

The Laporte Group Pension Trust ('the Trust')
Chair's Annual Governance Statement 2024
(1 April 2024 – 31 March 2025)

Executive Summary

In November 2023, as part of its wider strategy to buy-out and wind-up the Trust, the Trustee proceeded to transfer the majority of Laporte Money Purchase Pension Fund (LMPF) members to Legal & General's Master Trust arrangement. The Trustee felt this would offer administration improvements and enhancements in the way members are able to interact with their benefits and access a wider range of retirement options direct from the arrangement.

The Trustee intends to undertake a similar transition of LRP members benefits and a small group of LMPF member who retain assets under the Trust as the Trust draws closer to full wind-up. This is provisionally scheduled for 2026.

This statement covers the period from 1 April 2024 to 31 March 2025

Investment strategy and net returns

In March 2024, working with its investment advisers WTW, the Trustee completed a review of the Trust's DC investment options and was satisfied the investment strategy was meeting both its performance and strategic objectives and no changes were necessary.

The net performance of the Trust's main equity fund, the Blended LGIM LGPT Future World Fund in which most members are invested performed strongly, returning a 6.2% gain over the reporting period. In terms of relative performance, the Trustee was satisfied that the available funds were performing in line with their objectives over quarterly, one, three and five year periods and had tracked their benchmark indices within acceptable tolerances.

Financial transactions

The administrator to the Scheme, XPS Administration, is monitored against a Service Level Agreement. The quarterly performance against service level targets for all DC tasks average was below the 90% target which is below the Trustee's expectations. The Trustee has continued to engage with XPS in this regard but also acknowledges there have been several additional projects undertaken by XPS on behalf of the Trust over the period.

Charges and transaction costs

An explanation and full breakdown of the investment costs paid by members is included in this section.

Value for members

In conjunction with its independent advisers, WTW, the Trustee undertook a detailed evaluation of the Trust's 'Value for members' adopting a similar framework to last year. The assessment continued to illustrate that the member borne charges under the Trust remain competitive when considered against appropriate market benchmarks. Investment performance had been in line with objectives and most key features expected to underpin a quality DC arrangement were present. Overall, the Trustee remains satisfied that the Trust continues to offer its members good value.

Trustee's Knowledge and Understanding (TKU)

The Trustee is deemed to have strong Technical Knowledge and Understanding, enabling it to properly exercise its function and responsibility as Trustee. The Trustee's TKU framework and training activity over the period, together with the support it receives from its professional advisors means that it is suitably enabled to exercise its function as Trustee of the Trust. Details of the training undertaken over the reporting period can be found in the last section of this Statement.

Introduction

This Statement has been prepared by the Trustee of the Laporte Group Pension Trust ('the Trust') to demonstrate how the Trust has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations') set out the minimum governance standards expected of defined contribution (DC) pension schemes. The Pensions Regulator (tPR) has also published its expectations of DC pension schemes in a Code of Practice.

These standards are applicable to additional voluntary contributions under the Trust and two sections of the Trust:

- the Laporte Money Purchase Pension Fund (LMPF); and
- the Laporte Retirement Plan (LRP).

The Trust was closed to new DC joiners and contributions well before the launch of auto-enrolment in the UK in 2012. As a result, it is not (and has never been) used as a qualifying auto enrolment scheme and there are no workers in relation to the employer from 6 April 2015 (as defined in legislation). Consequently, the Trust has never operated a default investment arrangement.

In November 2023, after consideration of guidance published by the Department for Work and Pensions and having taken appropriate advice, the Trustee worked in conjunction with its advisers to complete a bulk transfer of assets relating to the LMPF to a new Evonik section in an authorised Master Trust operated by Legal & General.

This statement covers the period 1 April 2024 to 31 March 2025 ('the Trust Year') and covers the following key areas:

1. The Trust's investment strategy and net returns;
2. The processing of core financial transactions;
3. Charges and transaction costs;
4. An assessment of the value the Trust provides to members;
5. Maintaining the Trustee's knowledge and understanding.

Investment strategy

General investment principles

The Trustee has in place a Statement of Investment Principles (SIP) which governs the decisions about investments and sets out the aims and objectives of the Trust's investment strategy. The Trustee's general investment objectives are as follows:

- To offer a range of funds that are suitable for meeting members' long and short-term investment objectives.
- To give consideration to members' circumstances, in particular, the potential range of members' attitudes to risk and their term to retirement.
- To offer automated de-risking investment options (through lifestyle arrangements and Target Date Funds) for those members who would prefer to take a more 'hands off' approach to their investments.

A copy of the Trust's SIP is appended to this Statement (in hard copy form) and is also available on the Trust website.

<https://schemes.vidett.com/laporte-group-pension-trust/>

The Trust does not (and has never) operated a default investment arrangement, however, the Trustee has nevertheless sought to adopt the Regulator's best practice principles in formulating its wider investment strategy. The last formal investment strategy review was undertaken in March 2024 and focused on the LRP membership (following the transfer of LMPF members).

The review was undertaken in concert with the Trustee's DC investment advisers, WTW, and included an evaluation of the Plan's member profile and retirement choices/objectives as well as the fund performance and continued suitability of Legal & General Investment Managers (LGIM) as the appointed index fund manager.

The review concluded that:

- The Plan's main investment option (in which the majority of members invest), the Blended L&G Future World Global Equity Index had performed strongly in absolute terms and inline with its objective and benchmark
- The analysis of the 'at-retirement' choices made by members was broadly consistent with the assumptions that had formed the rationale for the 2021 investment review changes. The Trustee was therefore comfortable that suitable investment options (both automated and self-select) were available for members to match to their retirement objectives
- LGIM remains highly rated by WTW as a passive index-tracking fund manager with all funds offered tracking their respective indices within permitted tolerances
- Taking account of the above, the Trustee was satisfied the investment strategy was meeting both its performance and strategic objectives and no changes were necessary.

The Trustee fully expects the transfer of remaining DC assets to take place in 2026, following which the Trust will be wound-up. As such, it does not expect to carry out a further strategic investment review, acknowledging that this would not be due until March 2027.

Investment Monitoring

The Trustee delegates the monitoring and review of investments to the Investment Committee, which met three times over the reporting period to consider DC investments. The Investment Committee takes investment advice from professional advisers to ensure that suitable and appropriate decisions are made.

Performance of the Investment Managers is monitored against the agreed performance objectives and quarterly reports on fund performance are received. Over the reporting period, the trends outlined last year Statement continued, with the Plan's equity funds returning strong absolute performance. Bond fund performance was mixed, with values yet to fully recover from the sharp falls experienced in 2023.

In terms of relative performance, the Trustee was satisfied that the available funds were performing in line with their objectives over quarterly, one, three and five year periods and had tracked their benchmark indices within acceptable tolerances. The Trustee has continued to monitor some deviation of the L&G Diversified Fund from its longer term equity based benchmark but notes it has performed in line with its 'cash plus' performance benchmark over the longer term and its volatility management objective over reporting period.

Most of the Trust's investments are held through an insurance policy structure with Legal & General Assurance (a UK authorised and regulated insurer). Legal & General is required to ensure that there is appropriate protection for policyholders via an assessment of solvency and the Trustee notes that the assets are held by independent custodians. In addition, protection is offered by way of a floating charge which will provide the policyholders with priority over the pooled assets for the value of their units. Furthermore, the Trustee understands it would be eligible in certain

circumstances to make a claim under the Financial Services compensation Scheme in the highly unlikely event that Legal & General were declared “in default”.

This package of overarching safeguards gives the Trustee significant comfort as to the security of the defined contribution assets.

Net investment returns to 31 March 2025

The Trustee has provided the net investment returns for the Trust’s investment options. These are shown below and have been prepared taking account of the DWP’s Statutory Guidance. Please see the supporting notes at the foot of the table for additional context on the reporting periods.

Fund name	3 months %	1 year%	3 years % p.a ¹	5 years % p.a ¹
Blended LGIM LGPT Future World ³	-3.49	6.62	-	-
LGIM LGPT Pre-Retirement	-0.47	-3.07	-6.86	-4.98
LGIM LGPT Cash	1.14	5.08	4.13	2.50
LGIM LGPT Ethical Global Equity	-5.04	3.51	8.58	15.62
LGIM LGPT UK Equity	4.53	10.43	7.29	12.13
LGIM LGPT World (ex UK) Index	-4.77	4.15	8.21	15.41
LGIM LGPT Diversified	0.54	4.84	2.71	6.85
LGIM LGPT Fixed Interest Over 15 Years Targeted Duration	-0.45	-6.75	-12.31	-9.66
LGIM LGPT Over 5 Year Index Linked Gilt Index	-2.02	-10.44	-16.58	-8.98

Fund name	3 months %	1 year%	3 years % p.a.	5 years % p.a.
Lifestyle returns⁴				
Pension/Cash Lifestyle option				
Returns for member ages 25, 45 and 55	-3.49	6.62	-	-
Returns for member aged 60	-1.98	1.78	-	-
Cash Lifestyle option				
Returns for member ages 25, 45, 55 and 60	-3.49	6.62	-	-
Journey Plan Target Date Fund⁵				
Returns for members aged targeting retirement 2030-2035	-0.39	3.71	2.52	-

Notes

1. In September 2022 the Trustees switched all investments onto LGIM’s investment platform and a new subset of white labelled funds under the LGIM LGPT name. The underlying investments of these funds and the charges remained the same. The performance for 3 and 5 years is therefore unavailable. For the purpose of this report we have provided 3 months and 1 year net performance for the current white label funds and included performance for the matching underlying LGIM funds for three and five year periods. For more information on these funds please refer to the

Defined Contribution Investment Performance insert included with your annual benefit statement or contact your administrator.

2. Lifestyle strategies are constructed using the above funds (highlighted in Pink)
3. the Blended LGIM LGPT Future World Fund was introduced in 2023. 'Chain-linking' of performance is not available from L&G, hence only one year returns have been included (this also applies for both lifestyle options, which include the Blended LGIM LGPT Future World Fund).
4. Returns are shown for both Lifestyle options. The illustrations are based on a member's age at the start of the period. Switching commences from ten years for the Pension/Cash Lifestyle option which is why performance only differs for the member aged 60. Switching commences from five years for the Cash Lifestyle option which is why the returns shown are identical for all member ages.
5. The 2030-2035 Drawdown Target Date Fund was introduced during 2022. Hence, only up to twelve-month and three year (annualised) performance is shown.

Financial transactions

The Trustee regularly monitors the core financial transactions of the Trust which are carried out by the Trust's administrator, XPS Administration. These include transfers into and out of the Trust, fund switches and payments out of the Trust to and in respect of members. This is achieved through the review of quarterly reporting from the Trust's administrator. The Trustee has a Service Level Agreement (SLA) with the administrator which covers the timeliness and accuracy of all core transactions and requires them to be made at least within statutory timescales. The quarterly administration reports are tabled and considered at each Trustee meeting and contain detailed reporting on activity and performance against SLAs, including a specific section on the accuracy and promptness of processing core financial transactions. A representative from XPS administration attends each quarterly main board meeting to present and discuss the latest report and cover any issues if they arise.

XPS ensure the accuracy of core financial transactions through process-oriented procedures and peer review of any transaction which occurs, ensuring transactions are processed with the greatest accuracy. These procedures include bank accounts being monitored daily and multiple individuals checking all investment and banking transactions.

Fund switching requests for members choosing to invest in the self-select funds are actioned within two working days of the request and the instruction passed to the investment managers. De-risking of member holdings in line with the two lifestyle strategies (Pension / Cash lifestyle and Cash Lifestyle) are undertaken on a quarterly basis at the start of the first month of every quarter (January, April, July, October).

The SLAs in respect of the core financial transactions are 90% - 100% of tasks completed in the following timeframes:

Transaction	Service standard (working days)
Death correspondence/payments	5
Investment change / switch	2
Pay retirement benefits	5
Transfer in	10
Transfer out disinvestment	10

The quarterly reports also contain a section on reporting on errors and provide full transparency of the issue, root cause analysis and any remedial actions that are taken.

Over the reporting period, the Trustee can confirm that:

- The reported quarterly performance against service level targets for all tasks under the Trust have been between 75% and 88% over the reporting period.
- The Trustee wishes to see every quarter meet the 90% target. The Trustee recognises that this is a challenge given the SLA level scores continue to be easily skewed by the relatively small number of overall tasks undertaken per quarter. The Trustee will continue to monitor this performance closely via each quarterly report in 2025/26.
- There has been a small number of upheld complaint cases recorded over the period, in the main these related to delays regarding transfers and settlement of retirement benefits. All cases are reported to the Trustee in order for a view to be taken on materiality and compensation where appropriate.

Based on the above, the Trustee is generally satisfied that most core financial transactions were processed promptly and accurately during the year, however, the SLA performance for DC tasks is not where the Trustee would wish it to be – seeking improvement was a key driver for expediting the transfer of LMPF members to a Master Trust arrangement.

The Trustee will continue to monitor performance carefully and will work closely with XPS to seek further improvements. It would however acknowledge that XPS has been undertaking several additional projects alongside the standard reporting items.

Charges and transaction costs

For the purpose of this section “charges” are defined as the ongoing annual investment charges, which consist of the Annual Management Charges plus additional fund expenses (e.g. for custody, but excluding transaction costs – see below) that make up the Total Expense Ratio. The Trustee has taken account of statutory guidance when preparing this section of the statement.

Transaction costs are those incurred by the investment managers as a result of buying, selling, lending or borrowing investments and are usually taken into account via the unit price for each of the funds. Transaction costs are typically categorised as being explicit costs or implicit costs.

- Explicit costs are directly observable and include broker commissions and taxes
- Implicit costs cannot be observed in the same way but can also result in a reduction in the value of capital invested. Implicit costs include market impact or delay costs as well as inflows to a fund. A zero cost has recorded where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative.

These investment expenses are paid by the members and the Trustee regularly monitors the fund charges to ensure they remain reasonable and represent good value for members (considered in more detail in the next section).

The current Total Expense Ratios and aggregate transaction costs for the period from 1 April 2024 to 31 March 2025 for the funds available for selection by members during the Trust Year are set out in the table below, based on information supplied by Legal & General.

Fund name	Total Expense Ratio (% p.a. of account value)	Aggregate transaction costs (% of fund p.a. as at 31 March 2025)
Blended L&G Future World Global Equity Index Fund	0.24%	0.01%
LGIM Laporte UK Equity (N)	0.11%	0.01%

LGIM Laporte Ethical Global Equity (N)	0.30%	0.00%
LGIM Laporte World (ex UK) Index (N)	0.22%	0.02%
LGIM Laporte 5A Fix Int > Over 15 Yr TD	0.14%	0.00%
LGIM Laporte Over 5y Index-Linked (N)	0.10%	0.07%
LGIM Laporte Pre-Retirement (N)	0.15%	0.00%
LGIM Laporte Cash (N)	0.12%	0.13%
LGIM Laporte Diversified (N)	0.21%	0.03%
L&G Journey Plan TDF 2030 - 2035	0.26%	0.03%

The Trust offers two lifestyle strategies, a Pension and Cash targeting Lifestyle and a Cash targeting lifestyle. These lifestyle strategies are constructed using the above funds (highlighted in Pink), and, as such, the charges members pay depend on the period of time until their selected retirement date.

The charges applying during this period (1 April 2024 – 31 March 2025) for the small legacy with-profits arrangement with Aviva are wrapped up within the bonus declaration and not explicitly published.

The Trustee continues to monitor Aviva’s annual bonus declaration and communicate this to members. The Trustee will continue to liaise with its legacy with-profit fund provider over the coming year to obtain future details on costs & charges as and when these are available.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce a “£ and pence” illustration showing the cumulative effect of costs and charges over an illustrative period of scheme membership. Illustrations can be found in Appendix 1 of this statement and have been prepared by the Trustee having taken account of the relevant Statutory Guidance.

Value for members

The Trustee remains committed to ensuring that members receive value for the services provided by the Trust, and so in accordance with regulation 25(1)(b) of the Scheme Admin Regulations, the Trustees, with the assistance of their advisers (WTW), assessed the extent to which the charges and transaction costs above represent good value for members in August 2025.

The assessment considered the services members pay for as part of the fund charges levied by the Investment Platform provider, Legal & General Investment Managers (LGIM), and assessed the extent to which these services meet members’ needs. Under the Trust, members only meet the costs associated with the management and delivery of the Trust’s investment options. All other Trust expenses (such as administration, communication and general scheme governance) are met by the Company.

The assessment framework took account of the DWP guidance and was consistent with last year’s review. Specifically considering:

1. The level of the charges and transaction costs members pay.
2. The net investment returns of the Trust’s fund range and how they performed against their benchmarks
3. Comparing the governance, services and features offered by the Trust against those observed across market leading DC arrangements including:

- The level of Trustee oversight and quality of governance features
- The performance of XPS's administration service, covering the service standards achieved, data quality and interactions with members.
- The quality of the communication services provided to members with a specific focus on the retirement support provided to members.
- The quality and suitability of the investment options made available to members.

The conclusions from this assessment were evaluated alongside the reporting information at the end of Q1 2025.

The assessment highlighted:

Charges

The investment charges are the only cost directly met by members. The weighted average investment cost for the Trust was calculated as 0.23% per annum. Analysis against WTW's other unbundled DC arrangements illustrated that this cost is broadly in line with comparable schemes with a similar proportion of passive assets. When considered against a broader market average of WTW other individual trust-based clients (which incorporates bundled trust-based arrangements), the weighted average investment cost for the Trust is considerably below the trust-based market average of 0.28% p.a.

The Trusts transaction costs were also reviewed by WTW. Transaction costs are typical for the type of investments used in the Scheme and consistent with transaction costs we have seen for similar investments across other arrangements.

The Trustee was therefore satisfied that the charges under the Trust remain competitive both from an investment services and overall value standpoint.

Net returns

The Trustee is pleased to report that the Trust's appointed fund manager, LGIM, continues to be highly rated by WTW as a leading investment manager for 'passive' (i.e., index-tracking) investments and that all investments had performed in line with their tracking objective over the period.

The Blended LGIM LGPT Future World Fund in which most members are invested performed strongly, returning a 6.5% gain over the reporting period. When considered over a longer three to five year period (which is the Trustee's primary focus) the Trust's main global equity option has delivered absolute returns exceeding price inflation (a key component of the Trustee's stated objective).

As previously noted, the Trustee identified some deviation of the L&G Diversified Fund from its longer-term equity based benchmark over the year but noted it had provided positive returns, outperformed its 'cash plus' performance comparator over 5 years and has met its volatility management objective.

The Trustee recognises that the economic climate over the last 3 years represented a challenging period for bond investments, with negative absolute performance recorded over both short and long term periods.

Overall, the Trustee is satisfied that all options have tracked their target index. The Trustee is therefore satisfied that the net investment returns of the Trust's fund range provided good value.

Governance, services and features

The Trustee's value for members assessment also considered the broader value offered through the Trust. This included an evaluation of the quality of the Trust communication, administration and overarching governance framework. This identified several additional key features offered by the Trust for which members do not meet the cost but were considered to add value in terms of meeting members' needs and enriching their experience. These included:

- A suite of largely bespoke member communications, together with access to a member website containing the following tools and functions:

- Dashboard showing years until retirement and projected pension at retirement based on last year's statements
 - Ability to see basic details and make changes to address and expression of wishes
 - Ability to review current fund value and the split of that value by fund
 - Online investment switches
 - Salary, contribution and investment history
 - Online Benefit statements (with hard copies also posted to members in good time following the end of the Plan year)
 - Bespoke retirement and investment guides are available to download and are circulated when there are any strategic changes
 - A pension modeller for retirement planning
 - A dedicated member helpline to assist with member queries
- A broadly satisfactory administration service
 - A comprehensive approach to investment governance. Bespoke investment strategies set by reference to detailed demographic analysis and consideration of the needs of the membership profile and its retirement objectives and needs (reviewed in March 2024).

Based on the above, the Trustee is satisfied that the costs and charges deducted from members' pots provide good value in relation to the benefits and services provided by the Trust. The Trustee will continue to monitor value for members annually but will also keep value in mind on an ongoing basis.

Trustee's knowledge and understanding (TKU)

The Trustee has a well established TKU process in place which enables it to have enough knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of pension schemes. The Trustee Directors' knowledge and experience, together with the advice available to them, enables them to properly exercise their functions as Trustee.

The Trustee Directors' approach to meeting the TKU requirements and activities during the reporting period included:

- Topical updates with corresponding training are covered by the Trust's advisers WTW at each Investment Committee meeting. Over the reporting period, DC topics included:
 - DC pensions: What does the government pension review mean for your scheme (provided via Aon webinar in October 2024)
 - Changes to SMPI assumptions (provided by WTW in June 2024)
 - With-profits policies and bonus application overview (provided by WTW in September 2024)
- Periodic assessment of Trustee Directors' training needs is undertaken through self-evaluation with input from the Trustee's advisers. As part of every Trustee meeting, the Trustee considers upcoming activities, identifies any knowledge gaps and organises appropriate training from its advisers before entering into decision making. A specific session in this regard was held at the February 2025 meeting. This identified the forthcoming requirements around fiduciary duties as the Trust undertook a second bulk DC transfer and continued toward full Buy-out and wind-up.
- The last evaluation of Board effectiveness was undertaken during the February 2025 ISC meeting. This focussed predominantly on the key activity driving buy-out and wind-up. The review concluded that that the Trustee Board was working effectively, with the additional project management function assisting activity. The Trustee also felt that its knowledge was being kept up to date and there were no significant gaps identified.
- The Trustee Board has remained stable over the reporting period, with no changes to the members of the Board.

- All training and attendance at appropriate seminars are recorded via the Trust's training log. Several Directors attended various external conferences run by industry experts over the reporting period. These included topics such as the DB funding code and the Pensions Ombudsman's future strategy.
- All Trust documents are easily accessible and referenced in advance of decisions being taken. Any material decisions are taken with reference to the scheme documents which include the trust deed and rules, current SIP and governance policy documents. This ensures the Trustee maintains its working knowledge of these documents. The Trustee reviewed and updated the content of its Statement of Investment Principles in September 2022 to reflect changes to the investment fund range following the 2021 investment review. The policies as set out within the SIP provided the framework for the subsequent March 2024 investment review.
- The Trustee also took the opportunity to review the ISC Terms of Reference (which covers DC governance) following its March 2024 meeting.
- The Trustee receives general updates from its advisers about matters relevant to the Trust. These 'hot topics' updates also form the basis for training slots at each meeting to keep the Trustee abreast of market/legislative developments.
- The Trustee maintains a business year planner with the support of its advisers which sets out the key activities and objectives for the scheme year. It is tabled and evaluated at each Trustee meeting in conjunction with the Trustee's advisers to ensure the Trustee is meeting its performance and effectiveness objectives for the Scheme year.
- The above framework and associated activity collectively ensure the Trustee's knowledge of the law relating to pensions and trusts, as well as principles relating to funding and investing (including Identification, assessment and management of risks and opportunities relating to climate change) are effectively maintained.

The Trustee also obtains advice from its actuary, lawyer, covenant adviser and investment advisers. All advisers are regularly reviewed and the skills and understanding of those advisers are considered as part of any review/appointment process.

The Trustee chair is Alex Davies representing Vidett, a company providing professional independent trustee services. Alex is an Accredited Professional Trustee (PTPMI) and Fellow of the Pensions Management Institute (FPMI).

As a result of the processes outlined above, the Trustee Directors are satisfied that their combined TKU, together with the advice available to them, enables them properly to exercise their functions as Trustees of the Trust.

Statement of compliance

I confirm that the Trustee is comfortable that the Trust has met the relevant and applicable minimum governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations during the period from 1 April 2024 to 31 March 2025.

Signed by the Chair on behalf of the Trustee of the Trust:

Date: 10 September 2025

Appendix 1 - illustrative example of effect of charges and transaction costs

The following tables provides a summary of the projected fund and the impact of costs and charges up to a normal retirement age of 65. The figures are presented using two member examples for each scheme; youngest member, and median member. Additionally, the table includes the performance of the funds over different time periods, applying SMPI assumptions, depending on the age of the member.

The aim of this Pounds and pence illustration is to show the cumulative effect of the costs and charges incurred by members when investing in a selection of funds provided by the Trust. The costs and charges considered in the 'After charges' column in the table below take into consideration the Annual Management Charge plus additional expenses and the aggregated transaction costs.

The assumptions used are intended to model the behaviour of assets and market conditions over the long term. They are not meant to be reflective of the possible, or even likely, course of those investment markets in the short term. The return forecasts are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance of the future performance of the funds in question, either favourable or unfavourable.

Neither the Trustee, nor the Administrator can give you financial advice. You should seek advice from an independent financial adviser if you are unsure about your investment choices. For help with finding a financial adviser in your area, please contact the Money and Pensions Service using www.maps.org.uk.

Example Member	Years	Blended L&G Future World Global Equity Index Fund		LGIM Laporte Ethical Global Equity Fund	
		Before charges	After charges	Before charges	After charges
Member aged 40	1	£18,100	£18,100	£18,100	£18,000
	3	£19,400	£19,200	£19,400	£19,200
	5	£20,700	£20,400	£20,700	£20,400
	10	£24,500	£23,900	£24,500	£23,800
	15	£29,000	£27,900	£29,000	£27,700
	20	£34,300	£32,600	£34,300	£32,300
	25	£40,500	£38,100	£40,500	£37,700
Member aged 54	1	£56,900	£56,700	£56,900	£56,700
	3	£60,800	£60,400	£60,800	£60,300
	5	£65,100	£64,300	£65,100	£64,100
	10	£76,900	£75,100	£76,900	£74,700
	11	£79,600	£77,400	£79,600	£77,100

Projected fund values are rounded to the nearest hundred.

Example Member	Years	LGIM Laporte Cash Fund		LGIM Laporte UK Equity	
		Before charges	After charges	Before charges	After charges
Member aged 40	1	£17,400	£17,400	£18,100	£18,100
	3	£17,200	£17,100	£19,400	£19,300
	5	£17,100	£16,900	£20,700	£20,600
	10	£16,700	£16,300	£24,500	£24,200
	15	£16,300	£15,800	£29,000	£28,500
	20	£15,900	£15,200	£34,300	£33,600
	25	£15,500	£14,700	£40,500	£39,500
Member aged 54	1	£54,700	£54,600	£56,900	£56,800
	3	£54,200	£53,900	£60,800	£60,600
	5	£53,700	£53,100	£65,100	£64,700
	10	£52,400	£51,300	£76,900	£76,200
	11	£52,100	£51,000	£79,600	£78,700

Projected fund values are rounded to the nearest hundred.

Assumptions and notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
3. Charges and costs are deducted before applying investment returns.
4. Inflation is assumed to be 2.5% each year.
5. Values shown are estimates and are not guaranteed.
6. The real projected growth rates (which are on a consistent basis with those used for Statutory Money Purchase Illustrations within members' benefit statements) for each fund are as follows:

Fund	Real projected growth rate (p.a.)
Blended L&G Future World Global Equity Index Fund	3.43%
LGIM Laporte Ethical Global Equity fund	3.41%
LGIM Laporte Cash Fund	-0.41%
LGIM Laporte UK Equity	3.43%

7. Transactions costs and other charges have been provided by Evonik and covered the period Q2 2022 to Q1 2025. The transaction costs have been averaged by WTW using a time-based approach. The transaction costs for Blended funds were estimated by WTW based on the transaction costs for the underlying funds.
8. Pension scheme's normal retirement age is 65.
9. Example member:
 - Average: age 40, starting fund value: £17,500.

- Approaching retirement: age 54, starting fund value: £55,000.

Transaction cost data

'A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.'

Laporte Group Pension Trust (“the Trust”)

Statement of Investment Principles

Defined Benefit Section

1. INVESTMENT OBJECTIVE

The Trustee aims to invest the assets of the Trust prudently to ensure that the benefits promised to members are provided. The Trustee has purchased an Annuity Policy to insure these benefits and minimise the risk that the Trust is unable to meet this objective.

2. STRATEGY

During the fourth quarter of 2020 the Trustee established a Bulk Purchase Annuity Agreement (“Annuity Policy”) with Legal & General Assurance Society (“LGAS”). The Annuity Policy is intended to match the liabilities for the membership of the Trust, and to eliminate the interest rate, inflation and longevity risk associated with the Trust’s liabilities.

The current planned long term asset allocation strategy chosen to meet the objective above is set out in the table below:

Asset Class	Target Weighting %
Bulk Purchase Annuity Agreement	100.0
Cash	0.0

In addition to the Bulk Purchase Annuity Agreement, the Trust may hold cash (or cash-like/liquidity fund) balances, for which there is no target weighting.

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Trust, in particular the strength of the funding position and the liability profile. When choosing the Trust’s planned asset allocation strategy, the Trustee considered written advice from its investment advisers.

3. RISK

The key risk to the Trust is the risk that LGAS fail to make the pension payments covered by the Annuity Policy as they fall due (“Annuity Policy default risk”). Having considered the credit strength of the insurer as part of its due diligence process, in addition to other factors such as the regulatory environment and other protections available (e.g. the Financial Services Compensation Scheme), the Trustee considered this to be an appropriate investment for the Trust.

4. IMPLEMENTATION

Aon has been selected as investment adviser to the Trustee. They operate under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions and to monitor those they delegate. Aon are paid on a time cost basis for all the work they undertake for the Trust although fixed fees may be negotiated for certain projects. This structure has been chosen to ensure that cost effective, independent advice is received.

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The Trustee's Annuity Policy with LGAS is classified as a direct investment. The day-to-day management of the assets is delegated to the Annuity Provider.

Defined Contribution ('DC') / Additional Voluntary Contribution ('AVC') Section

1. INVESTMENT OBJECTIVE

The Trustee is responsible for investing the Trust's assets that are money purchase in nature in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

2. STRATEGY & IMPLEMENTATION

The Trustee's policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from the Trustee's DC investment advisers, WTW. In choosing the Trust's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation.

The long-term returns on bond and cash options are expected to be lower than returns on equity options. However, bond fund volatility and price movements are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement who are seeking a guaranteed level of income. Cash funds aim to provide protection against changes in short-term capital values and may be appropriate for members receiving all, or part of their retirement benefits in the form of tax-free cash.

The Trust's DC investment objectives are implemented using a range of funds managed by Legal & General. Details of the available funds, together with the Annual Management Charges (AMCs) for these funds are included in Appendix A.

To complement the individual fund options, the Trustee also makes available two Lifestyle Options and a Target Date Fund (TDF) option which offer automatic de-risking strategies.

The Pension / Cash lifestyle

This option is offered to LMP and LRP members who are seeking to match their investment approach with taking their pension account as a combination of tax-free cash and purchasing an annuity. This strategy has a ten-year de-risking period.

Cash lifestyle

Members of the EGS and LPF also have the option of investing in this lifestyle strategy which is offered to members seeking to take their pension account wholly as cash at retirement. This strategy has a five-year de-risking period and is also open to members of the LMP and LRP.

L&G Journey Plan TDF

This option is offered to LMP and LRP members who are looking to transfer their savings from the Trust at retirement to a separate vehicle and draw down their pension pot over time.]

There are a small number of with-profit funds offered through legacy providers which are closed to future investment switches (although existing assets may be retained). Details of the legacy providers are included in Appendix A.

The Trustee keeps these options under periodic review and recognises that the nature of these investments make unilateral disinvestment inappropriate at this time.

3. RISK MEASUREMENT AND MANAGEMENT

In determining which investment options to make available, the Trustee has considered the investment risks associated with defined contribution pension investment and takes advice on the funds to make available to members. The key risks identified and their management are set out below:

- The risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that investments do not provide a long-term return at least in line with inflation ('inflation risk'), such that the "purchasing power" of the ultimate fund available is not maintained. The Trustee aims to manage this risk by providing a variety of investment options which are expected to provide a long-term rate of return that exceeds inflation.
- The risk that assets are not easily realisable such that cash is not readily available to meet benefits being drawn or switched ('liquidity risk'). The Trustee manages this risk by investing in appropriately liquid fund options which are daily dealt.
- The risk that investment options are not aligned with how members elect to draw their benefits at retirement. The Trustee manages this risk by offering a range of suitable risk/reward funds, supplemented by two lifestyle investment options and a TDF offering automated strategies aligned with specific retirement outcomes. This risk is further managed by supporting communications.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to periodically review the range of funds offered.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Defined Benefit and Defined Contribution/AVC Sections

1. GOVERNANCE

The Trustee is responsible for the investment of the Trust's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take and which to delegate, the Trustee has taken into account whether it has the appropriate training and knowledge, having taken advice where appropriate in order to take an informed decision. The Trustee has established the following decision making structure, where applicable:

Trustee <ul style="list-style-type: none">• Monitor actual returns versus the Trust's broad investment objectives.• Set structures and processes for carrying out its role.• Select and monitor investment advisers and fund managers.• Select and monitor planned asset allocation strategy.• Structure for implementing investment strategy.• Select and monitor direct investments (see below).• Make ongoing decisions relevant to the operational principles of the Trust's investment strategy.• Consult with sponsoring employer.	
Investment Advisers <ul style="list-style-type: none">• Advise on all aspects of the investment of the Trust assets, including implementation.• Advise on this statement.• Provide required training.	Fund Managers <ul style="list-style-type: none">• Operate within the terms of this statement and their written contracts.• Select individual investments with regard to their suitability and diversification.• Advise Trustee on suitability of benchmark indices.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments**.

The Trustee's policy is to review its direct investments and to obtain written advice about them. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Trusts (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets

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- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Trusts (Investment) Regulations 2005 (regulation 4).

The Trustee expects the fund manager to manage the assets delegated to them under the terms of their respective contract and to give effect to the principles in this statement so far as is reasonably practicable.

LGIM is remunerated on an ad valorem basis. The level of remuneration paid to the fund manager is reviewed periodically by the Trustee against market rates to ensure the fund manager's interests are aligned with those of the Trust.

In addition, the fund manager pays commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

LGIM's custodians are HSBC, for the gilt and UK equity funds, and Citibank, for the remaining funds, for both the defined benefit and defined contribution funds.

The custodians provide safekeeping for all the Trust's assets and perform the administrative duties attached thereto, such as the collections of interest and dividends and dealing with corporate actions.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

2. ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

In setting the Trust's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Trust and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change could negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Trust's asset allocation, when selecting and monitoring managers.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest the Trust's Defined Benefit assets in an Annuity Policy and therefore cannot directly influence the environmental, social, and governance policies and practices of the companies in which the Annuity Policy invests.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to, where possible, ensure the highest standards of governance and promote corporate responsibility in the underlying companies in which the Trust's investments reside.

Following the purchase of an Annuity Policy, responsibility for voting and engagement with managers has been delegated to the Annuity Provider, LGAS.

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In relation to assets that remain outside of the Annuity Policy, on an annual basis, the Trustee will ask its investment manager for evidence of its achievements in respect of responsible investment, stewardship practices and exercise of voting rights.

Should the Trustee look to appoint a new manager, it will request the same information as part of the selection process.

The Trustee regularly reviews the continuing suitability of the appointed manager and takes advice from its investment adviser with regards to any changes. The Trustee engages with its investment manager as necessary for information to ensure that robust active ownership behaviour, reflective of its active ownership aims, are being actioned. This is reviewed annually with input from the Trustee's investment adviser.

If the Trustee considers an incumbent manager is falling short of the standards the Trustee has set out, the Trustee will engage with the manager and seek a more sustainable position, ultimately if necessary replacing the manager.

The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Trust's investment strategy the Trustee does not explicitly take into account the views of Trust members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"¹).

3. COST MONITORING

The Trustee is aware of the importance of monitoring the total investment costs and the impact that these costs can have on the potential value of the Trust's assets.

Following the purchase of an Annuity Policy, responsibility for monitoring costs has been delegated to the Annuity Provider. The Trustees therefore do not monitor costs relating to the Policy, however they expect the Annuity Provider to confirm if costs are likely to have an impact on the agreed Policy. The Trustee paid a premium to LGAS when the Annuity Policy was initiated, and as a result there are no ongoing fees in respect of the Policy.

In relation to assets that remain outside of the Annuity Policy, the Trustee recognises that in addition to annual management charges, there are a number of other costs and charges incurred throughout the investment process which contribute to the total cost.

The Trustee collects annual cost transparency reports covering all of its investments held outside of the Annuity Policy and asks that the investment manager provides this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This enables the Trustee to collect data in a standardised format and achieve a high-level breakdown of major cost categories.

The Trustee will employ the services of its advisers to benchmark charges (including transaction costs) and challenge any cost figures or asset manager remuneration which deviate from industry expected levels.

The Trustee expects its asset manager to offer full cost transparency and comply with any requests submitted by the Trustee or its appointed providers. This will be reviewed before the appointment of any new managers and includes the existing managers appointed by the Trust. The Trustee accepts that transaction costs will be incurred in the process of altering the asset allocation. The level of these

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costs varies across asset classes and by investment style within an asset class. Where the Trustee's monitoring identifies any irregularities, the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment manager's fund holdings change over a year. The Trust's investment consultant will monitor the portfolio turnover, in the context of asset performance, on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flag to the Trustee where there are concerns.

4. ARRANGEMENTS WITH THE ASSET MANAGER

Before entering into the Annuity Policy with LGAS, the Trustee reviewed the governing documentation associated with the Policy and considered the extent to which it aligned with the Trust's requirements.

The Trustee believes that having appropriate governing documentation is sufficient to incentivise the Annuity Provider to make decisions that align with the Trustee's policies and are based on assessments of medium and long-term financial performance.

Following the purchase of the Annuity Policy, the responsibility for managing arrangements with asset managers lies with LGAS. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of LGAS and the Trust.

There is no set duration for arrangements with the Annuity Provider.

The Trustee regularly monitors the Trust's investments held outside of the Annuity Policy, to consider the extent to which the investment strategy and decisions of the asset manager is aligned with its policies. This includes monitoring the extent to which the asset manager:

- makes decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engages with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by its investment consultant.

The Trustee receives regular reports and verbal updates from its investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Trust's objectives and assesses the asset manager over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by its asset manager, which supports the Trustee in determining the extent to which the Trust's engagement policy has been followed throughout the year.

The Trustee shares this SIP with the Trust's investment manager and seeks to identify and address any misalignment.

Before appointing a new investment manager, the Trustee reviews the governing documentation associated with the investment. Where it is not possible to make changes – for example if the Trust invests in a collective vehicle – then the Trustee will express its expectations to the investment manager by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset manager by other means (where necessary), and regular monitoring of the asset manager's performance and investment strategy, is sufficient to incentivise the investment manager to make decisions that align with the Trustee's policies. The investment manager has yet to define "portfolio turnover costs" and hence disclose these on a regular basis.

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There is no set duration for arrangements with the investment manager, although the continued appointment of the investment manager will be reviewed periodically, and at least every three years.

September 2022

Appendix A: Defined Contribution/AVC Sections

Fund range open to new investment switches

The following L&G funds are invested in or available to accept new investment switches from the Trust members:

Fund name	Annual management Charge (%)
Equity funds:	
• Blended L&G Future World Global Equity Index Fund (50% currency hedged, 50% unhedged)	0.24
• L&G Ethical Global Equity Index	0.30
• L&G UK Equity Index	0.10
• L&G World (ex UK) Equity Index	0.22
Bond and Index linked gilt funds:	
• L&G AAA-AA Fixed Interest Over 15 Years Targeted Duration	0.15
• L&G Pre-retirement	0.15
• L&G Over 5 year Index Linked Gilt Index	0.10
Multi asset class fund:	
• L&G Diversified	0.19
• L&G Journey Plan TDF	0.25
Cash fund:	
• L&G Cash	0.13

In addition to the range of funds shown in the above table, the Trustee also provides two 'Lifestyle' options. The Lifestyle options target either pension and cash at retirement or cash only at retirement.

Legacy providers

Assets are still invested with one or more of the legacy providers. Existing assets may be invested with one (or more) of the legacy providers, these include:

- Aviva
- Clerical Medical

It is not possible to pay new investment switches into any of the above legacy providers.