# Pensionshub

For members of the GXO Logistics Pension Scheme


December 2023

GXO

# Welcome

**Welcome to the 2023 issue of *Pensions hub*, the newsletter for members of the GXO Logistics Pension Scheme.**

It has been a busy year for your Trustee. The Scheme's latest statutory triennial valuation, looking at the funding position as at 31 December 2022, is now complete and I am pleased to report that the Scheme is 100% funded. The results are given in the Summary Funding Statement starting on page 16.

You may have seen in the news earlier this year that our former Scheme administrator, Capita, experienced a cyber-attack. Although the Scheme administration was transferred to Barnett Waddingham in March, Capita still held GXO member data and some GXO member data was affected by the cyber-attack. The Trustee has written to affected members with details of the support that is available, and you can read more about this on page 4. However, Capita have reassured the Trustee that they have no evidence any information obtained through this attack has been misused.

Unfortunately, we all have to be alert to the risks posed by criminals – whether that's hackers or pension scammers. It can be difficult to recognise a pension scam, and the scammers often use a range of techniques to catch people off guard. For a more in-depth look at how scammers operate, I recommend that you read the article on page 8.

We are inviting all members to register for the new online service called **BWebstream**. This is a secure site which provides a safe way to manage your pension online and can also be used to update your details. Registration details have been sent to you in the post. If you need help using BWebstream, or if you have misplaced your registration details, please contact Barnett Waddingham using the contact details given on the back cover.

Over the past year, we have reviewed the way we manage the investment of the Scheme's assets, and BlackRock have been appointed to support us in that. Further details are on page 11.

Climate change is an important issue, and we have produced our first report about how we take climate change risks and opportunities into account when making investment decisions. We are required to undertake analysis and set objectives which are consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Turn to page 7 to find out how to access the report.

If you have any questions about your benefits or the contents of this newsletter, please contact the Scheme administrator, Barnett Waddingham, using the details on the back page.

**Vassos Vassou**
Chair of the Trustee



## In this issue



## At a glance

**£685 million**
The value of the Scheme's assets as at 31 December 2022

**100%**
The Scheme's funding level as at 31 December 2022 valuation

**10,160**
The number of members in the Scheme as at 31 December 2022

# Scheme noticeboard

## Capita cyber-attack

The Trustee wrote to all members earlier this year to confirm that the Scheme's former administrator, Capita, was subject to a cyber-attack. Capita's investigations are now complete, and they have informed the Trustee that files containing personal data relating to some members of the Scheme were impacted. The Trustee has since written to these members with details of a credit-checking service called Experian, which is being offered by Capita, free of charge, for 12 months. The letter contained a unique code to access the Experian service.

**If you did not receive a letter with a unique code, your data was not impacted by the Capita cyber incident.**

Many other pension schemes were affected by this incident, so if you have benefits in another pension scheme administered by Capita, you may receive more than one communication offering the Experian credit-check service free of charge.

Capita have informed the Trustee that they have no evidence that information resulting from this incident has been misused or that it is available illegally, including on any third-party websites.

On receiving notification of the cyber incident, the Trustee notified all relevant bodies, including the Information Commissioner's Office and the Pensions Regulator, as well as all affected members. The Trustee continues to support anyone in the Scheme impacted by the cyber incident.

We encourage all our members to stay alert to any suspicious calls, texts or emails which could be a scam. If you do receive any suspicious messages or calls, please do not hand over any information such as your bank account details. Instead, hang up, or delete any worrying texts or emails. The FCA has some useful information on how to spot the warning signs of financial scams at **www.fca.org.uk/consumers/protect-yourself-scams**




## Move to new administrator

As we mentioned in the last newsletter, the Trustee moved the pension administration service from Capita to Barnett Waddingham on 1 March 2023. Barnett Waddingham is a leading independent provider of actuarial, pension administration and consultancy services. If you have any questions about your benefits in the Scheme, you can contact the designated administration team at Barnett Waddingham using the contact details given on the back cover.

Barnett Waddingham takes data protection and information security very seriously. Their layered approach includes controls that restrict access to member data to just those individuals that require it, extensive use of data encryption, both for stored data and for data on the move, products that block malicious software on all devices connecting to their network, monitoring systems that look for and block abnormal behaviour on their network and systems, and email and internet filtering solutions that prevent malicious links and software from entering their environment. Barnett Waddingham provides ongoing user awareness training on information security and data protection topics to help their staff identify and respond to suspicious events and communications, and all data held by Barnett Waddingham is securely backed-up and can be readily restored if required. Barnett Waddingham holds ISO27001 and Cyber Essentials Plus certifications. These certifications require Barnett Waddingham to undergo and pass annual external audits to retain both.

## Trustee nomination period extended

In October, we issued an invitation to members to nominate a Trustee Director. The Trustee has decided to extend the deadline for receipt of completed Nomination Forms until 29 December 2023. Furthermore, you will no longer be required to obtain a supporting signature on the application form. If you have any questions about the nomination process, please contact the Scheme Secretary, Suzanne Johnson (**suzanne.johnson001@gxo.com**).

## BWebstream makes it easy to manage your pension

If you haven't already registered for BWebstream, our new online portal for members, please consider doing so. It's a great way to help you manage your pension online, whenever and wherever suits you.

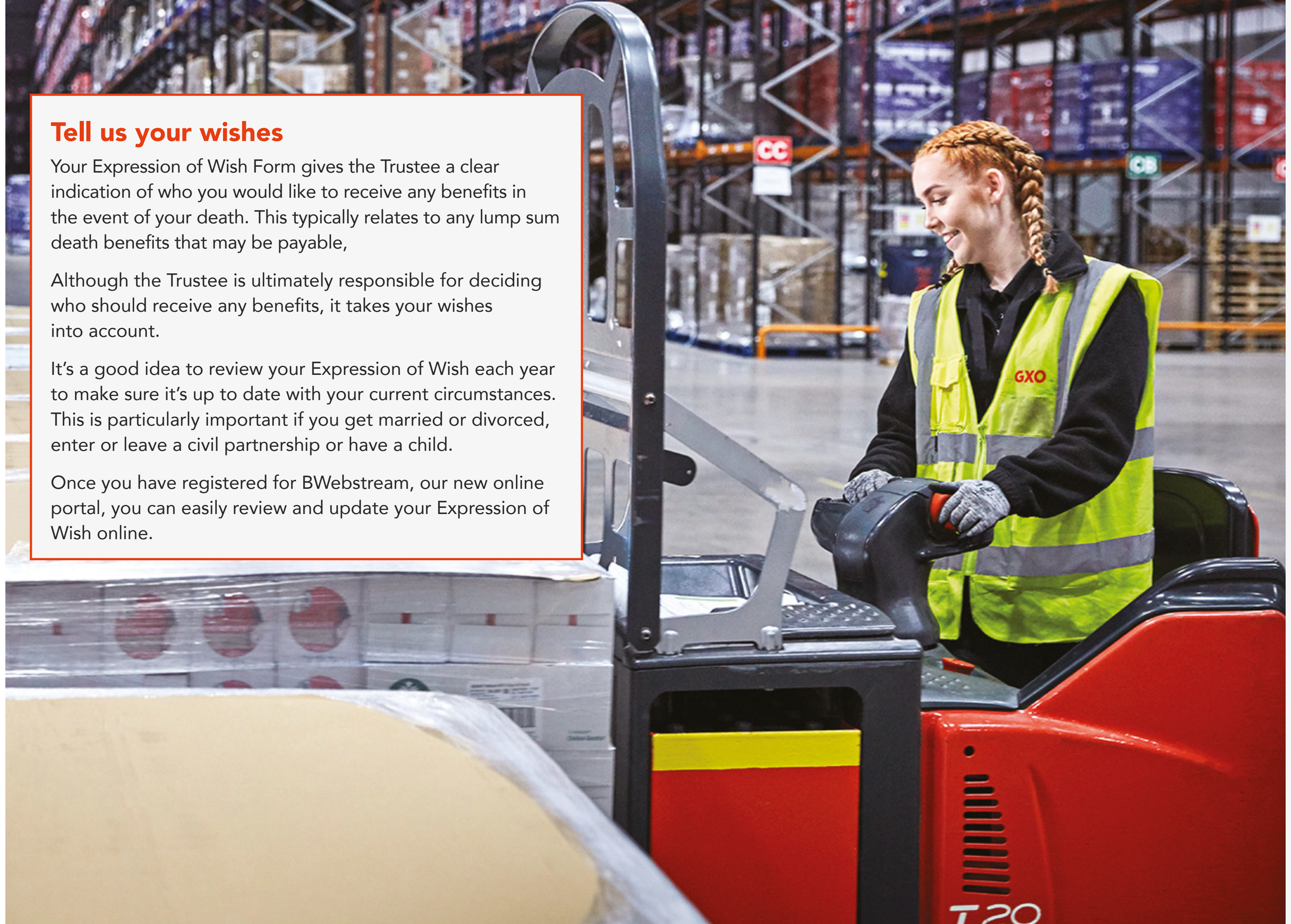
- Security and safety are at the heart of this service.
- Access to your pension information is simple.
- It's so easy to send and receive information securely – there's no risk of letters and quotes getting lost in the post!

Barnett Waddingham recently wrote to all members, inviting them to register for BWebstream. The letter included a personalised registration key that you'll need to log on.

Go to **https://logon.bwebstream.com** and choose 'Create an account' to get started **or alternatively you can use this QR code to access the site**:

**SCAN ME**

If you have any problems with the registration process, give the team at Barnett Waddingham a call (0300 373 2448) and someone will be able to help you.




## Tell us your wishes

Your Expression of Wish Form gives the Trustee a clear indication of who you would like to receive any benefits in the event of your death. This typically relates to any lump sum death benefits that may be payable,

Although the Trustee is ultimately responsible for deciding who should receive any benefits, it takes your wishes into account.

It's a good idea to review your Expression of Wish each year to make sure it's up to date with your current circumstances. This is particularly important if you get married or divorced, enter or leave a civil partnership or have a child.

Once you have registered for BWebstream, our new online portal, you can easily review and update your Expression of Wish online.

## Climate change report available now

Climate change can create both risks and opportunities that could materially impact the financial interests of the Scheme's beneficiaries. As a long-term investor, it is therefore important that the Trustee considers the short and long-term implications of climate change, when making investment decisions.

We have published our first climate change risk assessment report, covering the year from 1 January 2022 to 31 December 2022. It has been prepared in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), which aims to improve and increase reporting of climate-related financial information.

You can view the report at
**https://sites.google.com/view/gxopensionscheme/home**

# Pensions news

## Stay alert to the risk of pension scams

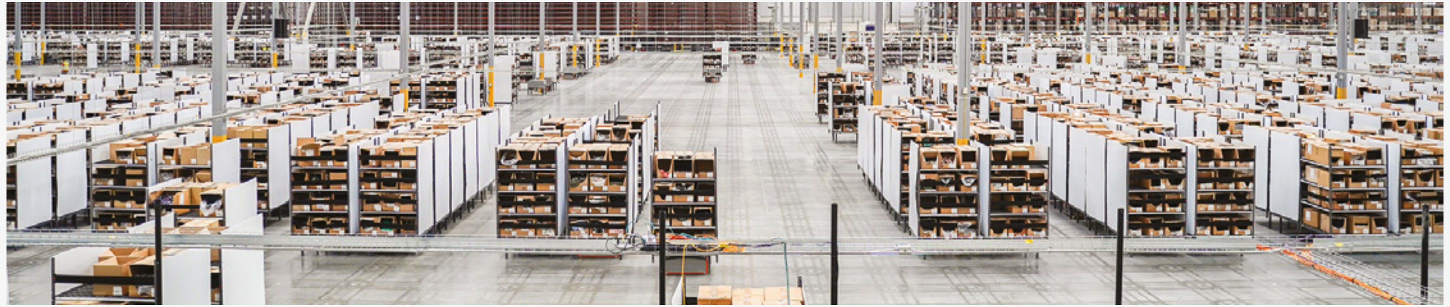
Anybody can become a victim of a pension scam, and the number of people being scammed out of their retirement savings is growing. Pension scammers often pose as advisers, offering seemingly attractive 'investment opportunities' to encourage you to transfer your retirement savings into their funds. These scams could result in the loss of all your retirement savings, and you could also face significant tax penalties.

Be especially wary if your adviser is based overseas. We'll want to see evidence that you have taken advice from an adviser who is registered with the Financial Conduct Authority (FCA), otherwise the Trustee has the power to block the transfer.

Find out more at **www.fca.org.uk/consumers/pension-scams**

## Information about the State pension

How much money will you get and when can you claim it? The State pension age has been under review in recent years, so the earliest you can claim yours will depend on the year you were born. You can find out what your State pension age is at: **www.gov.uk/state-pension-age**. You can also get a forecast of how much your State pension will be by going to: **www.gov.uk/check-state-pension**. It's important to understand that you have to claim your State pension – it's not paid automatically when you reach State pension age. Find out how to claim at: **www.gov.uk/new-state-pension/how-to-claim**





## The 2023 Budget and your pension

In March 2023, the government announced several measures in the budget, including some changes to pensions tax. If you have already drawn your benefits from the Scheme, the measures will not affect those benefits. However, if you have not yet started to draw your pension, some of the changes could affect your benefits and retirement options.

At a high level, the changes will mean fewer members are likely to incur additional tax charges due to having high value benefits. The key changes are summarised below.

- The Lifetime Allowance (LTA) charge has been removed from 6 April 2023 and the current government has announced plans to abolish the LTA in April 2024.
- Tax-free cash on retirement will be restricted to £268,275 for those without LTA protections.
- The standard Annual Allowance (AA) has increased from £40,000 to £60,000.
- The adjusted income level has increased from £240,000 to £260,000 (this is what is used for establishing whether the Tapered AA applies to a higher earner and what level it is).
- The minimum Tapered AA has been increased to £10,000.

It is important to note that these limits are tested against your pension benefits from all sources, not just this Scheme. The various types of Annual Allowances do not apply to your benefits from this Scheme, but it may be relevant in relation to other pension benefits you hold and your wider retirement planning. If you think you may be impacted by any of these changes, you should seek independent financial advice.

You can find details of independent financial advisers in your area by visiting **www.unbiased.co.uk**

## Is it time for a money mid-life MOT?

The Department for Work and Pensions has launched a new Midlife MOT website. The Money Midlife MOT is a tool to assess your current financial situation and plan for the future. Your personalised report will tell you what to prioritise and link to guidance on how to improve your financial wellbeing from midlife through to retirement.
Find out more at
**www.jobhelp.campaign.gov.uk/midlifemot**
or complete the mid-life money MOT at
**www.moneyhelper.org.uk/en/everyday-money/midlife-mot**

# Looking after the Scheme

**The Scheme is managed by a trustee company called GXO Logistics Pension Trustee Limited. It has a board of directors: some have been appointed by the Scheme Employer and some are nominated by the members of the Scheme. There is also an independent Chair.**

## Your Trustee directors

Dalriada Trustees Ltd, represented by Vassos Vassou (Chair)
Adam Parker
Zeeshan Naqvi
David Thomas
Peter Shaw*
Christopher Wells*

*nominated by members.

## In-house support

**Pensions Manager**
Robert Egginton

**Secretary to the Trustee**
Suzanne Johnson

## Advisers to the Trustee

The Trustee has appointed the following professional advisers to help run the Scheme.

**Actuary**
Will Rice, Barnett Waddingham

**Administrator**
Barnett Waddingham (from 1 March 2023)

**Auditor**
Crowe UK LLP

**Fiduciary manager**
BlackRock

**Legal adviser**
Squire Patton Boggs (UK) LLP

**Banker**
Lloyds Bank

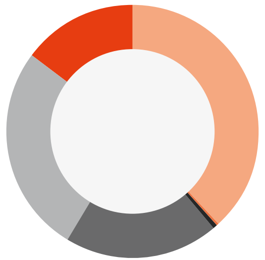


# Investment update

In 2023, the Trustee made the decision to change the investment governance structure with the aim of executing the long-term strategy efficiently and target better outcomes. The new structure provides the ability to react quickly to changes in market conditions and capture opportunities.

Following a tender process, BlackRock, a leading global investment manager, were appointed as the fiduciary manager. BlackRock's global investment expertise and risk management technology will deliver operational efficiencies, and the Scheme's assets will be managed by a team of highly experienced professionals.

The Trustee has reviewed the investment strategy with BlackRock and agreed a new strategy, which is currently being implemented. The new strategy is expected to deliver higher returns with reduced levels of risk. As a result of the review, there will be some changes in how the Scheme's assets are invested, but as at 31 December 2022 they were invested as per the chart on the right.



| | % split |
|---|---|
| Liability driven investment (LDI) | 38.2% |
| Cash | 0.3% |
| Equities | 0.6% |
| Investment-grade credit | 19.6% |
| Multi-asset credit | 26.7% |
| Other growth fixed income | 14.6% |
| **Total** | **100%** |

## Investment documents available online

The Trustee's investment policy is set out in the Statement of Investment Principles (SIP). You can also read the Implementation Statement, which shows how the Trustee has fulfilled its investment responsibilities and includes details of any changes to or deviations from the SIP. It also describes the voting behaviour by the investment managers during the year. You can find both documents at **https://sites.google.com/view/gxopensionscheme/home**

# Company news

**Two years on from our spin-off from XPO and GXO continues its journey, starting 2023 with a day dedicated to setting out our growth plans to our investors. More details can be found on https://gxo.com/investor-day-2023/. Our ambition is to double the size of our global business to revenue of circa $17bn in 2027 (2021 $8bn).**

At the end of Q1, GXO launched GXO Direct in the UK. GXO Direct is a compelling shared-warehouse solution available in the UK, with leading-edge technology and unmatched capabilities, including omnichannel fulfilment and returns management, all at low cost. GXO Direct also helps companies expand sales into new channels, including ecommerce. Sharing resources helps to achieve economies of scale, reduce costs, minimise environmental impact and deliver a better customer experience.

Throughout the year, GXO has continued to grow our business, welcoming lots of new colleagues to the GXO family. We were especially excited to welcome an expansion of our partnership with Sainsbury's to become their dedicated warehouse partner in Food. GXO has had a longstanding partnership with Sainsbury's, supporting the company's sustainability agenda and managing nine reverse logistics sites, as well as a food warehouse. As part of the new agreement, GXO will expand its services to operate an additional six warehouses for fresh and frozen food nationwide, bringing its expertise in technology, tailored warehousing solutions and industry-leading capabilities.


We are proud to publish our second ESG report highlighting progress on our five key environmental targets. In 2023, our 'AA' ESG rating from MSCI – among the highest in our industry – was reaffirmed, and we were named one of America's Most Responsible Companies by Newsweek magazine and one of the top 50 US companies for diversity by Diversity First. These are important recognitions of our commitment to winning the right way and creating a culture of belonging. Our ESG report can be found here: https://gxo.com/esg

We are also continuing to grow through strategic mergers and acquisitions. We are excited to confirm that GXO completed the process to acquire PFSweb, a leading US-based ecommerce order fulfilment platform. The acquisition of PFSweb will expand GXO's offering in high-growth verticals, including cosmetics and luxury goods, across North America and Europe by leveraging PFSweb's relationships with more than 100 brands. GXO will also capitalise on PFSweb's key service capabilities, ranging from high-touch customer care, secure payments and fraud protection to distributed order orchestration systems on which many high-end brands rely. Following the close of the transaction, PFSweb will operate as a division within GXO's Americas and Asia Pacific region which is led by Eduardo Pelleissone.

# Financial highlights

**This table summarises the Trustee's annual report and financial statements for the year to 31 December 2022. The accounts have been independently audited by Crowe UK LLP.**

| | £'000 |
|---|---|
| **Value of the Scheme at the start of the year*** | **1,082,074** |
| Money in less money out | (42,407) |
| Return on investments | (354,646) |
| **Value of the Scheme at the end of the year*** | **685,021** |

* includes members' Additional Voluntary Contributions (AVCs)

While the negative return on investments as shown above may look alarming, it is a reflection of the strategy that the Trustee uses to minimise risk. The value placed on the Scheme's liabilities is impacted by market conditions, so in order to reduce volatility in the funding level, the Trustee invests some of the assets in LDI (liability driven investment). LDI is a type of investment that moves in line with the value placed on the liabilities. As can be seen on page 16, although the assets of the Scheme have fallen, the liabilities have also fallen and the Scheme's valuation as at 31 December 2022 showed a small surplus.

| MONEY IN | £'000 |
|---|---|
| Scheme employer contributions | 1,000 |
| Other income | 2 |
| **Total money in** | **1,002** |

| MONEY OUT | £'000 |
|---|---|
| Pensions paid to members | (36,713) |
| Payments to leavers | (5,614) |
| Administration costs | (1,082) |
| **Total money out** | **(43,409)** |

If you would like to see a copy of the full report, you can request one from the Scheme administrator, Barnett Waddingham, using the contact details on the back page.



# Membership

**As at 31 December 2022, you were one of 10,160 members in the Scheme.**

| | |
|---|---|
| Deferred members | **3,898** |
| Pensioners | **6,262** |

# Summary Funding Statement

**The Summary Funding Statement sets out the GXO Pension Scheme's funding position as at 31 December 2022, the date of the latest full triennial valuation of the Scheme.**

## How is the Scheme's financial security measured?

An in-depth look at the Scheme's finances is carried out at least once every three years. It is an important part of checking the Scheme's financial health and is called an actuarial valuation.

A qualified, independent professional carries out this work for the Trustee and is appointed as the Scheme Actuary. In the years between actuarial valuations, the Scheme Actuary provides the Trustee with an approximate annual funding update.

To measure the Scheme's financial security, the Scheme Actuary compares the value of the Scheme's assets with its liabilities. If the assets are less than the liabilities, it is said to have a 'shortfall'. If the assets are greater than the liabilities, it is said to have a 'surplus'.

## What is the Scheme's financial position?

| | Actuarial valuation 31 December 2022 | Actuarial valuation 31 December 2019 |
|---|---|---|
| The market value of the Scheme's assets* | **£682 million** | £1,023 million |
| The market value of the Scheme's liabilities | **£679 million** | £1,033 million |
| Surplus/(Shortfall) | **£3 million** | (£10 million) |
| Funding level | **100%** | 99% |

*Excludes members' Additional Voluntary Contributions (AVCs)



The latest actuarial valuation as at 31 December 2022 showed that the Scheme had a small surplus of £3 million. The main reason for this improvement in the funding position since the previous valuation is the significant change in market conditions. The large rise in government bond yields has reduced both the value of the assets and the liabilities significantly over the period. The contributions paid into the Scheme by the Employer helped to reduce the deficit further, leading to a small surplus emerging.

**Liabilities**: The estimated cost of providing the benefits earned by all the deferred members who are yet to draw their pensions, together with the pension benefits already in payment, is known as the Scheme's liabilities.

**Assets**: Any contributions the Scheme Employer has made, or will make, form part of the assets of the Scheme and are invested to provide the benefits that are due to members of the Scheme. The assets of the Scheme are held in an independent legal entity entirely separate from the Scheme Employer. It is held in a communal fund for all members of the Scheme.

## Recovery plan

The results of the valuation showed a small surplus, so deficit reduction contributions are not required. The Scheme Employer has agreed to pay £1 million per annum into the Scheme to pay towards the cost of running the Scheme. The Scheme Employer will also meet the cost of the Pension Protection Fund (PPF) levy.


## What if the Scheme was wound up?

The financial objective for the Trustee is for the Scheme to have enough money to pay pensions now and in the future, but this largely depends on the Scheme Employer carrying on in business.

The Scheme Actuary has a statutory duty to calculate the level of Scheme assets required in the unlikely event that the GXO Logistics Pension Scheme was wound up. This would mean that all the Scheme liabilities (pensions and benefits) would be secured by purchasing a contract with an insurance company. The estimate of the value of the liabilities that would need to be secured with an insurer is called a 'buy-out' estimate or 'solvency' estimate.

The latest valuation indicated that the estimated extra amount that would be needed to buy out the liabilities as at 31 December 2022 was in the region of £183 million (2019: £353 million). The Trustee is required to provide this information to you – it does not mean that any consideration is being given by GXO to winding up the Scheme. It is common for most UK pension schemes to have a shortfall on a solvency basis.

In the unlikely event that the Scheme Employer failed and did not have enough money to cover the cost of buying all members' benefits with an insurer, the Pension Protection Fund (PPF) may take over the Scheme and pay compensation to members. There are certain limits on the amounts paid by the PPF, which would not give exactly the same benefits as those provided by the Scheme. Further information and guidance are available at **www.ppf.co.uk**

## Why are you showing the solvency position?

The Trustee is required by law to provide you with information on the Scheme's solvency position. It does not imply that there is any intention, either by the Scheme Employer or the Trustee, to wind up or close the Scheme.

## Why isn't the Scheme kept fully solvent at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future when calculating the value of the liabilities and they include margins for profit and future administration expenses in their valuations. By contrast, the Scheme's funding plan assumes that the Scheme Employer will continue in business and support the Scheme.

## Additional information

The Trustee is required to report whether any repayment out of the Scheme has been made to the Scheme Employer during the year ending 31 December 2022. It can confirm that no such payment has been made.

The Pensions Regulator has wide-ranging powers: for example, it can impose funding plans or modify schemes. No such directions have been made for this Scheme.

## Documents available on request

The following documents are available on request: Schedule of Contributions, Annual Report and Accounts, Scheme Funding Report, Actuarial Report, Statement of Investment Principles, Privacy Policy and the Trust Deed and Rules. If you want a copy of any of the Scheme documents or have a question about the Scheme or your benefits, please contact Barnett Waddingham, the administrator.

## Thinking of transferring your benefits?

If you are thinking of leaving the Scheme or transferring your pension benefits to another pension scheme, you should consult an independent financial adviser before taking any action.

# Get in touch

**If you have any questions about the Scheme or your benefits, please contact the administrator, Barnett Waddingham.**

Address:
Barnett Waddingham LLP
Decimal Place
Chiltern Avenue
Amersham
HP6 5FG

Telephone:
0300 373 2448 (UK)
01494 923 245 (Overseas)

Email:
GXOPensions@Barnett-Waddingham.co.uk

**Remember to let us know!**

Please don't forget to tell Barnett Waddingham if there are any changes to your personal circumstances (e.g. marital status) or address details. You can also update your details securely online using BWebstream.