

GOVERNANCE STATEMENT - Scheme Year 2021/2022

Charles Green & Son Ltd 1992 Retirement Benefits Scheme

Summary of Scheme Benefits

The Scheme was set up on 6 April 1992 as a hybrid Occupational Money Purchase arrangement under a fully insured policy underwritten by Scottish Life Assurance Company (now Royal London).

From inception until 5 April 1997 the Scheme was contracted-out on a Guaranteed Minimum Pension (GMP) basis. As a result, the benefits of the Scheme must be at least equal to each member's GMP. The GMP reflects the additional Earnings- Related State Pension (SERPS) given up and is calculated by reference to each member's taxable earnings. As GMPs depend on members' earnings, GMPs are defined benefits.

From 6 April 1997 until 5 April 1999 the scheme benefits were provided under a Contracted-in Money Purchase Plan (CIMP) and members were given the individual choice to contract out on a "Protected Rights" basis via an appropriate Personal Pension Plan.

As such, the benefits provided comprise a member's Individual Account which is made up of two elements, a GMP Account and an Additional Monies Account.

The member's GMP Account comprises monies paid prior to 6 April 1997 in respect of contracted-out service. The member is entitled to a benefit that is the greater of the benefits that could be purchased by the member's GMP Account (a money purchase benefit) and the member's GMP (a defined benefit).

The member's Additional Monies Account comprises all other monies paid in respect of the member. The benefits provided by the Additional Monies Account are pure money purchase in nature.

The Scheme was made paid-up on 5 April 1999 and replaced for future service benefits by a fully-insured Group Stakeholder Plan, underwritten by Scottish Equitable (now AEGON).

Scheme Contributions

Since the Scheme was made paid-up in April 1997, the only contributions paid relate to a funding deficit revealed in the 2021 Actuarial Valuation in respect of the GMP Section of the Scheme. In order to address the valuation shortfall the employer has agreed to pay contributions at the rate of £ 37,800 per annum from 6 September 2022 until 5 February 2033. These contributions are paid by monthly instalments of £ 3,150 by Standing Order. A further Actuarial Valuation is due as at 6 April 2024 and the solvency level of the Scheme will be reviewed, along with the level of contributions required to address any shortfall.

In addition to the above contributions, the employer has agreed to pay the cost of the Pension Protection Fund Levy and any other expenses relating to the running of the Scheme, as and when they fall due.

In relation to the pure money purchase benefits provided under the Additional Monies Accounts, there have been no contributions since the Scheme was made paid-up on 5 April 1999, as the value of the assets in each Account directly matches that of the liabilities. All future service benefits from 6 April 1999 have been provided under the Group Stakeholder Plan with AEGON, subsequently replaced by a Group Personal Pension Plan, underwritten by AEGON, to fully comply with the Auto-Enrolment regulations.

Investment Choice and Default Fund

In relation to the pure DC funds, members were given a wide choice of Scottish life unit-linked investment funds into which they could invest their pure DC funds, with the Default fund being the Scottish Life Managed fund (now Royal London Managed Fund).

Generous cost-free switching facilities are available to members who wish to change their investment funds.

Scheme Charges

Under the pure DC Section of the Scheme the member charges in relation to the unit-linked funds, including the Default fund are a single Annual Management Charge (AMC) of 1.00% per annum.

Value for Money

The Trustees remain confident that the member charges under the pure DC Section of the Scheme continue to represent good value for money. It is also important to note that the level of service provided by Royal London over the years, has been exemplary. This is evidenced by the growing number of Industry Awards received by them over recent years for quality of administration and customer service. It should also be pointed out that Royal London's unit-linked investment performance has improved significantly, particularly over the last five years, which should contribute positively to member outcomes.

Administration

Given that this is a fully insured scheme underwritten by Royal London, the underwriters and/or XPS Pensions Group prepare and supply all documentation and technical advice and assistance relating to :-

Triennial Actuarial Valuations

S.179 Valuations

Annual Scheme Renewal Package for production of Annual Report and Accounts

Individual benefit statements for members

Benefit calculations including CETV calculations

Retirement packs for members

Funding objectives, assumptions and method

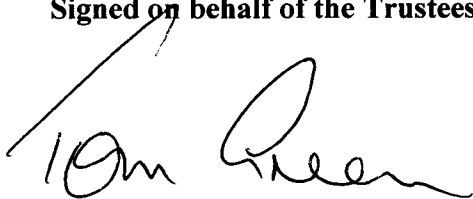
Deficit funding/Recovery plans

Technical updates

And generally providing the support needed by the Trustees to efficiently and effectively administer the Scheme. The Trustees also have recourse to guidance and assistance from the Pension advisor to the current AEGON Group Personal Pension Plan and to the company Accountants, who prepare and audit the Scheme Report and Accounts.

The above Statement forms part of the Annual Report and Accounts for the Scheme year ending 5 April 2022.

Signed on behalf of the Trustees

A handwritten signature in black ink, appearing to read 'Tom Green', is written over a horizontal line.

Date 11 October 2022

**Tom Green
Chairman**