

The background features two large, solid blue geometric shapes. One is a long, narrow parallelogram extending from the top right towards the bottom left. The other is a shorter, wider parallelogram located in the bottom right corner, also oriented diagonally.

The Holmen Paper Pension Scheme

Chair's Statement

1 January 2024 to 31 December 2024

01 Introduction

This is the Chair's Statement for The Holmen Paper Pension Scheme (the 'Scheme') covering the period 1 January 2024 to 31 December 2024.

As the Chair of the Trustee ('the Trustee'), I provide you with a yearly statement which explains what steps have been taken by the Trustee, with help from our professional advisers, to meet the required governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a defined contribution ('DC') arrangement with a defined benefit ('DB') underpin (for the majority of members), and additional voluntary contributions for some members. The Holmen Paper Pension Scheme was established with effect from 1 January 1989 to provide retirement and death benefits for its directors and employees. The operation of the Scheme is governed by the definitive trust deed dated 1 January 1989. It is important to note that this pension is not a qualifying workplace pension scheme for the purposes of auto-enrolment.

01.01 Queries

If you have any questions about anything that is set out below, suggestions about what can be improved, or queries about your Scheme benefits, please do contact XPS Group using the details below:

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C/O XPS Group
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Reading
RG1 1NB

Or via email nina.parmar@xpsplc.com

02 Investment Performance

02.01 Investments

The Scheme does not have a default arrangement as no contributions were paid to it by the later of April 2015 and the Company's auto enrolment ("AE") Staging Date. The Scheme closed to future contributions which coincided with the AE Staging Date on 30 April 2017.

The Trustee has purchased an insurance policy from The Royal London Mutual Insurance Society and has adopted the RLP Managed Fund as its sole investment vehicle. The underlying stocks and shares within the Fund are owned by The Royal London Mutual Insurance Society. The Trustee has therefore delegated the underlying investment decisions to Royal London. The Trustee however review the suitability of Royal London as the Investment Manager and the current fund selection (the Royal London Managed Fund). The Trustee will also monitor the age demographic of the members, as well as the members' fund values against the defined benefit underpin when considering the suitability of the fund as part of any investment strategy review.

The RLP Managed Fund is a mixed asset class fund which invests in other Royal London Asset Management (RLAM) funds such as the Global Managed, Property, Medium (10yr) Index Linked and Medium (10yr) Corporate Bond funds.

The strategy expects members to purchase an annuity at retirement and exercise the option to take some of their funds as tax-free cash. The investment strategy is aligned to the underlying DB guarantee which provides a minimum level of pension at retirement in relation to a part of each member's service with the Company (if applicable). The manager ensures the maximum potential for capital growth exists for the given level of risk.

Default Investment Strategy

continued

02.02 Investment performance

The table below shows the RLP Managed Fund performance over the last one, three and five years with a normal retirement age of 65. The performance figures are net of charges and transaction costs (disclosed in Section 3) and have been annualised where the period shown is longer than one year.

	1 year (01/01/2024 – 31/12/2024)	3 years (01/01/2022 – 31/12/2024)	5 years (01/01/2020 – 31/12/2024)
RLP Managed	10.08%	3.29%	4.73%

Royal London provides the Trustee with performance reporting on an annual basis which is considered at Trustee meetings and forms part of the annual governance and value assessment for the Scheme.

03 Charges and transaction costs

03.01 Investment Manager Charges

Members pay a charge in respect of administration and investment management. All other charges (including governance, communications, and the work of the Trustees) are met by the Employer and this is a valuable benefit to members of the Scheme.

The level of charges borne by members during the scheme year amount to 1% of the fund value. The charges associated with the fund are noted on the fact sheet for the fund which are available on the Royal London website. Copies of the fact sheet can be provided to members on request.

Total Expense Ratio ('TER')

Members meet what is known as the Total Expense Ratio ('TER') in respect of their individual pension pots. This is comprised of an annual Fund Management Charge ('FMC') and other indirect fees which are incurred. The TER is calculated as a percentage of all applicable assets under management.

The FMC does not include other costs of running the Scheme outside of administration and investment management - all other charges are met by the Employer, and this is a valuable benefit to members of the Scheme.

Transaction costs

The Trustee is also required, as far as is reasonable and practical, to calculate the transaction costs paid by members during the assessment period and assess the extent to which these transaction costs represent good value for members. Transaction costs are incurred when investments are bought and sold. Since investment requires the buying and selling of assets, transaction costs are an essential part of generating investment returns on behalf of Scheme members and managing risk.

	TER (%)	Transaction cost (%)
Fund Name		
RLP Managed	1.00	0.06*

(Source: Royal London)

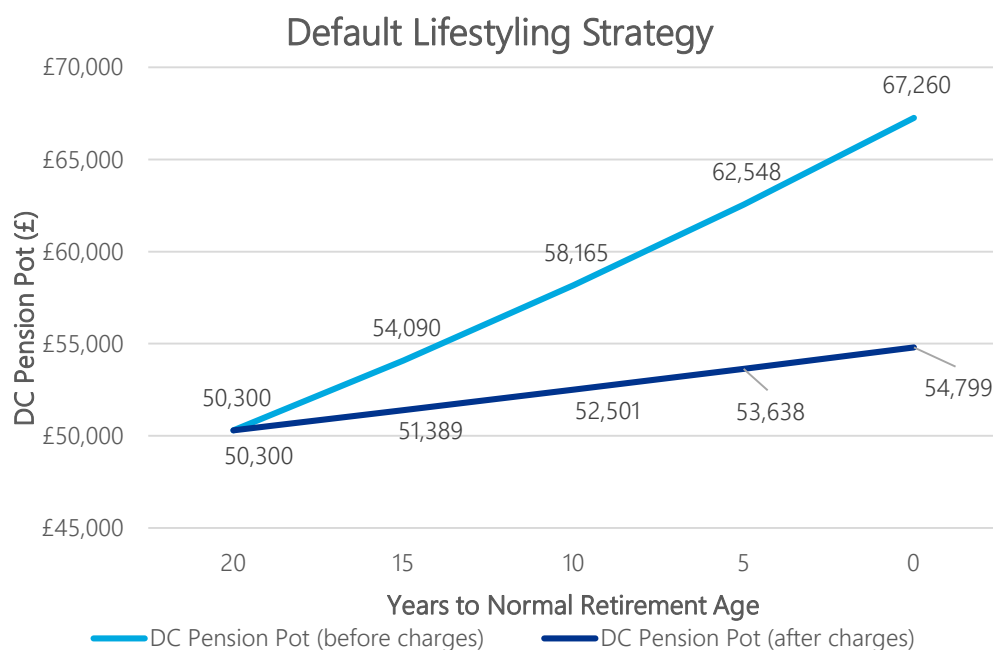
*The transaction cost was not provided and thus last year's transaction cost has been presented.

Charges and transaction costs continued

03.02 An illustration of the charges levied on members

Below you can find an illustration of the effect of the costs met by members on an example pension pot over time. This is for illustration purposes only. The actual returns received are likely to differ over time as will individual members' pension pot sizes. This illustration is based on:

- The sole investment option for the Scheme. Thus, the illustration solely utilises the RLP Managed Fund throughout a member's journey to retirement.
- An initial pension pot of £50,300, which is the average pot size provided by Royal London.
- A member that is currently 20 years from Normal Retirement Date.
- Fees of 1.00% p.a. plus allowance for the transaction charges
- An expected Gross return of 4.00% pa which is consistent with Royal London's return expectation for the RLP Managed Fund
- Inflation of 2.50% p.a. Projected pension pot values are shown in terms of current prices,



Notes: this is for illustration purposes only and makes assumptions about future returns. The value of a typical member's pension will vary from the above.

Charges and transaction costs continued

03.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to:

- The Department for Work and Pensions' Reporting of costs, charges, and other information: Guidance for trustees and managers of relevant occupational schemes'
- The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20; and
- The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- The Trustee were provided with a 'Annual Scheme Allocation' report by Royal London, which covers the financial elements of the Scheme, including financial transactions over the period and changes to individual member fund values.
- Royal London also generally makes governance reports available to trustees. These reports are however not scheme specific although they cover the general service level that has been achieved in respect of core financial transactions. This is comparable to many legacy pension providers for schemes of this size. The Trustee will however discuss reporting with Royal London to obtain more scheme specific data.

Examples of the core financial transactions – as well as how Royal London carry these out – are as follows:

- **The transfer of assets relating to members into and out of the Scheme** – Transfers of assets are usually accomplished within the agreed timescales.
- **Monitoring of bank accounts** – Royal London have teams that focus on monitoring the investments and banking transactions.
- **Payments to members** – Royal London's administration team will ensure that all payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and also complies with HMRC rules and guidance. There was only one financial transaction consisting of a transfer payment in respect of one member during the year. This was completed within the agreed timescales.

04.02 Administration

The Trustee recognises that good administration often correlates with positive member outcomes. Administration is considered at each Trustee meeting, including the following:

- Membership compliments and complaints during the period of review. If a complaint is received, then the Trustee are provided with the background to the case and what has been done to resolve the issue with the member. The Trustee will also take this opportunity to discuss whether a member complaint is the result of an underlying issue regarding the Scheme's design.
- Whether there have been any data breaches that would be reportable to the Information Commissioner Office ("ICO") under the General Data Protection Regulation ("GDPR").
- Any cases that require trustee discretion. Such examples would include the payment of discretionary benefits to a partner or dependant on the death of a member, or where a formal complaint has been made under the Scheme's dispute resolution process.
- Any forthcoming legislation or guidance that will have an impact on the administration of the Trust.

There were no core financial transactions over the period covered by this statement. The Trustee generally believes that the processes in place at the administrator are appropriate and adequate and the Trustee will continue to monitor the service provided on a regular basis.

05 Value for Members

05.01 Assessment of Value

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which these represent good value for members. The Trustee takes professional advice on whether this is the case and having considered the advice provided by its advisers, has concluded that on these metrics alone, the Scheme does not offer good value for members (but see below). In summary, the Trustee concluded that:

- The processes that are in place to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee' sections of this Statement) are generally of a good standard and are kept under regular review.
- The net returns achieved by the RLP Managed Fund does not provide good value to the members of the Scheme. The RLP fund was outperformed at each period measured when compared against by all comparators and at all ages. The Scheme does however provide an underlying DB guarantee which may be valuable to members but may restrict the investment strategy options available to the Trustee.
- The investment arrangement is targeting pension at retirement. The Trustees note that this is not aligned with wider market take up on how individuals typically access their DC benefits in retirement but are comfortable with this approach given the nature of this Scheme (i.e. the defined benefit underpin).
- The quality of communications and other services, such as administrative support, provide members with clear and coherent information on their benefits and the options available to them. The Trustee however recognises the lack of online presence. The Trustee also notes that a clear communication strategy and tailored member journey (which provides members with information beyond the Trustee's regulatory duties) have not yet been considered and would be beneficial to members.
- The Trustee believes that the charges associated with the scheme represent good value to the members, albeit that the overall charge of 1% exceeds the 0.75% charge cap associated with auto-enrolment schemes. A 1% charge is typical for an older style scheme which includes a defined benefit underpin. The 1% annual management charge covers the administrative costs of Royal London and their investment management charges. There are other costs associated with the administration of the Scheme, but these are all borne by the Employer, which is valuable benefit for members of the Scheme.

The Trustee believes therefore that the Scheme does not represent good value for the members and is currently in the process of taking steps to address this.

05.02 Conclusion

Assessment of value for members is an ongoing process, and the Trustee undertakes a review each year to ensure the Scheme continues to offer good value, and that any changes in legislation, market conditions or member views are reflected for the benefit of members.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The Trustee is required to have appropriate levels of knowledge and understanding. This includes a working knowledge of the Scheme's Trust Deed and Rules, and documents setting out the Trustee's current policies. Further, it must have sufficient knowledge and understanding of the law relating to pensions and trusts; and the principles relating to the funding and investment of occupational schemes.

A new Professional Trustee was appointed during the Scheme year

The Trustee is satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustee has access to, and knowledge of, the Scheme's documentation (e.g. Deed and Rules). These documents are available to the Trustee via its advisors and the Chair of the Trustee.

The Trustee receives updates from its advisors on pensions law developments and any other areas of particular importance, including appropriate training.

The Trustee has also appointed professional advisers who provide advice and support. The Trustee, therefore, believes that it meets the requirements to be able to exercise its functions as the Trustee of the Scheme.

07 Conclusion

07.01 Conclusion

In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair’s Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period.

Signature	Date
Name	Qualification
Dalriada Trustees	Professional Trustee

Appendix A

Member Illustrations

**Table of investment returns and the charges levied on members
(inflation assumed as 2.5%)**

Sole Investment Option - RLP Managed		
Investment Return	4.00%	
Charges	1.060%	
Years to Normal Retirement Age	DC Pension Pot before charges (£)	DC Pension Pot after charges (£)
40	50,300	50,300
35	54,090	51,389
30	58,165	52,501
25	62,548	53,638
20	67,260	54,799
15	72,328	55,985
10	77,777	57,197
5	83,637	58,436
0	89,939	59,701



Contact us
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