

CHAIR'S ANNUAL DC GOVERNANCE STATEMENT

This is the Scheme's annual governance statement under Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

As Trustees of the Scheme we have reviewed and assessed that our systems, processes, and controls across key governance functions are consistent with those set out in The Pensions Regulator's:

- Code of practice 13: Governance and administration of occupational defined contribution trust-based schemes

Regulatory guidance for defined contribution schemes. These are underpinned by the DC quality features. Based on our assessment we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. These help demonstrate the presence of DC quality features, which we believe will help deliver better outcomes for members at retirement.

Processing financial transactions during the year:

The processing of each core financial transaction is targeted to be administered over a period of time of 10 working days. The trustees will review with the administrator the transactions that occur and produce a chart of demonstrating the timeliness of these transactions. No new contributions were received and there were no transfers or payments made direct to members during the year.

Default Investment Strategy:

A review of the default investment strategy was undertaken on the 15th of March 2022 by the trustees. Please see below our written statement on the Default Investment Strategy.

Given the small size of the scheme and the maturity of the membership, the Trustees' aims and objectives in relation to the default investment strategy is to benefit from the economies of scale of the Utmost Life & Pensions investment funds and to adopt the "Investing by Age Strategy" as provided by Utmost Life & Pensions.

The Trustees' policies in this regard are that at present the investments to be held are lower risk and dependant on age, therefore not applying unnecessary risk on the members and in particular protect those nearing the age of retirement with minimal risk. All investment decisions within this strategy are delegated to Utmost Life and Pensions Limited and ultimately J.P. Morgan Asset Management as the assets managers for the funds. Further guidance and details on how the solution works can be found on the Utmost website: <https://www.utmost.co.uk>

Accordingly, risks will be measured and managed by Utmost and J. P. Morgan Asset Management over time in respect of low risk and membership age. Investments will be spread over a broad range of funds based on member age. As members age, investments are gradually moved into more conservative investments to avoid a sudden loss in pension fund value such as may be experienced on higher risk investment markets.

The Utmost website provides information on risk levels and types of return on the various different types of investment approach:

<https://www.utmost.co.uk/investment-funds/fund-information-heritage-equitable-life-joining-utmost-1-january-2020/multi-asset-funds-equitable-life/>

Investments can be bought and sold easily at the fund manager level due to the investment expertise and services provided to the Utmost pension portfolios, by J. P. Morgan Asset Management. See also “Level of Transaction Costs and Charges” below.

The Trustees’ have principally considered financial matters in relation to the default investment strategy, due to the need protect the value of the pension funds of members nearing expected retirement age. The Trustees have also considered some non-financial matters, for example membership age profile. J.P. Morgan Asset Management is also responsible for managing the default fund investment portfolio and may also consider non-financial matters in relation to its professional investment strategy.

The Trustees believe the above approach will provide the best outcomes for the scheme members. Further, members may leave the default investment fund and select their own Utmost investment fund, if they wish to, depending on their own financial circumstances.

Members may review their investment funds from time to time and may choose to change their investment strategy to another portfolio with Utmost Life and Pensions Limited.

Level of charges and transaction costs:

Charges and transaction costs can be split into two sections for the year:

- 1) Those incurred by the principal employer (Berwin Rubber Company Limited) and trustees managing the pension scheme. These costs include professional fees and time provided by the trustees and are all borne by the employer and so not passed on to the members.
- 2) Those incurred by the provider, Utmost Life and Pensions Limited. The provider manages the funds and has been delegated to make all investment decisions as highlighted in the investment strategy. The costs vary dependant on the type of unit-linked funds the member holds, however the total costs vary from 0.93% to 0.51%. This reflects a base charge of 0.75% for multi asset funds and 0.50% for Money market funds. Additional charges to the totals reflect transaction costs. Further detail on the costs can again be found on the Utmost website, specifically under the “Fund Information, factsheets, objectives and charges (heritage Equitable Life)” section as per following link and then refer to the fund charges section: <https://www.utmost.co.uk/investment-funds/fund-information-heritage-equitable-life-joining-utmost-1-january-2020/fund-information-heritage-equitable-life/>.

The above link shows detailed fund charges and transaction costs, and also provides illustrations of the impact of costs and charges over time.

Value for Money: assessment and results

The trustees' assessment of the extent to which the charges and transaction costs represent good value for members is based on the costs reflecting a below 1% overall annual cost, which is in line if not below the market expectation of asset management services. Furthermore, the investment decisions are managed by a large, experienced asset management company in J.P. Morgan.

Returns on investments

We need to provide transparent information on the return on members' pension fund investments (after deduction of any charges and transaction costs), for the default fund and for any selected funds.

Detailed information on the various Heritage Equitable Life pension investment funds, including the default "Investment By Age" fund and the member-selected funds, can be viewed at:

<https://www.utmost.co.uk/pensions/pension-investment-fund-information/>

AND

<https://www.utmost.co.uk/investment-funds/fund-information-heritage-equitable-life-joining-utmost-1-january-2020/fund-information-heritage-equitable-life/>

Trustees' knowledge and understanding

The trustees are also directors and senior employees of the business and therefore have a high level of commercial skill and financial expertise however they recognise that they do not have the professional expertise to handle all issues that may arise in relation to the operation of the Scheme. The trustees plan to further improve their knowledge base by using multiple sources, including and not exclusive to information made available by the Pensions Regulator and other external professional partners. Where gaps in their knowledge are identified the trustees already discuss this with the aforementioned parties.

The current trustees will consider whether to appoint an additional or professional trustee to assist with running the Scheme. Any cost of doing this will be borne by the principal employer and not the members.


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Print Name ANDREW BRAMWELL

Chair of Trustees

26/9/2022
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Date

Signed by the Chair of Trustees for and on behalf of the Trustees of the Scheme.