dun & bradstreet

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DUN & BRADSTREET

2020 Trustee Report

Welcome to your 2020 Trustee Report

We very much hope you have stayed safe and well during this period of uncertainty. The emergence of Covid-19 and its impact on our society and economy is likely to be felt for some time.

As the world moved towards lockdown in March and April there was significant volatility in the investment markets. For members with benefits in the Plan's Defined Contribution Section, while this may have affected the shorter-term value of your retirement savings it's important to remember that they are long-term investments and therefore may have time to recover before you take your benefits. If you are close to your chosen retirement date it's important to regularly check your savings and, if needed, speak to a financial advisor. You can find out more about the Plan's investments on page 3.

With the recent volatility it's more important than ever to understand how the Trustee and their advisors work to protect your defined benefit savings. The Trustee has taken a de-risking approach for a number of years which has meant that while markets suffered high volatility and drops in value in the short-term dip, the Plan's funds have largely recovered since the main market volatility in March. You can read more about this on page 3.

2018 was a valuation year, so this year you can find an interim update on page 7. The Trustee's Actuary completes a full valuation every three years and a funding update in the years between. This means that the next full valuation will be in 2021.

The Guaranteed Minimum Pension (GMP) rectification project is progressing with the review now completed. This project is to adjust benefits to take into account the differences between men and women's build-up of benefits between May 1990 and April 1997 when GMPs were being earned in place of State Earnings Related Pension (SERPS). The reconciliation will start shortly. This process is very lengthy and requires individual attention. We will continue to keep you updated where possible and will contact you directly if you are impacted.

We are aware that there have been some delays in service offered by our administrator, Mercer. We have been actively monitoring this situation over the past year and will consider taking action if the Trustee believes this would be appropriate.

At the end of June, Dun & Bradstreet returned to the public market when shares were released in a new IPO. This release was very successful with share prices above expectations.

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The BIG picture DB & DC

Market overview to 31 March 2020

Coronavirus has had a dramatic impact on the investment markets causing sudden volatility in many different funds and asset types. Over 2019 there was a rise in global political tensions, but despite the escalation in trade measures between the US and China the investment markets were generally positive until March 2020.

In March 2020 Coronavirus became a global pandemic which had a major negative impact on global economies, causing increased volatility and negative returns across major investment markets. In response to the economic shock central banks and governments across the globe provided unprecedented support packages to their economies, in a bid to mitigate the impact of the virus. Whilst the long-term impact on economies is still unclear, investment markets have bounced back considerably from their March 2020 lows.

How this affects you if you have Defined Benefit (DB) benefits in the Plan

As a member with DB benefits, your annuity (pension) is calculated at the point of your retirement based on a formula, so your annuity is defined. But in order to pay these benefits when they are due the Plan needs to grow the current assets through investments. You can find an update on the Plan's funding level on page 7.

How this affects you if you have Defined Contribution (DC) benefits in the Plan

As a member with DC benefits, your Plan savings at retirement rely on a combination of contributions from both you and the Company and investment growth.

It is part of the Trustee's role to take advice and offer a range of investments that not only provide the prospects for future growth but also potentially reduce the impact of market shocks, such as the one we've seen in recent months. This involves providing a diverse range of investments to make sure you don't have all your eggs in one basket.

It's important to check your investments regularly to make sure they are still appropriate for your current circumstances. For example if you have self-selected your investments, unlike the alternative Lifestyle investment programmes, they will not automatically switch to lower risk funds as you approach your target retirement age. Find out more about how the Plan's Lifestyle investments are structured here.

The DC Section

The Plan's investments: how they are managed and monitored

The Plan's investments, for both the DB and DC Sections, are managed and monitored by the Investment & Funding Committee, who selects the investment platforms and managers, with the help of their advisors.

The Trustee's objectives for their investments and outlines of the principles they abide by are outlined in the Statement of Investment Principles (SIP). It governs the Trustee's approach to issues such as the balance of risk-reducing and return-seeking assets and Environmental, Social and Governance (ESG) standards in the Plan's investments.

If you would like to find out more about the Statement of Investment Principles, a copy is available online in our Report and Accounts saved in the Information Zone here.

We spoke to the Plan's investment advisor David Acres to find out more about how the Plan chooses investments.

How long have you worked on D&B?

I've worked on the DC Section for about seven years and I started working on the DB Section as well about six months ago after a colleague left.

What's your experience of working in investments?

I've worked in the pensions industry for 23 years and I advise a range of DB and DC schemes. My role is as a consultant to the Trustee board advising on the full range of investment strategies. I help Trustee boards set the risk/return levels, work through the implementation of those strategies by picking asset classes and then investment managers to make sure they are all 'best in class'.

What most excites you about the current markets?

The uncertainty and unpredictability makes it an interesting environment to work in. At the moment we're seeing some economic uncertainty as rates of Covid-19 spike and the resulting impact on investment markets. How the actions of governments and central banks impact on the economic markets creates opportunity and challenges for people in the industry and probably gives more support to making sure you have a well-balanced and diversified range of investments. I find that interesting.

What's your favourite thing about working with the D&B Trustee?

How engaged and challenging they are. They are lovely people, very smart with strong views and they are passionate about doing what's best for the Plan's members. They are very keen to do the right thing so they often challenge our advice which is more rewarding.

Can you give a quick overview of how the Plan's investments are selected?

For the DB Section you start by setting a funding-level goal and work back from there. This then leads you to the level of investment returns needed to reach that goal. Then we look at the level of risk they run to get there and how to best manage that risk. We can reduce risk by managing our assets to balance out higher-risk return-seeking assets.

For the DC Section we think more about the individual, what do members need? We think about what members are likely to do at retirement, looking at both what members at D&B are doing as well as the wider market. This drives our strategy. Then the process is similar to DB where we think about the level of risk. When you're younger you can tolerate more risk, then less as you get older. We deliver that strategy through the Plan's default fund which reduces risk as you approach retirement.

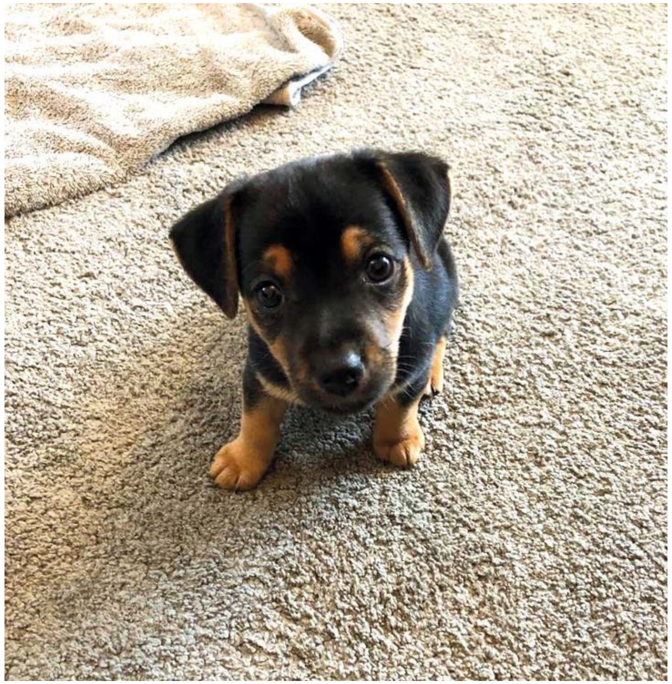
To pick the asset managers, we work with Willis Towers Watson's manager research team which is the biggest global independent research team. They look at asset classes and pick favoured investment managers through thorough research which includes analysis of their data as well as meeting with them regularly, getting to know the people and formulate a view on them based on this research. The Trustee then considers our recommendations, challenges us where they think necessary and chooses an asset manager.

What would you say is the most important factor for a member to bear in mind when making their investment choices?

Consider your own circumstances. Pensions is just one type of savings, you may also have other pensions, savings or properties. This will impact the level of risk you can take; how important is the Plan to your retirement savings, does it make up just a part, or most of your retirement savings?

What was your favourite hobby during lockdown?

I had two main hobbies. I supported my local pub with home deliveries, but I also enjoy keeping fit. So I've been out running and walking with our new Jack Russell puppy, Stanley.



Investing responsibly

Pension funds are amongst the largest and most influential investors in the UK, with much of this invested in shares (equities). Pension scheme trustees have a responsibility to consider carefully where they invest, what investment options they offer to members and their policy with regard to Environmental, Social and Governance (ESG) standards. In some cases investors have the ability to influence companies into improving their ESG standards by actively raising issues with them. Working together in this way, your money has the potential to directly impact the world we live in.

The Trustee is reviewing the ESG standards of the Plan's investments and considering other funds with good ESG standards. When this review is complete, we'll update you on any changes to the Plan's investment options.

Value for members

The newest version of the Chair's Statement was released at the end of October and will be online for you to view. This statement is released each year and summarises the governance of the DC Section, covering the default investment arrangement for members, core financial transactions, the charges and costs for the DC Section and Trustee knowledge and training.

If you would like to read the most recent full Chair's Statement, it can be found in the 2020 Annual Report, available at dnbpensionplan.co.uk.

Your charges are going down!

Every member of the Plan's DC Section pays an administration fee to cover the cost of running the DC Section. On top of this, the investment managers charge to manage the funds in which you are invested. The combination of these costs is known as the Total Expense Ratio (TER) and you can find details of each fund's TER in the Chair's Statement in the Report and Accounts at dnbpensionplan.co.uk/defined-contribution.html

We are pleased to announce that the Trustee has negotiated lower charges for one of the funds, the LGIM Diversified Fund, which makes up part of the Plan's default fund as well as part of the alternative Lifestyle strategies. The charge for this fund has reduced from 0.54% per year to 0.52% per year.

Keep track of your pension account

Keeping track of your retirement savings will be easier than ever with the launch of MyAviva, expected next year. This online service gives you quick access to view your retirement savings, investment choices and options and to check your personal details are correct.

It's really important that the Trustee and Aviva hold up to date information, such as your email address and nominated beneficiary, so they can keep in touch and let you know when your benefits are due. Make sure you complete all the items on the checklist so you can access your benefits easily if you need to make a change, be contacted when the time comes to take your pension benefits or, should the worst happen, allow the Trustee to take your wishes into consideration when selecting a beneficiary on your death.

YOU WILL SOON BE ABLE TO CHECK ONE MORE THING OFF YOUR TO-DO LIST!

AVIVA

MyAviva is coming next year!

Registering for your personal pension account is easy. You'll just need your policy number. With MyAviva you can:

- Check your personal details are up to date.
- Make sure your personal email address and not a Company address is registered.
- Complete or update an Expression of Wish form.
- Review your target retirement age and investment selections once a year to make sure they are still appropriate.

The DB Section

The DB Section in numbers to 30 June 2020			
1-Year Return	1-Year Benchmark	3-Year Return p.a.	3-Year Benchmark p.a.
15.4%	16.6%	9.4%	9.7%

Asset allocation update

In July 2019, the Trustee continued to reduce risk within the Plan and completed a transaction with Just Retirement Ltd. (known as a 'partial buy-in') to insure itself on behalf of a portion of its pensioner members, funded by selling a portion of the Plan's assets. This transaction effectively means that the Plan is protected against changes in the value of the benefits promised to that proportion of members (as market conditions and assumptions about future mortality change) and this reduces risk within the Plan.

Over the 12-month period from 31 March 2019 to 31 March 2020, equity market returns were negative. Equities had performed strongly from the end of the first quarter to the end of the year in 2019, before falling sharply in the first quarter of 2020. The negative returns were driven by the sell-off experienced in equities which was a result of the of the Coronavirus pandemic. In the 3-month period ending 30 June 2020, asset prices, particularly equities and credit, experienced a significant rebound due to improving investor sentiment driven by large scale government support packages.

How are your benefits calculated?

Just like the DC Section, investments are used to grow the assets in the Plan but, unlike the DC Section, your final pension amount is calculated using a formula. What does this mean?

As a DB Section member you still contribute a portion of your salary to the Plan. Your pension amount is based on the number of years you pay this contribution. Each year you contribute to the Plan you 'bank' 1/50th of your annual salary for that year as pension. These each increase in line with inflation (RPI) (subject to an annual cap of 5% for pension accrued to 31 March 2013 and 2.5% for pension accrued from 1 April 2013) and when totalled together at your retirement date equal the amount of pension you'll get in retirement.

Meet Tom

Tom joined Dun & Bradstreet, he worked at the Company for three years before he decided to change jobs. As a deferred member his built up benefits continued to be invested through the Plan and increase in value. Below you can see how Tom's benefits continue to build up even after he has left the Plan.

Year	Pensionable salary (£ a year)	New pension earnt that year (£ a year)	Inflationary increase applied that year (£ a year)	Total pension earnt by end of year (£ a year)	How this is calculated
1	25,000	500	0	500	25,000 (pensionable salary) / 50 (amount that you 'bank' per year) = 500
2	26,000	520	13	1,033	26,000 / 50 = 520 500 x 2.6% (RPI)=13 500+520+13=1,033
3	27,040	541	26	1,600	27,040 / 50 = 541 1,033 x 2.5% (RPI)=26
Leave					
1st year in deferral			13	1,613	1,600 x 0.8% (RPI)=13
2nd year in deferral			21	1,634	1,613 x 1.3% (RPI)=21 1,613+21=1,634

(Inflationary increases are examples.)

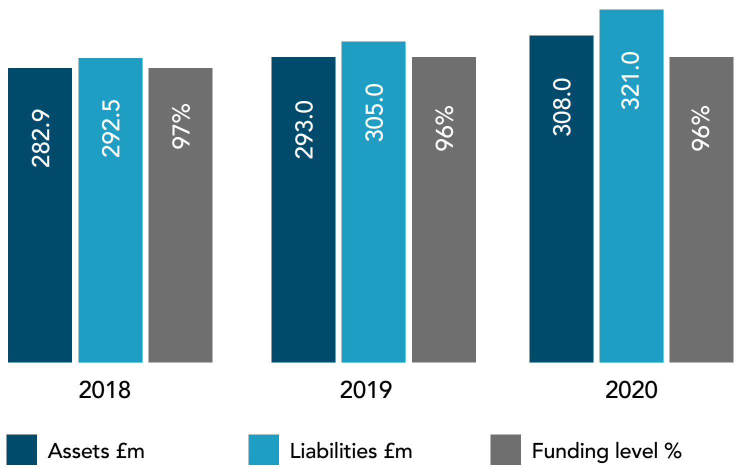
As a member of the Final Salary Section, Tom's benefits built up in line with the rules of that Section, but this may vary between Sections.

Don't forget!

If you're a deferred member, you can check your likely income in retirement and check your pension statement on OneView here. If you're not yet registered, you can do this today using the username sent to you by Mercer in your welcome letter.

Financial Health check

The Plan's Actuary carries out a formal, in-depth financial health check of the Plan every three years, called a full valuation. In the interim years we carry out annual funding reviews, which are approximate updates. Below you can see a summary of the Plan's financial health since 2018.



WHAT'S THE FUNDING LEVEL?

The funding level is the ratio of the value of the available assets against the calculated value of the liabilities.

The funding level as at 5 April 2020 remained unchanged at 96% when compared to 5 April 2019. This was primarily due to an increase in the value of liabilities due to lower assumed prospective investment returns, largely offset by positive investment performance and additional contributions paid by the Company. You can find more details on the Plan's funding position and finances in the latest Report and Accounts, available on the Plan website here.

The Recovery Plan

The difference between the funding level and 100% funding is called either a shortfall or a surplus. The Plan relies on contributions from the Company to remove any funding shortfall. When there is a shortfall, a Recovery Plan is required to bring the Plan's funding level back up to be fully funded (i.e. 100%).

Under the current Recovery Plan, the Company paid £4 million in August 2019, plus £2 million by April 2020 and is due to contribute £2 million in April 2021 to reduce this year's funding shortfall.

The Plan's administration expenses, insurance premiums and levies to the Pension Protection Fund are payable in addition.

No intervention by The Pensions Regulator

The Pensions Regulator has powers to intervene in a Plan's funding schedule and can impose a schedule of contributions if they feel it's necessary for the Plan to meet the statutory funding objective. We're happy to report that The Pensions Regulator has not used any of these powers in relation to the Plan.

No payments to the Company

We can confirm that no payments have been made to any of the participating employers over the 12 months to 5 April 2020.

What would happen if the Plan were to be discontinued?

This is a legally required statement; there is no intention to wind up the Plan and the Company remains committed to supporting it. This figure is calculated as part of the full funding valuation, so is updated every three years.

If the Plan were discontinued, its assets would be used to buy equivalent benefits from an insurance company. As at 5 April 2018, the Plan's assets would have covered around 73% of the estimated amount needed to buy members' benefits from an insurance company.

Why is this less than the funding level?

This percentage is less than the funding level because it is a more costly method than providing benefits through the Plan, partly because the insurer needs to make a profit. That's why the winding-up position is lower than the funding level.

If the Plan wound up voluntarily, the Company would be required to pay in funds to meet 100% of the benefits in this situation. If the Company became insolvent and could not provide sufficient funds to secure 100% of benefits, the Plan would possibly enter the Pension Protection Fund (PPF).

Useful links and contacts

Finding lost pensions

If you have lost touch with a previous workplace pension or need to contact the trustee of another employer's pension scheme, this service can help. gov.uk/find-pension-contact-details

Money Advice Service

The Money Advice Service offers free, clear, unbiased advice to help you manage your money.

There are a number of useful financial planning tools available, including a pension calculator and budget planner at: moneyadviceservice.org.uk

Pension Wise

The Government has set up a free and impartial guidance service for DC members over 50 wanting information and guidance to help them make a decision about how to use their pension savings. This service can be accessed online and via the Citizens Advice Bureau (CAB) and TPAS. For more information and to book a face-to-face or telephone appointment visit: pensionwise.gov.uk

Taking financial advice

By law, the Company and the Trustee are not permitted to give you financial advice. If you need further advice on your pension, you should consider taking financial advice. An independent financial adviser (IFA) can help you plan your financial future. They will talk to you to understand your circumstances and provide suitable advice for your own situation. IFAs can advise on many financial topics including: pensions, saving and investments, tax, mortgages and loans. Please be aware that a financial adviser may charge for their services. To find a local financial adviser go to either:

moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser or vouchedfor.co.uk

If you are a DB or Old Money Purchase member:

D&B Pension Admin
C/O Mercer Limited
Westgate House
52 Westgate
Chichester
PO19 3HF

Telephone: 0330 102 7939
0208 260 4453
0208 260 4605

Email: D&Bpensions@mercer.com

If you are a new DC member:

Aviva Corporate Client Services
PO Box 1550
Milford
Salisbury
Wiltshire
SP1 2TW

Telephone: 0800 068 1431
(ask for the Dun & Bradstreet team)

Email: DunandBradstreet@aviva.com

For DC members who would like information on their retirement options, there is an information centre:

Aviva
PO Box 1550
Milford
Salisbury
Wiltshire
SP1 2TW

Telephone: 0800 151 2556

NEED MORE INFORMATION?

If you need more information about the Plan, you can also contact the Chairman of the Trustee and the Secretary to the Trustee. Their contact details are:

Chairman of the Trustee: **Andy Jermy**
Email: **chair@dnbpensionplan.co.uk**

Secretary to the Trustee: **Gary Kent**
Email: **secretary@dnbpensionplan.co.uk**