

Avon Cosmetics Pension Plan

THE CHAIR'S ANNUAL GOVERNANCE STATEMENT

This statement has been prepared by the Trustees of the Avon Cosmetics Pension Plan (“the Plan”) in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996. It describes how the Plan has complied with the statutory governance standards during the Plan year ending 31 December 2019 that cover the following key aspects affecting the operation of the Plan’s New Money Purchase Section (the MP Section):

- The default investment strategy
- Charges and the extent to which they represent good value to members
- The monitoring of core financial transactions
- How the Trustees ensure they have sufficient knowledge so that the MP Section is well run.

In addition, where relevant, the statement includes the Additional Voluntary Contribution arrangement with Equitable Life and the Money Purchase Plan with Prudential (the Legacy Arrangements).

THE DEFAULT INVESTMENT STRATEGY

The Plan is used as a Qualifying Scheme for auto-enrolment and members of the MP Section that do not make an explicit choice on how to invest their pension savings are automatically invested in the Scottish Widows Passive Interim Lifestyle (Avon) (“the Default Lifestyle Strategy”).

The Trustees are responsible for the MP Section’s investment governance, which includes setting and monitoring the investment strategy for the default arrangement. The Plan’s investment strategy is set out in the Statement of Investment Principles (‘SIP’) which governs its decisions about investments including its aims, objectives and policies for the Plan’s default arrangements, prepared in accordance with Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005. A copy of the Plan’s most recent SIP (dated September 2019) is attached to this statement and is also available online at www.avon.uk.com/pensions

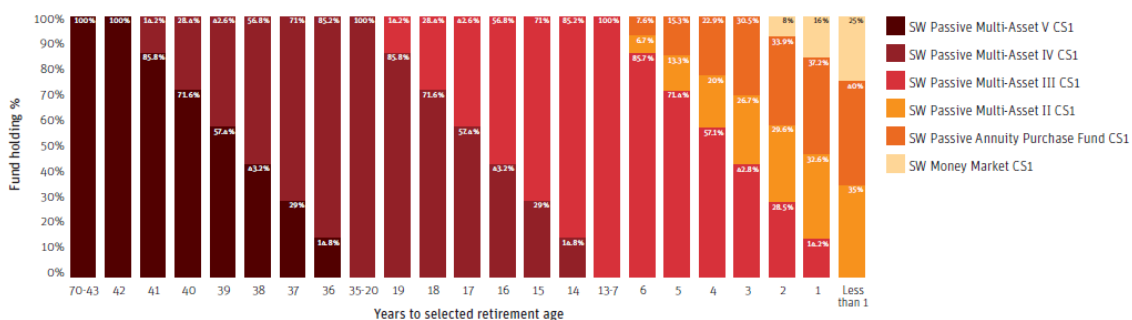
Included within the full SIP is the Trustees’ SIP for the Default Lifestyle Strategy that covers the aims and objectives for the Scottish Widows Passive Interim Lifestyle (Avon) together with the reasons why they feel it is appropriate for those members who do not actively make their own investment choice.

The Scottish Widows Passive Interim Lifestyle (Avon) is managed by Scottish Widows to provide, in its opinion, a suitable investment solution from the point at which the member joins until the point at which the member is sufficiently comfortable to make an investment decision – in particular once a member will have a view regarding how they might wish to manage income in retirement. In terms of asset allocation, the Scottish Widows Passive Interim Lifestyle (Avon) is designed to generate capital growth over the long term with increasing levels of capital protection as members approach retirement. Capital is gradually and automatically moved into funds that are less likely to experience changes in value from 6 years before retirement. The table below shows the funds and the switching profile of the Scottish Widows Passive Interim Lifestyle (Avon).

The Trustees currently consider this approach to be in the best interest of those members investing in the Default Lifestyle Strategy.

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SCOTTISH WIDOWS PASSIVE INTERIM LIFESTYLE (AVON)



OBJECTIVE

This option is managed by Scottish Widows to provide, in its opinion, a suitable investment solution from the point at which you join until the point at which you are sufficiently comfortable to make an investment decision – in particular once you have a view regarding how you might wish to manage income in retirement.

The Trustees monitor the performance of the funds underlying the Default Lifestyle Strategy, as well as the performance of the alternative investment funds available to members on a quarterly basis. This review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations. The Trustees’ undertook a review during the Plan year and concluded that the default arrangement is performing broadly as expected and is consistent with the aims and objectives of the default as stated in the SIP.

Three yearly review of the Default Lifestyle Strategy

The Trustees undertake a strategic review of the default investment strategy and the other investment options every three years to ensure they remain appropriate for members, although an earlier review will be undertaken if there are any significant changes in investment policy or membership.

As reported last year, at the end of 2018 the Trustees (with the support of Willis Towers Watson) began the three-yearly review of the default investment strategy. The membership was analysed to understand whether the lifestyle strategy remained appropriate for the different groups of members along with the performance and structure of the default strategy. At the Trustees meeting on 26 June 2019, the Trustees reviewed the report prepared by Willis Towers Watson, which covered these points and decided that the current default investment strategy is still appropriate for the membership as there was no material change in membership, the investment funds that make up the default strategy have performed in line with expectations and performance is also still consistent with the aims and objectives of the default arrangement.

The next review is intended to take place by 2022 or earlier if there are any significant changes.

The Legacy Arrangements

The legacy arrangements do not have default investment strategies.

CHARGES AND TRANSACTION COSTS

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (“TER”). The TER is paid by the members and is reflected in the unit price of the funds. The stated charges also include any costs, e.g. administration and investment costs, since members incur these costs.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Plan’s fund managers buy and sell assets within investment funds .

The TER (provided by Scottish Widows) incurred by members of the MP Section invested in the Scottish Widows Passive Interim Lifestyle (Avon) vary between 0.345% - 0.357% and are dependent

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on the time until the members' retirement (as shown in the graph above). The member borne charges for the Plan's default arrangement complied with the charge cap.

For the period covered by this statement, annualised charges and transaction costs are set out in the table below.

Component funds	Asset Class	Total Expense Ratio (TER)	Transaction costs % pa
Scottish Widows Passive Multi-Asset V CS1	Managed	0.354%	0
Scottish Widows Passive Multi-Asset IV CS1	Managed	0.355%	0
Scottish Widows Passive Multi-Asset III CS1	Managed	0.357%	0
Scottish Widows Passive Multi-Asset II CS1	Managed	0.355%	0
Scottish Widows Passive Annuity Purchase CS1	Bonds	0.345%	0
Scottish Widows Money Market CS1	Money Market	0.346%	0.005

Self-select investment options

In addition to the default arrangement, members also have the option to invest in three other lifestyles, targeting annuity purchase, cash withdrawal and drawdown and several other self-select funds.

The level of TERs and transaction costs applying during the Plan year for all other self-select funds (which do not form part of the Scottish Widows Passive Interim Lifestyle (Avon)) were:

Fund	Asset Class	Total Expense Ratio (TER)	Transaction costs% pa
Aquila Corporate Bond Over 15 Year Index CS1	Bonds	0.337%	0
Aquila Index-Linked Over 5 Year Gilt Index CS1	Bonds	0.339%	0.018
Aquila Over 15 Years UK Gilt Index CS1	Bonds	0.339%	0
Aquila UK Equity Index CS1	Equity	0.338%	0
Aquila World ex UK Equity Index CS1	Equity	0.345%	0
Scottish Widows Deposit & Treasury CS1	Money Market	0.396%	0.005
Scottish Widows L&G 30/70 Global Equity Index Currency Hedged CS1	Equity	0.383%	0.043

Scottish Widows has provided some illustrations (in the Appendix) for the Scottish Widows Passive Interim Lifestyle (Avon) and some of the self select funds of how these costs and charges impact

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members' benefits. The returns shown are only estimates and cannot be guaranteed. There are a number of other factors that should be considered when making investment choices, not least the level of risk members are prepared to take. The Trustees confirm that both they and Scottish Widows have taken into account the Statutory Guidance when preparing these illustrations.

The level of costs and charges for the AVC schemes

Equitable Life	Annual Management Charge % pa	Additional Expenses % pa	Total Expense Ratio % pa	Transaction costs % pa
Managed	0.75	n/a	0.75	0.0084
Global Equity	0.75	n/a	0.75	0
UK FTSE All-Share	0.50	n/a	0.50	0.0020
With-Profits	1% plus 0.5% to cover the cost of guarantees. This reduces the returns allocated to the fund each year. Members may also benefit from 3.5% guaranteed investment return.			n/a
Prudential	Annual Management Charge % pa	Additional Expenses % pa	Total Expense Ratio % pa	Transaction costs % pa
Discretionary	0.75	n/a	0.75	0
Deposit	The Deposit Fund is backed by the assets held within Prudential's With-Profits Fund. Any interest is declared monthly and there are no explicit charges.			0.07
With-profits Cash Accumulation	The charge varies over time as it depends on the performance of the With-Profits Fund.			0.07

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Value for Members (VfM)

The Trustees undertook its annual assessment (supported by a report prepared by Willis Towers Watson) for the period covered by this statement regarding whether the total cost of membership represented value for members.

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but the Trustees considers that it broadly means that the costs and charges deducted from members' accounts provide good value in relation to the benefits and services provided by or on behalf of the MP Section. The Trustees note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

To assess the total value members receive from the MP Section, the Trustees considered both the:

- Legal duty to assess value for members which for the MP Section includes charges, investment, administration and communication and;
- Broader elements of good value provided by the MP Section that members do not meet the cost for, which include governance and management.

The Trustees concluded that the Plan continues to represent good value for members for the reasons stated in the outcome of the report, shown below:

Area	Rating	Rationale for rating
Value for members		
Charges	Excellent	<ul style="list-style-type: none"> ▪ The Plan's charge for the default strategy (0.345% - 0.357%) is below the average TER for other DC arrangements and significantly below the statutory charge cap.
Investment	Good	<ul style="list-style-type: none"> ▪ Investment options are designed with the membership in mind and in a way to maximise outcomes. ▪ This includes a default lifestyle strategy and three additional lifestyle strategies, which target different outcomes. ▪ There are seven self-select funds that have a large take up by the membership. Choice is offered between passive and active funds. ▪ A review of the default lifestyle strategy was last undertaken in 2019 and it was decided that this is still appropriate for the membership. ▪ The Trustees receive investment performance data from Scottish Widows each quarter.
Administration	Sufficient	<ul style="list-style-type: none"> ▪ Members can register for online access to their pension accounts and have access to a helpline operated by Scottish Widows. ▪ The Trustees have a detailed service level agreement (SLA) in place and receive quarterly reports from Scottish Widows to measure performance. Following inconsistencies in 2018, the Trustees were monitoring these closely over 2019 and are pleased to see that the actions taken by Scottish Widows have improved the SLAs as follows:

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Area	Rating	Rationale for rating
		<ul style="list-style-type: none"> ➤ Time Critical Processes (e.g. transfers out, retirements, death claims etc) – average of 96% (the lowest being Q3 with an average of 89% and the highest being Q2 and Q4 with an average of 100%). ➤ Manual Administration (e.g. member queries, fund value and illustrations in writing, complaint handling etc) – average of 85% (the lowest being Q2 with an average on 77% and the highest being Q4 with an average of 95%). ▪ There were no late payments during the year. ▪ Scottish Widows received 3 complaints, 2 were upheld and 1 was still being investigated as at Q4 2019. ▪ Avon’s members have not raised any complaints with the Pensions Department with regards to service issues during 2019.
Communication	Good	<ul style="list-style-type: none"> ▪ The Plan provides communications that are accurate, informative and timely. ▪ Scottish Widows provides a range of communication materials, comprising of written (annual benefit statements, leaving statements, retirement packs), web-based (24/7 access) and video mediums. ▪ The Trustees also prepare some of their own communications to enhance member engagement and improve the overall quality including an annual newsletter. ▪ Support is also available from the in-house Pensions Team who have a dedicated email address.
Broader elements of Value		
Scheme governance and management	Good	<ul style="list-style-type: none"> ▪ Costs associated with governance and oversight are met by the Company. There are no member borne costs. ▪ Based on the most recent assessment, the Trustees meet all requirements under the DC Code of Practice No 13 in relation to scheme management and governance.

The Trustees will carry out a Value for Members assessment on an annual basis and will continue to review the costs and transaction charges deducted each year in order to ensure they continue to represent good value to members.

The assessment was undertaken taking account of the Pensions Regulator’s Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits) and with the relevant legislation.

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MONITORING THE PLAN'S FINANCIAL TRANSACTIONS

Scheme administration in respect of the MP Section, including the processing of financial transactions, is undertaken by a combination of the Company, Scottish Widows (the MP Section's administrator and investment manager) and the Avon Pensions Department. Processes adopted by Scottish Widows to help meet the agreed service levels include:

- Full integration between their administration platform and dealing system.
- Electronic checking of financial transactions.
- Straight through processing for the majority of administrative functions.
- "Second set of eyes" checking for manual tasks.

The Trustees regularly monitor the core financial transactions of the MP Section. These include the collection and investment of contributions, switches between investment funds and payments to and in respect of members, including transfers into and out of the MP Section.

The monitoring of the core financial transactions is achieved through the review of quarterly administration reports issued by Scottish Widows. In addition, the Trustees have reviewed the processes and controls operated by the Company and Scottish Widows and consider them to be sufficient.

The Trustees are satisfied that robust controls and processes are in place through the application of Service Level Agreements (SLA's) with Scottish Widows, which covers the accuracy and timelines of all core financial transactions.

Scottish Widows prepares detailed reports of performance against SLAs which are evaluated by the Trustees on a quarterly basis. During the reporting period the service levels range from 85% to 100% for Time Critical Processes (e.g. transfers out, retirements, death claims etc) and 75% to 100% for Manual Administration (e.g. member queries, fund value and illustrations in writing, complaint handling etc). The Trustees had previously expressed their concerns to Scottish Widows about the service levels and it completed root cause analysis on all failed SLA tasks, which has improved the service levels, especially over the second half of the reporting period. The Trustees will continue to monitor the performance of Scottish Widows to ensure the improved service levels continue.

There were three complaints to Scottish Widows over the reporting period, of which 2 were upheld and 1 was being investigated. There have been no incidents where statutory timescales have not been adhered to in the administration of the Plan.

Based on the above, the Trustees are satisfied that the core financial transactions for the MP Section have been processed promptly and accurately during the period from 1 January 2019 to 31 December 2019 i.e. there have been no material administration errors in relation to the processing of these. The Trustees are also satisfied that they are compliant with the Pensions Regulator's Code of Practice No 5 on reporting the late payment of contributions.

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The Legacy Arrangements

In relation to these arrangements, as they are closed to further contributions, financial transactions primarily relate to the payment of AVC benefits when a former member retires. Details of any issues relating to the payment of benefits are reported by the Pensions Department.

TRUSTEE'S KNOWLEDGE AND UNDERSTANDING

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee must:

- Be conversant with the Plan's trust deed and rules, the statement of investment principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Plan generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how these requirements have been met during the period covered by this statement are set out below:

- An induction process for new Trustees, which includes relevant documentation as per the 'New Starter Pack' process and link to the Trustee Toolkit. New Trustees are advised of the requirement to complete this within 6 months of appointment. One new trustee was officially appointed on 3 January 2019 and completed the toolkit in advance on 30th October 2018
- Regular training incorporated into planned meetings e.g. in June 2019 training was carried out on relevant DC matters from their advisers e.g. Statement of Investment Principles changes and Retirement support. Occasional attendance at external seminars held by the Trustees' advisers and other third-party firms. One new Trustee attended 3 training courses provided by Willis Towers Watson during 2019. These were 1. Introductory DB Trustee Training, 2. Introductory Trust-Based DC Training and 3. Investment Trustee Training. Further to this 2 new Trustees attended an Investment Training session provided by SEI to support their positions on the Investment Sub Committee.
- Annual trustee assessments, with future bespoke training sessions planned following these assessments to address any knowledge gaps. The last assessment was carried out in September 2019 by the Scheme Secretary. The Trustees are assessed using the Pension Regulator's assessment tool based on the Trustee Toolkit criteria. There were no gaps in knowledge identified, and all Trustees have access to the Trustee Toolkit, should they require a refresher in any particular area.
- Recording of all training and attendance at appropriate seminars via the Trustees' training log
- The Trustees' advisers attend all Trustee meetings (as appropriate). The Trustees therefore receive regular updates on all pension matters including governance requirements and legislative changes and the impact on the Plan and the existing rules so that they keep their knowledge of the law relating to pensions and trusts up to date.
- Reviewing all MP Section documents by Trustees e.g. SIP is formally reviewed at least every three years and as part of making any change to the Plan's investments and Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases.

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- Completion of the Pensions Regulator's trustee toolkit by all Trustees. The Trustees have 42 years combined experience serving the Avon Cosmetics Pension Plan. In addition to this, 4 of the 6 Trustees work within a financial environment during their day-to-day roles at Avon. One Trustee has held a Finance Director role since 2010 with responsibilities including Treasury, Pensions accounting and Employee Benefits administration. Further to this, the Trustees have the following additional experience outside of Avon:- 2 years as a Pension Trustee in Canada and 4 years experience in mutual fund industry at StateStreet, Collectively the Trustees have the following qualifications:- Masters Degree in banking and financial services, Chartered Institute of Management Accountants x 2, Chartered Financial Analyst and a Post Graduate Diploma in Human Resource Management,
- Professional advice available from the Trustees' advisers.

The Trustees also consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

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Review of Trustee effectiveness

In the next plan year, the Trustees will look to carry out an annual evaluation of the performance and effectiveness of the board as a whole has been measured against the objectives of the scheme's business plan.

In summary

Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustees believe that they are well placed to exercise their functions and responsibilities properly and effectively in relation to both the MP Section and Legacy arrangements.

Michelle Parczuk
Chair of the Trustees of the
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Date:

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Appendix - The impact of charges and transaction costs

The following information and illustrations have been provided by Scottish Widows on behalf of the Trustees.

The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

What are these illustrations for and how could they help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the Plan.

Your Plan benefits depend on many things such as contributions from you or your employer, how your investment funds have performed, and costs and charges. You may get back less than you put in.

How charges affect your pension scheme's investment funds

On the following pages are tables which show how different costs and charges can impact the pension pot over certain periods of time, based on a selection of investment funds. The assumptions used are set out underneath the tables.

Under each investment fund, there are two columns. The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs and the "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs. By comparing the two you can see how much the charges over the years will impact your pension fund.

It's important to understand how much or how little difference charges make to your pension pot, but we can't predict exactly what will happen in the future, so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

Some important things to remember

Your Plan will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyling investment approach. If you have selected the lifestyling investment approach your pension pot will automatically be moved into different funds as you approach your retirement date and your scheme literature will provide details of how this works. As the individual funds used in a lifestyling approach have different growth potential and different charges, the overall growth rate and overall charge will change over time.

For these reasons, a range of funds with a range of charges are shown, which are available to you and which could apply to your pension pot during the life of your plan. A personal projection of your pension pot is included in your annual benefit statement and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual charges applicable to you in your scheme literature.

The figures shown in the tables:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.

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- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.

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Scottish Widows – Default Lifestyle Strategy

Assuming future contributions

This table shows the development of the projected pot size over time for a sample of ages. The development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

Years	Age Now 20		Age Now 35		Age Now 45		Age Now 55		Age Now 60	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	12,100	12,000	12,000	12,000	12,000	12,000	11,900	11,900	11,900	11,800
3	20,700	20,600	20,500	20,300	20,400	20,200	20,100	19,900	19,700	19,500
5	29,800	29,500	29,300	29,000	28,900	28,600	28,300	28,000	27,200	26,900
10	54,300	53,100	53,300	52,200	50,900	49,900	47,700	46,700	-	-
15	81,300	78,800	79,000	76,500	74,100	71,800	-	-	-	-
20	111,000	107,000	104,000	100,000	93,800	90,100	-	-	-	-
25	145,000	138,000	131,000	124,000	-	-	-	-	-	-
30	181,000	169,000	151,000	142,000	-	-	-	-	-	-
35	214,000	198,000	-	-	-	-	-	-	-	-

Notes:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £8,000.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £325 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change.
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement:

Years to Retirement	Projected Growth Rate (Average)	
1	0.60%	Below inflation
3	0.30%	Below inflation
5	0.00%	Above Inflation
10	0.40%	Above Inflation
15	0.70%	Above Inflation
20	0.90%	Above Inflation
25	1.00%	Above Inflation
30	1.20%	Above Inflation
35	1.30%	Above Inflation
40	0.00%	Above Inflation

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Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Assuming NO future contributions

Years	Age Now 20		Age Now 35		Age Now 45		Age Now 55		Age Now 60	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	8,230	8,200	8,180	8,150	8,180	8,150	8,100	8,080	8,060	8,030
3	8,720	8,630	8,570	8,480	8,520	8,430	8,330	8,240	8,110	8,030
5	9,220	9,060	8,980	8,820	8,820	8,670	8,510	8,360	8,060	7,920
10	10,400	10,000	10,000	9,730	9,470	9,140	8,580	8,280	-	-
15	11,700	11,100	11,100	10,500	10,000	9,560	-	-	-	-
20	13,100	12,200	11,900	11,100	10,100	9,460	-	-	-	-
25	14,800	13,500	12,700	11,600	-	-	-	-	-	-
30	16,300	14,600	12,800	11,500	-	-	-	-	-	-
35	17,500	15,400	-	-	-	-	-	-	-	-

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £8,000.
4. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change.
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement:

Years to Retirement	Projected Growth Rate (Average)	
1	0.60%	Below inflation
3	0.20%	Below inflation
5	0.10%	Above Inflation
10	0.70%	Above Inflation
15	0.90%	Above Inflation
20	1.20%	Above Inflation
25	1.40%	Above Inflation
30	1.50%	Above Inflation
35	1.60%	Above Inflation
40	0.00%	Above Inflation

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Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

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Scottish Widows - Self-select

Assuming future contributions

The table shows the development of the projected pension pot over time before and after charges for members of any age assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds.

Years	SW Aquila Corporate Bond Over 15 Year Ind CS1		SW Aquila World ex UK Equity Index CS1		SW Money Market CS1		SW Deposit & Treasury CS1	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	11,800	11,700	12,100	12,100	11,600	11,600	11,600	11,600
3	19,300	19,200	20,800	20,700	18,800	18,600	18,800	18,600
5	26,900	26,600	30,100	29,800	25,600	25,300	25,600	25,300
10	45,400	44,500	56,200	55,000	41,700	40,900	41,700	40,800
15	63,600	61,800	86,600	84,000	56,400	54,900	56,400	54,600
20	81,400	78,500	122,000	117,000	69,800	67,300	69,800	67,000
25	98,900	94,600	164,000	155,000	82,000	78,500	82,000	78,000
30	116,000	110,000	213,000	200,000	93,100	88,500	93,100	87,900
35	132,000	125,000	270,000	251,000	103,000	97,500	103,000	96,700

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £8,000.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £325 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
 - SW Aquila Corporate Bond Over 15 Year Ind CS1: 0.4% below inflation
 - SW Aquila World ex UK Equity Index CS1: 3.2% above inflation
 - SW Money Market CS1: 1.9% below inflation
 - SW Deposit & Treasury CS1: 1.9% below inflation
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

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Assuming NO future contributions

Years	SW Aquila Corporate Bond Over 15 Year Ind CS1		SW Aquila World ex UK Equity Index CS1		SW Money Market CS1		SW Deposit & Treasury CS1	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	7,960	7,940	8,250	8,220	7,850	7,820	7,850	7,820
3	7,900	7,820	8,790	8,700	7,560	7,480	7,560	7,470
5	7,840	7,710	9,370	9,210	7,280	7,160	7,280	7,140
10	7,690	7,430	10,900	10,600	6,640	6,410	6,640	6,380
15	7,540	7,170	12,800	12,200	6,050	5,740	6,050	5,690
20	7,390	6,910	15,000	14,000	5,510	5,130	5,510	5,080
25	7,250	6,660	17,600	16,200	5,020	4,600	5,020	4,540
30	7,110	6,430	20,600	18,600	4,570	4,110	4,570	4,050
35	6,970	6,200	24,200	21,400	4,170	3,680	4,170	3,620

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £8,000.
4. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
 - SW Aquila Corporate Bond Over 15 Year Ind CS1: 0.4% below inflation
 - SW Aquila World ex UK Equity Index CS1: 3.2% above inflation
 - SW Money Market CS1: 1.9% below inflation
 - SW Deposit & Treasury CS1: 1.9% below inflation
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

Avon Cosmetics Pension Plan

Prudential – assuming NO future contributions

	With-Profits Cash Accumulation Fund Series 3		Cash Series 3	
Growth rates*	3.56%		-0.25%	
Yearly cost	1.40%		0.75%	
End of year	Before charges	After charges	Before charges	After charges
1	3,100	3,060	2,990	2,970
5	3,550	3,320	2,960	2,850
10	4,220	3,680	2,920	2,710
20	5,930	4,530	2,850	2,450
30	8,350	5,570	2,780	2,220
40	11,700	6,710	2,720	2,010

*growth rates for the funds have allowed for the effects of inflation

Notes:

1. Projected pension pot values are in today's money which means they have been adjusted for inflation.
2. The starting pot size is assumed to be £3,000
3. No regular contributions
4. The term of the investment is from age 25 to 65.
5. The funds shown are those available under the Plan and give a good idea of how costs and charges can affect returns and is not intended as a recommendation.
6. Different funds have different charges and cost which Prudential have reflected in the projections.

Avon Cosmetics Pension Plan

Equitable Life (Utmost) – assuming NO future contributions

M0236 (Unit linked funds) and E101 (With-profits)

The following table shows the impact of charges for each fund invested. Each fund is projected over several years and shown before and after cost and charges have been deducted. The first column shows the total funds.

Term	Total Funds		With-Profits		FTSE Tracker		Managed	
	Before Charges	After Costs and Charges Deducted	Before Charges	After Costs and Charges Deducted	Before Charges	After Costs and Charges Deducted	Before Charges	After Costs and Charges Deducted
1	4,059	4,012	1,010	985	1,020	1,014	1,010	1,002
3	4,180	4,038	1,030	956	1,060	1,044	1,031	1,006
5	4,305	4,067	1,050	927	1,101	1,074	1,052	1,010
10	4,636	4,148	1,102	860	1,213	1,153	1,107	1,020
15	4,994	4,243	1,157	797	1,336	1,239	1,165	1,030
20	5,384	4,392	1,214	778	1,472	1,330	1,226	1,041
25	5,807	4,608	1,275	817	1,621	1,429	1,290	1,051
30	6,267	4,838	1,338	858	1,786	1,535	1,358	1,061
35	6,767	5,082	1,405	900	1,967	1,648	1,429	1,072
40	7,310	5,341	1,475	945	2,166	1,770	1,503	1,083

Notes:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £4,000 for a Male aged 50
3. No further contributions
4. Inflation is assumed to be 2.5% p.a.
5. Values shown are estimates and are not guaranteed
6. The projected growth rate for each fund are as follows:
 - With-profits – 3.5% p.a.
 - FTSE Tracker – 4.5% p.a.
 - Managed – 4.5 % p.a.
 - Global Equity – 4.5% p.a.