

Statement regarding DC governance

The Scheme is primarily a defined benefit scheme but holds several money purchase benefits. Under regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended (the 'Regulations'), the Trustee is required to produce a yearly statement (which is signed by the Chair of the Trustee) to describe how the governance requirements have been met in relation to these money purchase benefits. This statement for the year to 31 March 2026 principally covers:

- The requirements for processing core financial transactions,
- The charges and transaction costs borne by members,
- An illustration of the cumulative effect of these costs and charges,
- Net returns of the Scheme's investments,
- A 'value for members' assessment, and
- The Trustee's knowledge and understanding (TKU).

The money purchase benefits held in the Scheme arise from the historic payment of Additional Voluntary Contributions (AVCs) and the transfer of money purchase benefits from the Corah Pension and Life Assurance Plan. The money purchase benefits are held in various investment arrangements. No further money purchase contributions are being paid to the Scheme.

The Scheme is not being used as a qualifying scheme for automatic enrolment purposes. For that reason, the Scheme has no default (investment) arrangements for the purposes of the Regulations and so the aspects of the Regulations applying to default arrangements are not dealt with in this statement.

The Trustee publishes this statement to the Scheme's website annually to ensure it is accessible to members.

Requirements for processing core financial transactions

The Trustee has a duty to ensure that core financial transactions relating to the money purchase benefits (which includes the transfer of assets into and out of the Scheme, switches between different investments and payments to and in respect of members) are processed promptly and accurately.

Such financial transactions were undertaken during the year under review on the Trustee's behalf by the Scheme Administrator, Gallagher Benefit Services ('GBS'). The Trustee's agreed service levels ('SLs') with GBS covering all administration tasks including the accuracy and timeliness of the processing of financial transactions throughout the Scheme year. The SLs apply to all members of the Scheme.

The key processes the Scheme Administrator has in place to ensure that the SLs are met are:

- a task-logging system which is reviewed weekly for forthcoming workloads, with tasks allocated daily;
- daily review of bank balances;
- weekly reconciliation of bank balances; and
- protocols to ensure each payment goes through an agreed multi-level review and sign off process (which varies by amount).

Before being disbanded on 1 November 2025, the Trustee's Audit, Risk and Administration Committee (ARAC) met as required and reviewed the Scheme Administrator's internal controls on behalf of the Trustee as well as the Scheme Administrator's performance against the agreed SLs.

Quarterly administration reports are prepared by GBS. These reports include performance against SLs, will highlight any issues or failure to meet the SLs and provide reasons for and details of the resolution of any SL breaches (if applicable). The reports also include the details of any member issues or complaints raised.

The ARAC reviewed and discussed the quarterly administration reports at regular meetings and then reported on the Scheme Administrator's performance against SLs and highlighted any concerns or issues to the Trustee Board. Since 1 November 2025, the Trustee Board has undertaken to review the quarterly administration reports and the Administrator's performance.

During the period under review, there were no significant concerns or issues raised with the Trustee nor any negative member feedback on core financial transaction activity.

Since 1 November 2025 and the dissolution of the ARAC, the Trustee Board has also undertaken to monitor transfer activity to ensure there are no transfers which indicate potential pension scam activity. During the period under review, there has been no identified suspicious transfer activity.

The Trustee continues to improve data quality with data cleaning an ongoing activity aligned with the requirements of key Scheme projects.

The Scheme Administrator ensures that the transactions processed by the third-party providers of the money purchase benefits in the Scheme are completed promptly and accurately and to report to the Trustee on any deficiencies in the service from these providers. The providers manage the switches for those arrangements where members can choose their own funds. Neither the Scheme Administrator nor members reported any issues with this process in the year under review.

Based on the above, the Trustee is satisfied that over the year under review:

- the Scheme Administrator operated appropriate procedures, checks and controls that were within the agreed SLs;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately.

The Trustee is also satisfied that there have been no material administration service issues during the year covered by this statement.

Charges and transaction costs borne by members

The Regulations require the Trustee to set out the ongoing charges incurred by members ('Fund charges') which are:

- annual fund management charges, plus
- any additional fund expenses such as custody costs.

Fund charges exclude transaction costs. The Trustee must disclose transaction costs separately. These are costs incurred by members when they invest in and switch between funds.

The Trustee requested details of the Fund charges and transaction costs from each of the providers of the money purchase arrangements. The information that has been obtained by the Trustee for the providers of the unitised funds is detailed below. The information to be provided for the with-profits funds is covered later in this statement.

Charges and transaction costs borne by members (continued)

Former Coats Pension Plan members' AVC funds held with Aviva (policy F68152):

Fund Name	Fund charges	Total Transaction Costs
Aviva Pension Multi-Asset Index Growth Fund	0.59%	0.0653%
Aviva Pension Sustainable Stewardship UK Equity	0.59%	0.2050%
Aviva Pension BlackRock UK Equity Index Tracker	0.59%	0.0442%
Aviva Pension BlackRock Over 15 Year Gilt Index Tracker	0.59%	0.0112%
Aviva Pension BlackRock Japanese Equity Index Tracker	0.59%	0.0189%
Aviva Pension BlackRock World ex UK Equity Index Tracker	0.59%	0.0124%
Aviva Pension BlackRock Pacific Rim Equity Index Tracker	0.59%	0.0585%
Aviva Pension BlackRock European Equity Index Tracker	0.59%	0.0432%
Aviva Pension BlackRock Corporate Bond All Stocks Index Tracker	0.59%	0.0808%
Aviva Pension BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.59%	0.0167%
Aviva Pension Cash	0.59%	0.0298%
Aviva Pension BlackRock US Equity Index Tracker	0.59%	0.0105%
Aviva Pension Multi-Asset Index Cautious Fund	0.59%	0.0427%
Aviva Pension BlackRock (50:50) Global Equity Index Tracker	0.59%	0.0281%
Aviva Pension Property	0.59%	0.0186%

Fund charges - Fund's administration cost for the Scheme.

Total Transaction Cost - The total annual fund transaction costs. This is the total of the 'Buying and Selling' costs and 'Lending and Borrowing' costs as described below:

- Where it is an internal fund, which is a fund managed to an investment mandate set by Aviva UK Insurance, these are the costs incurred in buying and selling units in the Aviva insured fund and the costs incurred by this fund in buying and selling its holdings.
- Where the Aviva insured fund invests in an external fund these are the annual costs incurred in buying and selling units in the underlying external fund and the annual costs incurred by the underlying fund in buying and selling its holdings.
- The annual costs incurred by either the Aviva insured fund and / or the underlying fund in lending and borrowing its holdings.
- No performance fees have been paid during the previous 12 months.

Former Staveley Industry Retirement Benefits Scheme members' AVC funds held with Clerical Medical:

	Fund Name	Fund charges	Total Transaction Costs
GB0002039955	Clerical Medical Balanced Pension	0.5%	0.19%
GB0002042116	Clerical Medical UK Equity Tracker 6 CM1	0.5%	0.03%
GB0000547280	Clerical Medical Managed Retirement Protection Plan	0.5%	0.14%
GB0002677531	Clerical Medical Liquidity	0.5%	0.00%

Fund charges - Fund's administration cost for the Scheme.

Total Transaction costs - This is the total transaction cost figure for the fund (i.e. for Buy & Sell transactions and Lending & Borrowing transactions).

Former Brunel Holdings Pension Scheme members' AVC funds with Reassure:

The charges applied to the members' funds, all of which are held in the Equity 2 fund, are the annual management charge (AMC) of 0.75%, transaction costs of 0.16% and the investment charge of 0.02%.

Former Staveley Industry Retirement Benefits Scheme members' AVC funds held with Utmost:

The costs and charges for Utmost are a fund charge of 0.75% plus total actual transactional costs of 0.2065% for the Multi-Asset Cautious Fund and 0.1824% for the Multi-Asset Moderate Fund, being the two funds, which are invested in by the members.

Charges and transaction costs borne by members (continued)

The other seven arrangements are, or were, invested in with-profits funds. As is typical for investors in with-profits funds, they do not have visibility of the actual value of the underlying assets. The value of the underlying fund changes daily, but investors' fund values grow by a steady rate, called the regular bonus rate, which is calculated annually. Whilst the fund value grows steadily with regular bonuses, it may be lower or higher than the value of the underlying assets. The charges are applied to the underlying assets, which adds complexity when providing details of the charges applicable to the members' funds.

Information was sought from the providers of these with-profits funds on charges and transaction costs. The limited information provided is detailed below:

Provider	Provider details	Fund charge	Transaction costs
Prudential	Corah DC section only	0.96%	Funds are invested in the With-Profits Cash Accumulation Fund with transaction costs of 0.10%.
	Corah (AVCs only)	0.96%	Seven members with AVCs are invested in the With-Profits Cash Accumulation Fund with transaction costs of 0.10%.
	Atkins	0.96%	Funds are invested in the With-Profits Cash Accumulation Fund with transaction costs of 0.10%.
	Policy 1 (A248)	With Profits note (2)	Three members are invested in the Prudential Deposit Fund with 0.00% transaction costs. The remaining five members are invested in the Prudential With-Profits Cash Accumulation Fund with transaction costs of 0.11%.
	Policy 2 (AN2Z)	With Profits note (2)	All three members are invested in the Prudential Deposit Fund with 0.00% transaction costs.
Aviva Life	Wilton	0.75%	One member remains and is invested in the Conventional With-Profits Fund with transaction costs of 0.017%.
	F22974	0.79%	One member remains and is invested in the managed fund with transaction costs of 0.1577%.

Fund charges - Fund's administration cost for the Scheme.

Total Transaction costs - This is the total transaction cost figure for the fund (i.e. generally including buying and selling transactions and lending and borrowing transactions).

With Profits Notes:

Where information was not available the providers either referred us to their Principles and Practices of Financial Management, the document which all providers must prepare and follow when managing its with-profits business (With Profits Note 1) or advised that any charges are implicit and taken from the underlying assets (With Profits Note 2).

When preparing this section of the statement the Trustee has taken account of statutory guidance.

Review of DC Funds

A detailed review of the DC funds on behalf of the Trustee should be carried out every 3 years. The last detailed review was carried out in 2021. During the 2024/25 Scheme year, the Trustee completed a full buy-in transaction (detailed on pages 4 and 7) of the Scheme's remaining DB benefits and is currently considering, with input from its advisers, how best to manage the DC funds held by the Scheme going forward. The Trustee considers that the current DC fund range remains appropriate in the circumstances, and the Scheme's investment adviser, Gallagher, has not recommended any immediate changes to the DC fund range whilst this review is carried out.

Illustration of charges and transaction costs

The legislation requires the Trustee to provide an illustrative example of the cumulative effect over time of the application of the charges and transaction costs noted in the previous section, on the value of a member's accrued rights to money purchase benefits. The following table contains the most up to date information available to the Trustee and sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. The funds used in the illustration are funds available under the Aviva AVC arrangement. Most members' money purchase benefits are held in the Aviva AVC arrangement.

To best illustrate the potential effect on members' money purchase benefits of the charges being applied, the Aviva funds with the lowest and highest charges are included, together with funds with a range of investment returns. In determining the example illustration, the Trustee analysed the Scheme's money purchase benefits, considering the range of member fund sizes, the range of investment returns and costs and charges across the various money purchase arrangements and the range of the expected periods of Scheme membership and the time it will take members to reach the Scheme's normal pension age.

Under each fund there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken.

Illustration of effect of cost and charges for typical funds with Coats UK Pension Scheme						
	11-year Lifestyle		Av BlackRock World ex UK Equity Index Tracker-FPOSEQDP		Av Stewardship UK Equity – FPSTEW_P	
	Default Investment Programme		Low charge fund		High charge fund	
	Assumed growth rate 5.8%		Assumed growth rate 6.0%		Assumed growth rate 6.0%	
	Assumed costs and charges 0.62%		Assumed costs and charges 0.60%		Assumed costs and charges 0.69%	
At end of year	Projected value assuming no charges taken	Projected value after charges taken	Projected value assuming no charges taken	Projected value after charges taken	Projected value assuming no charges taken	Projected value after charges taken
1	£2,160	£2,150	£2,160	£2,150	£2,160	£2,150
2	£2,240	£2,210	£2,240	£2,210	£2,240	£2,200
3	£2,310	£2,270	£2,310	£2,270	£2,310	£2,260
4	£2,390	£2,330	£2,390	£2,330	£2,390	£2,330
5	£2,470	£2,400	£2,470	£2,400	£2,470	£2,390
10	£2,930	£2,750	£2,930	£2,750	£2,930	£2,730
15	£3,460	£3,150	£3,460	£3,160	£3,460	£3,120
20	£4,100	£3,610	£4,100	£3,630	£4,100	£3,570
25	£4,840	£4,140	£4,840	£4,170	£4,840	£4,080
30	£5,730	£4,750	£5,730	£4,780	£5,730	£4,660
35	£6,780	£5,450	£6,780	£5,490	£6,780	£5,330
40	£8,020	£6,250	£8,020	£6,300	£8,020	£6,090
45	£9,390	£7,090	£9,490	£7,230	£9,490	£6,960
50	£10,800	£7,930	£11,200	£8,300	£11,200	£7,961

List of funds included in the Default Investment Option		
Fund Name	Total Cost and Charge (p.a.)	Growth Rate (p.a.)
Av Cash-FPCASH_P	0.61%	2.00%
Av BlackRock Over 15 Year Gilt Index Tracker-FPILGXAP	0.61%	7.00%
Av BlackRock Over 5 Year Index-Linked Gilt Index Tracker-FPILGX_P	0.61%	7.00%
Av BlackRock (50:50) Global Equity Index Tracker-FPGBEX_P	0.62%	6.00%

Notes:

- It's been assumed that no further contributions are made into this pension pot either from the individual or the Employer. The starting pot value is assumed to be £2,095.
- The figures illustrate the pension pot value in "today's money" which means they take inflation into account by discounting values at 2.5% a year. Seeing the figures in this way shows what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in "today's money".
- Transaction costs may not have been included where data was not made available to Aviva from the fund managers.
- As the default investment option moves investments to lower risk funds when members approach retirement, the growth rate and charges within the investment option may change. These expected charges have been modelled within the projections. The growth rate and charges shown in the default investment programme illustration are weighted averages and are for information only.

When preparing this section of the statement the Trustee has taken account of statutory guidance.

Net Investment returns

The Trustee has requested details of the net investment returns (i.e. return on investments net of charges and transaction costs) from all providers but as explained above the charges for with-profits funds are complex as they are applied to the underlying assets for with-profits funds and can vary due to the bonus rates applied. As such, the net investment returns have not been confirmed by these providers. The following tables therefore show the investment returns available from the unit linked funds after charges and transaction costs, as detailed above, have been allowed for.

Coats Pension Plan members' AVC funds held with Aviva

Annualised returns net of charges – Aviva funds				
Duration	One year (annualised)	Three years (annualised)	Five years (annualised)	Ten years (annualised)
Time Period	31/03/2025 31/03/2026	31/03/2023 31/03/2026	31/03/2021 31/03/2026	31/03/2016 31/03/2026
Av Multi-Asset Index Growth Fund	15.1%	11.7%	8.3%	8.9%
Av Stewardship	15.6%	10.0%	7.4%	7.1%
Av BlackRock UK Equity Index	20.8%	11.9%	9.9%	7.8%
Av BlackRock Over 15 Year Gilt Index	-0.6%	-4.6%	-11.1%	-3.6%
Av BlackRock Japanese Equity Index	22.3%	13.0%	7.2%	9.2%
Av BlackRock World ex UK Equity Index	14.7%	13.7%	10.4%	12.5%
Av BlackRock Pacific Rim Equity Index	45.3%	12.6%	6.5%	9.2%
Av BlackRock European Equity Index	10.6%	8.5%	7.5%	9.0%
Av BlackRock Corporate Bond All Stocks Index	3.4%	3.7%	-1.3%	1.4%
Av BlackRock Over 5 Year Index-Linked Gilt Index	2.0%	-5.4%	-9.4%	-1.9%
Av Cash	3.7%	4.3%	2.8%	1.3%
Av BlackRock US Equity Index	11.7%	14.6%	11.3%	14.1%
Av Multi-Asset Index Cautious Fund	10.7%	8.7%	5.4%	6.3%
Av BlackRock (50:50) Global Equity Index	19.7%	12.3%	9.5%	9.5%
Av Property	4.9%	3.5%	2.5%	2.4%

Former Brunel Holdings Pension Scheme members' AVC funds with Reassure

Annualised returns net of charges – Reassure funds			
Duration	One year (annualised)	Three years (annualised)	Five years (annualised)
Time Period	01/04/2026 31/03/2026	01/04/2023 31/03/2026	01/04/2021 31/03/2026
Equity Pension Accumulator Series 02	17.66%	12.38%	8.40%

Annualised returns net of charges – Clerical Medical funds			
Duration	One year (annualised)	Three years (annualised)	Five years (annualised)
Time Period	01/04/2025 31/03/2026	01/04/2023 31/03/2026	01/04/2021 31/03/2026
Balanced Pension	11.20%	7.26%	4.75%
UK Equity Tracker 6 CM1	19.30%	13.01%	9.62%
Management Retirement Protection Fund	-0.90%	-5.00%	-11.80%
Liquidity	3.20%	1.26%	0.75%

Former Staveley Industry Retirement Benefits Scheme members' AVC funds held with Utmost

Annualised returns net of charges			
Duration	One year	Three Year (annualised)	Five years (annualised)
Time Period	01/04/2025 31/03/2026	01/04/2023 31/03/2026	01/01/2021 31/03/2026
Multi-Asset Moderate Pension	11.6%	9.05%	5.21%
Multi-Asset Cautious Pension	6.62%	5.41%	1.64%

When preparing this section of the statement the Trustee has taken account of statutory guidance.

Value for members assessment

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members, considering the nature and needs of the members. In assessing value, the Trustee is of the view that value does not necessarily mean the lowest fee, and that the quality of other provisions should also be considered.

In making the assessment and the statements below, the Trustee considered any changes to operations implemented during the year under review.

The Trustee continues to monitor the operations of the Scheme and has no significant concerns regarding the Scheme's ongoing ability to fulfil its operational, cashflow or benefit payment requirements.

All transfer requests to the Scheme concerning the DC section were dealt with in line with statutory requirements.

In terms of other factors considered in carrying out the 'value for members' assessment, the Trustee also took the following considerations into account:

Charges and investment governance

As reported in last year's DC governance statement the Trustee had commissioned a review of the DC investment funds in 2021 by its then investment adviser Redington who reported on both performance and strategy.

Redington had confirmed that they were comfortable with the current funds and policies and that the guarantees associated with the with-profits policies pointed towards no changes being made. Overall, they had no significant recommendations to make and that the policies remain suitable.

Since the date of that report, several policies have closed due to their members retiring and taking their benefits. In general, and for the main provider Aviva, Redington previously confirmed that members have a broad enough range of AVC options to choose from (and which cover all the main assets classes) to build portfolios to suit a range of risk/return requirements. They also noted that, the charges for the Aviva funds are reasonable overall, and no changes were made to these charges. Separately Redington previously reviewed the charges for the Corah DC section, confirming that the charges are competitive and in line with expectations for the asset mix. The suitability of all DC funds is being considered by the Scheme's investment adviser as part of the ongoing work towards buy-out.

Administration

The Scheme Administrator is responsible for ensuring that the transactions processed by the third-party providers of the money purchase benefits are accurate and timely and to report on any issues. The Trustee reviews the administration services, SLs and processes in place for Gallagher which therefore include the provision of the DC benefits. The Trustee is satisfied that there are robust processes and procedures for logging and reporting issues with third party providers in place which ensure that the administration is carried out efficiently, and that all transactions were carried out in a timely manner with no issues to report.

Scheme management and governance

The Trustee ensures that the administration and operation of the money purchase benefits is monitored and regularly reviewed.

Communications

The Trustee has a communications plan in place. There are also comprehensive procedures in place to review communications from a technical and member experience point of view to ensure that member communications are clear, tailored and communicative. Members receive timely and appropriate information about their money purchase benefits.

Most money purchase benefits are AVC's additional to the accrued DB Scheme pension. AVC's are typically used to fund tax-free cash in conjunction with the DB pension. The member-borne charges for the Scheme's money purchase benefits relate to the investment services and some communication services. All other charges in relation to the money purchase benefits and the Scheme are borne by the Sponsoring Employer.

Communications (continued)

Taking account of money purchase benefits under the Scheme and these services to our money purchase members relative to the costs incurred, the Trustee considers that, in general, the money purchase arrangements delivered good value for members for the year covered by this statement.

The Trustee's assessment has been limited as value for members in respect of charges and transaction costs for with-profits funds cannot be easily assessed due to the structure of such funds and the incorporation of many costs in the annual bonus calculations. However, the Trustee acknowledges that due to the nature of with-profit funds it is not generally possible for the Trustee to improve the value of the funds.

With material uncertainties existing regarding the Scheme's longevity, the DC funds have been reviewed by the Scheme's advisers and are being considered in line with the Trustee's current intention of working towards buy-out.

Trustee's knowledge and understanding

The Trustee Board is required to maintain appropriate levels of knowledge and understanding relating to pensions and trusts, as well as an understanding of the matters arising relating to funding and investment of assets of occupational pension schemes and other matters to run the Scheme effectively. The Trustee directors are also required to be conversant with the Scheme's governing documents.

During the year to 31 March 2025, a TCFD report was produced which explained how the Trustee had established and maintained oversight and processes to satisfy itself that the Scheme's climate-related risks and opportunities were considered appropriately by stakeholders involved in the day-to-day management of the Scheme. Since producing that report, the Scheme's "relevant assets" have fallen below the threshold for publishing a TCFD report, meaning the 2025 version was the last report the Trustee was required to produce, and no further issues will be available.

There are two professional independent Trustee firms on the Trustee Board, Independent Trustee Services Limited, and Capital Cranfield Pension Trustees Limited, each have experience of sitting on major DC schemes. Their representatives have used their experience since appointment in 2018 to ensure that they understand the details of the Scheme and therefore bring to the Scheme extensive understanding and experience of DC governance and best practice.

The Trustee Board carried out an Own Risk Assessment "ORA" over the period which included a review of its Knowledge and Understanding requirements. The requirements on Trustee knowledge and understanding (TKU) have been met during the period under review by the following actions:

- Ensured the professional Trustees can demonstrate a greater level of knowledge and understanding than non-professional members of the Trustee Board.
- Ensured that the professional Trustees have a recognised appropriate qualification.
- Ensured that Trustee training has been carried out regularly over the review period and is flexible to allow all members to learn and acquire new knowledge (such as providing additional sessions for trustees who are unable to attend the original session).
- Concluded that it believes it has sufficient balance of skills and experience to run the Scheme effectively.
- Ensured that Trustees, who are not professional Trustees, are able to take time off from their work or other commitments to perform their duties and fulfil their training requirements.
- Ensured that all Trustees have either completed the Trustee toolkit, or are working towards its completion, as well as any subsequent modules as they are released.
- Maintained training and development plans to ensure collective knowledge and understanding is kept relevant and up to date. Additional training needs are identified as part of Board meetings and duly scheduled.

Trustee's knowledge and understanding (continued)

The Trustee's training logs detail the quarterly updates from its legal advisers who provide quarterly updates on DC pension topics which are relevant to the Trustee Board, along with any additional training completed over the year. This year the logs included the following training including DC topics:

June 2025	Sackers Q1 2025 Quarterly briefing
September 2025	Sackers Q2 2025 Quarterly briefing
December 2025	Sackers Q3 2025 Quarterly briefing
March 2026	Sackers Q4 2025 Quarterly briefing

As a result of the training activities which have been completed by the Trustee Directors individually and collectively as a Board, and considering the professional advice available to the Trustee, the Trustee believes that the combined knowledge and understanding of the Board enables it to exercise properly its function as the Trustee of the Scheme.

The statement regarding DC governance was approved by the Trustee and signed on its behalf by:

Mr C Martin
Independent Trustee Services Limited

Date: 6 October 2026