

THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE

30 NOVEMBER 2022– 30 NOVEMBER 2023

This statement is produced pursuant to governance rules contained in The Occupational Pension Schemes (Charges and Governance) Regulations 2015 that apply to defined contribution pension arrangements from 6 April 2015. These rules include the requirement for trustees to prepare an annual statement of governance. It explains how the Defined Contribution Section of the Asahi Glass Fluoropolymers Pension Scheme (the "Scheme") is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes ("DC")).

The Scheme has two categories within the scope of this document on DC governance, DB Transferee members (which consists of Enhanced DC Members ("DB Section") and DC Only members (Ordinary DC members).

Default arrangements

Members of the DC Sections who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustees with the advice of their investment advisor. The default arrangements in place are the Aviva My Future Focus Lifestyle Investment Strategy Target Drawdown and a bespoke arrangement using Aviva My Future Focus funds.

Under both Default Investment Strategies, contributions are fully invested in the My Future Focus Growth Fund for the majority of a member's working life, with an aim of maximising investment growth while diversifying risks. The fund invests in a broad range of asset classes including developed and emerging market equities and bonds, property, money market instruments and cash.

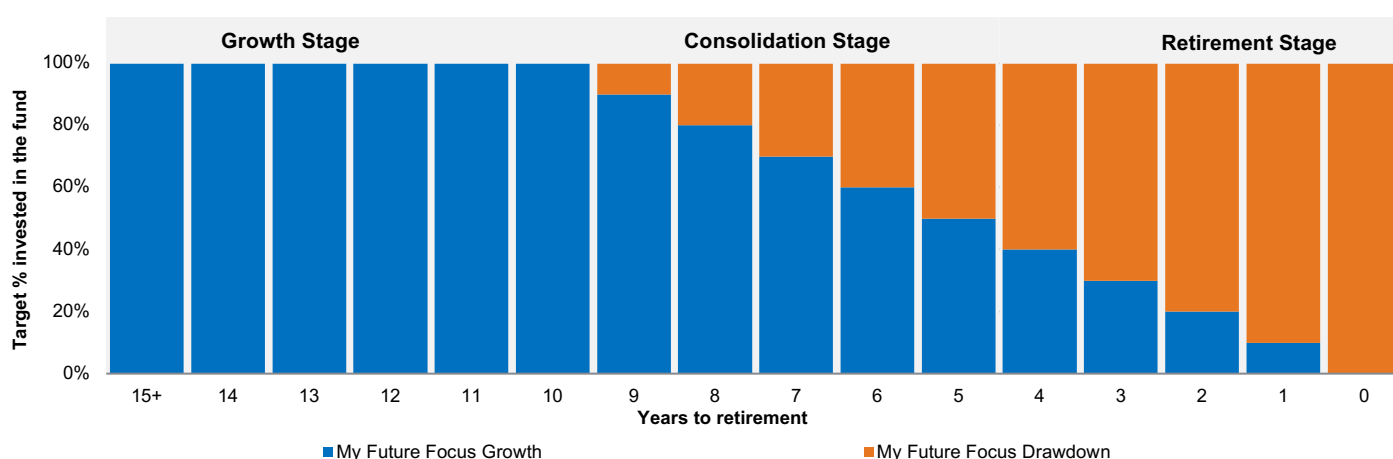
As DC Only members reach 10 years from their Normal Retirement Age ("NRA"), the Default Lifestyle Strategy for these members is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to the My Future Focus Drawdown Fund, to steadily reduce the risk taken by members.

As DB Transferee Section members reach 10 years from their NRA, the Default Investment Strategy for these members is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to a combination of the My Future Focus Drawdown Fund and the My Future Focus Cash Lump Sum Fund, to steadily reduce the risk taken by members and to target 100% cash at retirement.

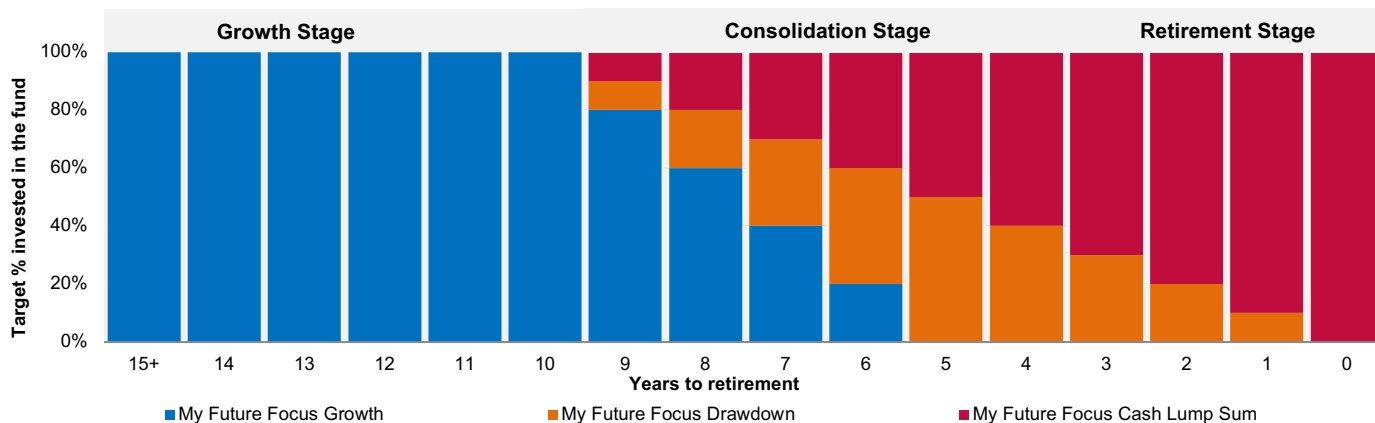
10 years prior to NRA, members have the opportunity to specify how they intend to take their savings at retirement. These options include targeting annuity purchase, a cash lump sum or drawdown (which involves members drawing income from their pension gradually throughout their retirement).

For members that do not make a specific choice at this stage, the Trustees have designed the Default Investment Strategies to gradually switch into the My Future Focus Drawdown Fund for DC only members of the Scheme, and to gradually switch into the My Future Focus Cash Lump Sum Fund for the DB Transferee members. This stage of the strategy transitions members' accumulated pension investments from growth assets towards traditionally less volatile assets with the aim of preserving built up in pension pots. This is undertaken gradually on a quarterly basis so that less reliance is placed on the market conditions on any one transition date.

The lifestyle investment strategy for the **DC Only** members is illustrated by the following chart:



The lifestyle investment strategy for the **DB Transferee** members is illustrated by the following chart:



- During the period covered by this statement, there have been no changes to the Scheme’s default investment strategies as the Trustees are confident that the funds are capable of achieving their objectives and are fit for purpose. The strategy was last formally reviewed by the Trustees on 2 July 2021 and an annual default review (“Annual Health Check”) was presented on 11 July 2023.
- The Aviva ongoing administration charge of 0.4% p.a. payable by all members on all invested assets has been reduced to 0.38% p.a. effective 7 April 2022. Mercer has asked Aviva to review their ongoing administration charge of 0.38% per annum however Aviva has advised that no further reduction is possible at the current time. This update was provided during the 11 July 2023 meeting.

The conclusions taken from the Annual Health Check presented on 11 July 2023 were:

- Overall, the Trustees remain comfortable with the current arrangements. However, although performance was consistent with the objectives of these strategies and felt to be consistent with other similar funds in the marketplace, some reservations regarding the performance of funds such as the Cash Lump Sum Fund and the Annuity Fund were raised..
- During the year, following the UK Gilt market crisis, the Trustees had some concerns regarding the materially negative performance of the Cash Lump Sum Fund. Following discussions with Aviva, it was recognised that Cash Lump Sum Fund was designed for members expecting to take their benefits as a cash lump sum, rather than the underlying investments being in cash or cash like assets. Aviva views a strategy that invests predominantly in short dated bonds as being most suitable for members who will ultimately receive their benefits as a cash lump sum.
- Aviva continues to evolve active management and the use of dynamic positioning can be seen within the strategies.
- The Aviva My Future Focus Target Drawdown has generally demonstrated lower volatility than its peers and outperformed them over the 12 month period.

The default arrangements are described in further detail in the Scheme’s Statement of Investment Principles (“SIP”) which was last adopted on 14 November 2023 and a copy of which is submitted alongside this governance statement. The SIP will be reviewed at a minimum of every three years or as soon as any significant developments in investment policy or member demographics take place.

The Trustees continually monitor the performance of the Scheme’s investments throughout the year and receive semi-annual performance reports from their advisors. We are comfortable with the performance over the period covered by this statement and we believe the Scheme’s investment strategy remains on track to meet our aims and objectives. The next formal triennial investment strategy review will take place in Q2/Q3 2024.

The Trustees have set up processes to publish relevant information on the default arrangements online at the following URL: <https://www.agcce.com/pension/> and will notify members about this in their annual benefit statements.

Processing Scheme transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the DC Sections of the Scheme are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustees’ behalf by the DC Section administrator (Aviva) and its investment managers. Mercer, the DB Section administrator, makes benefit payments in respect of the DB Transferee members. The Trustees periodically review the processes and controls implemented by Aviva and consider them to be suitably designed.

The Trustees have Service Levels Agreements (“SLAs”) in place with the DC Section administrator and receive reporting of performance against those service levels on a semi-annual basis. The SLAs cover the accuracy and timeliness of all core transactions and the Trustees receive semi-annual reports to monitor the performance of the administrator against those service levels.

The processes adopted by the administrator to ensure it processes financial transactions promptly and accurately include: a central financial control team separate to the administration team, peer checking and authorisation of payments, daily monitoring of bank accounts and the checking of investment and banking transactions being undertaken by two people.

During the period covered by this statement, 99.6% of work was completed within the agreed service levels. Two complaints were received during the Scheme year. One of the complaints was resolved during the Scheme year, while the second complaint will be addressed in the subsequent Scheme year. The Trustees’ Secretary maintains a log of all issues raised with Aviva and records the date when actions have been completed. Any

outstanding actions are followed-up on a monthly basis. We continue to monitor performance against the SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Aviva.

Using information provided by Aviva, the Trustees are satisfied over the period covered by this Statement:

- The administrator was operating appropriate procedures, check and controls and operating within appropriate parameters of the agreed SLAs;
- Regarding member complaints, Aviva confirmed the analysis on the root causes of issues is carried out monthly and presented to the senior leadership team as well as operational team leaders.
- The majority of core financial transactions have been processed promptly and accurately during the Scheme year, with 99.95% of completion within the agreed service levels;

We also perform periodic assessments of methods and efficiency of the Scheme's administrators and challenge them in terms of their efficiency when necessary.

In light of the above, the Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

Net return on investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of 'relevant' occupational pension schemes.

From 1 October 2021, trustees of all relevant pension schemes, regardless of asset size, have been required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

The tables below set out annualised net performance for the 1 and 5 year periods for the lifestyle arrangements (for age 25, 45, and 55) and for the self-select fund range.

Lifestyles

Lifestyle strategies - DC Only Default Investment Strategy	Annualised net returns to 30 November 2023 (%)	
	1 year	5 years
Age of member		
25	3.7	4.5
45	3.7	4.5
55	3.7	3.8

Lifestyle strategies - DB Transferee Default Investment Strategy	Annualised net returns to 30 November 2023 (%)	
	1 year	5 years
Age of member		
25	3.7	4.5
45	3.7	4.5
55	3.4	1.1

Source: Aviva and Mercer calculations.

Performance shown net of all charges and transaction costs.

Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle, with the weightings as at the ages shown.

Self-Select Funds

Self-select funds	Annualised net returns to 30 November 2023 (%)	
	1 year	5 years
BlackRock World ex UK Equity Index	7.7	10.7
BlackRock 30:70 Global Equity Index Hedged	8.2	7.8
BlackRock UK Equity Index	0.7	4.5
BlackRock US Equity Index	8.6	12.5
BlackRock European Equity Index	9.8	8.3
BlackRock Japanese Equity Index	9.4	4.9
BlackRock Pacific Rim Equity Index	-4.1	4.5
BlackRock Emerging Markets Equity	-0.1	2.1

HSBC Islamic Global Equity Index	14.7	13.3
LGIM Ethical UK Equity Index	13.1	10.7
LGIM Future World Equity Index*	6.4	-
JPM Emerging Markets Equity	-2.3	3.6
Schroder Intermediated Diversified Growth	-0.1	2.4
BNY Mellon Real Return	-0.9	3.0
BlackRock Over 15 Year Corporate Bond Index	-4.0	-2.7
BlackRock Over 15 Year Gilt Index	-15.2	-7.2
BlackRock Over 5 Year Index-Linked Gilt Index	-12.4	-5.8
BlackRock Overseas Bond Index	-6.1	-1.3
BlackRock Institutional Sterling Liquidity	4.4	1.2
LGIM Hybrid Property Fund	-3.8	1.6

Source: Investment Managers and Mercer calculations.

Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous table.

*Longer term performance not available for this fund due to its inception date being less than 5 years.

Asset allocation disclosure

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (“the 2023 Regulations”) introduced new requirements for trustees and managers of certain occupational pension schemes.

For the first scheme year that ends after 1 October 2023, trustees or managers of relevant occupational pension schemes, are required to disclose their full asset allocations of investments from their default arrangements.

There are currently no performance-based fees being charged for the Plan as at 30 November 2023.

DC Only Default Investment Strategy

Asset Class	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – average 65 years
Cash	4.1	4.1	4.1	6.3
Bonds*	17.2	17.2	17.2	43.4
Listed Equities	68.5	68.5	68.5	40.3
Private Equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property/Real Estate	8.6	8.6	8.6	8.3
Private Debt/Credit	0.0	0.0	0.0	0.0
Other**	1.6	1.6	1.6	1.7

*Bonds include UK Government Bonds, UK Corporate Bonds, European, North American, Japan, Asia (ex Japan), Emerging Markets and Other Bonds.

** Other includes Alternative Trading Strategies and Non-Classified as well.

Source: Aviva as at 30 November 2023.

DB Transferee Default Investment Strategy

Asset Class	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – average 65 years
Cash	4.1	4.1	4.1	20.8
Bonds*	17.2	17.2	17.2	77.2
Listed Equities	68.5	68.5	68.5	0.0
Private Equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property/Real Estate	8.6	8.6	8.6	0.0
Private Debt/Credit	0.0	0.0	0.0	0.0
Other**	1.6	1.6	1.6	2.0

*Bonds include UK Government Bonds, UK Corporate Bonds, European, North American, Japan, Asia (ex Japan), Emerging Markets and Other Bonds.

** Other includes Alternative Trading Strategies and Non-Classified as well.

Source: Aviva as at 30 November 2023.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustees to disclose the charges and transactions costs borne by DC Section members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds but should also include trading costs incurred within such funds. We have taken account of statutory guidance when preparing this section of the report.

Details of the Total Expense Ratios (“TERs”) and the transaction costs for each fund are as follows:

Default Investment Strategies funds	TER (%)	Transaction Costs (%)
My Future Focus Growth	0.48	0.08
My Future Focus Drawdown	0.48	0.06
My Future Focus Annuity	0.48	0.00
My Future Focus Cash Lump Sum	0.48	0.03

Source: Aviva. Charges cover the 1 year period to 30 November 2023 and transaction costs the 1 year period to 30 September 2023. Aviva was not able to provide transaction costs for Q4 2023 at the time of writing this report. No Performance based fees are applied to the default arrangement components.

Fees for both Default Lifestyle Strategies are lower than the maximum TER charge cap of 0.75%. Additionally, the Trustees make a range of funds available that may be chosen by members as an alternative to the Default Lifestyle Strategy. These funds allow members to take a tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

Self-Select Range	TER (%)	Transaction Costs (%)
BlackRock UK Equity Index	0.38	0.07
Legal & General (PMC) Ethical UK Equity Index	0.53	0.03
BlackRock World ex UK Equity Index	0.38	0.02
BlackRock (30:70) GBP Hedged Global Equity Index	0.44	0.11
HSBC Islamic Global Equity Index	0.68	0.01
BlackRock US Equity Index	0.38	0.07
BlackRock European Equity Index	0.40	0.00
BlackRock Japanese Equity Index	0.38	0.07
BlackRock Pacific Rim Equity Index	0.38	0.08
BlackRock Emerging Markets Equity Index	0.64	0.01
BlackRock Over 15 Year Corporate Bond Index	0.40	-0.01
BlackRock Over 15 Year Gilt Index	0.38	0.04
BlackRock Over 5 Year Index-Linked Gilt Index	0.38	0.02
BlackRock Overseas Bond Index	0.38	0.01
BlackRock Institutional Sterling Liquidity	0.38	0.01
JPM Emerging Markets Equity	1.09	0.35
Schroder Intermediated Diversified Growth Fund	0.99	0.47
BNY Mellon Real Return	1.14	0.24
My Future Focus Consolidation	0.48	0.07
LGIM Hybrid Property Fund	0.91	0.00
LGIM Future World Equity Index Fund	0.66	0.16

Source: Aviva. Charges cover the 1 year period to 30 November 2023 and transaction costs the 1 year period to 30 September 2023. Aviva was not able to provide transaction costs for Q4 2023 at the time of writing this report. No Performance based fees are applied self-select funds.

Note on negative transaction costs: Implicit costs are not directly identifiable and can include the difference between the buy and sell price of an investment and the movement in markets as a result of the execution of a large order. There is no standard method of calculating these implicit costs. The FCA has stipulated that a calculation methodology called ‘slippage cost’ should be used. This calculates the difference between the expected price of trading a fund’s underlying investment (e.g. company shares or bonds) at the time the order is raised by the fund manager and the price at which the trade is actually executed on the relevant market.

One consequence of this calculation method is that, rather than generating a cost, it can result in a profit (also known as a Negative Cost). This can happen, for example, when the actual price paid in buying an investment is lower than the expected price.

The 0.75% fee cap only applies to the default arrangements; hence some of the funds above exceed this amount.

We are comfortable that the costs for the Default Lifestyle Strategies and self-select funds are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies.

Cumulative effect of charges – DB Transferee members

The compounding effect of charges on an active member's fund can be illustrated as follows:

Illustration of effect of costs and charges for the default arrangement and a range of funds within your scheme – Asahi Glass Fluoropolymers Pension Scheme DB Transferee						
	My Future Focus Target Cash Lump Sum Lifetime (Bespoke)		Av MyM BlackRock Sterling Liquidity		Av MyM JPM Emerging Markets Equity	
	Default Investment Programme		Lowest charge fund		Highest charge fund	
	Assumed growth rate 5.2%		Assumed growth rate 2.5%		Assumed growth rate 6.5%	
	Assumed costs and charges 0.53%		Assumed costs and charges 0.39%		Assumed costs and charges 1.43%	
At end of year	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken
1	£1,210	£1,200	£1,190	£1,180	£1,210	£1,200
2	£2,450	£2,430	£2,370	£2,360	£2,470	£2,430
3	£3,730	£3,700	£3,560	£3,540	£3,780	£3,690
4	£5,050	£4,990	£4,750	£4,710	£5,140	£4,990
5	£6,410	£6,320	£5,930	£5,870	£6,550	£6,310
10	£13,800	£13,500	£11,900	£11,600	£14,500	£13,400
15	£22,500	£21,500	£17,800	£17,300	£24,100	£21,400
20	£32,500	£30,600	£23,700	£22,800	£35,700	£30,500
25	£44,100	£40,900	£29,700	£28,200	£49,800	£40,700
30	£57,600	£52,600	£35,600	£33,600	£66,900	£52,100
35	£73,300	£65,700	£41,500	£38,800	£87,500	£65,100
40	£91,400	£80,500	£47,500	£43,900	£113,000	£79,700
45	£109,000	£94,300	£53,400	£48,900	£143,000	£96,100
50	£127,000	£108,000	£59,300	£53,800	£179,000	£115,000

List of funds included in the Default Investment Option		
Fund name	Total Cost and Charge (p.a.)	Growth Rate (p.a.)
Av MyM My Future Focus Growth	0.54%	5.60%
Av MyM My Future Focus Cash Lump Sum	0.51%	3.50%
Av MyM My Future Focus Drawdown	0.53%	5.00%

Cumulative effect of charges – DC Only Section members

The compounding effect of charges on an active member's fund can be illustrated as follows:

**Illustration of effect of costs and charges for the default arrangement and a range of funds within your scheme –
Asahi Glass Fluoropolymers Pension Scheme DC Only**

	My Future Focus Target Drawdown (Pre-2024)		Av MyM BlackRock Sterling Liquidity		Av MyM JPM Emerging Markets Equity	
	Default Investment Programme		Lowest charge fund		Highest charge fund	
	Assumed growth rate 5.3%		Assumed growth rate 2.5%		Assumed growth rate 6.5%	
	Assumed costs and charges 0.53%		Assumed costs and charges 0.39%		Assumed costs and charges 1.43%	
At end of year	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken	Projected value assuming no costs and charges are taken	Projected value after costs and charges are taken
1	£1,210	£1,200	£1,190	£1,180	£1,210	£1,200
2	£2,450	£2,430	£2,370	£2,360	£2,470	£2,430
3	£3,730	£3,700	£3,560	£3,540	£3,780	£3,690
4	£5,050	£4,990	£4,750	£4,710	£5,140	£4,990
5	£6,410	£6,320	£5,930	£5,870	£6,550	£6,310
10	£13,800	£13,500	£11,900	£11,600	£14,500	£13,400
15	£22,500	£21,500	£17,800	£17,300	£24,100	£21,400
20	£32,500	£30,600	£23,700	£22,800	£35,700	£30,500
25	£44,100	£40,900	£29,700	£28,200	£49,800	£40,700
30	£57,600	£52,600	£35,600	£33,600	£66,900	£52,100
35	£73,300	£65,700	£41,500	£38,800	£87,500	£65,100
40	£91,200	£80,300	£47,500	£43,900	£113,000	£79,700
45	£109,000	£94,400	£53,400	£48,900	£143,000	£96,100
50	£129,000	£110,000	£59,300	£53,800	£179,000	£115,000

Please note My Future Focus Target Drawdown (Pre 2024) is the name that Aviva use to describe the strategy the Trustee use.

List of funds included in the Default Investment Option

Fund name	Total Cost and Charge (p.a.)	Growth Rate (p.a.)
Av MyM My Future Focus Drawdown	0.53%	5.00%
Av MyM My Future Focus Growth	0.54%	5.60%

Source: Aviva

How we worked out the figures in the tables

It's important to understand the difference that costs and 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.

These assumptions are:

1. We've assumed someone doesn't have anything in their pension pot when they start saving. Contributions are assumed to be paid £100 monthly increasing in line with assumed earnings inflation of 2.5% each year.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by discounting values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.
4. As your scheme's default investment option moves your investments to lower risk funds when you're approaching retirement, the growth rate and charges within the investment option may change. We've modelled these expected changes within the projections. The growth rate and charges shown in the default investment programme illustration are weighted averages and are for information only. Full details of the individual funds that make up the default investment programme are shown in table 2.

Source: Aviva

Some important things to remember

Your section of the scheme will offer other funds to those illustrated, with different growth potential and different costs and charges, and may also offer other lifestyling investment options. If you have selected another lifestyling investment option 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, we have shown a range of funds with a range of charges 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 here:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.
- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.

Value for Members

The Trustees monitor value for members on an ongoing basis and have a good understanding of the membership demographics of the Scheme and what good member outcomes should look like for the Scheme's members in aggregate.

Whether something represents "good value" is not capable of being precisely defined, but for these purposes, the Trustees consider that charges and transaction costs may be viewed as representing "reasonable value" for members where the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market.

The Trustees understand that value for money does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for money we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of scheme governance, fund management and performance of the funds.

Most of the funds used by the Scheme are highly rated by our investment advisor as having good prospects of achieving their objectives, and the performance of these funds is reviewed and discussed every 6 months. The Trustees also take into account forward looking considerations such as market outlook and the investment advisor's expectations of manager performance. The same applies with the efficiency of administration services, which are also discussed every 6 months. With this in mind, the Trustees have assessed the fees disclosed above and concluded that the stated explicit charges for the Scheme's funds represent reasonable value from a costs and charges perspective.

The Trustees carried out a formal "Small Scheme" Value for Members Assessment for a 12-month period to 30 November 2023 in May 2024. The assessment considered Governance, Design, Investment, Administration, Communications and Costs. The Trustees rated each section on how it provided value compared to three peers. The value for members regulations require the Trustees to compare costs & charges and net performance of the Scheme against three alternative DC arrangements that may be able to accept the members and assets of the Scheme should the Scheme be wound up.

The assessment concluded that overall, the Scheme was offering reasonable value to members across a range of factors. The assessment highlighted areas where the Scheme could improve, such as increasing engagement with members and being more proactive on communications, including communications for members approaching retirement age, updates around market background and a reminder of the current funds offered within the Scheme. In making their assessment, the Trustees were mindful that the level of tailoring to meet specific member needs could be reduced under a consolidated arrangement.

Trustees' knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 7 and 13.

The Trustees have put in place arrangements for ensuring that they take responsibility for keeping themselves up-to-date with relevant developments including the completion of and review of an annual Self-Assessment Questionnaire process that is used to guide training requirements. In addition, the Trustees receive advice and training from their professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating fund performance or selecting new funds. The Trustees review the Self-Assessment Questionnaire and then arrange for training to be made available to individual Trustees or to the Trustee body as appropriate.

All of the current Trustees have completed The Pension Regulators Trustee Toolkit and new Trustees are required to complete this in its entirety within six months of taking up office.

All Trustees are required to familiarise themselves with the Scheme's Trust Deed and Rules and the Statement of Investment Principles. The current Statement of Investment Principles was signed on 14 November 2023 and reflected changes to the Scheme arrangement fees (following the reduction of the ongoing administration fee from 0.40% to 0.38%), changes to the Responsible Investment and Corporate Governance (Voting & Engagement) Policy including the priority areas for which Trustees agreed to classify as most significant votes and some updates to the Additional Voluntary Contributions section. A copy of the Statement of Investment Principles is submitted alongside this governance statement. It has been referred to at meetings in reference to the Default Lifestyle Strategies and self-select funds. Throughout the year, the Trustees have demonstrated a working knowledge of the Trust Deed and Rules whilst dealing with specific issues as they arose.

Over the last year, the Trustees have received regular updates on release and requirements for the General Code of Practice during the Trustee and DC meetings, with a more in-depth training undertaken in Q1 2024, following the Scheme year-end. On 7 February 2023, the Trustees received training on the new regulatory requirements for the Implementation Statement and reviewed the Significant Voting Policy proposed according to requirements. The Trustees also include legislative updates and Trustee Knowledge and Understanding on the agenda for each of their meetings. The Trustees maintain their general awareness of current pension issues by attending conferences and through membership of the Pension and Lifetime Savings Association. Trustee attendance at training and conference events is recorded in a shared training log. In addition the Trustees consider member demographics and member behaviour to monitor whether the Scheme remains fit for purpose.

Taking account of all these points, the Trustees consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

Considering all the points raised above and taking account of actions taken individually and as a Trustee body, the Trustees consider that they are enabled properly to exercise their functions as Trustees of the Scheme.

Given the extent of the trainings outlined above, the Trustees are comfortable that they have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. The Trustees have also demonstrated a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles and all other documents setting out the Trustees' current policies.

The Scheme encourages feedback from members by holding drop-in sessions where members can meet with a Trustee, ask questions and share concerns. The sponsoring employer holds monthly communications briefings with employees at which any key pension issues can be highlighted. Trustees are also available for questions from general communications briefings.

The Chair's statement regarding DC governance was approved by the Trustees and signed on their behalf by:

Mr Graham P Andrews
Chair of the Trustees

Date: 13 June 2024

Contact

Graham Andrews
Chairman of the Trustees

Michelle Etherington
Human Resources Manager

agcce.pensionsmanager@agc.com