Thermo Fisher Scientific DB Pension Scheme ('the Scheme')

Defined Contribution Governance Statement

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee of the Thermo Fisher Scientific DB Pension Scheme (“the Trustee”) to prepare an annual statement regarding governance, which must be included in the annual Trustee Report and Accounts. The governance requirements apply to all Defined Contribution (“DC”) pension arrangements and aim to help members achieve a good outcome from their DC pension savings.

This statement, issued by the Trustee, covers the period from 1 April 2022 to 31 March 2023 (“the Scheme Year”) and is signed on behalf of the Trustee by the Chair.

This statement contains the Scheme's governance and charges disclosures in relation to the following:

1. The Scheme’s investment strategy including the Default Investment Strategy
2. Net investment returns
3. Member-borne charges and transaction costs
   3.1 Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustee's knowledge and understanding
7. Publication of the Defined Contribution Governance Statement online

1. The Scheme’s investment strategy including the Default Investment Strategy

During the period covered by this statement, the Trustee has continued to consider the possible impact on the Scheme of the ongoing Russia / Ukraine conflict, and wider market turmoil including the UK gilts crisis and the ongoing impact of high inflation.

The Scheme’s risk register, which includes a review of the key risk areas, current protocols in place and suggested actions in order to mitigate further risks is reviewed annually with specific sections subject to detailed review at each Trustee Board meeting. This process allows the Trustee to ensure business continuity and appropriate Scheme governance. The Trustee continued to monitor investment performance on an ongoing basis, including through the market turmoil of the UK gilts crisis. The Trustee remains satisfied that the investment arrangements within the Scheme remain appropriate for members’ needs. The Trustee did not make any changes to the Scheme’s underlying investment arrangements in direct response to the UK gilts crisis or the ongoing Russia / Ukraine conflict.

The Administration Regulations require trustees to comment on the default investment arrangement for their scheme. No DC contributions have been paid to the Scheme since the relevant Regulations came into force and the Scheme is not a qualifying scheme used for auto enrolment purposes, therefore it has no ‘default’ arrangement, as defined by these Regulations. For this reason, the governance requirements in relation to default investment arrangements do not apply to the Scheme and are not covered in detail in this statement.

2. Net Investment Returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which Scheme members were invested in during the Scheme Year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges. The net investment returns have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

The Lifestyle strategy

The performance of the Lifestyle strategy, across a 1 year and 5 year rolling periods as at 31 March 2023 is shown in the table below. The returns have been calculated as a weighted average of the underlying component funds using the different asset allocations that apply at the ages shown in the table. Please note that the underlying asset allocation for the Lifestyle Strategy is the same up until a member reaches the age of 50 years, assuming a retirement age of 65 years.

The Trustee, with the support of its investment consultants, implemented a number of changes to the underlying component funds that make up the Lifestyle Strategy in May 2021. Performance shown over the five-year period incorporates the pre and post investment strategy asset allocation to show the returns members have experienced.

Age of member at 1 April 2023	Annualised Net Returns (%)	
	1 Year to 31 March 2023	5 Years to 31 March 2023
25	-0.17	5.24
45	-0.17	5.24
55	-2.83	4.94

Source: Aegon and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. The normal retirement age is assumed to be 65, which is line with the retirement age selected by the majority of members.

Members across all age ranges experienced negative returns over the one-year period, with members closer to retirement experiencing greater negative returns. This reflects the challenging year in markets, particularly for fixed income assets which members have a greater exposure to as they approach retirement. Over the five-year period, all members have experienced positive net returns. Members further from retirement have had slightly better returns due to their higher exposure to equities. The lifestyle strategy then transitions members into assets which have traditionally had lower volatility are members approach retirement.

Self-Select Investment Funds

Fund Name	Annualised Net Returns (%)	
	1 Year to 31 March 2023	5 Years to 31 March 2023
Aegon BlackRock Aquila Life 50:50 Global Equity Fund	2.27	6.97
Aegon BlackRock Aquila Life 60:40 Global Equity Fund	1.86	6.37
Aegon BlackRock 70/30 Global Equity Fund	2.00	6.20
Aegon BlackRock UK Equity Index Fund	2.19	4.68

Aegon BlackRock World ESG Equity Tracker Fund[1]	-1.47	N/A
Aegon HSBC Islamic Global Equity Index Fund[1]	-3.25	N/A
Aegon BlackRock Consensus Index Fund	-0.87	5.45
Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund	-30.06	-6.50
Aegon BlackRock Cash Fund	2.09	0.71
Aegon BlackRock Dynamic Diversified Growth Fund	-2.91	2.86
Aegon BlackRock MSCI World Index Fund	-0.53	11.26

Source: Aegon and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year.

[1] The five-year net returns are not available for these funds given their inception dates, of 31/05/2021 for the Aegon BlackRock World ESG Equity Tracker Fund and 31/10/2019 for the Aegon HSBC Islamic Global Equity Index Fund.

Closed Additional Voluntary Contribution (AVC) arrangements

Utmost Life and Pensions - Investing By Age Lifestyle Strategy

Age of member at 1 April 2022	Annualised Net Returns (%)	
	1 Year to 31 March 2023	5 Years to 31 March 2023[1]
25	-5.88	Not Applicable
45	-5.88	Not Applicable
55	-6.07	Not Applicable

Source: Utmost Life and Pensions. Returns quoted net of total expense ratios and transaction costs. The normal retirement age is assumed to be 65, which is line with the retirement age selected by the majority of members.

[1] This Strategy had an inception date of 01/01/2020, therefore five year performance is unavailable.

Fund performance covering a five-year period has not been reported as the Utmost Life Investing By Age Lifestyle Strategy was incepted on 1 January 2020, therefore five year performance is unavailable. Members across all age ranges experienced negative returns over the one-year period, with members closer to retirement experiencing greater negative returns. This reflects the challenging year in markets, particularly for fixed income assets which members have greater exposure to as they approach retirement.

Other AVC Funds/Strategies

Fund Name	Annualised Net Returns (%)	
	1 Year to 31 March 2023	5 Years to 31 March 2023
Utmost Life Money Market	1.82	0.32
Standard Life Pension 2 With Profits 2*	1.25	0.84
Phoenix Life (former Royal & Sun Alliance) With Profits Fund**	2.00	n/a

Source: Aegon and underlying managers. Returns quoted net of total expense ratios and transaction costs. Performance figures are annualised for periods in excess of one year. We have that the normal retirement age is 65, which is line with the retirement age selected by the majority of members.

*The Standard Life Pension 2 With Profits 2 fund returns are taken as at 31 Dec 2022 as data for 31 March 2023 was unavailable. Net returns for this fund are the bonus growth rate that members received.

**The Phoenix Life With Profits Fund returns are taken as at 31 Dec 2022 as data for 31 March 2023 was unavailable. Net returns for this fund are the bonus growth rate that members received.

The Trustee has requested annualised net return information from Standard Life regarding the funds used by the Scheme. However, at the time of writing, this information is unavailable. The Trustee will continue to liaise with Standard Life in relation to the disclosure of this information.

3. Member-borne charges and transaction costs

The Trustee should regularly monitor the costs borne by members through the investment funds. These costs are made up of charges and transaction costs:

- Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;

- Transaction costs: these are not explicit, and are incurred when the Scheme's fund managers buy and sell assets within investment funds. They do not include any costs incurred when members invest in or sell out of funds.

The Trustee has obtained all relevant transaction cost information for the period of this Statement.

This section of the Chair's Statement has been prepared having regard to statutory guidance.

Explicit charges

Members of the Scheme pay only investment costs from their DC funds. Members with additional voluntary contributions (AVCs) pay for investment costs and the cost of the AVC provider administering their policy.

The explicit charge that members pay from their DC/AVC funds is the TER. This is the total explicit cost of the fund to an investor and includes the AMC, legal, administration, audit, marketing, and regulatory costs. It is calculated by dividing all expenses paid by the fund over the year by the value of the fund's assets. The TERs for the DC funds and AVC funds held by the Scheme's members are shown in the table below.

Implicit charges

Transaction costs are incurred on an on-going basis when fund managers buy and sell investments, either as a result of cash flows in to or out of the fund or as a result of the implementation of investment decisions.

Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted 'mid-market price' at the time of the order was placed (arrival price). This method can result in negative transaction costs.

The charges and transaction costs each member pays have been supplied by the Scheme's DC and AVC fund managers and are set out in the table below.

Where transaction costs are negative, these have been set to zero by the Trustee.

Our fund managers report transaction costs on a quarterly basis, therefore the costs below are for the twelve-month period to 31 March 2023, unless specified otherwise.

DC Fund	Total expense ratio (% p.a.)	Transaction Costs (%)[6]	Total Charge (%) (as a percentage of a member's funds under management)
Lifestyle strategy[1]	0.22-0.29	0.02-0.14	0.24-0.43
Self-select funds			
Aegon BlackRock Aquila Life 50:50 Global Equity Fund	0.16	0.03	0.19
Aegon BlackRock Aquila Life 60:40 Global Equity Fund	0.16	0.01	0.17

DC Fund	Total expense ratio (% p.a.)	Transaction Costs (%)[6]	Total Charge (%) (as a percentage of a member's funds under management)
Aegon BlackRock 70/30 Global Equity Fund	0.16	0.02	0.18
Aegon BlackRock UK Equity Index Fund	0.14	0.00	0.14
Aegon BlackRock World ESG Equity Tracker Fund	0.21	0.06	0.27
Aegon HSBC Islamic Global Equity Index Fund	0.43	0.00	0.43
Aegon BlackRock Consensus Index Fund	0.16	0.02	0.18
Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund	0.11	0.01	0.12
Aegon BlackRock Cash Fund	0.13	0.01	0.14
Aegon BlackRock Dynamic Diversified Growth Fund	0.60	0.44	1.04
Aegon BlackRock MSCI World Index Fund	0.14	0.02	0.16
AVC Funds			
Utmost Life Money Market	0.50	0.01	0.51
Utmost Life Investing by Age[2]	0.75	0.32 – 0.36	1.07 – 1.11
Standard Life Pension 2 With Profits 2[3,4]	1.00	0.03	1.03
Phoenix Life (former Royal & Sun Alliance) With Profits Fund[3,5]	0.65	0.07	0.72

Source: Aegon, Utmost Life and Pensions, Standard Life & Phoenix Life

[1] TER experienced by member will depend upon a member's term to retirement.

[2.] Costs and charges based on a retirement age of 65 years

[3]The charges on these funds are not explicit, they are taken into account when the provider is deciding on the level of bonus to declare each year. Standard Life has provided an estimate of costs, whereas Phoenix Life does not disclose any information about the charges on the former Royal & Sun Alliance With Profits Fund.

[4] Includes 0.05% cost of guarantees and a deduction of 0.40% p.a. reflecting the scheme specific discount

[5.] The transaction costs cover the period from period 01/01/2022 to 31/12/2022.

3.1 Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided illustrations of their cumulative effect on the value of typical scheme members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out below under 'notes and assumptions'.

Members should be aware that such assumptions are based on long term estimates of market returns. The illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

DC funds:

We have provided illustrations for an example member from each category of the DC Section:

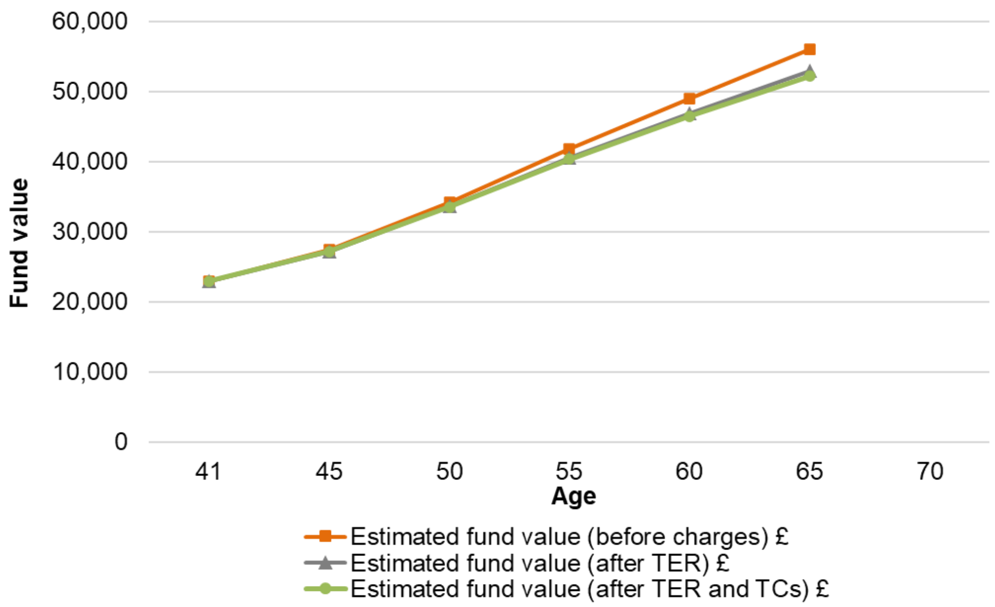
- **Example member 1:** A member of the Life Sciences category with the longest time to retirement (age 41 at the start of the Scheme Year) with a retirement age of 65 and an assumed current fund value of £23,000 (which is the median fund value for all members of this category).
- **Example member 2:** A member of the Unicam category with the longest time to retirement (age 44 at the start of the Scheme Year) with a retirement age 65 and an assumed current fund value of £35,250 (which is the median fund value for all members of this category).

We have produced illustrations to demonstrate the cumulative effect of costs and charges on member fund values over time. Projections are shown for the lifestyle strategy in the charts and tables below.

As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments in the tables. We show the projected retirement savings if the example member was invested in the BlackRock iShares Over 15 Year UK Gilt Index Fund (which has a lower level of costs and charges compared to the one illustrated in the chart) and the Aegon BlackRock Dynamic Diversified Growth Fund (which has a higher level of costs and charges compared to the one illustrated in the chart).

The estimated fund values are shown in 'today's money' terms, and do not need to be reduced further for the effect of future inflation. In the case of the BlackRock Over 15 Year UK Gilt Index Fund, as our assumed return on the fund is lower than our assumed level of inflation, the estimated fund values (in today's money terms) reduce over the projection period.

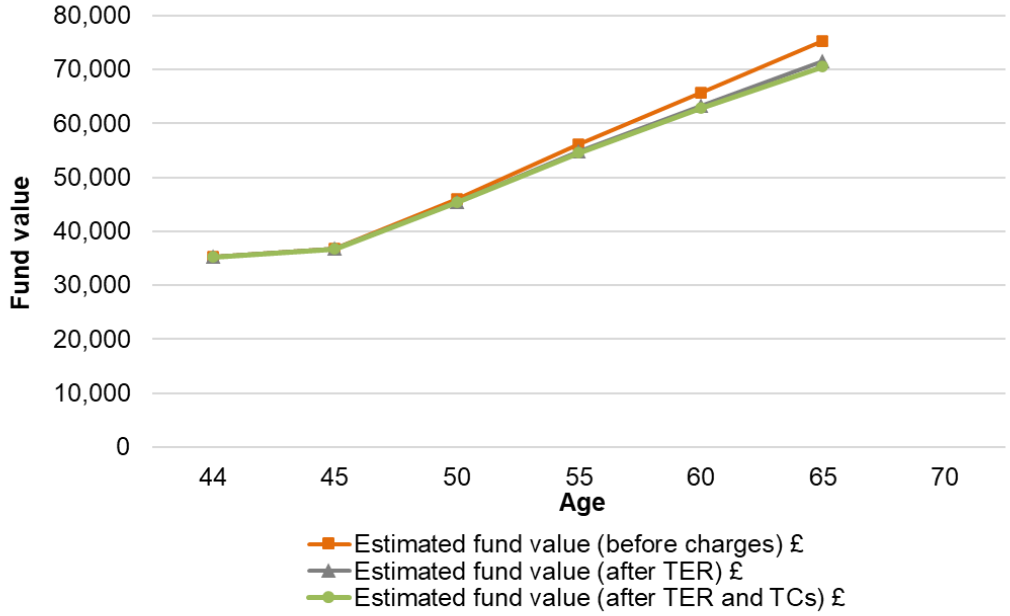
Example member 1



For example member 1, the impact of the costs and charges of the Lifestyle Strategy, the BlackRock iShares Over 15 Year UK Gilt Index Fund and the Aegon BlackRock Dynamic Diversified Growth Fund on the estimated fund value (EFV) over the term to retirement is shown in the table below.

At age:	Lifestyle Strategy			Aegon BlackRock Dynamic Diversified Growth Fund			BlackRock iShares Over 15 Year UK Gilt Index Fund		
	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges
41	23,000	23,000	0	23,000	23,000	0	23,000	23,000	0
45	27,436	27,198	238	26,306	25,328	978	23,090	22,985	105
50	34,202	33,540	662	31,115	28,573	2,542	23,203	22,967	236
55	41,758	40,382	1,376	36,802	32,234	4,568	23,316	22,949	367
60	48,935	46,447	2,488	43,530	36,363	7,167	23,430	22,930	500
65	55,972	52,145	3,827	51,487	41,022	10,465	23,545	22,912	633

Example member 2



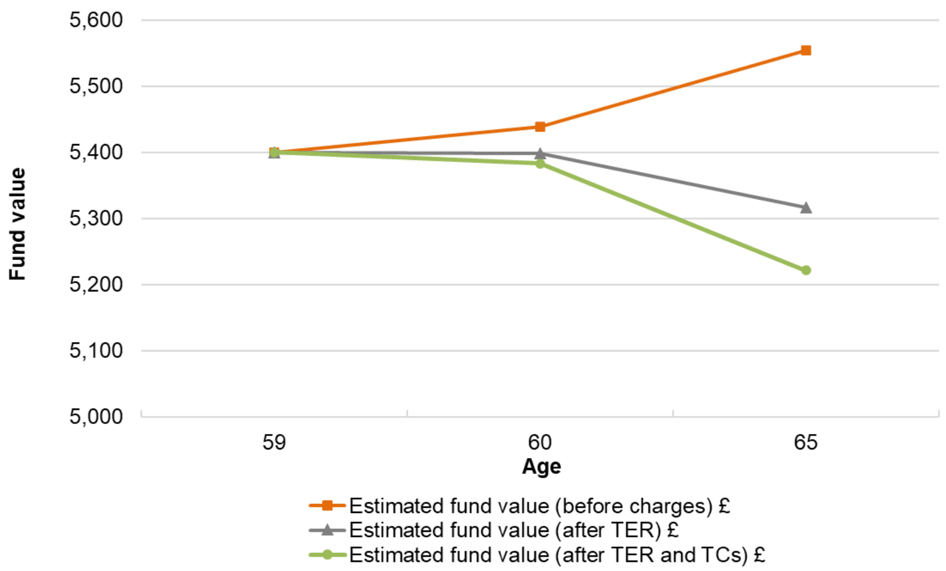
For example member 2, the impact of the costs and charges of the Lifestyle Strategy, BlackRock iShares Over 15 Year UK Gilt Index Fund and the Aegon BlackRock Dynamic Diversified Growth Fund on the estimated fund value (EFV) over the term to retirement is shown in the table below.

At age:	Lifestyle Strategy			Aegon BlackRock Dynamic Diversified Growth Fund			BlackRock iShares Over 15 Year UK Gilt Index Fund		
	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges	EFV (before costs and charges)	EFV (after cost and charges)	Effect of cost and charges
44	35,250	35,250	0	35,250	35,250	0	35,250	35,250	0
45	36,839	36,759	80	36,454	36,110	344	35,284	35,244	40
50	45,924	45,329	595	43,117	40,736	2,381	35,457	35,216	241
55	56,070	54,576	1,494	50,999	45,955	5,044	35,630	35,188	442
60	65,707	62,774	2,933	60,321	51,842	8,479	35,804	35,160	644
65	75,156	70,475	4,681	71,348	58,484	12,864	35,979	35,132	847

AVC funds:

We have produced illustrations to demonstrate the cumulative effect of costs and charges assuming investment in the Utmost Life 'Investing by Age' strategy.

We have used an example member with the longest time to retirement (age 59 at the start of the Scheme Year) with a retirement age of 65 and an assumed current fund value of £5,400 (which is the median fund value for all members of this AVC arrangement).



For the example AVC member, the impact of the costs and charges on the Utmost Life Investing by Age strategy on the estimated fund value (EFV) over the term to retirement is shown in the table below.

At age:	Investing by Age strategy		
	EFV (before costs and charges)	EFV (after costs and charges)	Effect of costs and charges
59	5,400	5,400	0
60	5,438	5,383	55
65	5,554	5,221	333

Notes and assumptions:

1. *Projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *Inflation is assumed to be 2.5% each year.*
3. *Values shown are estimates and are not guaranteed, but the age of members and starting fund values are representative of the Scheme's DC and AVC membership.*
4. *The assumed growth rates (gross of costs and charges) used as follows:*

    DC Lifestyle Strategy - underlying funds:

    - *Aegon BlackRock MSCI World Index Fund: 7.00% (4.5% p.a. above inflation)*
    - *Aegon BlackRock Global Developed Fundamental Weighted Index Fund: 7.00% (4.5% p.a. above inflation)*
    - *Aegon BlackRock Global Minimum Volatility Index Fund: 7.00% (4.50% p.a. above inflation)*

- *Aegon BlackRock Emerging Markets Equity Index Fund: 7.80% (5.3% p.a. above inflation)*
- *Aegon BlackRock Dynamic Diversified Growth Fund: 6.00% (3.5% p.a. above inflation)*
- *Aegon BlackRock Over 5 Year Index-Linked Gilt Index Fund: 2.00% (0.5 p.a. below inflation)*
- *Aegon BlackRock Corporate Bond All-Stocks Index Fund: 3.30% (0.80% p.a. above inflation)*

DC Self-select funds:

- *Aegon BlackRock Dynamic Diversified Growth Fund: 6.00% (3.5% p.a. above inflation)*
- *Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund: 2.60% (0.10% p.a. above inflation)*

AVC funds:

- *Utmost Life Multi-Asset Moderate Fund: 3.2% (0.70% p.a. above inflation)*
- *Utmost Life Multi-Asset Cautious Fund: 2.2% (0.30% p.a. below inflation)*

5. *For the DC lifestyle strategy and the Utmost Life Investing by Age strategy, the projection takes into account the changing proportion invested in the different underlying funds / asset classes. The underlying assumptions are shown above.*
6. *The transaction costs should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available. As the DC investment strategy changed on 28th May 2021, only 3 years' worth of transaction cost information is available for 1 fund and 2 years' worth for 6 funds. As such, the transaction costs listed below reflect these averages. Where there have been negative costs in any year, a floor of 0% has been applied. Transaction costs used in the illustrations are as follows:*
7. TERs used in the projections:

DC Lifestyle Strategy – underlying funds:

- *Aegon BlackRock MSCI World Index Fund: 0.14% p.a.*
- *Aegon BlackRock Global Developed Fundamental Weighted Index Fund: 0.26% p.a.*
- *Aegon BlackRock Global Minimum Volatility Index Fund: 0.26% p.a.*
- *Aegon BlackRock Emerging Markets Equity Index Fund: 0.28% p.a.*
- *Aegon BlackRock Dynamic Diversified Growth Fund: 0.60% p.a.*
- *Aegon BlackRock Over 5 Year Index-Linked Gilt Index Fund: 0.14% p.a.*
- *Aegon BlackRock Corporate Bond All-Stocks Index Fund: 0.14% p.a.*

AVC funds:

- *Utmost Life Multi-Asset Moderate Fund: 0.75% p.a.*
- *Utmost Life Multi-Asset Cautious Fund: 0.75% p.a.*

8. Transaction Costs used in the projections

DC Lifestyle Strategy – underlying funds:

- *Aegon BlackRock MSCI World Index Fund: 0.0226% p.a.*
- *Aegon BlackRock Global Developed Fundamental Weighted Index Fund: 0.0048% p.a.*
- *Aegon BlackRock Global Minimum Volatility Index Fund: 0.0246% p.a.*
- *Aegon BlackRock Emerging Markets Equity Index Fund: 0.0000% p.a.*
- *Aegon BlackRock Diversified Growth Fund: 0.4418% p.a.*
- *Aegon BlackRock Over 5 Year Index-Linked Gilt Index Fund: 0.0824% p.a.*
- *Aegon BlackRock Corporate Bond All-Stocks Index Fund: 0.0640% p.a.*

DC Self-select funds:

- *Aegon BlackRock Dynamic Diversified Growth Fund: 0.4418% p.a.*
- *Aegon BlackRock iShares Over 15 Year UK Gilt Index Fund: 0.0121% p.a.*

AVC funds:

- *Utmost Life Multi-Asset Moderate Fund: 0.318% p.a.*
- *Utmost Life Multi-Asset Cautious Fund: 0.362% p.a.*

4. Value for members assessment

The Administration Regulations require the Trustee to make an assessment of charges and transaction costs borne by members and the extent to which those charges and costs represent good value for money for members.

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced a prescribed assessment framework for specified small schemes such as the Scheme. The Trustee has followed this framework in carrying out this year's assessment.

The prescribed assessment framework is made up of three parts, as outlined below.

i. Cost and charges

The cost and charges that members pay in the Scheme have been compared to those that members might pay in three other pension schemes, referred to as the comparator schemes. For the purpose of this exercise, we have selected three Master Trusts as the comparator schemes: the Aon Master Trust, the Aegon Master Trust and the National Employment Savings Trust (NEST).

Our assessment showed that the costs and charges members pay in the DC section Scheme are competitive relative to the cost and charges in the comparator schemes. The costs and charges for the unit-linked and With Profits AVC arrangements are relatively high, but that is not unusual given the size of assets and legacy nature of the AVC providers. However, members are likely to value the smoothed investment returns provided by the With Profits funds.

We believe that the costs and charges payable in the Scheme therefore represent good value for members.

ii. Net investment returns

The investment returns that members achieved in the Scheme, net of all member borne costs and charges, over the one and five year periods to 31 March 2023 have been compared to those that members could have achieved in the three comparator schemes mentioned above.

The net performance returns of the Scheme's default arrangement are generally comparable to the comparator schemes. The default arrangement has provided greater downside protection than the Aegon and NEST strategies over the one year period to 31 March 2023, however it generally slightly underperformed the comparators over the longer, five year period to 31 March 2023. The net performance figures achieved by self-select funds in the Scheme are broadly in line with the comparator's schemes. The returns for the Scheme are deemed to have provided value for members over the one year period but less so over the longer term.

iii. Administration and Governance

An assessment of the following Governance and Administration metrics has been undertaken for the Scheme: Level of trustee knowledge, understanding and skills to operate the pension scheme effectively; effectiveness of management of conflicts of interest; appropriateness of the default investment strategy; quality of investment governance; quality of member communications; promptness and accuracy of core financial transactions and quality of record keeping. These metrics are not benchmarked against the comparator schemes, simply assessed by the Trustee.

Our assessment concluded that for all members, the Governance and Administration of the Scheme does provide reasonable value for members, although there are potential areas for potential improvement through the transition to a master trust arrangement. We have provided further detail below, under the four broad areas in which we carried out this part of the assessment:

<u>Scheme governance</u>

The Trustee has processes and procedure in place to meet the level of knowledge, understanding and skills required and works alongside its professional advisers in the running of the Scheme (see section 6 for further details). The Trustee considers the governance arrangements in place to be robust, with the right structures in place to support effective management of risks.

<u>Investments</u>

The Trustee has suitable investment governance procedures in place. The Scheme offers a default lifestyle strategy that targets drawdown at retirement and allows for full pensions freedom. The self-select investment funds available have been designed, following advice from the Trustee's investment adviser, with the specific needs of members in mind and were last reviewed in 2020 and are due to be reviewed in 2024. The Trustee reviews investment performance on a quarterly basis through the quarterly investment reports provided by their investment advisers.

Administration

The Trustee has appointed Buck to provide administration services to the Scheme. The Board has processes in place, including Service Level Agreements and quarterly administration meetings with Buck Administration to monitor standards of administration and record-keeping for the Scheme.

Member communications

The Trustee issues statutory communications such as annual benefit statements.

AVC arrangements

Members can use their AVC funds towards their pension commencement lump sum ('tax-free cash') and thereby reduce the amount of defined benefit pension they commute for tax-free cash. The Trustee considers this option to be a valuable benefit for members.

The AVC arrangements are reviewed at least every three years or as circumstances or changes may require. The Trustee last conducted an AVC review in September 2021.

iv. Overall conclusion of the Value for Members assessment

The Trustee believes that the Scheme provides reasonable value for members. The Trustee, in agreement with their investment advisers, Aon, believes that a transfer to a master trust arrangement could provide improved value to members in areas such as member communications, engagement and scheme governance. The Trustee has therefore initiated discussions with a master trust provider to investigate the options available to the Scheme and understand what is in the best interest of Scheme members.

5. Processing of core financial transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the transfer of member funds out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries.

The Scheme is closed to further contributions and the core financial transactions are undertaken on the Trustee's behalf by the Scheme administrator, Buck.

The Trustee has a Service Level Agreement (SLA) in place with Buck which includes core financial transactions relating to the DC funds, as well as other administration tasks such as: records management; benefits and tax calculations; provision of scheme information, quotes and statements; investments, disinvestments and reconciliations; operation of member helpline and email inbox; reporting to Trustee and regulatory bodies; supporting the Trustee’s other advisers on projects such as valuations and audits; and data protection.

The timescales set out in the SLA for core financial transactions are as follows:

Task	Timescale to complete
Transfers-out	15 working days
Payment of death claims	5 working days
Payment of retirement benefits	10 working days
Fund switches	5 working days

Buck has confirmed that there are processes in place for each core financial transaction to ensure they are processed accurately and in a timely manner. An automated daily sales and redemptions report is used to check transactions placed the previous day. As an additional level of scrutiny, Buck also have an internal reconciliations team who independently carry out monthly checks, in addition to daily reconciliation of the Trustee bank account. Buck have internal audit functions in addition to the external audit carried out on the Scheme annually.

Buck reports performance against the SLA to the Trustee on a quarterly basis. The reports combine both DB and DC SLA performance and detail timescales for processing the core financial transactions set out above, as well as other tasks, against the SLA. The quarterly administration reports also include details of any formal member complaints. The checks and regular unit reconciliations carried out by the administrators ensure core financial transactions are accurate and timely.

As stated above, Buck reports administration service performance to the Trustee on a quarterly basis, but reports run from 1 Feb to 30 April, 1 May to 31 July and so on.

A small number of transfer settlements, retirement settlements and transfer illustrations delivered for the DC section of the Scheme over the year to 31 March 2023 were outside of the Service Levels set out in the contract with Buck. Buck noted that one target was missed following a long-standing transfer out of the Scheme where amendments were required to the transfer application before this could be executed. Target delivery times were also not fully met for the core financial transactions set out above for the Scheme as a whole (not just DC funds). This was partially due to internal delays with Buck along with the requirement for further information from members.

Buck also confirmed there was one material administration error regarding the processing of core financial transactions, in the case of a member death. Buck was not in a position to contact the next of kin to advise them of the benefits that were payable and needed to do a DWP trace in order to obtain the death certificate. Buck were then able to contact the next of kin named on the certificate. Buck has now written to the next of kin to advise of the benefits payable. As of 31 March 2023 Buck were yet to receive a response and therefore the benefits have not been paid. Buck confirmed that they are continuing to follow up on this.

There were no complaints received from members during this period.

Buck has also confirmed that there were no fund switches processed during the Scheme year. This does not include the quarterly fund switches that are made as part of the lifestyling arrangements.

In the light of the above, the Trustee is satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and although the administrator was not able to meet all target delivery times during the Scheme Year, the reasons for this are understood. Where the service provided was not at the level required under the SLA, the Trustee has discussed the reason for these issues with Buck and sought and received assurances about the measures Buck are putting in place to ensure that SLA requirements are achieved in the future;
- the majority of core financial transactions have been processed promptly and accurately during the Scheme Year, however, there have been some processes that occurred outside of the agreed SLAs.

6. Trustee Knowledge and Understanding ('TKU')

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Trustee as a body in dealing with the whole Scheme and unless specifically mentioned, are not restricted to the DC Section of the Scheme.

Ross Trustees Services Limited, part of Independence Governance Group ('Ross Trustees') is the sole Trustee of the Scheme. The individuals that represent Ross Trustees are experienced pension professionals who act as trustees across a number of different pension schemes and have acted as the Trustee of the Scheme for a number of years. These individuals therefore have a significant depth of pension knowledge, which they keep up to date as part of their professional duties, meaning they meet the Pensions Regulator's trustee knowledge and understanding requirements (as set out under Code of Practice 7). The Chair of the Trustee and other Ross Trustees pension professionals acting as Trustee of the Scheme are Accredited Professional Pension Trustees.

Ross Trustees has achieved the standards required by the Institute of Chartered Accountants in England and Wales Technical Release AAF 02/07 on its internal controls. Ross Trustees' compliance with these requirements is audited annually and it maintains the level of training expected from a professional trustee.

Ongoing evaluation by the Trustee is carried out which considers, amongst other things, the design, systems, security, administration, risk management, advisers and governance of the Scheme and the effectiveness of the Trustee. This includes making sure that the Trustee has appropriate processes in place to ensure it has sufficient knowledge and understanding of:

- pensions and trust law;
- the relevant Scheme documentation, including a working knowledge of the Scheme's trust deed and rules;
- a working knowledge of the Scheme's Statement of Investment Principles; and
- a working knowledge of all documents setting out the Trustee's current policies in respect of the Scheme.

Additionally, Ross Trustees operates a comprehensive programme of training involving external and internal subject matter experts covering a variety of technical knowledge and other information and skills. This programme covers both annual mandatory training (for example, GDPR compliance) and additional training identified by cross-organisational training need self-evaluations. A formal online training resource is also in place under which all Ross Trustees staff have a specified timescale (usually 1 month) to complete a module which includes learning material plus a mandatory test to check understanding and knowledge.

In addition to the knowledge and understanding of the Trustee, the Trustee has engaged with its appointed professional advisers regularly throughout the year to ensure it runs the Scheme effectively and exercises its functions properly. The Trustee's professional advisers also attend all Trustee meetings. Agenda-specific training is provided by the Scheme's advisers during Board meetings and during the Scheme Year, to ensure that the Trustee maintains a sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes. In particular, the Trustee has, amongst other things:

- Received training in;
    - Pension Dashboards and TCFD responsibilities
    - The LDI crisis including receiving regular updates on the financial markets during this time
    - The importance of confidentiality
    - Integrated Risk Management Framework
    - Cyber Resiliency
    - DB Funding Code
    - GDPR update/refresher
    - Guidance for Sole Corporate Trustees
    - Pension Scams and the Scams Pledge

Furthermore, the Trustee is familiar with the Scheme documentation including the Scheme Trust Deed and Rules, current Statement of Investment Principles and other relevant Scheme policies. Scheme specific documentation including the Trustee's policies is subject to regular review and this is captured on the Scheme annual planner and reviewed at the appropriate Trustee meeting. Before any decisions are made with relation to contributions or investments, the Trustee ensures that the relevant documentation is reviewed to ensure that the change is permitted.

Ross Trustees has signed up to the Pensions Regulator's Scam Pledge which means that they will do what they can to protect scheme members and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice. They have actively encouraged all of their pension scheme administrators to do so too.

Considering the training activities completed by the Trustee together with the professional advice available to the Trustee, the Trustee considers that it meets the Pension Regulator's TKU requirements (as set out under Code of Practice 7) and is confident that the combined knowledge and understanding of the Trustee board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Scheme.

7. **Publication of the Defined Contribution Governance Statement online**

Certain sections of this report are required to be published online. This statement has been published on the scheme website: https://corporate.thermofisher.com/content/tfcorpsite/us/en/index/corporate-social-responsibility/corporate-governance.html. The scheme has also complied with the requirement to share this information with members in their Annual Benefit Statements.

Signed on behalf of the Trustee of the Thermo Fisher Scientific DB Pension Scheme

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Chair of Trustee

Date of signing: ________________________