Annual chair’s statement 2022

For members of the ITV Defined Contribution Plan (the ITV DC Plan) for the year ending 30 September 2022

You’ve built up valuable savings in the ITV DC Plan, so it’s important to know that the ITV DC Plan is well run and your savings are being looked after. This is the responsibility of the ITV DC Plan Trustees.

Each year, the Trustees produce a document called the Chair’s statement. This sets out important information about the ITV DC Plan and demonstrates how it has met its legal requirements in a number of key areas. It includes:

- Details of the ITV DC Plan’s investment fund costs and charges; these funds are available to members through the *Hands off* and *Hands on* options.
- ‘Pounds and pence illustrations’ showing the impact that investment costs and charges might have on the value of a sample of members’ savings over time.
- A ‘Value for Members’ assessment about the value provided by the ITV DC Plan**.**
- Details about the training provided to the Trustees so they can carry out their role effectively.
- Information about how core financial transactions are processed, such as the investment of your contributions or fund switches.
- Information about the investment strategy and how the investments are managed.

If you have any questions about the Chair’s statement or would like a printed copy, please contact ITV Pensions by calling *01772 884488* or emailing *enquiries@itv-pensions.com*

DC Trustee Ltd

Annual Chair's Statement

for the ITV Defined Contribution Plan year ending 30 September 2022

This statement has been prepared by the Trustee of the ITV Defined Contribution Plan ('the Plan') to demonstrate how the Plan has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015. This statement applies to all relevant sections of the Plan, except for the Auto-Enrolment Plan ('AE Plan') for which a separate statement has been produced.

This statement reflects the position for the reporting year (1 October 2021 to 30 September 2022).

1. Default arrangements

A copy of the latest Statement of Investment Principles (SIP) prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 can be found at **https://www.itvdcplan.com/documents/chairs-statement.pdf** and is also appended to this Statement (Appendix 3). This has been agreed by the Trustee after consultation with the Company (as required by law). This Statement details both the default arrangement and all of the investment options under the Plan.

The joining process for new members is designed so that members are able to make an active investment choice. During the reporting year, the Hands off Flexible Access (phased) strategy was the Plan's default investment arrangement for new members who did not make an active investment choice. The Hands off Flexible Access (phased) strategy has two phases and the objectives for each phase are:

- Growth phase – aims for higher growth in the early period (up to 20 years prior to the member's target retirement age) by investing in the Global shares (index tracker) Fund. Diversification is then introduced for risk management purposes by gradually switching investments to the Mixed selection Fund over the next 10 years.

- Consolidation phase – Starting 10 years prior to a member's target retirement age the strategy gradually switches into a portfolio that is designed for members taking 25% of their savings as a tax-free cash lump sum and who wish to withdraw the remaining savings on a flexible basis throughout their retirement. The portfolio at retirement is made up of the Mixed Selection, Mixed Selection (Absolute Return) and Money Markets funds.

A number of the other Hands off and Hands on self-select funds are also default arrangements due to members being previously mapped to these investment options without their consent. The objectives for these options are set out in the Plan's SIP which is provided in Appendix 3.

The full list of Hands off and Hands on funds considered defaults are:

- One-off Cash (focused)
- One-off Cash (phased)
- One-off Cash (steady)
- Multiple Cash (focused)
- Multiple Cash (phased)
- Multiple Cash (steady)
- Flexible Access (focused)
- Flexible Access (phased)
- Flexible Access (steady)
- Mixed selection
- Company bonds
- UK government bonds (index tracker)
- Money Markets
- Global shares (index tracker)

The below Plan investment guide provides more details on the different investment options available: https://itvdcplan.com/documents/itv-dc-investment-guide.pdf

Strategic review – Hands off

The latest triennial strategic review of the Plan's default arrangements commenced in the previous reporting year and remained ongoing at the end of the reporting year 30 September 2022. The strategy review has been undertaken in two stages:

- The first stage considered whether the default hands-off strategies had met their stated objectives within the Plan SIP and if the design of these strategies remained appropriate and continued to meet the needs of the Plan membership.
- The second stage considered whether environmental, social and governance (ESG) factors should be further built into the investment approach used within the Hands off strategies. This stage also considered the ongoing suitability of the Hands on funds that were considered default arrangements.

The first stage of the review involved analysis of the Plan membership including reviewing the member demographics, risk profile and likely retirement decisions. The analysis also considered the previous mapping of members into the different Hands off strategies and if this continued to remain appropriate. The Trustee considered the outcome of this analysis at its 7 December 2020 Trustee meeting. The analysis confirmed that:

- The Plan's membership demographics have not materially changed since the last investment strategy review.
- Based on the member account sizes and risk tolerances, members were on the whole in the right Hands off strategies.

The Trustee also considered the performance of and the ongoing suitability of the design of the different Hands off strategies. The Trustee with support from its investment adviser concluded at its 29 September 2021 Trustee meeting that the range and design of Hands off strategies remained appropriate and continued to meet the needs of the different cohorts of members under the Plan. The Trustee's conclusion was based on the above member analysis and the fact that:

- The Hands off strategies had broadly performed in line with the Trustee's objectives for these as set out in the SIP.
- Members continue to benefit from a range of choices covering various retirement options to help them choose the option that best matches how they intend to take their savings
- The three different risk profiles available allow members to select a strategy that best matches their own risk tolerance.
- The Hands off options that members were previously mapped to broadly remain appropriate for applicable members

The second stage of the review commenced in the previous reporting year and was completed after the end of the reporting year 2022. During the reporting year the Trustee considered the ways ESG factors could be integrated into the investment range (both Hands on and Hands off), and considered the results of the member survey and assessed the suitability of different ESG and Climate focussed funds.

The Trustee along with support from their investment adviser agreed how to incorporate ESG factors into the Hands off range after the end of the reporting year. The changes to the Plan's investment strategy will be implemented over 2023 and members will be communicated with on these changes in advance. The Trustee will report on the final outcome of the second stage of the review, including the nature of the changes and the reasons underlying them, in the next reporting year.

Strategic review – Hands on

The objectives for the Hands on options which are considered default arrangements are set out below:

- Global shares (index tracker) – invests in shares of UK and overseas companies. The fund is expected to produce returns in line with the returns of an index of global shares.
- Company bonds – invests in bonds (loans) issued by companies in Sterling. The Fund is actively managed and is expected to produce modest to good growth.
- UK government bonds (index tracker) – invests in government bonds issued by the UK government. The fund is expected to produce modest growth for a set number of years that matches the returns of an index of government securities.
- Money markets – invests in a wide range of Sterling investments. The fund is expected to produce low growth at a similar rate to short-term government interest rates, and provide a high degree of protection to the value of a members ITV pension savings (although even with this fund the value could fall).
- Mixed selection – invests in a wide variety of investments including UK and overseas companies, bonds, property, infrastructure and commodities. By investing in this way, it spreads the types of risks that an investor is exposed to, with the aim of reducing the size of sudden changes in the value of the fund. The fund is expected to produce good growth by investing in a number of different types of investments.

A review of the Hands on options including those considered default arrangements commenced during the reporting year. The first stage of this was considered by the Trustee at its 12 September 2022 meeting. The Trustee considered analysis of the members invested focusing on the take up of the different Hands on options and the performance of these funds. Overall, the Trustee concluded that the Hands on funds including those considered default arrangements had met the Trustee's expectations and remained suitable.

Ongoing monitoring

The Trustee with support from its investment adviser also reviewed the performance of all of the funds making up the default arrangements under the Plan over the reporting year. The Trustee received quarterly reporting which outlined whether the funds (including those used under the Hands off options) were meeting their stated objectives in terms of performance against benchmark as well as the suitability of the fund managers based on detailed research undertaken by the Trustee's investment adviser. Performance over the year was impacted by significant volatility in both equity and bond markets, which resulted in negative performance from a number of funds. However, the Trustee accepts that performance should generally be considered over longer periods, and is comfortable that, taken in the round, the default arrangements are expected to deliver performance in line with the objectives set out in the SIP over the longer term.

2. Charges and transaction costs for all investment options available to members during the reporting year

The Trustee monitors the fund charges applied by its investment platform providers Legal & General and Scottish Widows (for the one remaining fund on that platform) on a quarterly 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 Plan's default arrangements do not exceed 0.75%.

The tables below detail the total expense ratio (TER) for the default arrangements and all other fund options within the Plan 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 charges incurred over the reporting year.

Default arrangements – Hands off	Component funds	Total Expense Ratio (TER) % p.a.
One-off Cash (phased)	Global shares (index tracker) – invested in until 10 years from retirement	0.116
	Mixed selection – invested in from 20 years from retirement	0.200
	Money markets – invested in from 7 years from retirement	0.110
One-off Cash (steady)	Mixed selection – invested in throughout	0.200
	Money markets – invested in from 7 years from retirement	0.110
One-off Cash (focused)	Global shares (index tracker) – invested in throughout	0.116
	Money markets – invested in from 7 years from retirement	0.110
Multiple Cash (phased)	Global shares (index tracker) – invested in until 10 years from retirement	0.116
	Mixed selection – invested in from 20 years from retirement	0.200
	Mixed selection (absolute return) – invested in from 7 years from retirement	0.995
	Money markets – invested in from 7 years from retirement	0.110
Multiple Cash (steady)	Mixed selection – invested in throughout	0.200
	Mixed selection (absolute return) – invested in from 7 years from retirement	0.995
	Money markets – invested in from 7 years from retirement	0.110
Multiple Cash (focused)	Global shares (index tracker) – invested in throughout	0.116

	Mixed selection – invested in from 7 years from retirement	0.200
	Mixed selection (absolute return) – invested in from 7 years from retirement	0.995
	Money markets – invested in from 7 years from retirement	0.110
Flexible Access (phased)	Global shares (index tracker) – invested in until 10 years from retirement	0.116
	Mixed selection – invested in from 20 years from retirement	0.200
	Mixed selection (absolute return) – invested in from 10 years from retirement	0.995
	Money markets – invested in from 5 years from retirement	0.110
Flexible Access (steady)	Mixed selection – invested in throughout	0.200
	Mixed selection (absolute return) – invested in from 10 years from retirement	0.995
	Money markets – invested in from 5 years from retirement	0.110
Flexible Access (focused)	Global shares (index tracker) – invested in throughout	0.116
	Mixed selection – invested in from 10 years from retirement	0.200
	Mixed selection (absolute return) – invested in from 10 years from retirement	0.995
	Money markets – invested in from 5 years from retirement	0.110

Default arrangements - ‘Hands on’ self-select funds	**Total Expense Ratio (TER) % p.a.**
Company bonds	0.360
UK government bonds (index tracker)	0.080
Money markets*	0.110
Global shares (index tracker)*	0.116

*Constituents of Hands off lifecycle strategies as well as being self-select investment options

Non-default -Hands off options	Component funds	Total Expense Ratio (TER) % p.a.
Flexible Access (continued growth) (phased)	Global shares (index tracker) – invested in throughout	0.116
	Mixed selection – invested in from 20 years from retirement	0.200
	Mixed selection (absolute return) – invested in from 20 years from retirement	0.995
	Money markets – invested in from 5 years from retirement	0.110
Flexible Access (continued growth) (focused)	Global shares (index tracker) – invested in throughout	0.116
	Mixed selection – invested in from 10 years from retirement	0.200
	Mixed selection (absolute return) – invested in from 10 years from retirement	0.995
	Money markets – invested in from 5 years from retirement	0.110
Pension (phased)	Global shares (index tracker) – invested in until 10 years from retirement	0.116
	Mixed selection – invested in from 20 years from retirement	0.200
	Pre-retirement – invested in from 10 years from retirement	0.110
	Money markets – invested in from 3 years from retirement	0.110
Pension (steady)	Mixed selection – invested in throughout	0.200
	Pre-retirement – invested in from 10 years from retirement	0.110
	Money markets – invested in from 3 years from retirement	0.110
Pension (focused)	Global shares (index tracker) – invested in throughout	0.116
	Pre-retirement – invested in from 10 years from retirement	0.110
	Money markets – invested in from 3 years from retirement	0.110

Non default - 'Hands on' self-select funds	Total Expense Ratio (TER) % p.a.
Emerging markets (index tracker)	0.300
Global shares	0.789
Property and Infrastructure (current)	0.530
Property and Infrastructure (legacy)*	0.506
Shariah law (index tracker)	0.350
Social conscience	0.730
UK shares (index tracker)	0.080
Pre-Retirement	0.110
UK shares	0.670

*Fund remains with Scottish Widows and is closed to future investments.

During 2020 a number of legacy policies held with Aviva, Prudential and Standard Life were reassigned to the Plan from the ITV Pension Scheme. Details of the ongoing charges for the funds under these policies are set out below.

Legacy funds	Total member borne deductions
Aviva With-Profits Fund	An administration cost of 0.88% is applicable. In addition, a deduction is made to the total value of the With-profits Funds to cover the costs of managing the With-profits Funds. These costs are implicit in the annual bonus rate applying and are not deducted directly from members pots. As a result, no explicit member charge can be disclosed in this statement relating to these costs.
Aviva With-Profits Guaranteed Fund	
Standard Life with Profits One Fund	A deduction is made to the total value of the With-profits Fund to cover the costs of managing the Fund. In addition, a deduction for the cost of With Profits guarantees is made. These costs are implicit in the annual bonus rate applying and are not deducted directly from members' pots. As a result, no explicit member charge can be disclosed in this statement.
Prudential Cash Accumulation With-Profits Fund	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 and are not deducted directly from members' pots. As a result, no explicit member charge can be disclosed in this statement.
Prudential Deposit Fund	The costs of managing the Fund are not declared and these are built into the interest that is applied to members' funds. As a result, no explicit member charge can be disclosed in this statement.

Transaction costs

In some cases, members may also be charged transaction costs when buying or selling units for example when switching investments or transferring out. These costs are taken into account via 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 observable and include broker commissions and taxes, or
- Implicit costs which cannot be observed 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 Financial Conduct Authority'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 Legal & General and Scottish Widows in conjunction with the underlying fund managers.

The Trustee benchmarked the transaction costs incurred during the reporting year for each of the available funds within the Plan. The Trustee found 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.

Fund Name	Total transaction costs (%)
Company bonds	0.0560
Global shares	0.0696
Emerging markets (index tracker)	0.0376
Global shares (index tracker)	0.0028
Mixed selection	0.0061
Mixed selection (absolute return)	1.1085
Shariah law (index tracker)	0.1301
Social conscience	0.0088
UK government bonds (index tracker)	0.0133
UK shares	0.2464
UK shares (index tracker)	0.0304
Property and Infrastructure (current)	0.0097
Property and Infrastructure (legacy)*	0.0250

Money markets	0.0322
Pre-retirement	0.0026

*Fund is closed to future investments and remains with Scottish Widows.

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 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 and borrowing costs reflect 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.
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.

The transaction costs for the legacy fund options are below however, we note that as members do not directly hold the investments, any transaction costs may impact on the level of bonuses that are applied rather than being a direct cost to members.

Fund Name	Total transaction costs (%)
Aviva With-Profits Fund	0.04%
Aviva With-Profits Guaranteed Fund	0.04%
Standard Life With-Profits One Fund	0.0%
Prudential Deposit Fund	n/a*
Prudential Cash Accumulation With-Profits Fund **	0.10%

* This is a deposit style fund so there are no underlying assets within the Fund and therefore no transaction costs for buying and selling into and out of the Fund, as well as ongoing costs for trading within the Fund.
**This cost covers the year to 31 March 2022 as this is the latest information that Prudential has been able to provide.

In the context of the information available, the Trustee has concluded that the transaction costs for the legacy funds reported over the year are reasonable.

Appendix 1 to this Statement contains details of illustrations, which demonstrate the cumulative effect over time of the application of costs and charges on the value of a member's benefits across a range of example members and investment options. The Trustee has taken account of the statutory guidance produced by the Department for Work and Pensions in preparing these illustrations.

3. Core financial transactions

The Trustee regularly monitors the core financial transactions of the Plan. These include the investment of contributions, transfer of assets into and out of the Plan, fund switches and payments out of the Plan to and in respect of members/beneficiaries.

During the year from 1 October 2021 to 30 September 2022, the Plan administrator was XPS. 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 agreed service level agreements (SLAs) with the Plan administrator, which over the reporting year were the Trustee's agreed levels for the promptness of processing financial transactions. Examples of targets for core financial transactions are included in the table below, but this is not an exhaustive list

Examples of core financial transactions	Target for completion (days)
Contributions processed by XPS	3
Members transferring assets out of the Plan (members are not permitted to transfer in benefits to this Plan)	5
The switching of member assets between the investment options within the Plan	2
Member payments out of the Plan	5

These SLAs are all well within legal limits and in line with regulatory expectations. Over the reporting year XPS provided quarterly reports of its performance against the agreed SLA's which were monitored at Trustee meetings. During the reporting year XPS achieved an SLA performance of 96.98% for all tasks. The quarterly SLA performance over the reporting year was as follows:

Q4 2021	Q1 2022	Q2 2022	Q3 2022
97.50%	92.49%	97.26%	98.49%

The overall SLA performance has improved from the previous reporting year and is in line with Trustee expectations for the service.

Over the reporting year there were three errors relating to the processing of core financial transactions. A summary of these errors is set out below:

- An investment change requested by a member as part of a bulk transfer into the Plan in 2020 was not picked up by the administrator. A reconciliation exercise was carried out by the administrator to understand if the member had made a loss over the period they were held in the wrong investment fund. It was concluded the member had made a loss and the member’s pension account was reimbursed to ensure they were put in a position as if the error had never occurred. A check was carried out to ensure there were no other members impacted and it was confirmed this was an isolated incident and so no further action was required.

- A member paid a single additional contribution amount in March 2021 but due to an administrative error this was not invested until December 2021. The member was put back into the position as if the error had not occurred. In light of this error, a new DC Reconciliation Team was established by the administrator to monitor the bank account on a daily basis, flagging any monies received by the administration team to avoid any future errors.

- As part of the annual Report & Accounts checks undertaken by the Plan auditors it was identified that six members who had previously been moved from the AE Plan Section to the DC Plan Section still held units on their AE Plan Section record. The administrator corrected all records and carried out a reconciliation exercise and for four members where a loss was incurred, they were put back into the position as if the error had not occurred. The administrator has added an additional stage to this process to reduce the risk of this error occurring again.

The time taken for XPS to process member contributions was in line with the Trustee agreed service standard for these (three working days) in nine months out of 12. For the three months where the service standard was not met, the contributions were all processed on the fourth working day. This is the same performance as seen in the previous reporting year. The Trustee, with support with from the ITV Pensions Department continues to work with XPS to improve the timing of processing member contributions with the aim for the three day standard to be met every month.

The ITV Pensions Department, ITV payroll and the administrator undertake monthly monitoring of contribution payments calculated and paid by ITV to ensure these are processed promptly and accurately. A quarterly contribution reconciliation report is produced by the ITV Pensions Department and is monitored by the Trustee. These reports detailed any contribution errors identified during the reporting year and how these were rectified. During the reporting year XPS identified 22 cases where pension contributions were incorrectly applied. All cases were identified related to where pension contributions had been incorrectly paid and at the end of the reporting year seven were still being resolved and this work concluded in October 2022. For the 15 members resolved during the reporting year, where a loss was incurred they were put back into the position as if the error had not occurred. These errors relate to administration errors within the payroll process, ITV will be implementing a new HR software system which aims to reduce the risk of these error types occurring in the future.

The Trustee along with the ITV Pensions Department, ITV payroll and the administrator will continue to undertake the monthly monitoring of contribution payments.

Data accuracy

To support the accuracy of financial transactions, the Trustee reviews the Plan's common and conditional data on an annual basis to ensure that financial transactions can be processed promptly and accurately. As at July 2022, the common data score was 99% (2021 99% & 2020 99%,) and the conditional data score was 99% (2021 99% & 2020 99%). A monthly validation of active member data is undertaken between XPS, the ITV Pensions Department and the Company. Common data gaps included invalid National Insurance number recorded and address errors. Conditional data gaps included missing/inconsistent information around historic salaries and incorrect contribution data. Over the reporting year a data review exercise was undertaken between the administrator and ITV Pensions Department to look to correct the data gaps via reviewing the ITV plc records which reduced the numbers of data gaps. In addition, an address tracing exercise was undertaken by the administrator to try and locate any missing contact information. A number of gaps remained at the end of the reporting period which the Trustee are considering what additional actions can be taken to resolve these items. The Trustee notes that none of the missing data points relate to items that would impact on the administrators ability to promptly and accurately process a core financial transaction.

Service monitoring

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. Quarterly administration reports on XPS' service performance including the processing of core financial transactions were produced by ITV Pensions Department and reviewed by the Trustee.

XPS and the ITV Pensions Department engage regularly around different aspects of the service during the reporting year including:

- Quarterly calls with senior XPS representatives to discuss the overall administration of the Plan 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.

The ITV Pensions Department reviewed the following XPS process documents and procedures to ensure financial transactions continue to be processed accurately and promptly:

- AAF 01/06 internal controls reports
- Plan specific manual
- Business Continuity Plan in place at applicable XPS sites
- Daily monitoring of bank accounts
- Contributions processed by the dedicated team sitting within the administration function

- 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 as follows:

- Assisted XPS in identifying any discrepancies
- Sent on outstanding queries to the payroll department (as outlined above)
- Prepared a non-compliance report which identified genuine errors for the Trustee

The Trustee considered the performance of the ITV Pensions Department in supporting the processes relating to core financial transactions as part of its review of the administration and contributions reports. The Trustee was satisfied with the service provided.

There were no issues with the processing of core financial transactions save for the corrected errors described above and, based on the above, the Trustee is satisfied that core financial transactions were on the whole processed promptly and accurately during the reporting year.

4. Net Investment returns

The Trustee is required to report on the net investment returns for the Plan's full investment range during the reporting year. The net investment return is after taking into account all transaction costs and charges (see above). In Appendix 2 of this Statement, the Trustee has provided these net investment returns for all of the Plan's investment options. These returns have been prepared taking into account the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

5. Value for members

Costs of the provision of services under the Plan are split between members and the Company. During the year to 30 September 2022, members met investment related charges only. All other costs incurred by the Plan, including costs of administration, legal costs, Plan governance and communications, are met by the Company.

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 February 2023 that considered three areas:

1. The level of the charges and transaction costs members pay
2. The net investment returns of the Plan's fund range and how they performed against their chosen benchmarks
3. Governance, administration and communication, including a comparison of the services and features offered by the Plan against those observed across market leading DC arrangements.

The results of the assessment are set out below.

Charges and transaction costs

- 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 (including contract based and Master Trust arrangements). The benchmarking showed that the average charge for all of the Plan's investment options was lower than the average paid by schemes of a similar asset size and using a similar investment approach. In addition, the average charge was significantly below the average charges paid across the wider market. In addition, the growth phase of the Plan's default Hands off strategy was shown to be very competitive compared to the market benchmarking undertaken.

- The transaction costs for all of the Plan's funds were benchmarked against an average cost for their respective asset class. The assessment showed that the majority of the funds were either below or broadly in line with the market average for their relevant asset class.

Net investment returns

- The assessment considered the performance of the component funds used within the Hands off strategies and the funds offered through the Hands on range. The assessment showed that:

  - For The funds used within the Hands off strategies:
    - The Global shares (index tracker) and Money markets funds had performed in line with their respective benchmark.
    - The Mixed Selection and Mixed Selection Absolute Return Funds had underperformed across the reporting period against their performance comparator. The Trustee noted this underperformance but felt this was reasonable in the context of the challenging market conditions seen over 2022. In addition as these funds are used to provide reduced volatility for members particularly in the lead up to retirement, which both had achieved. The Mixed Selection Absolute Return Fund had produced strong absolute returns during the reporting period which was very positive considering negative returns were seen across a range of asset classes over the same period.
  - For the Hands on funds the majority had performed in line with or outperformed their benchmark. However, a number of the actively managed funds had underperformed over the reporting. The underperformance was due to the challenging market conditions seen and/or the specific nature of the Fund (such as the Social Conscience Fund having a focus on environmental impact).

Plan administration, governance and other services

- This element of the assessment considered whether the Plan's administration and governance, and the services it offers, are comparable to those seen across market leading arrangements. The assessment showed that the Plan offered the majority of these services including:

  - Offering a suite of lifestyle strategies that are designed specifically with the membership's needs in mind and provide a wide range of risk profiles and retirement targets.
  - A wide range of Hands on funds are available with these being managed by highly rated investment managers.
  - The Trustee regularly communicates with members in a wide range of formats, which are designed to be clear to understand and engaging. The Plan also makes available a wide variety of tools and additional resources to support members, including the ITV DC Plan website.
  - The Trustee invests significant resource and time into the management of the Plan including regular Trustee meetings and regular monitoring of its service providers.
  - A dedicated team is provided by the Plan's administrator to ensure Plan members receive a good administration experience. The ITV Pensions Department are also

available to assist members with any queries they have and also ensure that the administration service provided is of a good standard.

- The Trustee also has projects in place to further improve the value provided to members including:

  - Reviewing the Plan's approach to environmental, social and governance (ESG) integration and managing climate risk – following this review the Trustee will be introducing a number of investment changes in 2023 to enhance the Plan's approach in this area. Members will be communicated on these changes in advance of them being implemented.
  - Implementation of a new at-retirement process and communications strategy – the Trustee and ITV are considering how it can better support members with their key savings decisions with a particular focus on helping members make informed retirement decisions.

Based on the above information and the actions currently being undertaken by the Trustee, the overall conclusion of the assessment was that the Plan was overall providing good value to members.

6. Trustee Knowledge and Understanding ('TKU')

The Trustee has a TKU process in place, which enables the Trustee Directors, together with the advice available to them, to properly exercise their functions as the Trustee Directors of the Plan. All new Trustee Directors receive bespoke training from their advisers on all aspects of The Pension Regulator's Trustee Toolkit when they join – this includes training provided by the Plan lawyers and investment adviser including topics such as the law relating to pensions and trusts.

During the reporting year, the Trustee undertook the following activities:

- Regular training incorporated into planned meetings to support Trustee Board agenda items. Training over the reporting year included:
  - The latest on the Pensions Dashboards programme
  - Stronger nudge to Pension Wise guidance
  - Changes to the annual scheme return for DC schemes
  - The Pension Regulator's enforcement policies
  - The new transfer regulations
  - The Pensions Regulator's single code of practice
  - Changes to the SMPI assumptions basis
- In March 2022 the Trustee had a training session to discuss their ESG investment beliefs and how these could impact the Plan investment strategy.
- In July 2022 additional training was provided by the Trustee's investment adviser on:
  - A recap of the potential impact of climate change on member outcomes
  - An overview of the Task-Force for Climate-Related Financial Disclosures (TCFD) requirements
  - Different approaches to establishing a policy on climate
- The Trustee has an agreed process in place for training new Trustee Directors which includes attendance at training sessions from the Plan's advisers covering all of the topics within the Pensions Regulator TPR toolkit. In addition, new Trustee Directors, in advance of being appointed to the Board, would receive training on the role of a trustee and background to the Plan via online videos or training prepared by ITV Pensions Department and the Trustee's investment and legal advisers. New Trustee Directors are also invited to attend a Trustee meeting in advance of their appointment to better understand their new role.
- Towards the end of the reporting year, the Trustee Board in line with an agreed process, undertook a Member Nominated Trustee Director selection process which included a training day on the 21st of September 2022. Two new Member Nominated Trustee Directors were appointed after the end of the reporting year. These two new Trustee Directors will follow the above new trustee training process with details of this being covered in the next reporting year.
- The Trustee Board undertakes annual TKU assessment exercises to consider any training needs for the Trustee Directors or Board as a whole. The latest self-assessment was considered at the 28 July Trustee meeting and was undertaken via each Trustee Director

completing a self-assessment questionnaire. The assessment covered the Trustee's understanding of the following areas:

- The running of the Plan.
- Pension Trusts, duties, and powers of trustees.
- The Plan Trust Deed and Rules, SIP and Trustee policies.
- Pension Law.
- Principles of investing pension assets and fund management.
- Statement of Investment principles requirements, including ethical, social and governance (ESG) considerations.

The outcome of the assessment was that the Board overall had sufficient knowledge and no significant knowledge gaps were identified. It was agreed that some Trustee Directors would benefit from some individual refresher training in relation to understanding investment matters. This individual training was completed outside of the reporting year.

- The Trustee Board has maintained a training log over the reporting year and has in place a training plan which is agreed following the Trustee's TKU self-assessment and via discussing key areas of training needs or knowledge gaps.
- The Trustee Directors also undertook individual activities to improve their knowledge and understanding including one Trustee Director who achieved a Pensions Trusteeship qualification from the Pensions Management Institute
- One Trustee has requested additional support on a range of investment matters including for example, implications of overseas investments, monitoring performance using indices, benchmarks and targets and the key principles regarding investment governance. Details of this training will be including in the next reporting year.
- The SIP was reviewed at the 12 September 2022 Trustee meeting and it was agreed no changes should be made at that time.
- Reviewed other key Plan documentation and current Trustee policies including:
    - Conflicts of interest policy at the June 2022 Trustee meeting
    - The administration contract in place with XPS at the March 2022 Trustee meeting
    - The Trustee's anti-bribery policy at the September 2022 Trustee meeting
    - Its approach and policy for appointing new Trustee Directors over the third quarter of 2022
- The Trustee received ad-hoc updates from its various advisers about matters relevant to the Plan examples include:
    - An update on the compensation available via the Financial Services Compensation Scheme in relation to the Trustee's investments held on the L&G and Scottish Widows investment platforms
    - Quarterly investment performance and updates on the Plan's fund managers
    - An update on the sustainable investment practices of the Plan's fund managers
    - An update on the assets held in the legacy with-profits and deposit funds.

In addition to the above activities the Trustee undertook the following actions:

- The Trustee Chair was peer reviewed by one of the other Trustee Directors in September 2022. It was agreed that the Chair had performed in line with expectation over the reporting year and no additional action was required.
- Trustee Director only sessions took place prior to Trustee Board meetings, as required, to provide Trustee Directors an opportunity to raise and consider operational matters.
- The overall effectiveness of the Trustee Board was assessed by the Trustee Directors through individual meetings with the Chair with the aim of identifying improvements to Trustee Board practices. The outcome of these meetings was considered by the Plan Secretary and actions incorporated into the Trustee's training plan and future Board development. Following this process, it was agreed that the Board was well run with no significant improvements or action required. The Trustee agreed that they would benefit from holding a Trustee strategy day where sufficient time could be allocated to focusing on reviewing and agreeing future areas of focus to the Board.
- The Trustee also considered the overall skillset of the current Trustee Board as part of selection of the two new MND. This ensured that the Board was able to focus on candidates that would help complement the current Board whilst potentially adding expertise where the Board felt this could be enhanced.

Based on the above, each Trustee Director is conversant with:

- The Trust Deed and Rules of the Plan.
- The Statement of Investment Principles.
- Other key Plan documents including, but not limited to, the Trustee's current 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 relevant principles relating to the funding and investment of occupational pension schemes. This is particular was evidence by the extensive work undertaken to review the Plan's investment strategy over 2021 and 2022.

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. As part of the recent 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 incorporated these factors into its selection process.
- The Trustee Board comprised individuals who had 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.
- The Board has support from an experienced secretariat.

- The Trustee receives support from its advisers who are present at all Trustee meetings, including:
  - Hogan Lovells International LLP – legal advice.
  - WTW – investment and general pensions advice.

The combined knowledge, understanding and experience of the Trustee Directors together with the advice available to them enables them to properly exercise their duties as Trustee Directors of the Plan.

Signed by the Chair on behalf of ITV DC Trustee Limited
27th April 2023

Appendix 1: Illustrations of the cumulative effects over time of costs and charges

The below illustrations are based on three different example members (see details of these below). The Trustee has taken account of the statutory guidance produced by the Department for Work and Pensions in preparing these illustrations.

The below illustrations are based on three different example members (see details of these below). The illustrations are based on the projected investment returns and charges for all of the default arrangements under the Plan including the most popular investment option in terms of number of members invested (i.e., the Hands off strategies). In addition, illustrations have been included for several Hands on options offering a range of potential returns and charges including the fund with the lowest overall charges (UK shares (index tracker)), funds with lower return expectation (Money Markets and UK government bonds (Index Tracker)) and the fund with the highest overall charges and a high return expectation (Global shares).

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. Please note in the statement covering the reporting year ended 30 September 2022 the Trustee will also provide the investment performance of the Plan's funds net of their respective costs and charges.

Example Member	Years invested	Flexible Access Phased Lifestyle		Flexible Access Steady Lifestyle		Flexible Access Focused Lifestyle	
		Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges
Youngest member	1	£7,700	£7,700	£7,700	£7,700	£7,700	£7,700
	3	£14,600	£14,600	£14,400	£14,300	£14,600	£14,600
	5	£22,100	£22,000	£21,500	£21,300	£22,100	£22,000
	10	£43,700	£43,400	£41,200	£40,700	£43,700	£43,400
	15	£70,100	£69,300	£64,200	£63,100	£70,100	£69,300
	20	£102,400	£100,900	£91,000	£89,000	£102,400	£100,900
	25	£142,000	£139,300	£122,300	£118,800	£142,000	£139,300
	30	£187,700	£183,300	£158,700	£153,200	£190,400	£186,100
	35	£237,100	£229,900	£201,100	£192,900	£249,600	£242,900
	40	£294,900	£281,800	£252,600	£239,000	£321,200	£308,900
	45	£361,100	£336,400	£311,600	£287,800	£396,500	£372,000
Average member	1	£70,600	£70,600	£70,000	£69,900	£70,600	£70,600
	3	£93,200	£92,900	£90,900	£90,400	£93,200	£93,000
	5	£117,100	£116,500	£113,100	£112,200	£117,800	£117,200
	10	£182,800	£180,700	£175,100	£172,500	£188,400	£186,700
	15	£257,200	£251,900	£248,000	£242,200	£274,700	£270,200
	20	£345,900	£332,100	£335,000	£321,000	£374,700	£361,900
	22	£383,900	£364,800	£372,400	£353,200	£415,000	£396,600
Approaching retirement	1	£96,800	£96,600	£96,800	£96,600	£97,700	£97,500
	3	£121,800	£120,900	£121,800	£120,900	£124,500	£123,800
	5	£148,800	£146,600	£148,800	£146,600	£153,500	£151,700
	10	£222,600	£214,700	£222,600	£214,700	£230,600	£222,900

Example Member	Years invested	One-off Cash Phased Lifestyle		One-off Cash Steady Lifestyle		One-off Cash Focused Lifestyle	
		Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges
Youngest member	1	£7,700	£7,700	£7,700	£7,700	£7,700	£7,700
	3	£14,600	£14,600	£14,400	£14,300	£14,600	£14,600
	5	£22,100	£22,000	£21,500	£21,300	£22,100	£22,000
	10	£43,700	£43,400	£41,200	£40,700	£43,700	£43,400
	15	£70,100	£69,300	£64,200	£63,100	£70,100	£69,300
	20	£102,400	£100,900	£91,000	£89,000	£102,400	£100,900
	25	£142,000	£139,300	£122,300	£118,800	£142,000	£139,300
	30	£187,700	£183,300	£158,700	£153,200	£190,400	£186,100
	35	£237,100	£229,900	£201,100	£192,900	£249,600	£242,900
	40	£289,700	£278,800	£248,200	£236,500	£317,900	£308,000
	45	£326,900	£312,900	£282,300	£267,800	£363,400	£350,500
Average member	1	£70,600	£70,600	£70,000	£69,900	£70,600	£70,600
	3	£93,200	£92,900	£90,900	£90,400	£93,200	£93,000
	5	£117,100	£116,500	£113,100	£112,200	£117,800	£117,200
	10	£182,800	£180,700	£175,100	£172,500	£188,400	£186,700
	15	£256,400	£251,700	£247,200	£242,100	£274,900	£271,300
	20	£326,600	£318,900	£316,400	£308,300	£357,200	£351,000
	22	£349,100	£340,400	£338,600	£329,500	£381,500	£374,300
Approaching retirement	1	£96,800	£96,600	£96,800	£96,600	£97,700	£97,600
	3	£121,400	£120,800	£121,400	£120,800	£124,700	£124,300
	5	£146,300	£145,200	£146,300	£145,200	£152,000	£151,200
	10	£203,700	£201,100	£203,700	£201,100	£213,000	£211,000

Example Member	Years invested	Multiple Cash Phased Lifestyle		Multiple Cash Steady Lifestyle		Multiple Cash Focused Lifestyle	
		Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges
Youngest member	1	£7,700	£7,700	£7,700	£7,700	£7,700	£7,700
	3	£14,600	£14,600	£14,400	£14,300	£14,600	£14,600
	5	£22,100	£22,000	£21,500	£21,300	£22,100	£22,000
	10	£43,700	£43,400	£41,200	£40,700	£43,700	£43,400
	15	£70,100	£69,300	£64,200	£63,100	£70,100	£69,300
	20	£102,400	£100,900	£91,000	£89,000	£102,400	£100,900
	25	£142,000	£139,300	£122,300	£118,800	£142,000	£139,300
	30	£187,700	£183,300	£158,700	£153,200	£190,400	£186,100
	35	£237,100	£229,900	£201,100	£192,900	£249,600	£242,900
	40	£291,500	£280,100	£249,800	£237,600	£319,700	£309,200
	45	£346,300	£326,000	£298,900	£279,000	£383,400	£363,700
Average member	1	£70,600	£70,600	£70,000	£69,900	£70,600	£70,600
	3	£93,200	£92,900	£90,900	£90,400	£93,200	£93,000
	5	£117,100	£116,500	£113,100	£112,200	£117,800	£117,200
	10	£182,800	£180,700	£175,100	£172,500	£188,400	£186,700
	15	£256,400	£251,700	£247,200	£242,100	£274,900	£271,300
	20	£336,500	£325,800	£326,000	£314,900	£367,300	£357,800
	22	£369,000	£354,100	£357,900	£342,800	£401,700	£387,900
Approaching retirement	1	£96,800	£96,600	£96,800	£96,600	£97,700	£97,600
	3	£121,400	£120,800	£121,400	£120,800	£124,700	£124,300
	5	£147,200	£145,800	£147,200	£145,800	£152,800	£151,800
	10	£214,600	£208,800	£214,600	£208,800	£223,600	£218,200

Example Member	Years invested	Global Shares		UK government bonds (index tracker)		Money Markets	
		Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges
Youngest member	1	£7,800	£7,700	£7,500	£7,500	£7,500	£7,500
	3	£14,900	£14,600	£13,600	£13,600	£13,600	£13,600
	5	£22,600	£22,000	£19,800	£19,700	£19,800	£19,800
	10	£45,600	£43,400	£35,500	£35,300	£35,600	£35,300
	15	£74,800	£69,300	£51,500	£51,200	£51,800	£51,200
	20	£111,700	£100,900	£68,000	£67,400	£68,400	£67,500
	25	£158,500	£139,200	£84,900	£83,900	£85,500	£84,100
	30	£217,900	£185,900	£102,200	£100,800	£103,000	£101,000
	35	£293,200	£242,600	£119,900	£118,000	£121,000	£118,300
	40	£388,700	£311,600	£138,100	£135,500	£139,600	£136,000
	45	£509,700	£395,500	£156,700	£153,400	£158,600	£154,100
Average member	1	£71,100	£70,600	£68,300	£68,300	£68,300	£68,300
	3	£95,000	£92,900	£85,100	£84,900	£85,200	£84,900
	5	£121,200	£117,100	£102,000	£101,600	£102,200	£101,700
	10	£198,800	£186,600	£145,000	£144,100	£145,500	£144,300
	15	£297,200	£271,200	£189,100	£187,500	£190,100	£187,800
	20	£421,900	£373,900	£234,300	£231,700	£235,800	£232,200
	22	£480,700	£421,000	£252,700	£249,600	£254,500	£250,200
Approaching retirement	1	£98,300	£97,600	£94,400	£94,400	£94,500	£94,400
	3	£127,000	£124,200	£113,500	£113,200	£113,600	£113,300
	5	£158,500	£153,100	£132,700	£132,200	£132,900	£132,300
	10	£251,800	£235,900	£181,500	£180,300	£182,200	£180,600

Example Member	Years invested	Company Bonds		Global shares (index tracker)		Mixed Selection	
		Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges	Fund value before charges	Fund value after charges
Youngest member	1	£7,600	£7,600	£7,700	£7,700	£7,700	£7,700
	3	£13,900	£13,800	£14,600	£14,600	£14,400	£14,300
	5	£20,400	£20,200	£22,100	£22,000	£21,500	£21,300
	10	£37,600	£36,800	£43,700	£43,400	£41,200	£40,700
	15	£56,100	£54,500	£70,100	£69,300	£64,200	£63,100
	20	£76,100	£73,100	£102,400	£100,900	£91,000	£89,000
	25	£97,600	£92,900	£142,000	£139,300	£122,300	£118,800
	30	£120,800	£113,800	£190,400	£186,100	£158,700	£153,200
	35	£145,800	£136,000	£249,600	£242,900	£201,100	£192,900
	40	£172,800	£159,400	£322,100	£312,100	£250,600	£238,700
	45	£201,900	£184,300	£410,800	£396,200	£308,200	£291,600
Average member	1	£69,000	£68,700	£70,600	£70,600	£70,000	£69,900
	3	£87,300	£86,500	£93,200	£93,000	£90,900	£90,400
	5	£106,200	£104,700	£117,800	£117,200	£113,100	£112,200
	10	£156,100	£152,100	£188,400	£186,700	£175,100	£172,500
	15	£209,800	£202,200	£274,900	£271,300	£247,200	£242,100
	20	£267,700	£255,400	£380,800	£374,300	£331,300	£322,300
	22	£292,200	£277,500	£429,500	£421,400	£368,700	£357,800
Approaching retirement	1	£95,400	£95,000	£97,700	£97,600	£96,800	£96,600
	3	£116,500	£115,500	£124,700	£124,300	£121,400	£120,800
	5	£138,400	£136,300	£153,900	£153,100	£147,700	£146,500
	10	£195,900	£190,700	£238,200	£236,000	£220,700	£217,400

Notes and assumptions

The illustrations are calculated based on the following assumptions and limitations:

1. Projected pension account values are shown in today's terms.
2. For the purpose of the illustrations the contributions are based on an annual amount.
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.
4. For each example member, contributions are assumed to be paid from their current age to the assumed target retirement age.
5. Values shown are estimates and are not guaranteed.
6. The projected growth rates for each fund (set out below) are shown gross of fees and before accounting for inflation:
   - Flexible Access (phased) from 5.54% to 6.62% (adjusted depending on term to retirement)
   - Flexible Access (steady) from 5.54% to 5.60% (adjusted depending on term to retirement)
   - Flexible Access (focused) from 5.54% to 6.62% (adjusted depending on term to retirement)
   - One-off cash (phased) from 3.30% to 6.62% (adjusted depending on term to retirement)
   - One-off cash (steady) from 3.30% to 5.60% (adjusted depending on term to retirement)
   - One-off cash (focused) from 3.40% to 6.62% (adjusted depending on term to retirement)
   - Multiple cash (phased) from 4.80% to 6.62% (adjusted depending on term to retirement)
   - Multiple cash (steady) from 4.80% to 5.60% (adjusted depending on term to retirement)
   - Multiple cash (focused) from 3.40% to 6.62% (adjusted depending on term to retirement)
   - Global shares 7.29%
   - UK government bonds (index tracker) 2.98%
   - Money Markets 3.01%
   - Global shares (index tracker): 6.62%
   - Mixed selection: 5.60%
   - Company bonds: 3.96%
7. 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.
8. 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. Salaries are assumed to increase in line with the assumed inflation rate.
9. Transactions costs and other charges have been provided by Legal & General. Transaction costs have been averaged using a time-based approach and cover the period of 1 October 2018 to 30 September 2022. 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.
10. Switching costs are not considered under the Hands off strategies.
11. Example members
    - Youngest: age 20, total starting annual contribution: £3,000, starting fund value: £4,500, normal retirement age 65:
    - Average: age 43, total starting annual contribution: £8,000, starting fund value: £60,000, normal retirement age 65:
    - Approaching retirement: age 55, total starting annual contribution: £9,000, starting fund value: £85,000, 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 Plan.

Appendix 2: Net investment returns

The tables on the following pages provide the net investment returns for each of the investment options available under the Plan. 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 Plan specific fees over a 1, 5, 10, 15 and 20 year periods where available. Where members are investing in a Hands off lifestyle strategy 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 are as at the 30 September 2022 and have been provided by LGIM and Scottish Widows.

Hands off	Age of member in 2022	1 year (2021 to 2022)	5 years (2017 to 2022)
One-off Cash (phased)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-8.80%	3.00%
One-off Cash (steady)	**25**	-8.80%	3.00%
	45	-8.80%	3.00%
	55	-8.80%	3.00%
One-off Cash (focused)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-3.60%	7.70%
Multiple Cash (phased)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-8.80%	3.00%
Multiple Cash (steady)	**25**	-8.80%	3.00%
	45	-8.80%	3.00%
	55	-8.80%	3.00%
Multiple Cash (focused)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-3.60%	7.70%
Flexible Access (phased)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-8.80%	3.00%
Flexible Access (steady)	**25**	-8.80%	3.00%
	45	-8.80%	3.00%
	55	-8.80%	3.00%
Flexible Access (focused)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-3.60%	7.70%
Flexible Access (continued growth) (phased)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-3.32%	n/a
Flexible Access (continued growth) (focused)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-3.60%	7.70%
Pension (phased)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-8.80%	3.00%
Pension (steady)	**25**	-8.80%	3.00%
	45	-8.80%	3.00%
	55	-8.80%	3.00%
Pension (focused)	**25**	-3.60%	7.70%
	45	-3.60%	7.70%
	55	-3.60%	7.70%

Hands on funds	1 year (2021 to 2022)	5 years (2017 to 2022)
Company bonds	-21.70%	-1.50%
UK government bonds (index tracker)	-23.70%	-1.60%
Money markets	0.60%	0.30%
Global shares (index tracker)	-3.60%	7.70%
Mixed selection	-8.80%	3.00%
Emerging markets (index tracker)	-8.60%	3.00%
Global shares	-16.50%	8.90%
Property and Infrastructure (current)	3.50%	n/a
Property and Infrastructure (legacy)*	4.00%	4.80%
Shariah law (index tracker)	-2.40%	13.50%
Social conscience	-9.10%	7.00%
UK shares (index tracker)	-4.40%	2.20%
Pre-retirement	-31.00%	Not available
UK shares	-11.40%	-1.30%

*Fund remains with Scottish Widows and is closed to future investments.

Notes:

1. The returns have been provided by L&G and Scottish Widows as at 30 September 2022.
2. Returns are net of the fund specific charges and factor in the transaction costs incurred by the funds.
3. Age specific returns shown under the Hands off strategies arrangements are based on a member with a target retirement age of 65.
4. The Plan was only established in 2017 and so performance over 10, 15 and 20 year periods are not available. 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.

During the reporting year, the Plan also held DC assets through AVC policies issued by Aviva, Standard Life and Prudential. The Trustee has requested the same investment return information for those arrangements and have been advised of the following:

Legacy AVCs	1 year (2021-2022)	5 years (2017-2022)	10 years (2012-2022)	15 years (2007-2022)	20 years (2002-2022)
Aviva With-Profits Fund	n/a	n/a	n/a	n/a	n/a
Aviva With-Profits Guaranteed Fund	n/a	n/a	n/a	n/a	n/a
Standard Life With-Profits One Fund	n/a	n/a	n/a	n/a	n/a
Prudential Deposit Fund*	0.00%	0.00%	0.05%	n/a	n/a
Prudential Cash Accumulation With-Profits Fund*	1.00%	1.10%	n/a	n/a	n/a

Notes:

1. *The returns have been produced by Prudential as at 30 June 2022 as this is the latest information they can provide. Where the performance is not currently available this relates to Prudential not providing this for the longer term periods. The Trustee is working with Prudential to provide this information in future statements.
2. As at the date the Statement was produced Aviva and Standard Life had not provided the required net investment returns information. The Trustee is engaging with Standard Life and Aviva to understand if this information can be included in future Statements.

ITV Defined Contribution Plan

Statement of investment principles

This document sets out the Trustee's investment policy for the DC Section of the ITV Defined Contribution Plan (the DC Plan). It covers things like the investment funds that are available for members to invest in, the Trustee's aims and objectives for those funds and how they monitor the performance of the fund managers. It also includes information about the Trustee's approach to Responsible Investment.

Statement of Investment Principles

ITV Defined Contribution Plan – DC Section

Introduction

1. This document describes the defined contribution ('DC') investment policy pursued by the Trustee of the ITV Defined Contribution Plan (the "ITV DC Plan").

2. The Trustee's investment policy detailed in this Statement applies to the "DC Section" of the ITV DC Plan. The DC Section refers to the sections of the ITV DC Plan called DC Section, United Section and CFM Section.

3. The ITV DC Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries. The ITV DC Plan is Defined Contribution in nature and was established on 17 January 2017.

4. The ITV DC Plan is a registered pension plan under the Finance Act 2004.

5. The ITV DC Plan is administered by XPS and the investment platform is provided by Legal & General and Scottish Widows.

6. The purpose of this Statement is to document those investment principles, guidelines and procedures which are appropriate for the ITV DC Plan, in a manner consistent with the requirements of the Pensions Act 1995 ("the Act") and the Pensions Act 2004 ("the 2004 Act").

7. The ITV DC Plan's Trustee ("the Trustee") has received advice from its investment adviser (WTW) and the Principal Company (ITV Services Limited) has been consulted regarding this Statement as required by the Act.

8. 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.

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. The Investment Managers shall provide the skill and expertise necessary to manage the investments of the ITV DC Plan competently.

10. This document has been drafted in the light of the DC Code of Practice and the DWP's minimum governance standards, and specifically the recommendations relating to the content of Statements of Investment Principles generally.

Compliance and review of this statement

11. The Trustee plans to monitor compliance with this Statement annually and following its planned reviews of the Trustee's investment strategy.

12. The Trustee will review this Statement in response to any material changes to any aspects of the ITV DC Plan, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.

13. This review will occur no less frequently than every three years. Any such review will be based on written expert investment advice and the Principal Company will be consulted.

Investment objectives

14. The ITV DC Plan's main investment objectives are:

- To ensure the individual fund options are suitably invested and managed to maximise the return commensurate with an acceptable level of risk.

- To provide members with a diversified a range of investment options designed to give members the freedom to structure his/her own investment policy to suit his/her individual risk, return, liquidity and retirement planning preferences.

Investment policy

15. The Trustee's policy is to seek to achieve its investment objectives through offering a suitable mixture of asset classes and funds. Pooled funds are made available across the main asset classes, reflecting the changing requirements of members as they progress towards retirement.

16. For the DC Section, the Trustee makes available a range of Guided (lifecycle) strategies. Each of these pre-packaged investment options comprises a growth phase and a synchronise phase where members' investments are progressively switched into lower risk investments as retirement approaches. The Guided options provide members with choices in relation to both the level of investment risk taken during the growth phase and how the member plans to use their DC Section savings at retirement. The target outcome choices at retirement are focussed towards single or multiple cash withdrawal, flexible access or annuity purchase.

17. Members are able to select their own investments from a range of pooled funds under the Customised investment strategy applicable to the DC Section, which is sometimes referred to as the self-select option.

Risk management

18. The Trustee recognises a number of risks involved in the investment of assets of the ITV DC Plan, including:

- Capital risk – the risk that the value of the investment will fall in value over any period of time. The Trustee has made available a cash fund for the purpose of managing this risk.

- Inflation risk – the risk that the contributions fail to provide an adequate amount of benefit. This could be by failing to achieve an adequate amount of return in excess of price inflation commensurate with the term of investment. The Trustee has made available funds which invest in equities or diversified assets for the purpose of managing this risk.

- Manager risk – addressed through ongoing monitoring of the Managers as set out on page 5 of this document. In addition, manager risk is limited through the use, primarily, of a passive (index) approach to investment management, except where the Trustee is comfortable that active management may add value (net of fees).

- **Synchronisation risk** – the risk that members' investment allocation in the years prior to retirement and/or once benefits are being accessed does not match their retirement objectives, exposing members to inefficient or uncertain outcomes.

- **Currency risk** – where members invest in funds with an exposure to overseas securities, there will be an element of currency risk as 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.

- **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.

- **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.

19. The Trustee continues to monitor these risks on a regular basis in line with the ongoing monitoring outlined on page 5 of this document.

Member investment options

20. Based on the Trustee's investment objectives, the Trustee has selected a range of investment options available to members. Contributions are invested by XPS onto the Legal & General platform.

21. For the DC Section, the Trustee has selected a range of Guided strategies (lifecycle) and Customised (self-select) options to offer members a balanced range of investment options to allow them to match their investment choice against their own risk tolerance and the different ways in which they may take their benefits.

22. Details of the Guided strategies and Customised investment funds within the DC Section are contained in the Investment Policy Document for the DC Section (dated September 2023). The Guided strategies offer 3 different risk-rated growth phases (phased, focused and diversified) and target a range of retirement outcomes:

- Flexible access (longer term) – focusing on continued growth beyond normal retirement age (NRA)
- Flexible access – drawdown
- Annuity – annuity purchase
- One-off cash – immediate spend
- Multiple cash – spend over 5 years

23. The Customised (self-select) investment options include funds which seek to meet the typical responsible investment and/or religious considerations of members.

Default investment options

24. The joining process for new DC Section members is designed so that members make an investment choice, reflecting the Trustee's view that good communications, online tools and support from ITV Pensions equips new members to choose investment options that are better suited to their circumstances than a default option. However, the **Flexible Access (phased)** Guided strategy is set as a default option for new members that fail to select funds when requested to do so. This strategy was set as the default based on the membership analysis

conducted as part of the investment strategy review completed in 2018, and re-confirmed following the subsequent review in 2021.

25. In addition, in introducing the Guided lifecycle strategies, and when making changes to the Customised fund range, the Trustee put in place a default mapping strategy for existing members who did not wish to make an alternative investment decision. This means that a number of other Guided strategies, and some Customised funds are treated as default investment options. The Trustee took advice on the fund mapping and is satisfied that the resulting default options are suitable for members. The Guided strategies and Customised funds which are deemed default investment options through these mapping exercises are:

One-off Cash (focused)
One-off Cash (phased)
One-off Cash (diversified)
Multiple Cash (focused)
Multiple Cash (phased)
Multiple Cash (diversified)
Flexible Access (focused)
Flexible Access (phased)
Flexible Access (diversified)
Global shares (index tracker)
Diversified investments
Diversified investments (uncorrelated)
Money markets
UK company bonds
UK government bonds (index tracker)

Fee basis

26. Members bear the management charges on the funds in which they invest which cover the provision of investment services. These fees are charged by an 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 Principal Company meets the administration and communication costs of the ITV DC Plan.

Expected risk and return

27. The investment options include the following assets and have the following risk and expected return characteristics:

- 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.
- Diversified assets – expected to produce returns in excess of rates of salary and price inflation 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.
- Property and Infrastructure shares – aims to provide good growth via diversified exposure to global developed property shares and global listed infrastructure markets.

- **Bonds** – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term. The value of some bonds is expected to move broadly in line with the price of annuities, providing some protection to the 'purchasing power' of a member's account near to retirement when used to provide a pension income (annuity).

- **Cash** – low risk to capital and asset values are easily realisable with limited investment returns associated with the low risk nature of the assets.

A closed legacy fund exists which invests part of its assets in commercial property. Once the restrictions on transactions imposed by the fund manager are lifted the Trustee will allocate the proceeds to an appropriate alternative option.

Monitoring and reviewing investments under the ITV DC Plan

28. The Pensions Regulator expects Trustee Boards to regularly review their investment fund options and consider the demographics of the membership when doing so.

29. The Trustee reviewed the ITV DC Plan's investment strategy during the period 2021-2023. Changes to both the Guided and Customised strategies were implemented in July 2023. In carrying out its reviews, the Trustee considers all relevant factors in determining whether this Statement and the associated risks remain appropriate.

Monitoring investment performance

30. The Trustee receives regular performance monitoring data from its investment advisers on a quarterly basis.

Investment manager monitoring

31. The continuing suitability of the ITV DC Plan's investment managers will be reviewed by the Trustee at least annually. The review will be based on the results of the Trustee's regular monitoring of the Investment Managers' performance and investment processes and their compliance with the requirements of the Pensions Act concerning diversification and suitability of investments, where relevant.

Other matters

Responsible Investment and corporate governance

32. The Trustee defines Responsible Investment as investing to meet present and future needs through management of long-term risks and opportunities, which involves considering all financially material factors, including environmental (including climate risk), social and governance (ESG) issues within a broader risk management framework. The Trustee takes account of members' investment time horizons and objectives when considering these factors to help the ITV DC Plan and its agents (including the advisors and investment managers) make more informed investment decisions to produce better investment outcomes.

33. The Trustee considers Responsible Investments 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.

34. The Trustee believes that the incorporation of ESG factors into investment decision making is likely to have a positive impact on the risk-adjusted performance of assets over the medium to long term. The most recent investment strategy review undertaken by the Trustee, supported by its investment adviser, involved detailed analysis of ESG factors and the potential for these factors to impact the future risk and return profile of DC investments. As a result, the Trustee believes that the incorporation of ESG factors is in the best long-term financial interests of its members. Where applicable in the overall fund range, consideration of all financially material factors, including ESG-related issues is delegated to the investment managers. The Trustee explores these issues with its advisers on a regular basis to understand the investment managers' Responsible Investment processes and approach and how they exercise these duties in practice. The extent to which investment managers integrate and consider ESG factors, and their approach to stewardship (comprising voting and engagement) is a criteria used as an input for the selection of new asset managers.

35. In addition the Trustee has incorporated a number of ESG and climate-focused funds within the Guided and Customised investment strategies.

36. The assets of the ITV DC Plan are invested in pooled funds. As such, the day to day management of the ITV DC Plan's assets are delegated to professional investment managers. Therefore, the exercise of the ITV DC Plan's corporate governance powers, including its voting rights, with respect to relevant matters including the capital structure of investee companies, actual and potential conflicts, other stakeholders and the ESG impact of underlying holdings is delegated to and directly carried out by the investment managers, with oversight by the Trustee where appropriate. When considering its policy in relation to stewardship, the Trustee expects investment managers to address broad ESG considerations, but has identified climate change, biodiversity, income equality, governance and remuneration as stewardship priorities, and consequently, these are key areas of focus for the Trustee.

37. The Trustee acknowledges that ESG is a complex topic and the Trustee recognises it has a role to inform and communicate these complexities to members as part of its aim to engage with members. To that end, a survey of members was conducted in the Spring of 2021, seeking views on sustainability, ESG and a range of non-financial (ethical) matters. As part of the recent review of the Guided and Customised strategies the Trustee considered the extent to which members' views should be incorporated into the range of investment options offered. The Trustee believes that the incorporation of ESG and climate-focused funds within the Guided and Customised investment strategies broadly reflects the views of members, although the Trustee decided to implement this investment change on the basis of financial rather than non-financial factors.

Arrangements with investment managers

38. Alignment between an investment manager's management of the ITV DC Plan's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of a new investment manager. As the ITV DC Plan 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 Responsible Investment (including engagement).

39. 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 ITV DC Plan's assets are being managed.

40. Should the Trustee's monitoring processes reveal that an investment fund's objectives and guidelines, or an investment manager's approach to Responsible 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.

41. The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the ITV DC Plan's assets. For most of the ITV DC Plan's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

42. 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.

43. Investment managers are paid a fee expressed as a percentage of assets managed, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

44. The Trustee reviews the costs incurred in managing the ITV DC Plan'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.

Realisation of investments

45. The ITV DC Plan seeks to offer only 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. However, the Plan does invest in one legacy fund which has had historic occurrences of when the funds were not readily realisable due to liquidity issues linked to the fund's investments in direct property. This fund is in the process of being wound up.

Legacy Additional Voluntary Contribution policies transferred from the ITV Pension Scheme

46. In 2020 an exercise was undertaken to transfer a number of members of the ITV Pension Scheme into the ITV DC Plan. Some of these members held investments with legacy Additional Voluntary Contribution (AVC) providers, and as part of the transfer exercise those policies were also transferred into the ITV DC Plan. These AVC providers are Aviva, Prudential, and Standard Life. These legacy providers are no longer open for members to contribute to or switch into. WTW provides assistance to the Trustee with regards to the monitoring of these legacy AVC policies.

47. The Trustee also regularly monitors the AVC arrangements to ensure that they remain appropriate noting that these policies have certain terms that may be valued by members, for example capital guarantees or guaranteed annual bonus rates.