

# CHAIR'S ANNUAL STATEMENT

## Atlas Converting Equipment Ltd Retirement & Death Benefits Scheme

### For the year ended 31 December 2024

The Trustee is pleased to provide this Statement which gives you information about the governance of the Atlas Converting Equipment Ltd Retirement & Death Benefits Scheme ('the Scheme') and explains how we have looked after the Scheme during the year which ended on 31 December 2024.

The Trustee is currently exploring options so that the Chair's Statement is made to view online on a publicly available website.

#### Background

The Scheme is a defined contribution arrangement insured by Aviva Life and Pensions UK Limited ('Aviva'). Aviva undertakes all the necessary services to operate the Scheme, including investment management, administration, and member communications.

The Scheme closed the new entrants with effect from 1 May 2014 but has been used as a Qualifying Scheme for auto-enrolment purposes for members who joined before that date.

The Trustee has selected a life insurance arrangement with Aviva, and all members are invested into the Aviva Traditional with Profits fund. The majority of the Scheme's members are paid up and are entitled to receive Guaranteed Annuity Rates at retirement. There are a relatively small number of active members invested in the fund that do not have Guaranteed Annuity Rates.

#### The purpose of this Statement

Statutory governance requirements apply to defined contribution ('DC') pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Scheme is required to produce a yearly statement to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- the requirements for processing financial transactions; and
- the level of the Trustees' knowledge and understanding.

This statement covers the period from 1 January 2024 to 31 December 2024.

The statement complies with the statutory requirements as set out in the relevant legislation and regulatory guidance. Principally, in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended).

This statement should be read in conjunction with the Scheme's Statement of Investment Principles (SIP) from August 2024, which is also appended to this statement in **Appendix B**. The SIP is subject to regular review by the Trustee, and the Trustee is currently exploring options so that the SIP is made freely available to members of the Scheme on a public facing website.

#### Default investment arrangements

The only fund made available to members is the Aviva Traditional With-Profits Fund.

The Trustee did not undertake an investment review in the Scheme Year.

The Trustee monitors the performance of the investment fund on an ongoing basis, no less frequently than annually. Given the existence of Guaranteed Annuity Rates and Guaranteed Investment Returns under the With-Profits Fund, the Trustee has never considered it appropriate to change the investment strategy.

Previously, the Trustee has reviewed the position of the active members in the Scheme, who are not entitled to receive Guaranteed Annuity Rates, with a view to potentially offering these members the opportunity to transfer to an alternative pension scheme arrangement. The last review conducted in February 2019 concluded that no changes should be made to the active members' holdings. This is principally because there would be a significant detrimental impact if contributions were ceased before Normal Retirement Age (NRA), with potentially valuable guarantees in the form of bonuses being surrendered on transfer.

### Investment Returns

The investment returns, net of all fees borne by members of the Scheme, are provided in the table below for the Scheme's current arrangements in the period to 31 December 2024.

Fund	1 Year	3 Year (% p.a.)	5 Year (% p.a.)
Aviva Traditional With-Profits Fund	6.7%	1.6%	3.0%

Source: Aviva

The performance and charges data in this statement complies with the requirements of the statutory guidance.

### Default Strategy Asset Allocation

The Trustee is required to disclose the full asset allocations of investments for each default strategy. The table below shows the percentage of assets allocated in the Aviva Traditional With-Profits Fund to specified asset classes as at 31 December 2024. We have provided this information in line with statutory guidance:

Asset Class	Allocation
<b>Cash</b>	<b>6.3%</b>
<b>Listed Equities</b>	<b>39.8%</b>
UK Equities	13.0%
Developed Market Equities	26.8%
<b>Bonds</b>	<b>50.7%</b>
Fixed interest government bonds	10.7%
Corporate and other bonds	40.0%
<b>Private Equity</b>	<b>0.0%</b>
<b>Infrastructure</b>	<b>0.0%</b>
<b>Property / Real Estate</b>	<b>3.2%</b>
<b>Private Debt / Credit</b>	<b>0.0%</b>
<b>Other (including Alternatives)</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>100.0%</b>

Source: Aviva.

## **Core financial transactions**

During the year the Trustees delegated the day-to-day administration of the Scheme to Aviva. The core financial transactions include:

- Investment of contributions paid to the Scheme
- The transfer of assets relating to members in to and out of the Scheme
- The transfer of assets relating to members between different investments within the Scheme
- Payments from the Scheme to, or in respect of, members

The administrator has adopted a number of processes to ensure core financial transactions are processed promptly and accurately:

- Processes and procedures are in place to ensure all work is done within any agreed SLA.
- Aviva has provided the Trustee with a written statement of how it maintains appropriate governance and administration standards.

The Trustee is satisfied that over the period covered by this statement:

- The administrator was operating appropriate procedures, checks and controls and operating within its standard SLAs;
- There have been no material administration errors in relation to processing core financial transactions; and
- All core financial transactions have been processed promptly and accurately during the Scheme year.

## **Charges and transaction costs**

The Trustee is required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs.

The stated charges also include any costs, e.g. administration and investment costs, where members incur these costs.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. Transaction costs arise as a result of buying and selling the funds' underlying investments in order to achieve their investment objective or to raise or invest cash.

Aviva does not deduct an explicit charge from members' accounts, but instead the expenses of running the scheme are taken into account when declaring the annual bonus rates on the With-Profits Fund.

Aviva has provided information that shows the administration cost of running the fund is 0.68% per annum, and transaction costs in 2024 were 0.09%.

The Trustee deems these costs to be appropriate given the nature of the Scheme and the valuable guarantees that are a feature of the Aviva With-Profits Fund.

## **Illustration of charges and transaction costs**

Over a period of time, the charges and transaction costs that are taken out of an investment fund can reduce the amount available to the member at retirement.

In **Appendix A** of this statement, the Trustee has set out illustrations of the impact of charges and transaction costs. The illustrations have been prepared in accordance with the statutory guidance on the projection of an example member's pension savings.

### Value for members assessment

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of 'good value', but the Trustee considers 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 Scheme membership as a whole, when compared to other options available in the market".

The Trustee has undertaken a formal value for members assessment for the Scheme year.

This assessment concluded that there are alternative arrangements in the market that have lower charges, better recent investment returns and would offer members a greater engagement and communication support. However, the Trustee believes that the guarantees applying to the Aviva Traditional With-Profits Fund also provide 'value for members' and hence concluded that it would not be appropriate to wind-up the Scheme at the present time. The Trustee will keep this position under review.

### Communicating with members

The Trustee has delegated the preparation of communication materials to Aviva. However, the Trustee does maintain an involvement, including:

- The Trustee endeavours to provide Scheme communication that is accurate, clear, understandable and engaging.
- The Trustee, with its advisers, carefully consider all member communications and review common communications periodically.
- The Trustee works closely with the Scheme advisers to try to ensure members' interests are understood and represented in all decision making.
- The Trustee issues annual benefit statements to members, which includes information on how members can access this Chair's Statement that sets out details of the default investment fund, charges, transaction costs and how these represent value for members, and investment fund performance
- Ad hoc announcements are sent periodically as the Trustee deems necessary.

### Knowledge and understanding of the Trustees

The Trustee believes that given the nature of the Scheme, and the support offered by the insurer and its advisers, it has largely adopted the standard of good practice as set out in the DC Code of Practice and regulatory guidance.

The Trustee is conversant with the Trust Deed and Rules, the Statement of Investment Principles and other documents related to the Scheme.

Given the nature of the Scheme, the Trustee believes that in combination with the support of its advisers it has the relevant knowledge and skills to manage the arrangement in a proportionate way for the benefit of the members.

Signed 

Name Heiko Woerster

Position Managing Director

Date 22<sup>nd</sup> July 2025

Signed 

Name Dr. Benedikt Sitte

Position Director

Date 22<sup>nd</sup> July 2025

Signed 

Name Markus Vollmer

Position Managing Director

Date 22<sup>nd</sup> July 2025

## Appendix A Illustration of the impact of costs and charges on projected fund values

Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.

To reflect the majority of the Scheme's membership, for these illustrations we have assumed that all members are deferred and therefore no further contributions from the Employer or Employee are being made.

Administration costs are paid out to the investment fund manager for services involved with the management of the fund. In addition, the fund has incurred transaction costs. The level of these combined charges affects the final fund value.

The default option invests in the Aviva Traditional With-Profits Fund to retirement, although expected investment returns and charges will differ to the illustrations set out below.

A summary of the charges and the expected investment returns used in these illustrations is shown below. Meanwhile, the illustrations of the projected retirement fund values are provided for the "average" and "youngest" member ages and starting fund values.

Years to retirement	Default Section			
	Youngest Member – Aged 29		Average Member – Aged 55	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
36	£2,000	£2,000	n/a	n/a
30	£2,433	£2,329	n/a	n/a
25	£2,864	£2,644	n/a	n/a
20	£3,371	£3,002	n/a	n/a
15	£3,969	£3,408	n/a	n/a
10	£4,672	£3,869	£25,000	£25,000
7	£5,153	£4,176	£27,571	£26,978
5	£5,500	£4,393	£29,431	£28,383
3	£5,871	£4,622	£31,416	£29,861
1	£6,267	£4,862	£33,534	£31,416
0	£6,475	£4,987	£34,647	£32,224

### Notes

1. Projected retirement fund values are shown in today's terms and do not need to be reduced further for the effect of inflation, which is assumed to be 2.50%.
2. The starting retirement fund value is assumed to be £25,000 for the average member and £2,000 for the youngest member.
3. For the default option, the average age is assumed to be 55 and the youngest age is assumed to be 29. The Normal Retirement Age (NRA) is assumed to be 65.

4. The projected gross (before charges and inflation) growth rate for the Aviva Traditional With-Profits Fund is 5.9%.