

## THE CHAIR STATEMENT REGARDING ROQUETTE UK LIMITED RETIREMENT BENEFIT SCHEME DC GOVERNANCE: 1 JANUARY 2023 – 31 DECEMBER 2023

---

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Roquette UK Limited Retirement Benefit Scheme (the “Scheme”) is meeting the governance standards that apply to occupational pension schemes that provide Defined Contribution (DC) benefits. This Statement covers these benefits within the DC Section of the Scheme and Additional Voluntary Contributions (“AVCs”) invested by members of the Defined Benefits Section of the Scheme for the year to 31 December 2023, and details:

- The current default investment strategy;
- how the Trustees have ensured that core financial transactions have been processed promptly and accurately;
- the report on the charges and transaction costs for the investments used in the default and self-select arrangements and the extent to which the charges and costs represent good value for members;
- return on Investments; and
- how the combined knowledge and understanding of the Trustees and their advisers enables the Trustees to properly run the Scheme.

The Trustees will publish the relevant information from this document online. The URL will be shared with members in their annual benefit statements.

### Default investment strategy

Members of the DC section of Scheme who do not make an explicit choice regarding the investment of their funds will be invested in the default investment strategy. The Scheme’s assets are held on an investment platform provided by Mobius Life Limited. The DC section of the Scheme is used by the Roquette to comply with its duties under the auto-enrolment.

The default investment strategy for the Scheme is 100% invested in the Columbia Threadneedle Multi Asset Fund (MAF) which keeps members invested all the way until retirement. The objective of this fund is to provide investment growth by investing in return seeking assets in a diversified portfolio with a moderate risk profile. Using this fund is also useful leading up to retirement for undecided members as they will continue to earn investment returns until such time that they are ready to make a choice or retire. This strategy has been in place since 31 January 2017.

The Threadneedle MAF itself invests in a series of funds managed by Columbia Threadneedle. The funds are managed actively and expect to achieve a return of the Bank of England Base Rate +4% (gross of fees). By investing in this manner, the Trustees expect to deliver growth over the member’s lifetime within the Scheme without excessive risk taking. The Trustees review the performance of the default (and self-select funds) on a semi-annual basis and are happy with how all of the funds have performed over the year.

During the period covered by this statement there have been no changes to the Scheme’s investment strategy. On 21 November 2023, the Trustees carried out a formal review of their default investment strategy with their investment advisor. A number of recommendations were made relating to the default investment strategy and self-select fund range, with resultant changes due to be implemented during 2024. The Scheme’s Statement of Investment Principles was also reviewed as part of this process, and it covers the following key matters in relation to the default investment strategy:

- The Trustees’ aims and objectives in relation to the investments held in the default investment strategy are to provide investment growth by investing in a mixture of return-seeking and defensive assets in a diversified portfolio with a moderate risk profile. The asset allocation is suitable for members leading up to retirement as it will continue to earn investment returns until such time a member is ready to access their savings;

- The Trustees’ policies on issues such as: the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected return on investments; the realisation of investments; and the extent (if at all) to which social, environmental or ethical considerations are taken into account when selecting, retaining or realising investments;
- An explanation of how these aims, objectives and policies (which together form the Trustees’ “default strategy”) are intended to ensure that assets are invested in the best interests of members whose benefits are invested in the default investment strategy.

The Trustees have set up processes to publish relevant information on the default investment strategy online and will notify members about this in their annual benefit statements.

#### **Asset allocation in the default investment strategy**

The Trustees are required to disclose their full asset allocations of investments for the default investment strategy. The table below shows the percentage of assets allocated in the default investment strategy to specified asset classes as at 31 December 2023.

A description of the asset classes is provided below.

<b>Asset Class</b>	<b>Threadneedle Multi-Asset Fund</b>
Cash	5.4%
Bonds	34.1%
Listed Equity	49.1%
Property	5.8%
Other	5.6%

*Source: Threadneedle.*

*The following describes the types of investments covered by the above asset classes:*

- *Cash: Cash and assets that behave similarly to cash e.g. treasury bills and repurchase agreements.*
- *Bonds: Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.*
- *Listed Equity: Shares in companies that are listed on global stock exchanges.*
- *Property: Real estate, potentially including offices, retail buildings which are rented out to businesses.*
- *Other: Any assets that do not fall within the above categories*

#### **Processing Scheme transactions**

The Trustees have a specific duty to ensure that core financial transactions relating to the DC Section are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, switches between different investments within the Scheme and payments to and in respect of members. These transactions are undertaken on the Trustees’ behalf by the Scheme administrator, Mercer Ltd (now Aptia with effect 1 January 2024), and its platform provider, Mobius Life. Members have the option to make Additional Voluntary Contributions (AVCs). There is currently one member making AVC contributions and they receive annual statements from the provider. The Trustees periodically review the processes and controls implemented by those organisations, and consider them to be suitably designed to achieve these objectives. The Trustees have a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and receive regular reports to monitor the performance against those service levels. The table below notes what these service standard levels are.

Work Type	Service Standard
General Member Correspondence	10 Working Days
Invoice Payment	20 Working Days
Investment / Disinvestment Request	3 Working Days
Member Updates	5 Working Days
NICO Enquires	20 Working Days

The processes adopted by the Scheme administrator to help meet the SLA include dynamic checklists, a central financial control team separate to the admin team, daily monitoring of bank accounts, and four eyes checking of investment and banking transactions. The review of these processes also forms part of the annual audit. During the period covered by this statement, 99% of core financial transactions were completed within the agreed service levels; this is an improvement with respect to the last evaluation period (31 December 2022: 90%).

Work item	Number completed within the period	Target service level	Number completed outside service standard	Percent issued within Service Standard
Death in Deferment Actual	0	5 Working Days	0	-
Death in Retirement Actual	2	5 Working Days	0	100.00%
Death in Service Actual	0	5 Working Days	0	-
Leaver – Deferred Actual	0	10 Working Days	0	-
Leaver – Refund Actual	0	5 Working Days	0	-
Retirement Normal Actual	11	5 Working Days	0	100.00%
Retirement Early Actual	25	5 Working Days	1	96.15%
Retirement Late Actual	1	5 Working Days	0	100.00%
Transfer Out Actual	45	5 Working Days	0	100.00%
Transfer In Actual	0	10 Working Days	0	-
<b>Total</b>	<b>84</b>		<b>1</b>	<b>98.82%</b>

Core financial transactions include Death cases; Retirement cases and Transfer cases and associated payments for these. All contributions were received into the Scheme in accordance with regulations. The SLA details the time in which the Trustees expect all transactions relating to the Scheme to be completed with an explanation of any cases which are not completed within the agreed timescales. The bi-annual administration report is presented at each Trustees' meeting where administration experience and any issues which have arisen are discussed in detail.

The Trustees continue to monitor performance against SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer. The Trustees also perform periodic assessments of the methods and efficiency of the Scheme's administrators and will challenge them when necessary.

In light of the above, the Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustees to disclose the charges and transaction costs borne by the DC Section members and to assess the extent to which those charges and costs represent good value for members. They have taken account of statutory guidance when preparing this section of the report.

Annual charges for each fund are presented as the Total Expense Ratio (“TER”). This includes investment management charges and additional expenses. In addition to the TER, investment funds are subject to other implicit costs, such as the investment manager’s expenses associated with trading a fund’s underlying securities, including commissions and stamp duty. These expenses are not explicitly deducted from the fund but are captured by the change in investment returns.

Transaction costs have been provided by the Scheme’s investment manager and they are calculated using the slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the TERs payable for each fund as well as the transaction costs within the default arrangement over the Scheme year are as follows:

<b>Default Fund</b>	<b>TER (%)</b>	<b>Transaction Costs (%)</b>
Threadneedle Multi Asset	0.558	0.398

*Data provided by Mobius, as at 31 December 2023. Transaction Costs shown are over the 12 months to 31 December 2023.*

The TER is lower than the maximum TER permitted by legislation of 0.75% for default arrangements.

The Trustees also make available a range of funds which may be self-selected by members. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

<b>Self-Select Funds</b>	<b>TER (%)</b>	<b>Transaction Costs (%)</b>
BlackRock Aquila Connect Over 15 Years Gilt Index	0.235	-0.002
BlackRock Aquila Connect Over 5 Year Index Linked Gilt	0.235	-0.110
BlackRock Aquila Connect Cash	0.327	0.016
BlackRock Aquila Connect 60:40 Global Equity	0.268	-0.013

*Data provided by Mobius, as at 31 December 2023. Transaction Costs shown are over the 12 months to 31 December 2023.*

#### **Additional Voluntary Contributions (AVCs)**

The Trustees also make available a facility to Defined Benefit (“DB”) section members to pay in additional contributions to boost their DB benefits, which is provided by Utmost. There is currently one member with assets in this arrangement and their assets are invested in Utmost’s Investing by Age Strategy which includes the following funds:

<b>AVC funds</b>	<b>TER (%)</b>	<b>Transaction Costs (%)</b>
Utmost Multi-Asset Moderate	0.75	0.00
Utmost Multi-Asset Cautious	0.75	0.00
Utmost Money Market	0.50	0.00

*Data retrieved from the Utmost Website, as at 31 December 2023.*

#### Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members the Trustees are required to show the effect on a member's savings of investment charges in a selection of significant funds which hold member investments within the Scheme.

The funds the Trustees are required to illustrate to represent the fund range (with the specific fund within the Scheme in brackets) are:

- The fund or strategy with the most members invested (Threadneedle Multi Asset Fund)
- The most expensive fund (Threadneedle Multi Asset Fund)
- The least expensive fund (BlackRock Aquila Connect Over 15 Years Gilt Index)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

Illustrations for an “Average” member							
		Default lifestyle: Threadneedle Multi Asset Fund		Most expensive fund: Threadneedle Multi Asset Fund		Least expensive fund: Aquila Connect Over 15y UK Gilt Index Fund	
Years from now	Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	59	£37,800	£37,500	£37,800	£37,500	£36,800	£36,800
2	60	£46,600	£45,900	£46,600	£45,900	£44,400	£44,200
3	61	£55,700	£54,500	£55,700	£54,500	£52,000	£51,700
4	62	£65,100	£63,300	£65,100	£63,300	£59,700	£59,300
5	63	£74,900	£72,400	£74,900	£72,400	£67,500	£66,900
6	64	£85,000	£81,700	£85,000	£81,700	£75,300	£74,600
7	65	£95,400	£91,300	£95,400	£91,300	£83,300	£82,400
Illustrations for the “Young” member							
		Default lifestyle: Threadneedle Multi Asset Fund		Most expensive fund: Threadneedle Multi Asset Fund		Least expensive fund: Aquila Connect Over 15y UK Gilt Index Fund	
Years from now	Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	41	£10,100	£10,000	£10,100	£10,000	£9,900	£9,900
5	45	£33,700	£32,800	£33,700	£32,800	£31,000	£30,800
10	50	£68,400	£65,000	£68,400	£65,000	£58,600	£57,900
15	55	£109,500	£101,900	£109,500	£101,900	£87,900	£86,400
20	60	£158,000	£144,200	£158,000	£144,200	£119,100	£116,600
25	65	£215,100	£192,500	£215,100	£192,500	£152,800	£149,000

<p>Assumptions</p> <p>The above illustrations have been produced for an “average” member and a “young” member of the Scheme based on the Scheme’s active membership data. The “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.</p>	
<p>Age</p> <ul style="list-style-type: none"> <li>“Average” member</li> <li>“Young” member</li> </ul>	<p>58 (<i>the median age of the Scheme’s membership</i>)</p> <p>40 (<i>the youngest member</i>)</p>
Scheme Retirement Age	65
<p>Starting Pot Size</p> <ul style="list-style-type: none"> <li>“Average” member</li> <li>“Young” member</li> </ul>	<p>£29,370 (<i>the median pot size of the Scheme’s membership</i>)</p> <p>£4,740 (<i>the pot size for the youngest member</i>)</p>
<p>Starting Salary</p> <ul style="list-style-type: none"> <li>“Average” member</li> <li>“Young” member</li> </ul>	<p>£57,530 (<i>the median salary of the Scheme’s membership</i>)</p> <p>£53,000 (<i>the salary for the youngest member</i>)</p>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
<p>Total annual contributions</p> <ul style="list-style-type: none"> <li>“Average” member</li> <li>“Young” member</li> </ul>	<p>14% p.a. (<i>the median rate for the Scheme’s membership</i>)</p> <p>10% p.a. (<i>the rate for the youngest member</i>)</p>
<p>Expected future nominal returns on investment:</p> <ul style="list-style-type: none"> <li>Multi-Asset</li> <li>Global Equity</li> <li>Gilts</li> <li>Index-Linked Gilts</li> <li>Cash</li> </ul>	<p>3.4% above inflation</p> <p>5.0% above inflation</p> <p>0.8% above inflation</p> <p>0.8% above inflation</p> <p>0.8% above inflation</p>

## Return on Investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of 'relevant' occupational pension schemes.

From 1 October 2021, trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual chair's statement and published on a publicly accessible website.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Scheme year.

Lifestyle strategy – Threadneedle Multi-Asset Fund	Annualised returns to 31 December 2023 (%)				
	Age of member	1 year	3 years	5 years	10 years
	25	7.8	2.8	6.2	-
	45	7.8	2.8	6.2	-
	55	7.8	2.8	6.2	-

Source: Mobius. Performance for 10 year period not available. Performance shown net of all charges and transaction costs. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle, with the weightings as at the ages shown.

Self-select fund	Annualised returns to 31 December 2023 (%)		
	1 year	3 years	5 years
BlackRock Aquila Connect Cash Fund	4.5	1.8	1.2
BlackRock Aquila Connect 60:40 Global Equity*	10.6	8.3	8.5
BlackRock Aquila Connect Over 15y UK Gilt Index Fund	1.8	-17.6	-6.8
BlackRock Aquila Connect Over 5y Index Linked Gilt Fund	0.5	-13.5	-5.4

Source: Mobius and BlackRock

\*The Scheme invested into this fund in Q2 2023, hence longer term performance is shown for information purpose only. Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested where applicable.

AVC funds	Annualised returns to 31 December 2023 (%)		
	1 year	3 years	5 years
Utmost Multi-Asset Cautious	1.3	-2.1	-0.9*
Utmost Multi-Asset Moderate	4.2	1.6	1.3*
Utmost Money Market	4.4	1.7	1.0

Source: Utmost Website.

\*This fund was launched on 1 January 2020, therefore 5 year performance was not available. We have shown performance since inception.



## Value for Members

In accordance with regulation 25(1)(b), the Trustees are required to assess the extent to which the Scheme delivers value for members across three key areas:

Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
Governance and administration	Standalone assessment of the Scheme's governance and administration arrangements, covering: core financial transactions; record keeping; default investment strategy; investment governance; trustee knowledge and understanding; member communications; and management of conflicts of interest.

The Trustees have carried out a value for members' assessment as at 31 December 2023. The conclusions of this assessment are set out in the table below:

Assessment area	Summary of assessment and action being taken
Costs and charges	<p>The Trustees have assessed the Scheme as offering poor value from a costs and charges perspective.</p> <p>The Scheme's costs and charges across the majority of ages assessed have been higher than those of the comparator arrangements. However, the use of active management within the Scheme's default, with the aim of helping manage investment risk, is the reason for the relatively high member charges compared to the comparator arrangements.</p> <p>The Scheme's costs and charges across the two most popular self-select options have been lower than those of similar funds within the comparator arrangements, though it should be noted that, due to the nature of the funds available in the comparator schemes, the comparator funds are not "like for like" in respect of objectives and underlying assets.</p> <p>The Trustees are taking action following the recent triennial investment strategy review to address these higher costs. Resultant changes are due to be implemented in 2024.</p>
Net investment performance	<p>The Trustee has assessed the Scheme as offering reasonable value from a net investment performance perspective.</p> <p>The Scheme's default strategy's net investment returns across the majority of ages assessed has been lower than those of the comparator arrangements. The Scheme's net investment returns across the two most popular self-select options have been mixed compared with similar funds within the comparator arrangements.</p> <p>We therefore believe there is scope to improve the long term expected investment performance within both the default strategy and self-select fund range, which has been addressed as part of the recent investment strategy review.</p>

Assessment area	Summary of assessment and action being taken
Governance and administration	The Trustees have assessed the Scheme as offering poor value from a governance and administration perspective. Areas for improvement include a data tracing exercise to improve the Scheme's data scores, and assessing the feasibility of offering members access to an online portal to view information relating to their Scheme savings. The Trustees are due to address these items during 2024.
Summary	Overall, considering all three areas set out above, the Trustees have assessed the Scheme as offering reasonable value for members.

### Trustees' knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13.

The Trustees have put in place arrangements for ensuring that they take personal responsibility for keeping up-to-date with relevant developments and carry out a self-assessment of training needs to help identify any knowledge gaps. In addition, at each bi-annual trustee meeting, current issues are noted with an opportunity to discuss key developments. Furthermore, specific items that may need a decision are considered and discussed, with the Trustees taking legal advice where necessary. It has been agreed that relevant agenda items for Trustees' meetings will be treated as Trustee training topics.

The Trustees consider themselves to have a working knowledge of the Trust Deed and Rules and refer to this document on a regular basis.

All of the Trustees have completed or agreed to complete The Pension Regulator's Trustee Toolkit; new Trustees are required to complete this in its entirety within six months of taking up office. For this Scheme year, a member of the Trustee Board resigned with effect 31 August 2023 and a new member was appointed with effect from 1 September 2023. All the Trustees are also required to familiarise themselves with the Scheme's trust deed, rules and Statement of Investment Principles. The Trustees receive updates on topical pension and investment issues from their advisers at each Trustees' meeting, and between meetings as they arise; these meetings were held biannually over the period covered by this statement. The Trustees' investment advisers proactively raise any changes in governance requirements and other relevant matters. The Trustees have a working knowledge relating to the regulatory and legal requirements for DC pension schemes.

The Trustees review the Scheme's Governance Report at each Trustees' meeting. As well as summarising key information relating to Funding, Investment and Scheme Documentation it also includes the Scheme's Business Plan and Training Log. The Trustees attend industry talks and webinars on a wide range of topics but while the Trustees receive updates on topical pension and investment issues from their advisers at each Trustees' meeting, this has not been evidenced in the Training Log over the Scheme year.

The Trustees carry out regular reviews of the Scheme's Risk Register, and it was updated at the 11 September 2023 meeting to cover the significant rise in gilt yields and its impact on assets and funding. The Trustees worked with their advisors to review the CMA strategic objectives and confirmed they were satisfied with their advisors and the service provided. The Trustees believe they have demonstrated a working knowledge of the SIP over the period covered by this statement. Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, specifically regarding the DC investment strategy review which took place in 2023, the Trustees consider that they are enabled properly to exercise their function as Trustees of the Scheme. In addition to technical knowledge, the Trustees believe understanding and awareness of member demographics are a key criteria to ensure the Scheme remains fit for purpose.

Given the extent of the training above, the Trustees are comfortable that they have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. I am also satisfied that the Trustees have demonstrated a working knowledge of the Scheme's trust deed and rules, Statement of Investment Principles and all other documents setting out the Trustees' current policies.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015.

The Chair's statement regarding DC governance was approved by the Trustees and signed on their behalf by:

A handwritten signature in blue ink, appearing to be 'T. Sabre', written over a horizontal line.

Signature: \_\_\_\_\_

Mr Thierry Dominique Sabre

Chair of the Trustees

10 June 2024

Date: \_\_\_\_\_