

THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE

30 NOVEMBER 2021– 30 NOVEMBER 2022

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 sections within the scope of this document on DC governance, DC Only members (which is for new and ongoing members of the DC Section), and DB Transferee members (which consists of deferred members of the Defined Benefit Section ("DB Section") who are active members of the DC Section).

Default arrangement

Members of the DC Section 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 Consultant. The default arrangement in place is the Aviva My Future Focus Lifestyle Investment Strategy.

Under the Default Lifestyle Strategy, contributions are fully invested in the My Future Focus Growth Fund for the majority of a member's working life, with an aim to 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.

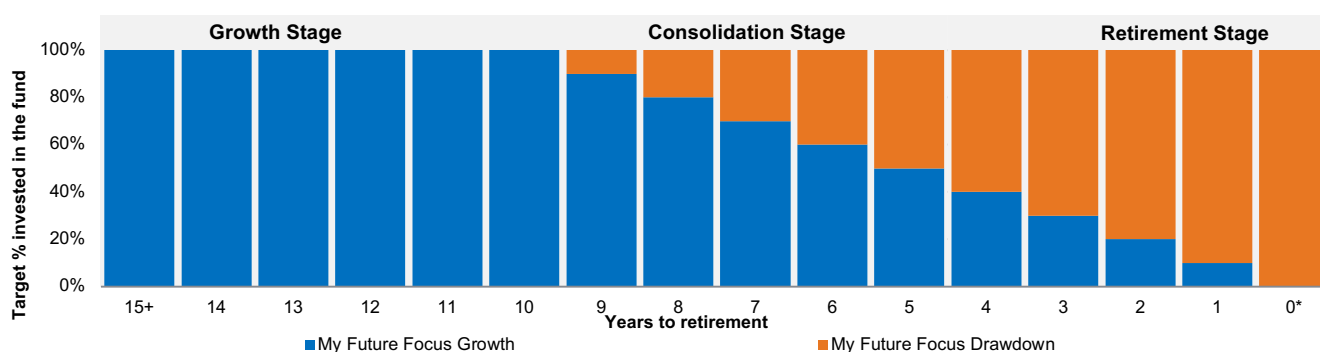
As DC Only members reach 10 years from their Normal Retirement Age ("NRA"), the Default Lifestyle Strategy is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to the My Future Focus Drawdown Fund, to steadily reduce the risk taken by members.

As DB Transferee Section members reach 10 years from their NRA, the Default Investment Strategy 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.

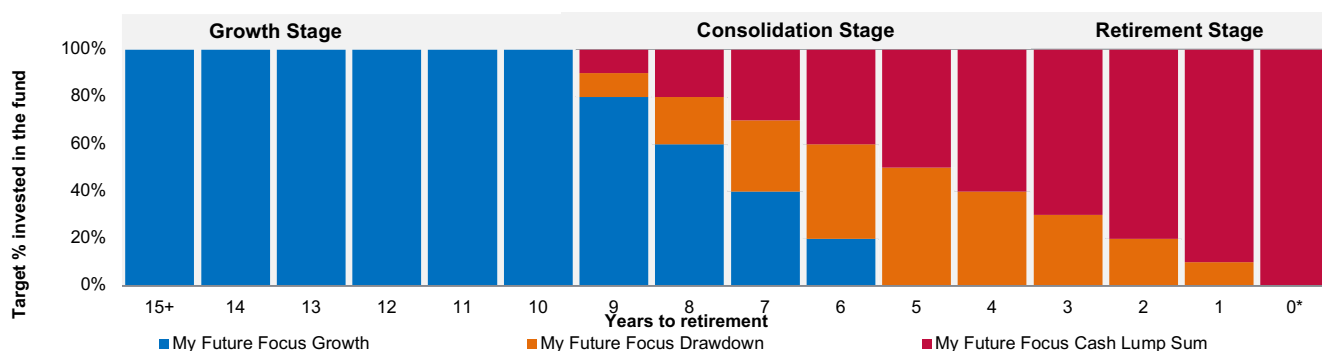
10 years prior to NRA, members have the opportunity to specify how they intend to take their savings at retirement. These options include targeting an Annuity, taking a Cash Lump Sum or targeting Drawdown, which involves members drawing income from their pension gradually throughout their retirement.

For members that do not make a specific choice at this stage, the Trustees have designed the Default Lifestyle Strategy to default into the My Future Focus Drawdown Fund for DC only members of the Scheme, and to default into the My Future Focus Cash Lump Sum Fund for deferred members of the Defined Benefit Section ("DB Transferee Section") who are active members of DC Section. This stage of the strategy transitions members' accumulated pension investments from growth assets towards protection assets to preserve assets 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 strategy 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 Health Check was presented on 29 June 2022.
- Aviva has confirmed to the Trustees that the ongoing administration charge of 0.4% p.a. payable by all members on all invested assets has been reduced to 0.38% p.a. This was effective from 7 April 2022. Aviva has agreed to review the fees on a regular basis.

Reduction in total fund charges (see table)

Fund	Previous TER	New TER
My Future Focus Growth	0.50%	0.48%
My Future Focus Drawdown	0.50%	0.48%
My Future Focus Annuity	0.50%	0.48%
My Future Focus Cash Lump Sum	0.50%	0.48%

The conclusions taken from the default strategy review (Annual Health Check) presented in 29 June 2022 were:

- Changes implemented by Aviva as part of the My Future Focus Range have been carried out as planned, and there have been no significant issues with the implementations which have been smooth.
- Aviva has evolved active management and the use of dynamic positioning can be seen within the strategies.
- During the last year, a formal strategy review was carried out and presented on 29 June 2022, which concluded with the Trustees being happy with the arrangements currently in place.
- Aviva offers a range of funds which are suitable for the current Scheme and its members. The Trustees noted that the My Future Focus strategy underperformed its peers over a number of periods. However, this was considered in the context of diversification, long-term investing and capital preservation and it was agreed that the strategy will continue to be monitored using a holistic view.

The default arrangements are described in further detail in the Scheme’s Statement of Investment Principles (“SIP”) which was last adopted on 23 February 2022 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 arrangement 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 Section 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 admin 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. There were some issues relating to Retirement Quotes and four complaints were received from pension members during the year, with one complaint brought forward from the previous year. All five complaints were resolved during the year period. 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 SLA;
- 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 99.8% of completion;

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 Default Lifestyle Strategy	Annualised net returns to 30 November 2022 (%)	
	1 year	5 years
Age of member		
25	-4.98	3.77
45	-4.98	3.77
55	-5.11	3.06

Lifestyle strategies - DB Transferee Default Lifestyle Strategy	Annualised net returns to 30 November 2022 (%)	
	1 year	5 years
Age of member		
25	-4.98	3.77
45	-4.98	3.77
55	-4.96	2.64

Source: Aviva and Mercer.

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 2022 (%)	
	1 year	5 years
BlackRock World ex UK Equity Index	-2.4	10.5
BlackRock 30:70 Global Equity Index Hedged	-4.7	6.2
BlackRock UK Equity Index	5.8	4.0

BlackRock US Equity Index	-2.7	13.3
BlackRock European Equity Index	-3.7	5.3
BlackRock Japanese Equity Index	-4.7	3.0
BlackRock Pacific Rim Equity Index	3.0	4.5
BlackRock Emerging Markets Equity	-11.4	0.9
HSBC Islamic Global Equity Index	-11.4	12.6
LGIM Ethical UK Equity Index	7.1	4.1
JPM Emerging Markets Equity	-18.0	3.0
Schroder Intermediated Diversified Growth	-8.4	2.6
BNY Mellon Real Return	-5.7	3.4
BlackRock Over 15 Year Corporate Bond Index	-33.1	-2.8
BlackRock Over 15 Year Gilt Index	-37.8	-4.4
BlackRock Over 5 Year Index-Linked Gilt Index	-38.1	-3.4
BlackRock Overseas Bond Index	-7.6	0.6
BlackRock Institutional Sterling Liquidity	1.1	0.7
LGIM Hybrid Property Fund	-4.4	3.7
LGIM Future World Equity Index Fund*	3.7	-

Source: Investment Managers.

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.

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 Arrangements	TER (%)	Transaction Cost (%)
My Future Focus Growth	0.48	0.04
My Future Focus Drawdown	0.48	0.02
My Future Focus Annuity	0.48	0.00
My Future Focus Cash Lump Sum	0.48	0.02

Source: Aviva as at 30 November 2022.

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 Cost (%)
BlackRock UK Equity Index	0.38	0.11
Legal & General (PMC) Ethical UK Equity Index	0.53	0.03
BlackRock World ex UK Equity Index	0.38	0.04
BlackRock (30:70) GBP Hedged Global Equity Index	0.44	0.10
HSBC Islamic Global Equity Index	0.68	-0.06
BlackRock US Equity Index	0.38	0.01
BlackRock European Equity Index	0.40	0.01
BlackRock Japanese Equity Index	0.38	0.01
BlackRock Pacific Rim Equity Index	0.38	0.08
BlackRock Emerging Markets Equity Index	0.61	-0.06
BlackRock Over 15 Year Corporate Bond Index	0.40	0.03
BlackRock Over 15 Year Gilt Index	0.38	0.00
BlackRock Over 5 Year Index-Linked Gilt Index	0.38	0.03
BlackRock Overseas Bond Index	0.38	0.00
BlackRock Institutional Sterling Liquidity	0.38	0.01

JPM Emerging Markets Equity	1.11	0.38
Schroder Intermediated Diversified Growth Fund	0.99	0.39
My Future Focus Consolidation	0.48	0.03
LGIM Hybrid Property Fund	0.90	0.00
LGIM Future World Equity Index Fund	0.66	0.11

Source: Aviva. Charges cover the 1 year period to 30 November 2022 and transaction costs the 1 year period to 31 December 2022.

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 arrangement; hence some of the funds may above exceed this amount.

We are comfortable that the costs for the Default Lifestyle Strategy 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:

Illustrations for an "Average" member

Years from now	Default Arrangement		Annuity Lifestyle		Cash Lifestyle		Most Expensive: JPM Emerging Markets Equity		Least Expensive: BlackRock Overseas Bond	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£57,448	£57,150	£57,523	£57,238	£57,448	£57,150	£58,525	£57,678	£57,150	£56,933
2	£65,052	£64,414	£65,235	£64,623	£65,051	£64,415	£67,557	£65,708	£64,558	£64,093
3	£72,645	£71,626	£72,972	£71,993	£72,644	£71,626	£76,982	£73,967	£72,096	£71,350
4	£80,190	£78,750	£80,703	£79,318	£80,189	£78,750	£86,818	£82,461	£79,765	£78,706
5	£87,648	£85,750	£88,393	£86,567	£87,646	£85,750	£97,083	£91,196	£87,568	£86,162
6	£94,980	£92,590	£96,010	£93,706	£94,979	£92,590	£107,794	£100,180	£95,508	£93,720
Total Fees	£2,390		£2,304		£2,389		£7,614		£1,788	

Illustrations for a "Young" member

Years from now	Default Arrangement		Annuity Lifestyle		Cash Lifestyle		Most Expensive: JPM Emerging Markets Equity		Least Expensive: BlackRock Overseas Bond	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£99,014	£98,492	£99,014	£98,492	£99,014	£98,492	£99,742	£98,299	£97,389	£97,018
3	£126,907	£125,072	£126,907	£125,072	£126,907	£125,072	£129,518	£124,415	£121,219	£119,957
5	£156,814	£153,273	£156,814	£153,273	£156,814	£153,273	£161,944	£152,039	£145,890	£143,525
10	£241,381	£231,527	£241,381	£231,527	£241,381	£231,527	£256,205	£228,278	£211,447	£205,316
15	£339,677	£320,038	£339,952	£320,338	£339,676	£320,038	£372,862	£315,999	£282,944	£271,435
20	£433,636	£401,600	£436,871	£405,012	£433,621	£401,600	£517,239	£416,932	£360,921	£342,186
23	£481,715	£441,726	£488,858	£449,025	£481,697	£441,726	£619,849	£484,649	£411,058	£386,994
Total Fees	£39,989		£39,833		£39,971		£135,200		£24,064	

Cumulative effect of charges – DC Only Section members

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

Illustrations for an "Average" member

Years from now	Default Arrangement		Annuity Lifestyle		Cash Lifestyle		Most Expensive: JPM Emerging Markets Equity		Least Expensive: BlackRock Overseas Bond	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£26,132	£25,994	£26,132	£25,994	£26,132	£25,994	£26,322	£25,941	£25,706	£25,609
3	£34,271	£33,780	£34,271	£33,780	£34,271	£33,780	£34,964	£33,601	£32,760	£32,423
5	£42,998	£42,042	£42,998	£42,042	£42,998	£42,042	£44,375	£41,702	£40,063	£39,424
10	£67,675	£64,966	£67,675	£64,966	£67,675	£64,966	£71,733	£64,060	£59,469	£57,781
15	£97,055	£91,546	£94,203	£88,946	£93,833	£88,544	£105,591	£89,786	£80,634	£77,423
19	£124,544	£115,831	£114,159	£106,474	£112,817	£105,076	£138,384	£113,130	£98,938	£94,122
20	£132,038	£122,364	£118,776	£110,452	£117,070	£108,691	£147,494	£119,387	£103,716	£98,441
Total Fees	£9,673		£8,324		£8,379		£28,107		£5,275	

Illustrations for a "Young" member

Years from now	Default Arrangement		Annuity Lifestyle		Cash Lifestyle		Most Expensive: JPM Emerging Markets Equity		Least Expensive: BlackRock European Equity Index	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£7,967	£7,925	£7,967	£7,925	£7,967	£7,925	£8,018	£7,902	£7,854	£7,824
5	£20,578	£20,187	£20,578	£20,187	£20,578	£20,187	£21,107	£20,016	£19,445	£19,181
10	£39,029	£37,704	£39,029	£37,704	£39,029	£37,704	£40,942	£37,202	£35,112	£34,270
15	£60,995	£58,013	£60,995	£58,013	£60,995	£58,013	£65,490	£56,976	£52,198	£50,416
25	£118,278	£108,863	£118,278	£108,863	£118,278	£108,863	£133,471	£105,908	£91,156	£86,180
35	£199,464	£177,223	£199,464	£177,223	£199,464	£177,223	£237,595	£170,689	£137,495	£127,130
40	£251,997	£219,779	£246,806	£215,397	£246,129	£214,719	£308,869	£210,568	£163,859	£149,781
46	£328,427	£279,896	£293,415	£250,943	£288,925	£246,679	£417,092	£266,428	£198,668	£179,066
Total Fees	£48,531		£42,473		£42,246		£150,664		£19,602	

Assumptions – DB Transferee members

Illustrations above have been produced for an “Average” and a “Young” member based on the Scheme’s membership data. “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. Individual fund illustrations assume 100% of the member’s assets are invested in the fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.

Note that total fees are lower than the difference between the pot size before and after fees. Total fees reflect what has actually been taken to pay for the management of assets and other expenses, whereas the difference between post before and after fees reflects the effect of compounding.

Pot size and salary assumptions were calculated take into consideration only members with disclosed pensionable earnings.

<ul style="list-style-type: none"> Age - “Average” Member Age - “Young” Member Age 	<p>56 (<i>median age of the Scheme’s membership</i>)</p> <p>39 (<i>youngest member of the 10% youngest members</i>)</p>
Scheme Retirement Age	62
<ul style="list-style-type: none"> Starting Pot Size - “Average” Member Starting Pot Size - “Young” Member 	<p>£49,879 (<i>median pot size of the Scheme’s membership</i>)</p> <p>£85,780 (<i>median pot size for the youngest 10% of members</i>)</p>
<ul style="list-style-type: none"> Starting Salary - “Average” member Starting Salary - “Young” member 	<p>£39,730 (<i>median salary of the Scheme’s membership</i>)</p> <p>£62,674 (<i>median salary for the youngest 10% of members</i>)</p>
Inflation	2.50% p.a.
Rate of Salary Growth	2.50% p.a.
Total annual contributions rate	16% p.a.
<p>Expected future nominal returns on investment:</p> <ul style="list-style-type: none"> Default Strategy <ul style="list-style-type: none"> Aviva My Future Focus Growth Fund Aviva My Future Focus Drawdown Fund Aviva My Future Focus Cash Lump Sum Fund JPM Emerging Markets Equity Fund BlackRock Overseas Bond Fund 	<p>3.50% above inflation</p> <p>3.50% above inflation</p> <p>1.05% above inflation</p> <p>4.00% above inflation</p> <p>1.75% above inflation</p>

Assumptions – DC Only members

Illustrations above have been produced for an “Average” and a “Young” member based on the Scheme’s membership data. “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. Individual fund illustrations assume 100% of the member’s assets are invested in the fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.

Note that total fees are lower than the difference between the pot size before and after fees. Total fees reflect what has actually been taken to pay for the management of assets and other expenses, whereas the difference between post before and after fees reflects the effect of compounding.

Pot size and salary assumptions were calculated take into consideration only members with disclosed pensionable earnings.

<ul style="list-style-type: none"> Age - “Average” Member Age - “Young” Member Age 	<p>45 (<i>median age of the Scheme’s membership</i>)</p> <p>19 (<i>youngest member of the 10% youngest members</i>)</p>
Scheme Retirement Age	65
<ul style="list-style-type: none"> Starting Pot Size - “Average” Member Starting Pot Size - “Young” Member 	<p>£22,270 (<i>median pot size of the Scheme’s membership</i>)</p> <p>£5,080 (<i>median pot size for the youngest 10% of members</i>)</p>
<ul style="list-style-type: none"> Starting Salary - “Average” member Starting Salary - “Young” member 	<p>£37,780 (<i>median salary of the Scheme’s membership</i>)</p> <p>£33,300 (<i>median salary for the youngest 10% of members</i>)</p>
Inflation	2.50% p.a.
Rate of Salary Growth	2.50% p.a.
Total annual contribution rate	8% p.a.
<p>Expected future nominal returns on investment:</p> <ul style="list-style-type: none"> Default Strategy <ul style="list-style-type: none"> Aviva My Future Focus Growth Fund Aviva My Future Focus Drawdown Fund Additional Lifestyles Funds <ul style="list-style-type: none"> Aviva My Future Focus Annuity Fund Aviva My Future Focus Consolidation Fund Aviva My Future Focus Cash Lump Sum Fund JPM Emerging Markets Equity Fund BlackRock Overseas Bond Fund 	<p>3.5% above inflation</p> <p>3.5% above inflation</p> <p>1.38% above inflation</p> <p>3.50% above inflation</p> <p>1.05% above inflation</p> <p>4.00% above inflation</p> <p>1.75% above inflation</p>

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.

We 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.

Bearing this in mind, the Trustees carried out a formal "Small Scheme" Value for Members Assessment for a 12-month period to 30 November 2022 in May 2023. 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.

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

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 23 February 2022 and reflected changes to the Scheme arrangements, namely the reduction of the switching period of the default for DB Transferee members from 15 to 10 years and to reflect the Trustees' views on Environmental, Social and Governance. 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 Strategy 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 training on Governance and Responsible Investment. On 25 November 2022, the Trustees received training on the expected changes in regulations following the introduction of the new Single Code. In addition, the Trustees receive advice from their professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. 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, to the Trustees consider member demographics and member behaviour to monitor whether the Scheme remains fit for purpose.

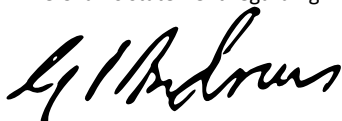
Taking account of all these points, the Trustees consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

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 training above, the Trustees are comfortable that we 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. I am also satisfied that the Trustees have 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: 6 June 2023

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