

Statement regarding DC governance

For the year ended 31 December 2024

It is with great pleasure that I present this statement to the members of the Capital Incentives & Motivation Pension Scheme. This statement will be updated annually and will appear in the Scheme's accounts and published online.

Governance

The Trustees review and assess the Scheme's systems, processes and controls against key governance functions for consistency with those set out in the Pensions Regulator's Code of Practice 13 (Governance and administration of occupational trust-based schemes providing money purchase benefits) and Regulatory guidance for defined contribution schemes. This includes further legislative updates made in 2018 in respect of additional disclosure requirements.

Given the nature of the DC Section, the Trustees believe that, on the whole, the standards of practice set out in the DC code and DC regulatory guidance are maintained. These standards help to demonstrate the presence of DC quality features which the Trustees believe will help to deliver beneficial outcomes for members at retirement.

In particular, the Scheme is governed through meetings, maintaining recommended governance documentation (which is reviewed regularly), making all required reports to the Pensions Regulator and by seeking training opportunities to ensure there is sufficient knowledge and understanding to fulfil the role of each trustee. Whenever making decisions in relation to the Scheme, the Trustees considers the powers and provisions set out in the Scheme's rules and seeks advice wherever appropriate.

The Trustees have the appropriate levels of trustee knowledge and understanding required to effectively run the Scheme with good governance. In particular, they have completed the online Trustee Toolkit and revisit modules to refresh their knowledge periodically as necessary, they receive training and are encouraged to identify gaps in their knowledge, and they keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator. The Trustees ensure that they are conversant with the Trust Deed and Rules and the powers granted to them. The Trustees are supported by the Scheme's advisers who have been involved for a number of years.

However, certain changes are in progress, as set out below.

Outcome of governance review

As part of the assessment of the Scheme's practices against the Regulator's recommendations, the Trustees identified a number of improvements that could be made to existing practices.

The guidance from the Regulator describes various standards associated with running the scheme ranging from 'minimum' to 'best practice'. It is not always appropriate for schemes to spend the time and money developing 'best practice'. In fact monitoring *value for money* is itself one of the quality features which trustees should assess. As part of the assessment, the Trustees considered the advantages of implementing tighter controls than those currently practised.

Following on from the review, it was agreed with the Company that steps would be taken to wind up the DC Section and transfer all members to other more appropriate types of pension schemes, with the intention that members would benefit from the move. The Company issued consultation letters to the majority of members in May 2018 providing them with options in relation to their funds and an opportunity to respond to the consultation. These members had all transferred their funds away from the DC Section by June 2019. Option letters were subsequently issued to the remaining two members of the DC Section and the transfer of these funds is currently being implemented by the Trustees. Once this is complete, the DC Section will have no further assets or liabilities. The DC Section is now wound up.

Processing financial transactions

As part of the process of preparing these accounts, the Trustees review the income received by and payments made from the Scheme, as well as other actions such as information requests from members, and switches between investments, to ensure all transactions are processed promptly and accurately. The Trustees also have a contract with a third party insurer (Aegon) who accept responsibility for making payments accurately and promptly, within specified timescales, and notifying the Trustees if there are any issues. Disinvestments from the investment managers are processed electronically so they are actioned as quickly as possible once all information is received. All contributions to the Scheme were received and invested in line with the agreed timeframes.

Statement regarding DC governance (continued)

Maintenance of Statement of Investment Principles ('SIP')

As the Scheme has fewer than 100 members, the Trustees are not required to, and do not currently, have a SIP in place, and there are no plans to have one.

Default arrangement

The Scheme does not have a default investment strategy and is not being used as a qualifying scheme for automatic enrolment purposes.

Fees and costs incurred in running the Scheme

For information, the costs associated with the DC Section of the Scheme during the year to 31 December 2024 (in respect of the funds relevant to those members present at the year-end) are shown below.

Costs paid by members (by way of charges in the units)

Aegon's fees are set out below. The fee are "annual management charges" and in practice are taken through an adjustment to the fund's unit prices. The additional expenses included management fees and expenses that vary with the day to day costs of running the fund.

Fund	Annual management fee (% pa of fund)	Additional expenses (% pa of fund)	Total (% of fund)
UK Fixed Interest and Global Equity Tracker Lifestyle 2025 0.60%	0.60	0.01	0.61
UK Fixed Interest and Global Equity Tracker Lifestyle 2030 0.50%	0.10	0.02	0.12
UK Fixed Interest and Global Equity Tracker Lifestyle 2030 0.60%	0.20	0.02	0.22

In addition, there may be transaction costs which are only incurred when members invest in or disinvest from funds (including when switching between funds). These fees are expected to be lower than the fees above and depend on the fund and market conditions at the time of investing and/or disinvesting.

During the year to 31 December 2024, the transaction costs incurred on the above funds were as follows:

Fund	Transaction fees (% of fund)
UK Fixed Interest and Global Equity Tracker Lifestyle 2025 0.60%	0.04
UK Fixed Interest and Global Equity Tracker Lifestyle 2030 0.50%	0.02
UK Fixed Interest and Global Equity Tracker Lifestyle 2030 0.60%	0.02

Other costs

All other costs associated with the Scheme (including the administration costs, actuarial and legal costs, and regulatory levies) are either paid by the Company, or paid from Scheme funds not allocated to members.

Costs and charges borne by members

The following illustration projects the cumulative value of a pension contribution of £75 paid each month into a pension fund for the entire period under consideration. A starting fund value of £15,000 is also assumed.

These contributions are assumed to increase each year with a notional salary increase of 2.5% per annum.

Statement regarding DC governance (continued)

Annual Management Charges (AMCs) are paid out to the investment fund manager for services involved with the management of the fund and the costs associated with running the fund. The level of these charges affects the final fund value.

Costs and charges borne by members (continued)

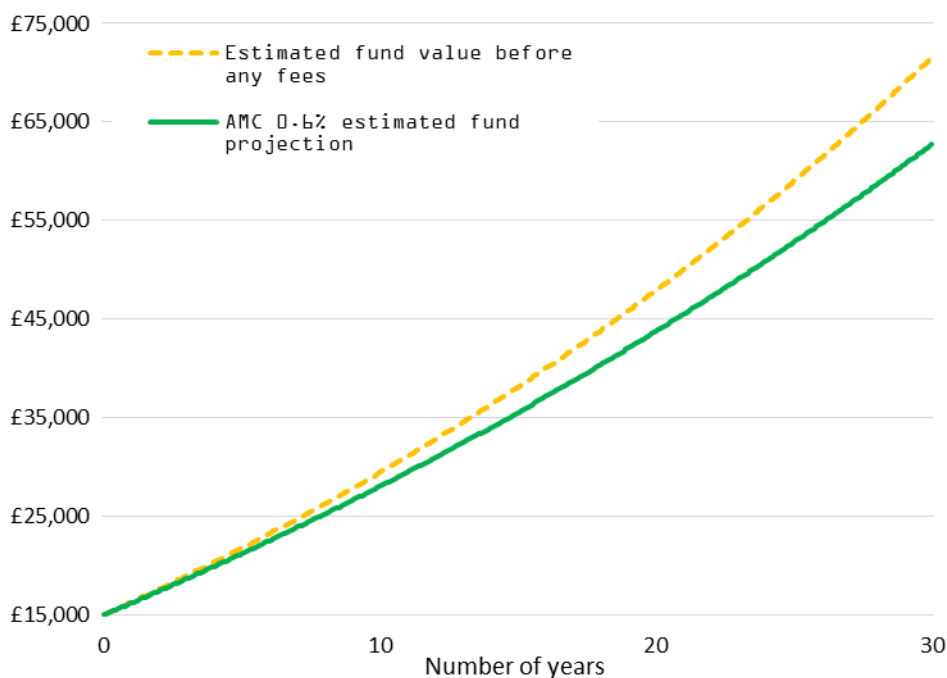
A gross investment return of 5% per annum has been assumed over all illustration periods and the annual management charge (assumed to be 0.6% per annum) has been deducted from this.

The illustrations have been reduced to reflect the effects of anticipated inflation over the period of projection, assumed to be 2.5% per annum.

The value of the fund is shown at three separate periods 10 years, 20 years and 30 years.

It should be noted that these are only illustrations and actual fund values will depend on actual investment returns achieved on investments, the time under investment and the amounts invested.

Illustration of the effect of Annual Management Charge (AMC) on projected fund values



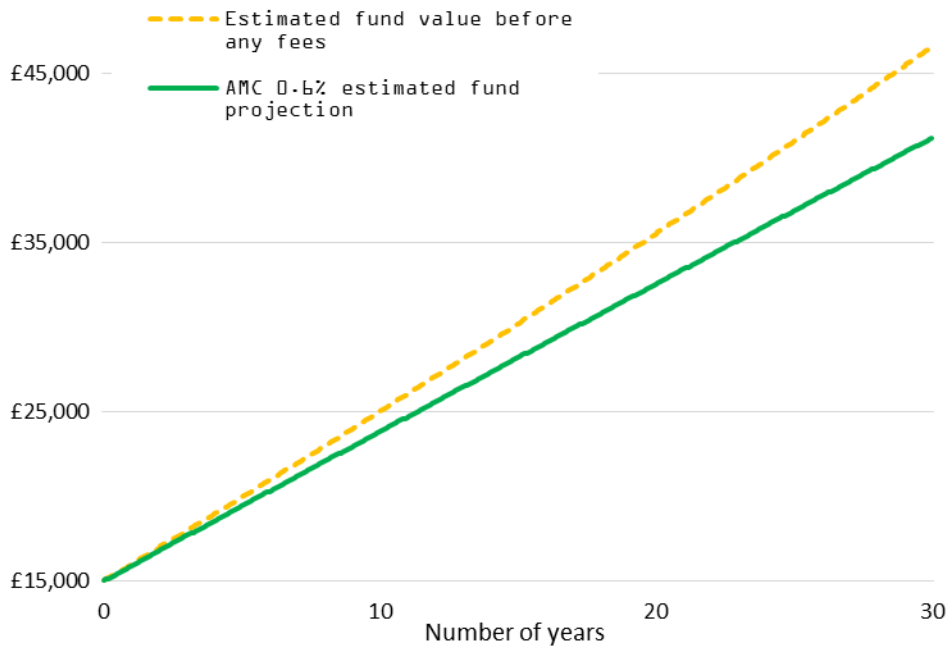
	No Charges	0.6% Charge per annum
Value at 10 years	29,431	28,030
Value at 20 years	47,904	43,757
Value at 30 years	71,550	62,743

Statement regarding DC governance (continued)

Costs and charges borne by members (continued)

Alternative illustration 1 -

In line with the main illustration, but assuming a lower investment return of 3% p.a.



	No Charges	0.6% Charge per annum
Value at 10 years	25,014	23,824
Value at 20 years	35,541	32,561
Value at 30 years	46,606	41,210

Statement regarding DC governance (continued)

Costs and charges borne by members (continued)

Alternative illustration 2 (deferred member) –

In line with the main illustration, but, assumes that no future contributions will be paid into the Scheme. This illustration is more applicable for deferred members who have ceased paying contributions to the Scheme:

(a) Investment return of 5% p.a.



	No Charges	0.6% Charge per annum
Value at 10 years	19,201	18,106
Value at 20 years	24,579	21,856
Value at 30 years	31,464	26,383

Statement regarding DC governance (continued)

Costs and charges borne by members (continued)

(b) Investment return of 3% p.a.



	No Charges	0.6% Charge per annum
Value at 10 years	15,767	14,851
Value at 20 years	16,573	14,703
Value at 30 years	17,421	14,556

Value for money

The Trustees consider that, in relation to benefits, the level of fees paid represents good value for members. However, there are better products out there, hence the decision to look for alternatives and to consult with members over the proposed changes. This view is based on the level of fees available on other investments of similar types, the level of service provided and the ability of the funds to meet their objectives.

Although the members' funds do not directly cover the other costs associated with the Scheme, as these are met by the Company, the Trustees consider carefully the other costs incurred and monitor these and service levels to ensure the Company receives good value too.

Statement regarding DC governance (continued)

Communicating with members

The Trustees, with their advisers and the Company, carefully considers all member communications and reviews common communications periodically (such as retirement quotation packs and benefit statements). The Trustees work closely with the Company and the Scheme advisers to try to ensure member interests are understood and represented in all decision making.

Knowledge and understanding of the Trustees

Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively.

Trustees are required to be conversant with a Scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

The Trustees aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents. They do so through their experience in governing the Scheme, as well as access to professional advice.

The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of Scheme assets through a combination of training and taking professional advice.

The Trustees attend training sessions and discuss developments in the pensions industry on an ongoing basis.

The Trustees currently monitor their advisers on an ongoing basis but do not carry out a formal review each year.

The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

- The Trustees are able to challenge and question advisers, service providers and other parties effectively
- Trustee decisions are made in accordance with the Scheme's rules and in line with trust law duties

Signed: 

Lee O'Connor, Chair of the Trustees

Date: 17th July 2025