

Executive Pension Plan for Employees of Johnson Aggregates Ltd (the "Scheme")

Annual governance statement for the Scheme year ending 28 February 2021

1. Introduction

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

- code of practice 13: governance and administration of occupational trust-based schemes providing money purchase benefits (the "**DC code**"); and
- regulatory guidance for defined contribution schemes ("**DC regulatory guidance**").

Based on our assessment, the Trustee continues to work towards adopting the standards of practice set out in the DC code and DC regulatory guidance.

As at the date of this statement there are 11 deferred members of the Scheme.

2. Governance of the Default Arrangement

The Scheme's assets are invested wholly in a conventional with profits fund provided by Aviva Life & Pensions UK Limited ("**Aviva**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Trustee has not prepared a statement of investment principles ("**SIP**") in relation to the Scheme because:

- the Scheme has fewer than 100 members, it is exempt from providing a SIP under regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005; and
- the Scheme ceased to receive contributions before 6 April 2015 and Aviva has confirmed that it does not operate a default arrangement in relation to members of the Scheme. As such, the Trustee is not required to prepare a default fund SIP under regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

3. Objectives of the Scheme's default approach

Aviva does not operate a default arrangement for members of the Scheme.

4. Core Financial Transactions

The Trustee has a duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the Scheme are processed promptly and accurately. The Trustee delegates the processing of some of these transactions to Aviva and then retains responsibility for processing the remaining transactions itself.

So far as the Trustee acts as administrator in respect of those transaction, an independent auditor undertakes an external audit of the Trustee's administrative processes and controls (AAF 02/07) on an annual basis. In addition, the Trustee has internal controls policies and a Scheme specific risk register in place to mitigate potential risks relating to core financial transactions. This is reviewed by the Trustee at least annually.

The Pensions Regulator appointed Open Trustees as trustee of the Scheme on 24 February 2021. As we were appointed to act as Trustee shortly before the year end being reported on in this statement we cannot comment on whether the former trustees identified any issues in terms of the processing of core financial transactions during the Scheme year. However, we have not been made aware of any since our appointment. Additionally, following our appointment we are keeping the processing of core financial transactions under regular review and will report on it as part of our annual audit process.

Charges and Transaction Costs

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "**Administration Regulations**") require the Trustee to make an assessment of charges and transactions costs borne by the Scheme members and the extent to which those charges and costs represent good value for money for members.

Members are currently invested in the Aviva Mixed Investment (40-85%) Shares (PM). An annual management charge of 0.875% is reflected in the fund unit pricing.

Conclusions

Given that the Scheme is in the process of being wound up and the charges are in line with market standards for this type of policy, the Trustee is sufficiently comfortable that the charge and costs referred to by Aviva in respect of the Scheme represent good value for money for the members. The Trustee, therefore, has concluded that the Scheme's assets should remain invested in their current funds until the Scheme is wound up.

Illustrations

Despite asking Aviva to provide the Trustee with illustrations of the charges and transaction costs as required under the Occupational Pension Schemes (Administration and Disclosure) Amendment Regulations 2018 and relevant statutory guidance, for reasons outside the Trustee's control, Aviva have not yet been able to provide these illustrations. We will continue to chase Aviva for the illustrations and will provide an updated Chair Statement as soon as this information is available.

Trustee Knowledge and Understanding (TKU)

Section 248 of the Pensions Act 2004 requires the Trustee to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively.

The Trustee takes training and development responsibilities seriously and each member of the board of directors of the Trustee maintains a record of all training completed during the Scheme year. This record is reviewed annually in order to identify any gaps in knowledge and understanding and a training plan is then put in place over the course of the following Scheme year.

Each of the members of the board of directors is a UK qualified lawyer, either specialising in UK pensions law or insolvency and restructuring law. The Trustee combines the knowledge and understanding of the members of the board, together with the advice which is available to them through their consultants and advisers, to enable them to properly exercise their function as Trustee of the Scheme.

Over the course of the Scheme year, members of the board of directors have met the statutory requirement for trustee knowledge and understanding through a combination of attending structured internal training sessions relating to pensions law and practice in order to support their continuing professional development obligations.

Additionally, each of the members of the board of directors also have access to the Scheme's governing documents, in order to ensure they are conversant with those documents.

Signed:

Date: 28 September 2021

Director of Open Trustees Limited (Chair of Trustees)