

# Appendix 1: Chair's Annual Statement

## The Cabot Carbon Limited Cab-O-Sil Division Pension Plan Year end 5 April 2025

### Introduction

This statement is provided for information and no action is required by you. The Trustees would encourage you to read the statement and to raise any questions using the contact details below.

From 6 April 2015, new governance rules have applied to defined contribution (DC) pension arrangements like the Cabot Carbon Limited Cab-O-Sil Division Pension Plan (the "Plan"). These rules are designed to help members achieve a good outcome from their DC scheme.

As the Chair of the Trustees, I have to provide you with a yearly statement which explains the steps taken by the Trustee board, with help from professional advisers, to meet these governance standards. This is my annual statement for the year ended 5 April 2025. The law sets out the information that must be included in my statement, which is covered later in the following sections.

The Trustees are committed to ensuring that the Plan is run to a high standard of governance. Regular Trustee meetings are held, at which the Plan's administration and investment performance is monitored, amongst other things.

I welcome this opportunity to explain what the Trustees are doing to ensure the Plan is run as effectively as it can be. If you have any questions about this statement or any suggestions on how the Plan could be improved, please contact me at the following address:

Stephen Knight  
Chair of the Trustees  
The Cabot Carbon Limited Cab-O-Sil Division Pension Plan  
Cabot Carbon Limited  
Sully Moors Road  
Sully  
Vale of Glamorgan  
CF64 5RP

or by e-mail at: [stephen.knight@cabotcorp.com](mailto:stephen.knight@cabotcorp.com).

You can also contact any of the other Trustees if I am not available or speak to Donna James, our UK Payroll, Pensions & Benefits Officer. Her e-mail address is [donna.james@cabotcorp.com](mailto:donna.james@cabotcorp.com).

# Appendix 1: Chair's Annual Statement

## 1. Default investment strategy

The default investment strategy is provided for members of the Plan who do not choose one of the other options for the investment of their retirement account and future contributions. Retirement accounts for employees who are automatically enrolled into the Plan are also put into the default investment strategy.

### Setting an appropriate investment arrangement

The Trustees are responsible for investment governance. This includes setting and monitoring the strategy for the Plan's default investment arrangement. The Trustees have chosen a partly actively managed lifestyle strategy for the default investment arrangement. Under a lifestyle programme, investment holdings are gradually moved automatically, from higher to lower risk funds, over a set time period, prior to a chosen target retirement age.

The current default investment strategy is made up of the following funds:

- Legal & General World Equity Index Fund CS1
- Legal & General Dynamic Diversified Fund CS1
- BlackRock Sterling Liquidity CSW.

Details of the default investment strategy and investment objectives are recorded in the Plan's Statement of Investment Principles which was last updated in June 2024. A copy of this document, which includes details of all the investment options for the Plan, is attached to this statement.

Details of the charges that apply to the default investment strategy are shown in section 4, "Charges and transaction costs paid by members".

### Reviewing the default investment arrangement

The Trustees review the default investment strategy from time to time. The Trustees are expected to:

- review the default investment arrangement and objectives at regular intervals and at least once every three years
- take into account the needs of the Plan membership when designing the default investment arrangement.

The default strategy was last reviewed in December 2024. The Trustees agreed to retain a 'lifestyle' strategy but remove the Dynamic Diversified Fund from the growth phase and reduce the de-risking period. Discussions on these changes are ongoing and could be implemented in 2025. Next year's Chair's Annual Statement will include details of any changes to the default investment strategy.

The current default strategy and full range of self-select funds are shown in the Plan's latest Statement of Investment Principles.

## Appendix 1: Chair's Annual Statement

The Trustees will continue to monitor all the investment options on offer, not just the default investment strategy. The Trustees are satisfied that the funds making up the default strategy are suitable for the membership profile.

The Trustees will consider 'value for members' – see section 6 below – in any future reviews of investment options.

The breakdown of the default investment strategy by asset class as at 31 March 2025 was as follows, with allocations on 31 March 2024 shown in brackets where different from 31 March 2025:

| Asset class                                      | Allocation at age 25 | Allocation at age 45 | Allocation at age 55 | Allocation 1 day before State Pension Age |
|--|----------------------|----------------------|----------------------|---|
| Cash   | <0.2% (0.0%)         | <0.2% (0.0%)         | <0.2% (0.0%)         | <0.2% (25.0%)                             |
| Bonds (company, UK or other government)          | 13.0% (14.7%)        | 13.0% (14.7%)        | 13.0% (14.7%)        | 32.5% (36.8%)                             |
| Shares listed on a recognised stock exchange     | 81.3% (80.0%)        | 81.3% (80.0%)        | 81.3% (80.0%)        | 28.1% (25.0%)                             |
| Shares not listed on a recognised stock exchange | 0.0%                 | 0.0%                 | 0.0%                 | 0.0%                                      |
| Infrastructure                                   | 0.0%                 | 0.0%                 | 0.0%                 | 0.0%                                      |
| Property/real estate                             | 2.6% (2.5%)          | 2.6% (2.5%)          | 2.6% (2.5%)          | 6.5% (6.4%)                               |
| Private debt/credit                              | 0.0%                 | 0.0%                 | 0.0%                 | 0.0%                                      |
| Other assets                                     | 3.0% (2.7%)          | 3.0% (2.7%)          | 3.0% (2.7%)          | 7.4% (6.9%)                               |
| Total  | 100.0%               | 100.0%               | 100.0%               | 100.0%                                    |

For the State Pension Age allocations, the above table assumes that the member has set their target retirement age as their State Pension Age. Totals may not sum to 100.0% due to rounding.

The allocations changed over the year to 31 March 2025, as shown above. The changes were a new but small allocation to cash with a reduced allocation to bonds and increased investment in listed shares.

# Appendix 1: Chair's Annual Statement

## 2. Investment performance

The following table shows how the investment funds in place over the year have performed to 31 March 2025. The figures were provided by Scottish Widows. All figures are net of charges and fees, so that they reflect the actual performance that members of the Plan have experienced. Information on charges is shown in section 4, Charges and transaction costs paid by members.

| Fund (ISIN)   | One-year return to 31 March 2025 | Three-year return to 31 March 2025 | Five-year return to 31 March 2025 |
|---|----------------------------------|------------------------------------|-----------------------------------|
| Legal & General World Equity Index Fund CS1 (GB00BWFQDY16)    | +3.6%                            | +7.2% per annum                    | +14.7% per annum                  |
| Legal & General Dynamic Diversified Fund CS1 (GB00BD3RSZ97)   | +5.0%                            | +2.7% per annum                    | +5.9% per annum                   |
| BlackRock Sterling Liquidity CSW (GB00BYMV6Q69)               | +5.0%                            | +4.1% per annum                    | +2.5% per annum                   |
| L&G FTSE4Good Developed Equity Index CS1 (GB00B4WYZS05)       | +2.5%                            | +7.5% per annum                    | +15.0% per annum                  |
| Aquila Corporate Bond Over 15 Year Index CS1 (GB00B4QJWM43)   | -5.2%                            | -8.0% per annum                    | -5.2% per annum                   |
| Legal & General Future World Annuity Aware CS1 (GB00B43CCD77) | -2.6%                            | -6.8% per annum                    | -5.0% per annum                   |
| BlackRock UK Equity Index CS1 (GB00B5WKMK60)                  | +9.3%                            | +5.7% per annum                    | +11.4% per annum                  |
| BlackRock US Equity Index CS1 (GB00B4THC147)                  | +3.8%                            | +8.2% per annum                    | +16.6% per annum                  |

There was a range of investment returns over the year. The Trustees tend to consider longer term returns as these are not affected as much by short term market volatility. Over the five-year period to 31 March 2025, returns on most funds were positive.

For the investment strategies, investment performance net of charges (during the growth phase, before any switching into lower risk investments) was as follows:

| Fund                  | One-year return to 31 March 2025 | Three-year return to 31 March 2025 | Five-year return to 31 March 2025 |
|-----------------------|----------------------------------|------------------------------------|-----------------------------------|
| Default lifestyle     | +4.0%                            | +5.8% per annum                    | +12.0% per annum                  |
| Higher risk lifestyle | +3.6%                            | +7.2% per annum                    | +14.7% per annum                  |

# Appendix 1: Chair's Annual Statement

The Trustees regularly review the performance of the strategies and funds. The Trustees recognise that markets can be volatile, as experienced in 2020 due to the pandemic, and that there can be periods, particularly over the short-term, when returns will be poor. Conversely, returns can be high but this is not typical and is not generally expected to continue over more than a few years. Over the long-term, the Trustees believe the investments will produce the returns that they are expecting.

The Trustees are required to report on investment performance over various time periods for members of different ages, where available. The figures below are annualised net investment returns to 31 March 2025 for the default investment strategy:

| Age of member in 2025 (years) | 10 years (2015 to 2025) | 5 years (2020 to 2025) |
|-------------------------------|-------------------------|------------------------|
| 25                            | +8.7%                   | +12.1%                 |
| 35                            | +8.7%                   | +12.1%                 |
| 45                            | +8.7%                   | +12.1%                 |
| 55                            | +8.7%                   | +12.1%                 |
| 65                            | +8.0%                   | +10.6%                 |

The figures below are annualised net investment returns to 31 March 2025 for the higher risk investment strategy:

| Age of member in 2025 (years) | 10 years (2015 to 2025) | 5 years (2020 to 2025) |
|-------------------------------|-------------------------|------------------------|
| 25                            | +11.0%                  | +14.7%                 |
| 35                            | +11.0%                  | +14.7%                 |
| 45                            | +11.0%                  | +14.7%                 |
| 55                            | +11.0%                  | +14.7%                 |
| 65                            | +10.3%                  | +13.2%                 |

# Appendix 1: Chair's Annual Statement

The figures below are annualised net investment returns to 31 March 2025 for the self-select funds:

| Fund  | 10 years<br>(2015 to 2025) | 5 years<br>(2020 to 2025) |
|---|----------------------------|---------------------------|
| Legal & General Future World Annuity Aware CS1  | -0.1%                      | -5.0%                     |
| BlackRock Sterling Liquidity CSW                | +1.4%                      | +2.4%                     |
| Aquila Corporate Bond Over 15 Year Index CS1    | -5.1%                      | -0.2%                     |
| Legal & General Ethical Global Equity Index CS1 | +11.2%                     | +14.9%                    |
| Legal & General World Equity Index Fund CS1     | N/A                        | +14.7%                    |
| Legal & General Dynamic Diversified Fund CS1    | N/A                        | +5.8%                     |
| BlackRock UK Equity Index CS1                   | +5.5%                      | +11.4%                    |
| BlackRock US Equity Index CS1                   | +13.5%                     | +16.6%                    |

Figures for LGIM World Equity Index and LGIM DDF are unavailable over the 10 year period above.

### 3. Core financial transactions

The Trustees are required to report to you about the processes and controls in place in relation to the Plan's 'core financial transactions'. The law specifies that these transactions include:

- investing contributions paid into the Plan
- transferring assets related to members (retirement accounts) into or out of the Plan
- transferring assets between different investments within the Plan
- making payments from the Plan to or on behalf of members.

The Trustees must ensure that these financial transactions are processed promptly and accurately. In practice, responsibility for processing these transactions has been delegated to the Plan's administrators. Scottish Widows provide third party administration services for the Plan. Quantum Advisory, who provide consultancy services to the Trustees, also assist with some aspects of the administration, such as running the Trustees' bank account.

Quarterly governance reports are provided to the Trustees by Scottish Widows, which allow the Trustees to assess how quickly some of the core financial transactions are completed. During the year, Scottish Widows identified an issue with the rebalancing of some members' accounts who are investing in a lifestyle strategy. The automated process which calculates the fund switches to rebalance members' accounts in accordance with the strategy was not completed for some members. Scottish Widows have improved their platform to ensure this does not happen again.

# Appendix 1: Chair's Annual Statement

Members' accounts are in the process of being rectified and where the adjustment to a member's account exceeds £200, the member will be notified.

In addition, from June 2024 to December 2024, members were incorrectly allowed to complete a nomination of beneficiary form via Scottish Widows secure member portal. This functionality should not have been enabled for Plan members. Eight members updated their nomination form on the portal during the time that the functionality was enabled. Scottish Widows have since updated their processes to ensure that portal settings are not accidentally updated.

There were no other issues, mistakes or delays during the year. The Trustees ensure that all issues are investigated thoroughly and that action is taken to put things right as quickly as possible. In particular, the Trustees would always try to ensure that members are no worse off, if there is a mistake or delay.

The Trustees checked that the core financial transactions of the Plan were processed promptly and accurately by:

- having the administrator regularly report on the timeliness of receipt of payments from the Company and their performance in relation to investing and transferring the assets
- having the Plan auditor independently test a sample of financial transactions for accuracy and timeliness, as part of the annual audit process.

The Trustees continue to monitor Scottish Widows' performance against their service levels and have previously raised some concerns. The Trustees are satisfied that Scottish Widows' service is currently at an acceptable level.

As a result of the checks conducted, the Trustees are satisfied that the core financial transactions were processed promptly and accurately. Furthermore, there were no material administration service issues during the year. The Trustees are confident that the processes and controls in place with the Plan's administrators are sufficiently robust to ensure that financial transactions are dealt with properly.

## **4. Charges and transaction costs paid by members**

The Trustees are required to explain the charges and transaction costs paid by members, rather than any charges paid by the Plan or the employer. Transaction costs are the costs associated with buying and selling investments in the Plan.

Where information about member costs and charges is not available, this needs to be made clear, together with an explanation of the steps being taken to obtain the missing information.

# Appendix 1: Chair's Annual Statement

The charges that applied to the default arrangement during the year are set out below.

In the growth phase of the default investment strategy, which is more than two years before target retirement age, two funds were used over the year:

- Legal & General World Equity Index Fund CS1
- Legal & General Dynamic Diversified Fund CS1.

In accordance with the lifestyle process for the default investment strategy, during the final five years before target retirement age, over the year, some of members' retirement accounts were gradually switched into:

- Legal & General Dynamic Diversified Fund CS1
- BlackRock Sterling Liquidity CSW.

Lifestyle switches are conducted by Scottish Widows on a monthly basis, on the anniversary of the member's birthday. The following table shows the percentages invested in each fund at selected points in the lifestyle process for the default investment strategy:

| Period to retirement    | Legal & General World Equity Index CS1 Fund | Legal & General Dynamic Diversified CS1 Fund | BlackRock Sterling Liquidity CSW Fund |
|-------------------------|---|--|---------------------------------------|
| 5 years or more         | 70%   | 30%  | 0%                                    |
| 4 years                 | 56%   | 39%  | 5%                                    |
| 3 years                 | 42%   | 48%  | 10%                                   |
| 2 years                 | 28%   | 57%  | 15%                                   |
| 1 year                  | 14%   | 66%  | 20%                                   |
| 0 years (at retirement) | 0%  | 75%  | 25%                                   |

## Charges

The latest available annual management charge (AMC) and total expense ratio (TER) that applied to the default investment strategy are shown in the table below. These are two measures of the costs and charges that apply to investments.

| Period to retirement    | AMC   | TER   |
|-------------------------|-------|-------|
| 5 years or more         | 0.32% | 0.52% |
| 4 years                 | 0.33% | 0.55% |
| 3 years                 | 0.33% | 0.58% |
| 2 years                 | 0.33% | 0.61% |
| 1 year                  | 0.33% | 0.64% |
| 0 years (at retirement) | 0.34% | 0.67% |

## Appendix 1: Chair's Annual Statement

The TER takes into account all expenses relating to the management of the funds, including transaction costs. The AMC is generally fixed, but the TER can vary from time to time.

The amount of performance based fees is nil.

More information on the default investment strategy can be found in the Plan member guides produced by Scottish Widows.

The latest available charges that apply to individual funds, which are all provided by external fund managers via Scottish Widows, are as follows:

| Fund   | AMC    | TER    |
|--|--------|--------|
| Legal & General World Equity Index CS1       | 0.310% | 0.410% |
| Legal & General Dynamic Diversified CS1      | 0.350% | 0.760% |
| BlackRock Sterling Liquidity CSW             | 0.300% | 0.400% |
| L&G FTSE4Good Developed Equity Index CS1     | 0.350% | 0.600% |
| Aquila Corporate Bond Over 15 Year Index CS1 | 0.310% | 0.400% |
| L&G Future World Annuity Aware CS1           | 0.370% | 0.485% |
| BlackRock UK Equity Index CS1                | 0.310% | 0.388% |
| BlackRock US Equity Index CS1                | 0.310% | 0.393% |

### Transaction costs

The transaction costs reported by Scottish Widows for the Plan's funds during the year to 5 April 2025 are as follows:

| Fund   | Transaction cost for the year | Average transaction cost over last 3 years |
|--|-------------------------------|--|
| L&G World Equity Index CS1                   | 0.038%                        | 0.08%                                      |
| L&G Dynamic Diversified CS1                  | 0.091%                        | 0.23%                                      |
| BlackRock Sterling Liquidity CSW             | 0.014%                        | 0.01%                                      |
| L&G FTSE4Good Developed Equity Index CS1     | 0.030%                        | 0.03%                                      |
| Aquila Corporate Bond Over 15 Year Index CS1 | 0.000%                        | -0.03%                                     |
| L&G Future World Annuity Aware CS1           | 0.000%                        | 0.00%                                      |
| BlackRock UK Equity Index CS1                | 0.065%                        | 0.18%                                      |
| BlackRock US Equity Index CS1                | 0.004%                        | 0.03%                                      |

## Appendix 1: Chair's Annual Statement

Transaction costs are incurred as a result of buying, selling, lending or borrowing investments. The costs mainly arise as a result of delivering a fund's target investment return where a passive or active investment approach is used. As an example, a fund may need to buy or sell assets when members pay money into or take money out of a fund and the buying or selling of assets will incur costs. Nil or negative transaction costs are shown where an overall beneficial pricing environment has occurred at the point of trading underlying assets over the period, which has more than offset the costs of the trades.

Transaction costs arise as a result of participating in a financial market and are separate from any annual management charges. The transaction cost for buying or selling an investment includes all costs incurred by a buyer or seller from the point an order to transact is received to the point at which the transaction completes. These costs include all charges, commissions, taxes and other associated payments incurred directly or indirectly. These costs are ultimately borne by assets of the arrangement or of any investment in which the arrangement is directly or indirectly invested. Of these costs, some are easily identifiable as specific costs incurred, but some are less identifiable and may rely on the investment manager's judgement.

In calculating transaction costs, Scottish Widows deduct an anti dilution offset, which can reduce the overall cost to nil, as is the case for two funds over the year. An anti dilution offset reflects the price adjustments the fund manager has made to protect existing investors from dilution effects resulting from investors buying or selling units.

# Appendix 1: Chair's Annual Statement

## 5. Illustration of costs and charges

### For active members in the default investment strategy

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in the default investment strategy.

For the default investment strategy, which is a lifestyle strategy, the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement. For non-lifestyle investments, the projected pension pot does not depend on the starting age.

| Projected account value in today's money |                |                                    |                |                                    |                |                                    |                |                                    |
|--|----------------|------------------------------------|----------------|------------------------------------|----------------|------------------------------------|----------------|------------------------------------|
| Years                                    | Age now 35     |                                    | Age now 45     |                                    | Age now 55     |                                    | Age now 60     |                                    |
|  | Before charges | After all charges & costs deducted | Before charges | After all charges & costs deducted | Before charges | After all charges & costs deducted | Before charges | After all charges & costs deducted |
| 1  | £29,900        | £29,700                            | £29,900        | £29,700                            | £29,900        | £29,700                            | £29,800        | £29,700                            |
| 3  | £44,400        | £43,800                            | £44,400        | £43,800                            | £44,400        | £43,800                            | £43,800        | £43,100                            |
| 5  | £59,700        | £58,500                            | £59,700        | £58,500                            | £59,700        | £58,500                            | £57,500        | £56,100                            |
| 10                                       | £102,000       | £98,200                            | £102,000       | £98,200                            | £97,900        | £93,900                            | -              | -                                  |
| 15                                       | £150,000       | £142,000                           | £150,000       | £142,000                           | -              | -                                  | -              | -                                  |
| 20                                       | £206,000       | £192,000                           | £197,000       | £183,000                           | -              | -                                  | -              | -                                  |
| 25                                       | £270,000       | £247,000                           | -              | -                                  | -              | -                                  | -              | -                                  |
| 30                                       | £329,000       | £294,000                           | -              | -                                  | -              | -                                  | -              | -                                  |

# Appendix 1: Chair's Annual Statement

## Notes

1. Projected retirement account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £23,000.
4. Inflation is assumed to be 2.50% each year.
5. Gross contributions of £525 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.50% each year.
6. Values shown are estimates and are not guaranteed.
7. For the default investment strategy, the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement. Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it should be noted that higher risk funds will provide higher illustrative returns.

| Years to retirement | Projected growth rate (average) |
|---------------------|---------------------------------|
| 1                   | 1.10% above inflation           |
| 3                   | 1.40% above inflation           |
| 5                   | 1.70% above inflation           |
| 10                  | 2.10% above inflation           |
| 15                  | 2.30% above inflation           |
| 20                  | 2.40% above inflation           |
| 25                  | 2.50% above inflation           |
| 30                  | 2.50% above inflation           |

8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

## For active members in self-select funds

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in some of the self-select funds.

| Projected retirement account value in today's money |                                  |                                    |                                  |                                    |                                     |                                    |                                |                                    |
|---|----------------------------------|------------------------------------|----------------------------------|------------------------------------|-------------------------------------|------------------------------------|--------------------------------|------------------------------------|
| Years   | Fund choice                      |                                    |                                  |                                    |                                     |                                    |                                |                                    |
|   | SW BlackRock US Equity Index CS1 |                                    | SW BlackRock UK Equity Index CS1 |                                    | SW BlackRock Sterling Liquidity CSW |                                    | SW L&G Dynamic Diversified CS1 |                                    |
|   | Before charges                   | After all charges & costs deducted | Before charges                   | After all charges & costs deducted | Before charges                      | After all charges & costs deducted | Before charges                 | After all charges & costs deducted |
| 1   | £30,300                          | £30,200                            | £30,300                          | £30,200                            | £29,000                             | £28,900                            | £29,500                        | £29,300                            |
| 3   | £46,000                          | £45,600                            | £46,000                          | £45,500                            | £41,100                             | £40,700                            | £43,000                        | £42,200                            |
| 5   | £63,100                          | £62,200                            | £63,100                          | £62,000                            | £53,100                             | £52,300                            | £56,900                        | £55,200                            |
| 10  | £112,000                         | £109,000                           | £112,000                         | £109,000                           | £82,500                             | £80,400                            | £93,400                        | £88,400                            |
| 15  | £174,000                         | £167,000                           | £174,000                         | £166,000                           | £111,000                            | £107,000                           | £132,000                       | £122,000                           |
| 20  | £250,000                         | £238,000                           | £250,000                         | £236,000                           | £139,000                            | £132,000                           | £174,000                       | £158,000                           |
| 25  | £345,000                         | £323,000                           | £345,000                         | £320,000                           | £166,000                            | £157,000                           | £220,000                       | £194,000                           |
| 30  | £463,000                         | £427,000                           | £463,000                         | £422,000                           | £193,000                            | £180,000                           | £269,000                       | £231,000                           |
| 35  | £608,000                         | £554,000                           | £608,000                         | £546,000                           | £219,000                            | £203,000                           | £321,000                       | £270,000                           |

# Appendix 1: Chair's Annual Statement

## Notes

1. Projected retirement account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £23,000.
4. Inflation is assumed to be 2.50% each year.
5. Gross contributions of £525 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.50% each year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
  - SW BlackRock US Equity Index CSI: 4.3% above inflation
  - SW BlackRock UK Equity Index CSI: 4.3% above inflation.
  - SW BlackRock Sterling Liquidity CSW: 0.5% below inflation.
  - SW L&G Dynamic Diversified CSI: 1.4% above inflation.
8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

These funds have been shown above because they reflect the fund with the lowest charges, the fund with the highest net return, the fund with the lowest return and the fund with the highest charges.

## For deferred members in the default strategy

The figures in the table below show the effect of the fund managers' charges on a deferred member's retirement account value over incremental periods for the next 30 years. The table shows the effect based on the assumptions set out in the notes below the table.

| Projected pensions fund in today's money |                |                                    |                |                                    |                |                                    |                |                                    |
|--|----------------|------------------------------------|----------------|------------------------------------|----------------|------------------------------------|----------------|------------------------------------|
| Years                                    | Age now 35     |                                    | Age now 45     |                                    | Age now 55     |                                    | Age now 60     |                                    |
|  | Before charges | After all charges & costs deducted | Before charges | After all charges & costs deducted | Before charges | After all charges & costs deducted | Before charges | After all charges & costs deducted |
| 1  | £23,600        | £23,500                            | £23,600        | £23,500                            | £23,600        | £23,500                            | £23,600        | £23,400                            |
| 3  | £25,000        | £24,500                            | £25,000        | £24,500                            | £25,000        | £24,500                            | £24,500        | £24,100                            |
| 5  | £26,400        | £25,700                            | £26,400        | £25,700                            | £26,400        | £25,700                            | £25,200        | £24,400                            |
| 10                                       | £30,400        | £28,700                            | £30,400        | £28,700                            | £29,000        | £27,300                            | -              | -                                  |
| 15                                       | £34,900        | £32,000                            | £34,900        | £32,000                            | -              | -                                  | -              | -                                  |
| 20                                       | £40,100        | £35,800                            | £38,300        | £34,000                            | -              | -                                  | -              | -                                  |
| 25                                       | £46,200        | £40,000                            | -              | -                                  | -              | -                                  | -              | -                                  |
| 30                                       | £50,700        | £42,500                            | -              | -                                  | -              | -                                  | -              | -                                  |

# Appendix 1: Chair's Annual Statement

## Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £23,000.
4. Inflation is assumed to be 2.50% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. For the default investment strategy, the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement. Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it should be noted that higher risk funds will provide higher illustrative returns.

| Years to retirement | Projected growth rate (average) |
|---------------------|---------------------------------|
| 1                   | 1.10% above inflation           |
| 3                   | 1.50% above inflation           |
| 5                   | 1.80% above inflation           |
| 10                  | 2.30% above inflation           |
| 15                  | 2.50% above inflation           |
| 20                  | 2.50% above inflation           |
| 25                  | 2.60% above inflation           |
| 30                  | 2.60% above inflation           |

8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

# Appendix 1: Chair's Annual Statement

## For deferred members in self-select funds

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in a self-select fund.

| Projected retirement account value in today's money |                                  |                                    |                                  |                                    |                                     |                                    |                                |                                    |
|---|----------------------------------|------------------------------------|----------------------------------|------------------------------------|-------------------------------------|------------------------------------|--------------------------------|------------------------------------|
| Years   | Fund choice                      |                                    |                                  |                                    |                                     |                                    |                                |                                    |
|   | SW BlackRock US Equity Index CS1 |                                    | SW BlackRock UK Equity Index CS1 |                                    | SW BlackRock Sterling Liquidity CSW |                                    | SW L&G Dynamic Diversified CS1 |                                    |
|   | Before charges                   | After all charges & costs deducted | Before charges                   | After all charges & costs deducted | Before charges                      | After all charges & costs deducted | Before charges                 | After all charges & costs deducted |
| 1   | £24,000                          | £23,900                            | £24,000                          | £23,900                            | £22,800                             | £22,700                            | £23,300                        | £23,100                            |
| 3   | £26,100                          | £25,800                            | £26,100                          | £25,800                            | £22,600                             | £22,300                            | £24,000                        | £23,400                            |
| 5   | £28,500                          | £27,900                            | £28,500                          | £27,800                            | £22,400                             | £21,900                            | £24,700                        | £23,700                            |
| 10  | £35,300                          | £33,900                            | £35,300                          | £33,700                            | £21,900                             | £21,000                            | £26,500                        | £24,400                            |
| 15  | £43,800                          | £41,200                            | £43,800                          | £40,900                            | £21,300                             | £20,000                            | £28,600                        | £25,100                            |
| 20  | £54,300                          | £50,100                            | £54,300                          | £49,600                            | £20,800                             | £19,100                            | £30,700                        | £25,900                            |
| 25  | £67,300                          | £60,900                            | £67,300                          | £60,100                            | £20,300                             | £18,300                            | £33,000                        | £26,700                            |
| 30  | £83,400                          | £74,100                            | £83,400                          | £72,800                            | £19,800                             | £17,500                            | £35,500                        | £27,500                            |
| 35  | £103,000                         | £90,000                            | £103,000                         | £88,300                            | £19,300                             | £16,700                            | £38,200                        | £28,300                            |

- Projected pension fund values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
- Retirement is assumed to be at age 65.
- The starting retirement account value is assumed to be £23,000.
- Inflation is assumed to be 2.50% each year.
- It is assumed that no further contributions are made.
- Values shown are estimates and are not guaranteed.
- The projected growth rates for each fund are:
  - SW BlackRock US Equity Index CS1: 4.3% above inflation.
  - SW BlackRock UK Equity Index CS1: 4.3% above inflation.
  - SW BlackRock Sterling Liquidity CSW: 0.5% below inflation.
  - SW L&G Dynamic Diversified CS1: 1.4% above inflation.
- The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

# Appendix 1: Chair's Annual Statement

## 6. Value for members

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of "good value", but the Trustees consider that it broadly means "that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Plan membership as a whole, when compared to other options available in the market".

An assessment of value for members was undertaken for the year ended 5 April 2025, taking account of the Pensions Regulator's General Code (Value for members section) as well as the statutory guidance "Completing the annual Value for Members assessment and Reporting of Net Investment Returns". The Trustees have reviewed all member-borne charges (including transaction costs where available) with the aim of checking whether members are obtaining value for money given the circumstances of the Plan. The Trustees note that value for money does not necessarily mean the lowest fee and the overall quality of the service received will also be considered in the assessment. As part of the investment review, the Trustees' investment advisers confirmed that the fund charges are competitive for the types of fund available to members and in the context of both the funds' and the Trustees' investment objectives.

The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives for most funds.

In carrying out the assessment, the Trustees have considered the other benefits members receive from the Plan, including:

- the oversight and governance of the Trustees, including ensuring the Plan is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Plan and address any material issues that may impact members
- the design of the default arrangement and how this reflects the membership as a whole
- the range of investment options and strategies
- the quality of communications delivered to members
- the quality of support services, such as the Plan website where members can access fund information online
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Plan year.

As detailed in an earlier section in this statement covering processing of financial transactions, the Trustees are generally comfortable with the quality and efficiency of the administration processes.

# Appendix 1: Chair's Annual Statement

The Trustees believe the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches, and we expect this to lead to greater investment returns net of fees over time. In addition, a comparison of the Plan against three other trust-based schemes, has shown that the Plan's charges are competitive.

Overall, the Trustees believe that members of the Plan are receiving good value for money for the charges and costs that members incur. The Trustees believe this because the charges paid by members are reasonable, that investment performance has been as expected and that good governance is in place.

## 7. Knowledge and understanding of the Trustees

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee must:

- be conversant with the trust deed and rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Plan generally
- have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.

The Trustees, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps. The Trustees' investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustees' advisers would typically deliver training on such matters at Trustee meetings if they were material. At every full meeting, the Trustees review the training log and consider further training needs.

All the Trustees are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed & Rules (together with any amendments), the Statement of investment Principles, together with key policies and procedures. In particular, the Trustees refer to the Trust Deed & Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases. The Statement of Investment Principles is formally reviewed at least every three years, as part of making any change to the Plan's investments or as a result of regulatory changes.

## Appendix 1: Chair's Annual Statement

Further, the Trustees consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

All the Trustees are required to commit to completing training, either at the relevant meetings or by personal study. All the Trustees are progressing towards or have completed the Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from the Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law).

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Plan year.

The Chair has previously been a trustee of another occupational pension scheme. The Trustee board includes a number of member-nominated Trustees who help to provide a more diverse view.

Any new Trustees appointed are required to have a minimum level of knowledge and understanding to allow them to make decisions immediately following their appointment.

Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisers), the Trustees believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively.



**Stephen Knight**

**Chair of the Trustees of the Cabot Carbon Limited Cab-O-Sil Division Pension Plan**



**Date**