

Governance Statement for the Johnson & Starley Limited Pension Scheme

Introduction

This statement has been prepared by the Trustees of the Scheme (the "Trustees") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended) for the year between 6 April 2021 and 5 April 2022 ("the Scheme Year").

The statement is only in relation to members with defined contribution ("DC") benefits under the Scheme arising from a period of membership when they were 'contracted out' on a 'protected rights' basis. There are 10 members with 'protected rights' only benefits, with a small notional asset value and the Trustees have continued to maintain these members' notional amount as described below. Since the Scheme Year end, the Trustees have signed an insurance contract with Just Retirement to buy-in the benefits for the defined benefit members and are currently working with the insurers to complete this process. This insurance excludes the benefits for the 'protected rights' only members and the notional DC assets remain part of the Scheme.

Default investment arrangement

The assets for members who have these DC benefits are held notionally in the Scheme. The notional amount is adjusted each year to reflect the performance of the FTSE All-Share Total Return Index.

Requirements for processing financial transactions

The Trustees delegate the administration of the Scheme to Isio Group Limited and monitor core financial transactions. Administration reports are provided twice a year at Trustees' meetings. Any disinvestment of assets from the Scheme are with the agreement of the Trustees and an instruction issued to the investment manager by authorised signatories, in accordance with the agreed disinvestment mandate signed by all the Trustees. There were no financial transactions in the Scheme Year or payments out of the Scheme relating specifically to the DC Funds.

The Trustees' annual Report and Accounts (including financial transactions) are independently audited by the Scheme auditor, currently Feltons, annually.

The Trustees are satisfied that any core financial transactions in relation to these DC benefits have been processed promptly and accurately during the Scheme Year.

On retirement, these members' DC benefits are reviewed by two individuals from the administration team before being paid.

The Trustees are not aware of any concerns or complaints raised by Scheme members with DC benefits during the Scheme Year.

Assessment of member-borne charges, transaction costs and value for members, including more detailed value for member assessment

During the Scheme Year, there were no transaction costs or charges levied on members' benefits and the Trustees therefore have concluded that members receive value for money from this arrangement.

The notional amount reflects the performance of the FTSE All-Share Total Return Index only and therefore, members do not pay any additional investment costs. For this reason, the Trustees are satisfied that this reflects good value for members. Over the year to 5 April 2022, the notional investment return on the DC Funds was 13.8%.

Given that performance is based on a notional amount in relation to the FTSE All-Share Total Return Index only, there is not a clear approach for comparing the value to other arrangements, as required under the more detailed value for member assessment regulations. Therefore, the Trustees are satisfied that this reflects a proportionate approach based on the nature of the DC benefits provided.

The Trustees have taken account of statutory guidance when preparing this section of the statement.

Governance Statement for the Johnson & Starley Limited Pension Scheme *(continued)*

Trustee knowledge and understanding (DC)

The Trustees' own knowledge and understanding, together with the Trust Deed and Rules of the Scheme, and advice which is available to them through their advisers (Isio Group Limited) enables them to properly exercise their functions as Trustees of the Scheme, with sufficient knowledge and understanding of the law in relation to pensions and trusts.

Trustees have two Trustee meetings each year in order to discuss legislative change and requirements in order to meet their objectives.

The Trustees themselves (listed below) have the following experience:

Darren Howarth – Professional Independent Trustee, Director at Align Pensions Limited

Glenn Page – Trustee and previous Managing Director of Johnson & Starley Limited

Rick Swift – Trustee and current Managing Director of Johnson & Starley Limited

The Trustees have put in place arrangements for ensuring they take personal responsibility for keeping themselves up to date with relevant developments and carry out a self-assessment of training needs. In addition, the Trustees receive advice from professional advisers, and the relevant skills and experience of those advisers is a key criterion when evaluating advisers' performance or selecting new advisers.

From 31 December 2021, one of the Trustees is Align Pensions Limited, a professional pension trustee company, with broad experience of different types of pension schemes. Align Pensions Limited is represented by Darren Howarth, who in turn is supported by his colleagues. Darren has a number of years of experience in the pensions industry and completes regular training to keep up-to-date and meets the Continuing Professional Development requirements from the Association of Professional Pension Trustees as well as from the Institute and Faculty of Actuaries. Darren is also an accredited professional pension trustee with the Association of Professional Pension Trustees.

Taking account of the size of the Scheme, the demographic of the membership, the knowledge and experience of the Trustees and the level of support and advice available from their professional advisers, the Trustees believe they are well placed to exercise their functions as Trustees properly and effectively.

Signed on behalf of the Trustees

DARREN HOWARTH (for and on behalf of Align Pensions Limited)

Trustee

Date: 31 OCTOBER 2022