked to the previous point on BAU dividend payments is the more general point about the level of detail pension trustees are being asked to consider in determining the use of available cash within the DB Scheme's sponsor. We can see how the provisions in the Code may be workable for relatively straightforward corporate structures, but is impractical for complex global corporate groups (like many of those in the 100 Group). The role of the trustees is to ensure an appropriate level of security for the pension scheme – and whilst understanding covenant and employer affordability is key – it's not for trustees to play an active part in corporate planning and they do not have the skills or knowledge to be able to do so effectively. As noted above, this could raise material issues from a corporate governance perspective. It is also not clear how the new requirements would work in light of the requirements of both the Takeover Code and the FCA Inside Information requirements, which both apply to our members. These do not appear in the Consultation, and yet are clearly relevant concerns.

(c) **Bespoke should mean bespoke** - We had understood from representatives of the Pensions Regulator (**TPR**) throughout the lengthy consultation period that 'bespoke would mean bespoke' – and not need to be justified as against the Fast Track assumptions. This does not however appear to be how the two are now positioned – in fact, it seems as though the expectation is that most schemes will use the bespoke route, but only to the extent they can justify deviations from the Fast Track. We believe there is a real danger here that we end up going back to MFR-type days – with the industry (potentially including TPR case teams) seeing Fast Track assumptions as the benchmark against which 'good' is measured and putting pressure on sponsors to accept them.

(d) **How 'Significant Maturity' is measured** – The term 'significant maturity' is obviously central to the way in which the new funding regime operates. To enable businesses to plan effectively, it is really important for these central concepts to be certain and clear. Recent gilt yield moves, however, have shown how volatile the "duration" measure is. As a consequence, many of our members would prefer to see a simpler measure as an alternative to duration, such as using peak cashflows as a reference point for significant maturity. If, however, duration is maintained by DWP as the maturity measure, then it is vital that it is measured on a consistent basis as that used in determining the threshold level of twelve years. We suggest that an appropriate fixed set of assumptions should be used in calculating duration. Crucial to this will be using a long term discount rate reflecting the interest rate environment consistent with when the assessment of the twelve year threshold was made. We believe this should be no later than 31 March 2022.

(e) **Covenant** - We expect TPR's new covenant guidance to be central to the way in which the new funding regime will operate. However, it has not yet been made publicly available as a draft for the industry to consider. It is very hard for the industry to comment effectively on the covenant aspects of the Code without sight of this draft guidance.

Our concerns are firstly the reference to 'covenant reliability' of 6 years as a reasonable assumption, which could have the unintended consequence of setting a default. Secondly, we want to highlight the implication that DB Schemes should de-risk after the period of covenant reliability. The covenant might continue to be reliable well beyond that period - particularly for 100 Group members. Requiring de-risking too soon ahead of significant maturity would not be a balanced approach to managing risk, particularly for immature DB Schemes, and more widely in the industry may encourage more risk upfront (compared to today), and to take less in the future.

(f) **Unfettered guarantees** - Many DB Schemes of 100 Group members benefit from a corporate guarantee, so these provisions are important. We are concerned about the binary approach to them in the Code, with only 'unfettered' guarantees having value for covenant purposes. First, it is not clear when a guarantee would be considered to provide an "unfettered" ability to claim on the guarantor. For example, most guarantees have conditions in relation to how the trustees have to enforce them and will fall away if action is not taken after a period of time. Would the existence of these conditions mean that the guarantee was not "unfettered"? Similarly, many DB Schemes benefit from valuable guarantees (without any conditions) but which do not cover all the scheme deficit. We believe the Code needs a much more subtle approach to guarantees, to enable all the different types of guarantee to be given appropriate value for covenant purposes (reflecting the covenant advice received on them by the trustees).

(g) **Flexibility to address different types of defined benefit scheme** – we are aware some schemes have different characteristics to the "standard defined benefit scheme", with cash balance schemes for example providing a guaranteed lump sum benefit which members typically use to buy an annuity (plus their PCLS). It is vital that the Code (and the regulations) provide appropriate flexibility for such schemes.

1. Are there any areas of the summary you disagree with or would like more/less detail? If yes, what areas and why?

We think the summary is helpful.

In addition to the areas covered in the summary, it would be helpful if the summary did more to explain what has been delegated to TPR as part of the statutory framework. Not highlighting which areas have statutory authority in the summary gives the misleading impression that trustees are obliged to follow all aspects of the Code.

2. Do you agree with the principles for defining a matching asset that i) the income and capital payments are stable and predictable; and ii) they provide either fixed cash flows or cash flows linked to inflationary indices? If not, why not and what do you think is a more appropriate definition?

No comment.

3. Do you agree with our approach for defining broad cash flow matching? If not, why not and what would you prefer?

We agree that full cash flow matching should not be required in all circumstances and welcome the approach that the Code takes to being broadly cash flow matched. We however observe that the approach goes beyond the degree of flexibility that many think is in the draft regulations. We therefore think that more detail of exactly what TPR would find acceptable in relation to partial-cash flow matching would be helpful.

4. Do you think draft adequately describes the process of assessing cashflow matching? What else would be appropriate to include in the code on this aspect?

More specific and clear statements about the level of partial cash flow matching that would be acceptable would be helpful.

5. Should the code set out a list of the categories of investments into which assets can be grouped for the purposes of the funding and investment strategy? If so, what would you suggest as being appropriate?

No comment.

6. Do you agree that 90% is a reasonable benchmark for the sensitivity of the assets to the interest rate and inflation risk of the liabilities?

No comment.

7. Should we, and how would we, make this approach to broad cash flow matching more proportionate to different scheme circumstances (eg large vs small)?

We would not support this as we think that there would be difficulties in determining where any threshold should lie. We also think that it would be difficult to determine a range of circumstances that it would be appropriate to make significant recommendations for. As a result, a single approach would be better.

8. Do you agree with our approach that a stress test is the most reasonable way to assess high resilience?

No comment.

9. Do you agree that setting the limit of a 4.5% maximum stress based on a one year 1-in-6 approach is reasonable? If not, why not and what would you suggest as an alternative?

No comment, other than to note how technically complex this is. This may confuse many pension trustees when trying to understand their obligations and so increase the costs of running DB Schemes through the need to get more professional advice and employ professional trustees with the relevant expertise.

10. Do you agree that we should not set specifications for the stress test but leave this to trustees to justify their approach? If not, what would you suggest as an alternative?

We consider that the Code should avoid prescription where possible and schemes should be given flexibility to design solutions that fit their own circumstances. It does however need to be clear what TPR's expectations are.

11. Do you agree with our approach for not expecting a detailed assessment of liquidity for the low dependency investment allocation (LDIA) since we have set out detailed expectations in relation to schemes' actual asset portfolios?

Yes. We do however wonder whether there will be changes to the Code in relation to liquidity and leveraged investment in the wake of the events of last October. If so, it would be useful to see any revised proposals in draft before they form part of the final version of the Code.

12. Do you agree with our approach for not expecting a stochastic analysis for each assumption to demonstrate that further employer contributions would not be expected to be required for accrued rights, but rather focussing on them being chosen prudently? If not, what would you suggest as an alternative?

No comment.

13. Do you agree that the two approaches we have set out for the discount rate for the low dependency discount rate (LDFB) are the main ones most schemes will adopt? Should we expand or amend these descriptions, if so, how?

We welcome the inclusion of dynamic discount rate in the two approaches outlined, as this will provide greater flexibility to schemes. This may be of particular relevance for 100 Group DB Schemes, who may be more likely to hold assets with cashflow matching attributes that could support such an approach. We do not have any comments on the specific descriptions outlined in the Code.

14. Should we provide guidance for any other methodologies?

No comment.

15. Do you agree with the guidance and principles set out in Appendix 3 and 4? Are there any specific assumptions here you would prefer a different approach? If so, which ones, why and how would you prefer we approached it?

No comment.

16. Do you agree that a simplified approach to calculating duration for small schemes is appropriate?

Yes. We think that small schemes may already struggle to comply with the complexity of the Code, so any simplifications that can be included for them would be useful. However, there should not be a significant difference between significant maturity in smaller and larger schemes.

17. Do you think setting an earlier point for significant maturity within Fast Track as compared to the code (as described in option 3 in this section of the consultation document) would be helpful for managing the volatility risk of using duration? If yes, where would you set it and why?

No. We would be opposed to significant maturity meaning something different for fast track and bespoke funding approaches. This would minimise the ability of schemes to move between the two and there does not appear to be any need for a shorter period to be used in the fast track.

18. Do you agree with the definitions for visibility, reliability, and longevity? If not, what would you suggest as an alternative?

First, as a general comment in relation to the provisions on covenant, it is impossible to comment fully on them without having seen the detailed covenant guidance that we understand will need to be read alongside these provisions.

Secondly, in light of the plan to retain flexibility in the funding regime, we are concerned about the references to a 6 year period as TPR's view of a reasonable assumption for covenant reliability. In particular, we believe this could result in behaviour from trustees and staff at TPR which pushes for this to become the regulatory default period, notwithstanding the actual strength of the sponsor. This point is particularly important for 100 Group members, who may well offer their DB Schemes a very strong covenant. These sponsors may find their currently good relations with the DB Scheme trustees (and staff at TPR) being damaged if they unnecessarily insist on a 6 year period of reliability for these DB Schemes.

In this light, we suggest that it should be made clear that for some schemes, it may be possible to forecast covenant with reasonable accuracy over a fairly long period (which could include many of the DB Schemes of 100 Group members), while for other schemes, reliability will be a much shorter concept.

19. Do you agree with the approach we have set out for assessing the sponsor's cash flow? If not, what would you suggest as an alternative?

We do not agree with this, and believe the approach taken to be too simplistic. More fundamentally, we are concerned about the role proposed by the Code for pension trustees in determining the use of available cash within the DB Scheme's sponsor. We can see how the provisions in the Code may be workable for relatively straightforward corporate structures, but we struggle to see how they are going to work for complex global corporate groups (like many of those in the 100 Group). The danger is that pension trustees may feel obliged to play an active part in corporate planning for these groups, without the skills or knowledge to be able to do so effectively.

Accordingly, we suggest that trustees be given a more reactive role when looking at the allocation of available cash by their sponsor. This would enable them to check decisions taken by the sponsor on the uses of available cash to ensure that the Scheme has not been treated unfairly as against other creditors of the business.

20. Do you agree with the approach we have set out for assessing the sponsors prospects? If not, what would you suggest as an alternative?

No comment.

21. Do you agree with the principles we have set out for contingent assets, ie that i) it is legally enforceable and ii) it will be sufficient to provide that level of support? If not, what would you suggest as an alternative?

We think more guidance on the principle of legal enforceability would be useful. Does this mean that it should be legally enforceable in all circumstances or does it allow for the fact that conditions may need to be satisfied before a contingent asset can be enforced?

22. Do you agree with the approach we have set out for valuing security arrangements? If not, what would you suggest as an alternative?

No comment, but please see our response to question 23 on guarantees.

23. Do you agree with the approach we have set out for valuing guarantees? If not, what would you suggest as an alternative?

No. Many DB Schemes of 100 Group members benefit from a corporate guarantee, so these provisions are important. We are concerned about the binary approach to them in the Code, with only 'unfettered' guarantees having value for covenant purposes. First, it is not clear when a guarantee would be considered to provide an "unfettered" ability to claim on the guarantor. For example, most guarantees have conditions in relation to how the trustees have to enforce them and will fall away if action is not taken after a period of time. Would the existence of these conditions mean that the guarantee was not "unfettered"? Similarly, many DB Schemes benefit from valuable guarantees (without any conditions) but which do not cover all the scheme deficit. We believe the Code needs a much more subtle approach to guarantees, to enable all the different types of guarantee to be given appropriate value for covenant purposes (reflecting the covenant advice received on them by the trustees).

If guarantees are not given appropriate value for covenant purposes (even where not 'unfettered'), the obvious danger for pension trustees is that some sponsors may then just withdraw the guarantee (even though in practice it did support the DB Scheme's covenant).

24. Do you agree with the approach we have set out for multi-employer schemes? If not, what would you suggest as an alternative?

No comment

25. Do you agree with the approach we have set out for not-for-profit covenant assessments? If not, what would you suggest as an alternative?

No comment.

26. Do you agree with how we approached how maturity has been factored into the code? If not, what would you suggest as an alternative in particular with reference to the draft regulations?

Yes, although we think that the expectations before a scheme reaches significant maturity could be described more clearly.

27. Do you agree with the way in which we have split the journey plan between the period of covenant reliability and after the period of covenant reliability? If not, what would you suggest as an alternative?

No. As we understand it, de-risking will be required to some degree after the period of covenant reliability. We think that this represents an overly simplistic approach for some schemes, particularly those relevant to the 100 Group (i.e. larger ones), as they may continue for many decades and requiring de-risking too early would affect their funding position and ability to invest appropriately.

28. Do you agree that trustees should, as a minimum, look at a one year 1-in-6 stress test and assess this against the sponsors ability to support that risk?

No comment at this stage. The 100 Group would like to see the Regulator's draft covenant guidance before commenting in isolation on covenant questions.

29. Do you agree that if trustees are relying on the employer to make future payments to the scheme to mitigate these risks, then the trustees should assess the employer's available cash after deducting DRCs to the scheme and other DB schemes the employer sponsors?

No comment at this stage. The 100 Group would like to see the Regulator's draft covenant guidance before commenting in isolation on covenant questions.

30. Do you agree that this approach is reasonable for assessing the maximum risk that trustees should take during the period of covenant reliability?

No comment at this stage. The 100 Group would like to see the Regulator's draft covenant guidance before commenting in isolation on covenant questions.

31. Do you agree with the considerations we have set out regarding de-risking after the period of covenant reliability?

No. For the reasons set out above, we do not think that it is appropriate to require all schemes to plan to de-risk after the period of covenant reliability, as – particularly for 100 Group members - the covenant might continue to be reliable well beyond that period, and requiring de-risking would therefore prioritise the interests of the scheme above those of the employer.

This would not be in line with TPR's statutory objective of minimising any impact on the sustainable growth of employers in relation to the exercise of its funding powers.

We would also observe that the requirements in relation to de-risking are not easy to follow and we think that some schemes may struggle to understand what is expected of them.

For example, there is a real risk that, because the period of covenant reliability clearly influences investment strategy, it creates more restrictions and could encourage more investment risk upfront rather than an overall more balanced and longer term approach to investment risk management.

To address this, is there more that can be said about the ability for trustees to assume for investment risk and strategy purposes that each six-year period of covenant reliability will continue to 'roll' (up to the point of significant maturity), so a longer term view of investment risk can be taken?

32. Do you agree with our approach of not being prescriptive regarding the journey plan shape?

Yes. We think that trustees and sponsors should have as much flexibility as possible to determine the journey plan appropriate for them.

In particular, we believe it is key that there be flexibility to ensure that, once low dependency levels are nearly or completely met, DB Schemes are in a position to gauge where surpluses can be expected to materialise and monitor what contributions are then needed to mitigate the risks of trapped surpluses arising.

33. Do you agree with our approach that the maximum risk trustees should assume in their journey plan is a linear de-risking approach where they are taking the maximum risk for the period of covenant reliability?

No. See answer to question 31 above.

34. Do you agree with our explanation of the statement of strategy and are there areas it would be helpful for us to expand on in this section?

The explanation is helpful although we think that some of the information required is unnecessary and would urge TPR to consider what information they will actually need as a first step in assessing strategy statements.

35. Do you agree with how we have described the consistency of the TPs with the funding and investment strategy? If not, why not and what would you suggest as an alternative?

No comment.

36. Do you agree that open schemes could make an allowance for future accrual – thereby funding at a lower level - without undermining the principle that security should be consistent with that of a closed scheme?

Yes.

37. Do you agree that this should normally be restricted to the period of covenant reliability? If not, why not and what you suggest as an alternative?

No. The duration of accrual is a benefit issue for employers and should be assumed to continue into the indefinite future, not to an arbitrary point where the trustees are able to assess covenant reliability.

In reality, the accrual may continue well beyond this point and covenant may be able to support it.

38. Do you agree with our principled based approach to future service costs? If not, why not and what you suggest as an alternative?

No comment.

39. Do you agree with our approach to defining Reasonable Alternative Uses? If not, why not and what would you suggest as an alternative?

No, for many reasons.

First, given the complexity of the global corporate groups that sponsor the DB Schemes of 100 Group members, there will be many other potential uses of funds which the sponsors will have in priority to making free cashflow available for the relevant DB Scheme. To this end, if the provisions are to remain broadly unchanged from the current drafting, it would at least be helpful if the Code addresses TPR's expectations in relation to any unidentified other alternative uses.

More importantly, the proposed approach in the Code places pension trustees in a very difficult place in terms of corporate governance – the Code envisages them having a role in considering and adjudicating on the ways in which cashflow is applied across the sponsor's group, where this is a very complex matter with many stakeholders to consider globally. We can also see this having a material, and very disproportionate effect, on the speed with which decisions can be taken by 100 Group members, as consideration will be needed on when and how to bring in pension trustees into difficult global corporate finance questions.

The danger for pension trustees is that they may feel obliged to play an active part in corporate planning for these groups, without the skills or knowledge to be able to

do so effectively. This could raise material issues from a corporate governance perspective, including the risk of trustees becoming 'shadow directors' of the sponsor.

Shadow directors are defined in the Companies Act 2006 as people who are not formally appointed as directors but whose directions the directors are accustomed to act in accordance with. While the law does not clearly define who is a shadow director, there is a considerable amount of case law analysing the types of conduct which might lead to a person being identified as a shadow director. Therefore, whether a trustee is a shadow director will be fact specific. However, we consider that the way in which TPR interprets trustees' obligations under the Code may put a trustee at risk of being identified as a shadow director and therefore this issue needs to be considered by TPR before these provisions are finalised.

For example, there is a risk, particularly where the employer does not have to consent to a recovery plan and its content is determined by the trustees alone, that this definition would be engaged as the trustees are effectively providing directions to the employer on how much cash should be paid to the scheme in priority to other stakeholders (for example in accordance with the provisions of paragraphs 306 to 309).

The consequences of a trustee being identified as a shadow director of a company may include (1) that trustee being exposed to personal liabilities in the same way as if they were formally appointed a director and (2) the imposition of duties upon such trustee as if they were a director of the company (the general duties of directors set out in sections 171 to 177 Companies Act 2006 are noted as specifically applying to a shadow director of a company where and to the extent they are capable of applying). These duties may conflict with the duties of a trustee.

It is also not clear how the new requirements would work in light of the requirements of both the Takeover Code and the FCA Inside Information requirements, which both apply to our members. These do not appear in the Consultation, and yet are clearly relevant concerns.

We also do not believe the provisions in the draft Code regarding Reasonable Alternative uses take proper account of the vital importance to businesses of being able to pay 'business as usual' (**BAU**) dividends (as opposed to special dividends) in accordance with their dividend policy. The key issue is that the Code treats all dividend payments as 'covenant leakage'. It then suggests that pension trustees will be making judgment calls about whether those BAU dividend payments are reasonable. For example, it suggests that trustees should be concerned where sponsors decide to allocate available cash to fund both the sustainable growth of the business and make BAU dividend payments (para 316). We believe this fundamentally misunderstands the role of BAU dividends compared to special dividends.

Finally, the Code sets out circumstances where TPR's expectation is that deficit repair contributions should be prioritised over all other alternative uses (see for example para 309). We are concerned that this elevates the obligations owed by a sponsor to DB Scheme members over all other obligations owed to other stakeholders. We accept that stakeholders, including a DB Scheme, should be treated equitably and that once such a scheme reaches significant maturity, risks should be minimised, but we think that this goes well beyond what is required to achieve this.

40. Do you agree with the description in the draft Code of the interaction between the principle that funding deficits must be recovered as soon as the employer can reasonably afford and the matters that must be taken into

account in regulation 8(2) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005?

We do not think that the requirements in regulation 8(2) are particularly linked to the reasonable affordability criterion. They are only set out in the introductory paragraph and are not even referred back to in the paragraphs setting out the general principles and expectations in relation to recovery plans.

We think these more general, statutory principles should be accorded similar weighting to reasonable affordability.

41. Do you agree that reliability of employer's available cash should be factored in when determining a scheme's recovery plan length?

No comment.

42. Do you agree with the principles we set out when considering alternative uses of cash? If not, which ones do you not agree with and why? What other principles or examples would it be helpful for us to include?

No comment.

43. Do you agree with our approach to post valuation experience? If not, why not and what you suggest as an alternative?

No comment.

44. Do you agree with our approach to investment outperformance? If not, why not and what you suggest as an alternative?

No comment.

45. Should we set out more specifics around what we would expect by way of security to protect against the additional risks?

No comment.

46. Do you agree with our approach that, while trustees' discretion over investment matters is not limited by the funding and investment strategy, we expect investment decisions by trustees should generally be consistent with the strategies set out in the funding and investment strategy? If not, why not and what you suggest as an alternative?

No comment

47. Do you agree with the examples we have given for when trustees investment strategies may not mirror their FIS? Are there other examples we should consider?

No comment.

48. Do you agree with the expectations regarding trustees with stressed employers? If not, why not and what you suggest as an alternative?

No comment.

49. Do you agree with the principles we have set out regarding risk management? Are there other aspects it would be helpful for us to include?

No comment.

50. Do you agree with the principles we have set out regarding liquidity? If not, why not and what you suggest as an alternative?

It would be helpful if the principles from TPR's recent statement on LDI and the expectations around it could be included or referenced here.

51. Do you agree with how we have approached security, profitability and quality? If not, why not and what you suggest as an alternative?

No comment.

52. Are there other aspects it would be helpful for us to include?

No comment.

53. Do you agree with the above considerations? If not, please explain.

No comment.

54. Do you think there are any areas of systemic risk that should be considered further in light of our draft code? If yes, please explain.

No comment

<u>Regulatory approach consultation questions</u>

55. Do you agree with how we have positioned Fast Track relative to the code of practice?

No. We had understood from TPR representatives throughout the lengthy consultation period that 'bespoke would mean bespoke' – and not need to justified as against the Fast Track assumptions. This does not appear to be how the two are now positioned – in fact, it seems as though the expectation is that most schemes will use the bespoke route, but only to the extent they can justify deviations from the Fast Track.

Accordingly, we suggest that the relationship between the Code (i.e. bespoke route) and the Fast Track could be better clarified within the Code.

56. Are there any aspects of this you think it would be useful for us to clarify further?

No comment.

57. Do you agree that Fast Track should come with a lower level of burden in terms of the explanations required as part of the trustees' valuation submission?

We think that all schemes should have to submit the same basic information, as schemes using the Fast Track will still need to demonstrate that they are complying with the Code principles. However, we also agree that additional information explaining why assumptions are appropriate may not be required.

The rest of the questions are actuarial in nature and we have not commented on them.

We look forward to continuing to engage with you on this matter.

Yours faithfully

Phil Aspin

Chairman
The 100 Group Pensions Committee