

THE CHAIR'S STATEMENT REGARDING DC GOVERNANCE

30 NOVEMBER 2020 – 30 NOVEMBER 2021

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Defined Contribution Section of the Asahi Glass Fluoropolymers Pension Scheme (the "DC Section" or "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, 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.

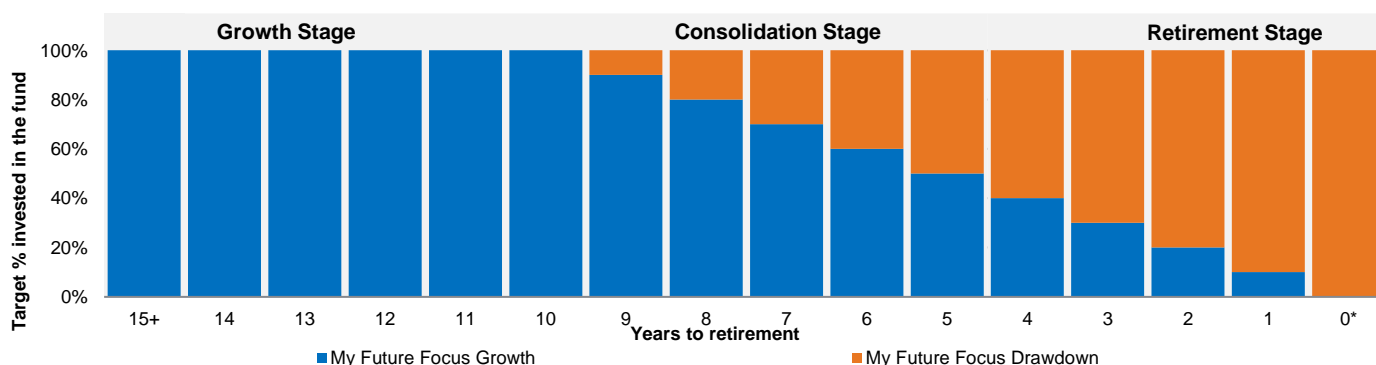
Under the Default Lifestyle Strategy, contributions are fully invested in the My Future Focus Growth Fund for the majority of a member's working life, with an aim to maximising investment growth while diversifying risks. The fund invests in a broad range of asset classes including developed and emerging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

Once DC Only members and DB Transferee members reach 10 years from their Normal Retirement Age ("NRA") the strategies are 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. At this point, members have the opportunity to determine how they would like to take their savings at retirement. The options available to members include targeting an Annuity, taking a Cash Lump Sum or targeting Drawdown, which involves members remaining invested and drawing income from their pension gradually throughout their retirement.

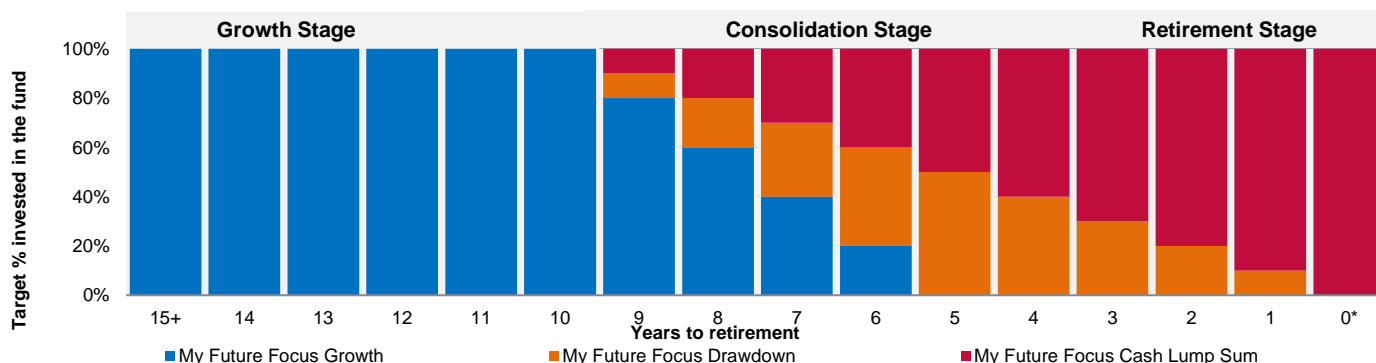
As DB Transferee Section members, reach 10 years from their NRA, the Strategy is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to a combination of the My Future Focus Drawdown Fund and the My Future Focus Cash Lump Sum Fund, to steadily reduce the risk taken by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

For members that do not make a specific choice at this stage, the Trustees have designed the 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 DB Transferee members. 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, the Trustees made the decision to reduce the switching period of the default strategy for the DB Transferee members from 15 years to 10 years. No further significant changes were made 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 in July 2021.

During the period since the DC Section has been implemented, Aviva (the Platform Provider) reviewed its 'My Future Plus' default investment strategy and made changes to the composition of the component funds effective on 1 November 2019.

A summary of the key changes were:

- 'My Future Plus' and 'Future Focus' default investment strategies were merged to form 'My Future Focus'
- Benchmarks for the My Future Focus funds were revised
- Asset allocation, objectives and risk profiles were revised
- ESG views and screening has been integrated into the asset allocation and positioning of the fund range
- Glidepaths for My Future Focus lifestyle strategies now begin to switch 10 years before planned retirement date, previously the default Glidepaths for both sections of the Scheme began to switch members' assets 15 years before their planned retirement date
- DC Only members have moved to the new 10 year Glidepath
- DB Transferee members initially remained in the bespoke default strategy, with a 15 year Glidepath; however this was reviewed in 2021 by the Trustees, and is due to be aligned with Aviva's 10 year Glidepath

Reduction in fund charges (see table)

Fund	Previous AMC	New AMC
My Future Focus Growth	0.60%	0.50%
My Future Focus Drawdown	0.60%	0.50%
My Future Focus Annuity	0.55%	0.50%
My Future Focus Cash Lump Sum	0.55%	0.50%

The conclusions taken from the default strategy review undertaken in July 2021 were:

- The Scheme's default arrangements are in line with the Trustees' long-term strategy, and there are no major concerns with the lifestyle funds and strategies. However, the Trustees should closely monitor Aviva's transactional activity, which has been problematic.
- The Aviva MyMoney Platform and My Future Focus solution are considered suitable for the Scheme and good value for members.

The default arrangements are described in further detail in the Scheme's Statement of Investment Principles ("SIP") which was last reviewed by the Trustees on 28 February 2022 and a copy of which is submitted alongside this governance statement. The SIP will be reviewed a minimum of every three years (i.e. by date of previous SIP plus 3 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 happy 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 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 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 (Mercer) 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 to achieve these objectives.

The Trustees have Service Levels Agreements ("SLAs") in place with the DC Section administrator and receive reporting of performance against those service levels. The SLAs cover the accuracy and timeliness of all core transactions and the Trustees receive regular reports to monitor the performance of the administrator against those service levels.

The processes adopted by the administrator to help it meet the SLAs include: a central financial control team separate to the admin team, peer checking and authorisation of payments, daily monitoring of bank accounts and four eyes checking of investment and banking transactions.

During the period covered by this statement, 80% of work was completed within the agreed service levels. There were issues relating to the processing of Scheme transactions and the Trustees are working with Aviva to resolve the issues. There were issues relating to Retirement Quotes. In addition, three complaints were received from pension members during the year period with one of them still ongoing. 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 the agreed SLA;
- Upon investigation of the underlying contributions and unit holdings, there have been no material errors in relation to processing core financial transactions;
- The majority of core financial transactions have been processed promptly and accurately during the Scheme year;

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, are 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/DB Transferee Default Lifestyle Strategy	Annualised returns to 30 November 2021 (%)	
	1 year	5 years
Age of member		
25, 45, 55	11.6	7.7

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 returns to 30 November 2021 (%)	
	1 year	5 years
BlackRock World ex UK Equity Index	22.9	14.3
BlackRock 30:70 Global Equity Index Hedged	19.4	11.1
BlackRock UK Equity Index	17.3	5.5
BlackRock US Equity Index	28.3	16.8
BlackRock European Equity Index	15.6	10.9
BlackRock Japanese Equity Index	3.9	6.8
BlackRock Pacific Rim Equity Index	5.5	7.3
BlackRock Emerging Markets Equity	1.5	8.4
HSBC Islamic Global Equity Index	27.8	19.1
LGIM Ethical UK Equity Index	15.4	5.3
JPM Emerging Markets Equity	-1.8	12.6
M&G Feeder of Property	3.6	-0.1
Schroder Intermediated Diversified Growth	8.8	5.5
BlackRock Over 15 Year Corporate Bond Index	0.4	5.9
BlackRock Over 15 Year Gilt Index	11.5	7.1
BlackRock Over 5 Year Index-Linked Gilt Index	-4.1	1.6
BlackRock Overseas Bond Index	0.2	0.5
BlackRock Institutional Sterling Liquidity	0.4	5.9

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 page.

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	0.50	0.05
My Future Focus Drawdown	0.50	0.02
My Future Focus Annuity	0.50	0.00
My Future Focus Cash Lump Sum	0.50	0.06

Source: Aviva as at 30 November 2021.

Fees for the default arrangement 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 arrangement. 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	0.40	0.22
Legal & General (PMC) Ethical UK Equity Index	0.55	0.01
BlackRock World ex UK Equity Index	0.40	0.05
BlackRock (30:70) GBP Hedged Global Equity Index	0.46	0.09
HSBC Islamic Global Equity Index	0.70	0.02
BlackRock US Equity Index	0.40	0.06
BlackRock European Equity Index	0.40	-0.01
BlackRock Japanese Equity Index	0.40	0.13
BlackRock Pacific Rim Equity Index	0.40	0.06
BlackRock Emerging Markets Equity Index	0.64	-0.02
BlackRock Over 15 Year Corporate Bond Index	0.42	0.00
BlackRock Over 15 Year Gilt Index	0.40	0.00
BlackRock Over 5 Year Index-Linked Gilt Index	0.40	0.01
BlackRock Overseas Bond Index	0.40	0.03
BlackRock Institutional Sterling Liquidity	0.40	0.02
JPM Emerging Markets Equity	1.20	0.27
Schroder Intermediated Diversified Growth Fund	1.10	0.35
M&G Feeder of Property Portfolio*	0.93	0.26
My Future Focus Consolidation	0.50	0.03

Source: Aviva as at 30 November 2021.

*This fund is now closed to new contributions.

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 arrangement 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 European Equity Index	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£48,898	£48,631	£49,765	£49,491	£48,891	£48,646	£50,107	£49,343	£49,954	£49,754
2	£55,175	£54,610	£57,244	£56,651	£55,161	£54,639	£57,996	£56,338	£57,659	£57,225
3	£61,219	£60,330	£64,877	£63,918	£61,200	£60,369	£66,109	£63,421	£65,558	£64,852
4	£66,985	£65,750	£72,667	£71,293	£66,962	£65,797	£74,452	£70,595	£73,653	£72,638
5	£72,431	£70,833	£80,616	£78,778	£72,405	£70,883	£83,032	£77,859	£81,952	£80,587
6	£77,518	£75,545	£88,729	£86,375	£77,493	£75,594	£91,856	£85,216	£90,457	£88,703
Total Fees	£1,973		£2,353		£1,899		£6,640		£1,755	

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	£65,250	£64,890	£65,250	£64,890	£65,250	£64,890	£65,723	£64,721	£65,519	£65,257
3	£82,276	£81,042	£82,276	£81,042	£82,276	£81,042	£83,936	£80,474	£83,219	£82,310
5	£100,009	£97,678	£100,009	£97,678	£100,009	£97,678	£103,197	£96,629	£101,814	£100,082
10	£147,624	£141,487	£147,624	£141,487	£147,624	£141,487	£156,343	£138,848	£152,527	£147,867
15	£199,605	£187,980	£195,492	£184,281	£199,602	£187,980	£217,473	£183,816	£209,903	£200,859
20	£240,435	£222,690	£235,953	£219,222	£240,381	£222,690	£287,786	£231,714	£274,819	£259,625
24	£256,859	£235,049	£252,294	£231,890	£256,789	£235,048	£351,568	£272,269	£332,842	£311,215
Total Fees	£21,811		£20,404		£21,741		£79,299		£21,627	

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 European Equity Index	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£23,289	£23,160	£23,289	£23,160	£23,289	£23,160	£23,456	£23,098	£23,384	£23,291
3	£30,156	£29,709	£30,156	£29,709	£30,156	£29,709	£30,753	£29,499	£30,495	£30,166
5	£37,309	£36,455	£37,309	£36,455	£37,309	£36,455	£38,470	£36,063	£37,966	£37,332
10	£56,515	£54,218	£56,515	£54,218	£56,515	£54,218	£59,763	£53,218	£58,341	£56,599
15	£77,782	£73,344	£75,066	£70,888	£75,100	£70,845	£84,254	£71,489	£81,394	£77,965
20	£101,355	£93,938	£86,925	£80,994	£87,064	£80,885	£112,425	£90,951	£107,475	£101,659
21	£106,369	£98,242	£88,274	£82,035	£88,437	£81,928	£118,547	£94,993	£113,089	£106,699
Total Fees	£8,127		£6,240		£6,509		£23,554		£6,390	

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	£13,587	£13,512	£13,587	£13,512	£13,587	£13,512	£13,681	£13,472	£13,640	£13,586
5	£25,591	£25,040	£25,591	£25,040	£25,591	£25,040	£26,323	£24,772	£26,006	£25,597
10	£42,035	£40,443	£42,035	£40,443	£42,035	£40,443	£44,253	£39,723	£43,283	£42,078
15	£60,237	£57,028	£60,237	£57,028	£60,237	£57,028	£64,876	£55,647	£62,831	£60,355
25	£102,686	£94,115	£102,686	£94,115	£102,686	£94,115	£115,882	£90,676	£109,971	£103,100
35	£154,695	£137,114	£154,119	£136,624	£154,126	£136,615	£183,364	£130,416	£170,314	£155,667
40	£184,984	£161,119	£171,294	£149,658	£171,456	£149,490	£224,884	£152,248	£206,555	£186,321
44	£211,582	£181,642	£173,469	£149,905	£173,812	£149,694	£262,548	£170,733	£238,948	£213,232
Total Fees	£29,940		£23,564		£24,119		£91,815		£25,716	

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>38 (<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>£42,436 (<i>median pot size of the Scheme’s membership</i>)</p> <p>£56,992 (<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>£39,990 (<i>median salary of the Scheme’s membership</i>)</p> <p>£43,890 (<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 European Equity Fund 	<p>2.00% above inflation</p> <p>2.00% above inflation</p> <p>1.75% below inflation</p> <p>2.50% above inflation</p> <p>2.50% 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>44 (<i>median age of the Scheme’s membership</i>)</p> <p>21 (<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>£19,958 (<i>median pot size of the Scheme’s membership</i>)</p> <p>£10,735 (<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>£36,176 (<i>median salary of the Scheme’s membership</i>)</p> <p>£32,589 (<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 European Equity Fund 	<p>2.00% above inflation</p> <p>2.00% above inflation</p> <p>1.75% below inflation</p> <p>2.00% above inflation</p> <p>1.75% below inflation</p> <p>2.50% above inflation</p> <p>2.50% 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 "good 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 are satisfied that they have negotiated a good deal for members, and that the stated explicit charges for the Scheme's funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of schemes with a similar membership profile.

Bearing this in mind, the Trustees carried out a formal Value for Members Assessment for a 12-month period completed in May 2022. The assessment considered Governance, Design, Investment, Administration, Communications and Costs. The Trustees rated each section on how it provided value. The assessment concluded that overall, the Scheme was offering good value to members across a range of factors. The assessment highlighted areas where the Scheme could improve, such as administration, particularly highlighting potential improvements with the provision of at-retirement advice and ongoing investment options in the Scheme.

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 personal 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 existing 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 the Trustees are required to familiarise themselves with the Scheme's Trust Deed and Rules and the Statement of Investment Principles. The Statement of Investment Principles was last reviewed by the Trustees on 15 February 2022 to reflect recent 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 ESG, lastly a copy of which is submitted alongside this governance statement. It has been referred to at meetings in reference to the default investment strategy and self-select funds. Throughout the year, the Trustees have demonstrated a working knowledge of the Trust Deed and Rules dealing with specific issues as they arose.

Over the last year, the Trustees have received training on Governance and Responsible Investment. 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, while most schemes simply focus on trustee training and use of advisors, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour otherwise trustees cannot be certain that a 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 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 pensions 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: 23rd May 2022

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