Chair's DC Governance Statement, covering 1 October 2024 to 30 September 2025

1. Introduction

The Cooper-Avon Tyres Limited Pension Plan (the "Plan") is a Defined Benefit ("DB") occupational pension scheme with a defined contribution ("DC") section in respect of DC Additional Voluntary Contributions ("AVCs") in the Plan, as well as transfer values brought into the Plan which are invested on a DC basis.

Governance requirements apply to DC schemes to help members achieve a good outcome from their pension savings. The Trustee Directors of the Plan have to produce a statement every year (signed by the Chair of the Trustee) covering:

- The processing of core financial transactions (ie the administration of the Plan, such as the investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as 'legacy' funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

The current DC benefits in the Plan are :

- AVCs, which are linked to membership of the DB section of the Plan;
- contribution refund amounts linked to extinguished Protected Rights; and
- funds transferred into the Plan from other registered pension schemes, which were invested together with the AVCs.

The Plan's DC transfer-in facility was established on 1 August 1997 for the sole purpose of accepting transfer values brought into the Plan by members. Any funds transferred in were invested, at the choice of each member, with either Utmost Life and Pensions (previously Equitable Life) or Clerical Medical.

Protected Rights contribution refund amounts are not invested in an investment fund. They are recorded within the Plan and accrue notional interest in line with Bank of England Base Rate.

The DC arrangements closed to further contributions when the Plan closed to future accrual on 5 April 2012.

In an important development for the Plan, in June 2025 responsibility of for the Plan's ongoing governance transferred to a professional firm of independent trustees called Dalriada Trustees Limited, which will act as the Plan's sole Trustee going forward, with responsibility for issuing future Statements.

2. Default arrangements

The Plan does not have a 'default' investment strategy in place, because it closed prior to 6 April 2015 and was never used as a 'Qualifying Scheme' for automatic-enrolment purposes. Members make their own investment choices from the range of funds that the Trustee offer . This means that the Trustee is not required to provide analysis on the Plan's default investment strategy, nor details of any review, as part of this Statement. Nevertheless, the Trustee is responsible for investment governance, which includes setting and monitoring investment strategy. The Plan's Statement of Investment Principles ("SIP") states that the Trustee's objective is to provide a range of funds that will provide a suitable long-term return for members, consistent with members' reasonable expectations.

As the Plan does not have a default investment strategy, the Trustee is also not required to attach the Plan's SIP to this Statement. The SIP contains further details of the Plan's investment objectives and the Trustee's investment policies. It can be obtained from the Plan's administrator, LCP, at CooperAvonAdmin@lcp.uk.com.

The Trustee is also responsible for reviewing the Plan's investments, which means that it reviews the DC funds' investment performance (after charges) and their continued appropriateness for the membership.

Reviews are normally carried out triennially. The last full review was carried out on 20 March 2018; it concluded that most of the Plan's unit-linked funds had performed well and broadly in line with their respective benchmark returns over 1, 3 and 5-year periods. The review revealed that each provider's charges were competitive for the mandate's size and that the fund options offered were appropriate, in terms of range and asset classes. The range of retirement options available to members was also found to be suitable and members receive regular and timely communications.

The following high-level reviews have been carried out:

- The review on 18 February 2021 confirmed that funds had generally performed in line with their respective sector benchmarks.
- The review on 29 November 2021 concluded similarly that the funds generally performed well over the previous 12 months and in accordance with their stated investment objectives.
- The review on 17 December 2024 concluded that the charges remain appropriate, given the nature of the funds, and that the service delivery of the providers is comparable to others in the market.

The Trustee will continue to monitor the Plan's DC investments periodically to ensure they remain appropriate for the Plan's membership. The Trustee remains satisfied that the investment options are appropriate for most of the Plan's membership. In due course, the Trustee will be reviewing the Plan's DC investments during its next governance review.

3. Processing of core financial transactions

The processing of core financial transactions is carried out by the Plan's administrator, Lane Clark & Peacock (LCP). Core financial transactions include (but are not limited to): investing the contributions, processing transfers in and out of the Plan, transfers of assets between different investments within the Plan and payments to members/beneficiaries.

The Trustee has received assurance from LCP that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Plan has a Service Level Agreement ("SLA") in place with LCP which covers the accuracy and timeliness of all core financial transactions. The key processes it uses to help it meet the SLA are as follows:

- Plan administration is run by a single team at LCP which is familiar with the features of the Plan.
- LCP has a maximum ten working day SLA, with certain tasks (such as payment of death benefits), subject to a five working day turnaround. LCP has confirmed that the majority of the Plan's transactions are completed comfortably within these periods.
- Cases are logged onto a work control tool called 'Work Management', which automatically highlights the agreed SLAs, along with statutory/whistle-blowing deadlines.
- Bank accounts are monitored by LCP's accounts team, assisted by a tool called 'Navision', which mirrors transactions within the Plan's bank account. This gives the team real-time confirmation as to how much money is in the account on any given date.
- To ensure accuracy all DC cash movements (such as transfers out and benefit payments) are subject to a detailed three-stage peer review process.

As the Plan has been closed for some time and there are relatively few DC members, in practice few core financial transactions are carried out.

To help the Trustee monitor whether SLAs are being met, the Trustee receives regular reports about LCP's performance and adherence to the SLAs. Any issues identified as part of the review processes would be raised with LCP immediately, and steps taken to resolve the issues.

Based on the review processes, the Trustee is satisfied that over the period covered by this Statement:

- LCP operated appropriate procedures, checks and controls within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan year.

The Trustee is comfortable that LCP has adequate internal controls in place such as the AAF (Audit & Assurance Faculty) 01/06 accreditation, which helps ensure that core financial transactions relating to the Plan are processed promptly and accurately.

Additional accreditations for LCP include the 'Cyber Essentials Plus' certification and certification for information management security systems that meet the ISO/IEC 27001 standard. LCP is also a member of the Pensions Administration Standards Association.

4. Member-borne charges and transaction costs

The Trustee is required to set out the ongoing charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The charges stated are shown as a per annum ("pa") figure and exclude administration charges, since these are incurred by Plan members.

The Trustee is also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by the Plan's current DC investment managers:

- Clerical Medical;
- ReAssure;
- Standard Life; and
- Utmost Life & Pensions.

At the time of writing, we have not been able to obtain transaction costs for the ReAssure and Clerical Medical funds, therefore data from the previous Plan year has been shown.

When preparing this section of the Statement we have taken account of the relevant statutory guidance.

Default arrangements

As mentioned above, there is no default arrangement in place, so there is no requirement to include details on this.

Self-select options

The level of charges for each of the Plan's self-select fund and the transaction costs over the period covered by this Statement are set out in the following table.

Self-select fund charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Unit-linked funds		
Clerical Medical Balanced Pension	0.50	0.18[1]
Clerical Medical Cautious Pension	0.50	N/A[2]
Clerical Medical Adventurous Pension	0.50	0.18[1]
Clerical Medical UK Equity Tracker 6	0.50	0.18[1]
Clerical Medical International Growth	0.50	0.17[1]
ReAssure Managed Fund[3]	0.56	0.07
ReAssure UK Equity Index Fund[3]	0.51	0.01
Utmost UK Equity	0.75	0.18
Utmost Managed	0.75	0.05
Utmost Multi-Asset Moderate	0.75	0.25
Utmost Multi-Asset Cautious	0.75	0.28
Utmost UK FTSE All Share Tracker	0.50	0.05
Utmost Global Equity	0.75	0.05
Utmost Money Market	0.50	0.01
With-Profits funds		
ReAssure Special Deposit Fund[4]	No charges[5]	N/A
Clerical Medical With-Profits Fund	0.50	0.22
ReAssure Legal & General With-Profits Fund	No explicit charge	0.14

[1] Transaction costs shown to 31 July 2024 due to data availability.
[2] Clerical Medical have not been able to provide this information at the time of writing.
[3] TERs for the ReAssure funds are shown as at 7 October 2025. ReAssure have not been able to provide transaction costs at the time of writing, therefore costs to 30 September 2024 have been shown instead.

[4] With-Profits members who remain in the Plan beyond Normal Retirement Age are moved into the Special Deposit Fund. It is not available as a normal self-select option, therefore we have not included this as the fund with the lowest costs in the illustration of costs.
[5] The Special Deposit Fund is similar to a standard deposit account with a bank which earns daily interest, funds are not subject to explicit fees.

Fund name	TER	Transaction costs
Standard Life Heritage With-Profits Fund	No explicit charge	N/A

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member-borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five years as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the Plan year.
- The illustration is shown for the Utmost Life Multi-Asset Moderate Fund from the self-select fund range, as this is the fund where most members are invested, as well as two other funds from the Plan's self-select fund range. The two self-select funds shown in the illustration are:
  - the fund with highest annual member borne costs (TER plus Plan year transaction costs) – this is the Utmost Multi-Asset Cautious Fund; and the fund with lowest annual member borne costs – this is the Utmost Money Market Fund.[5]

Projected pension pot in today's money

	Utmost Multi-Asset Moderate Fund		Utmost Multi-Asset Cautious Fund		Utmost Money Market Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£12,200	£12,100	£12,200	£12,100	£11,900	£11,900
3	£12,500	£12,200	£12,500	£12,200	£11,800	£11,600
5	£12,900	£12,300	£12,900	£12,300	£11,700	£11,400
10	£13,900	£12,600	£13,900	£12,500	£11,400	£10,800

Notes

- 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. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long term annual inflation assumption used is 2.5%.
- The starting pot size used is £12,000. This is the approximate average (median) pot size for members aged 55 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 10-year projection).
- The projection is for 10 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.
- Total contributions (employee plus employer) are assumed to be zero as the Plan is closed to future contributions.
- The projected before costs annual returns used are as follows:
  - Utmost Life Multi-Asset Moderate Fund: 1.5% above inflation
  - Utmost Life Multi-Asset Cautious Fund: 1.5% above inflation
  - Utmost Life Money Market Fund: 0.5% below inflation
- No allowance for active management outperformance has been made.

5. Investment returns

This section shows the annual return, after the deduction of member-borne charges and transaction costs, for all investment options in which member assets were invested during the Plan year, over one and five year periods to 30 September 2025. We have had regard to the statutory guidance in preparing this section.

The With-Profits fund returns stated are that of the underlying investments, which are the only figures that can be quoted. With-Profits funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

Self-select fund net returns over periods to Plan year end

Fund name	1 year (%)	5 years (% pa)
Clerical Medical Balanced Pension[6]	7.7	7.0
Clerical Medical Cautious Pension[6]	4.4	4.3
Clerical Medical Adventurous Pension[6]	13.4	11.5
Clerical Medical UK Equity Tracker 6 Fund[6,7]	13.7	11.9
Clerical Medical International Growth[6]	16.4	13.7
ReAssure Managed Fund	10.4	7.6
ReAssure UK Equity Fund	13.9	12.3
Utmost Life UK Equity	16.9	12.6
Utmost Life Managed	12.1	8.7
Utmost Life Multi-Asset Moderate	10.0	7.5
Utmost Life Multi-Asset Cautious	6.0	2.7
Utmost UK FTSE All Share Tracker	14.7	12.2
Utmost Global Equity	15.8	13.8
Utmost Money Market	4.2	2.5
With-Profits funds		
ReAssure Special Deposit Fund	4.5	2.9
Clerical Medical With-Profits Fund[6],[8]	8.7	3.6
ReAssure Legal & General With-Profits Fund[8]	4.8	2.2
Standard Life Heritage With-Profits Fund	9.6	3.5[8]

6. Value for members assessment

Each year, the Trustee must assess the extent to which member-borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of ‘good value’, which means that determining this is subjective. The general policy in relation to value for member considerations is set out below.

The Trustee typically reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money, given the circumstances of the Plan. The date of the last review was 17 December 2024, which also included a light-touch review of the Plan’s providers.

We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustee’s adviser has confirmed that the Plan’s fund charges are competitive for the types of funds available to members, and that the providers used in the Plan are comparable to others in the market.

The Standard Life With-Profits Fund provides a guaranteed fund value at the member’s Normal Retirement Age. This is a potentially valuable benefit, providing protection against any adverse market movements. We note that the member invested in this fund disinvested over the Plan year.

The Clerical Medical DC transfer-in facility represents the third largest holding by fund value and third largest by member numbers. It provides a wide range of investment options for members and is currently charging 0.50% pa, which we believe is reasonable for a mandate of this size.

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[6] Clerical Medical returns are shown net of generic charges rather than Plan specific charges.
[7] The Clerical Medical UK Growth Fund was closed on 18 November 2024 and members were moved to the Clerical Medical UK Equity Tracker 6 Fund. Clerical Medical are no longer able to provide investment returns for the UK Growth Fund therefore returns for the UK Equity Tracker fund have been shown instead.
[8] Returns to 31 December 2024.

In carrying out the assessment, we also considered the other benefits members receive from the Plan, which include:

- the benefit of the Trustee's oversight and governance, ensuring compliance with relevant legislation, and ongoing review with timely action to address any material issues that may impact members;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services; and
- the efficiency of LCP's administration processes and the extent to which it meets or exceeded its service level standards.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of LCP's administration processes.

The Trustee believes that the transaction costs provide value for members, as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, the Trustee believes that Plan members are receiving reasonable value for money for the charges and costs that they incur, for the reasons set out in this section. The Trustee aims to improve value for members in future by taking the following steps:

- continuing to monitor the costs borne by members;
- continuing to monitor the member experience with the Plan's administrator to ensure LCP's service levels remain at current high levels; and
- continuing to ensure that Trustee training is kept up to date, including developments in both DB and DC matters (see section 8).

7. Financial security of pension assets

This section describes our understanding of the protections that generally apply to members' assets, should the DC platform provider, or a fund manager on it, experience financial difficulties. However, this is a complex area which is untested in practice and a future situation may lead to an unexpected outcome.

There are several safeguards designed to reduce the risk of default by a DC platform provider, or a fund manager used by it, and potential protections that apply should this happen:

- There is internal oversight carried out by the provider and fund managers. This comprises several elements such as independent internal audits, as well as the work conducted by compliance and risk functions.
- There is external oversight, carried out by the relevant regulatory bodies, whose role it is to ensure that the provider and fund managers discharge their financial liabilities in a responsible manner.
- A custodian will normally be appointed for pooled investment funds. The custodian's primary function is the safekeeping of assets. In practice this means keeping investors' funds legally separate from the provider's / fund manager's own monies, so they may not be used for meeting creditors' demands not relating to the investment funds.

Thus, the only circumstances in which a default would occur appear to be in the event of dishonesty, fraud or negligence. If a valid claim arose, in the first instance, we would expect the manager and/or provider to make good any shortfall. The Financial Services Compensation Scheme may be able to pay compensation if a firm is unable to pay claims against it. Our understanding is that this would cover 100% of the claim in the event of the provider defaulting, but would not apply in relation to externally managed investment funds.

8. Trustee knowledge and understanding

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustee is required to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables it to properly exercise its functions and duties in relation to the Plan.

The Trustee has put in place arrangements for ensuring that each Trustee takes personal responsibility for keeping up-to-date with relevant developments, including the monitoring of Continuing Professional Development ("CPD") points. As Professional Trustees the APPT/PMI requirement is that the Trustee undertakes and record a minimum of 25 hours of CPD activity each calendar year, this could be structured, for example a formal event such as a conference, seminar or formal trustee training session with fellow trustees or non-structured such as reading of relevant trade press and websites. This requirement was met in the reporting year.

The Trustee's representatives are members of professional bodies, who are obliged to self-evaluate on an annual basis and comply with their respective training requirements in order to maintain a required level of CPD and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPD requirements. The process identifies where the Trustee's representatives can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Plan. The Trustee's representatives attend both internal and external courses.

Part of the trustee knowledge and understanding requirements include being conversant with the Plan's own documentation. The combined knowledge and understanding, together with advice, enables the Trustee to properly exercise its functions as it is fully conversant with the Plan's latest Trust Deed & Rules as well as the duties and responsibilities required by a trustee. The combined knowledge of the Plan and pension matters in general (being a Professional Trustee) enables the Trustee to challenge its advisers where necessary. The Trustee is familiar with the Pension Regulator's guidance and Code of Practice to aid in ensuring that it is properly exercising its functions. The combined knowledge helps the Trustee to ensure that good Plan governance is a priority and where any improvements can be made to existing procedures and processes. The relevant Directors of Dalriada who represent the Plan Trustee communicate and meet regularly with the Plan Secretary to facilitate compliance with best practice and the smooth administration of the Plan.

________________________________ Date: __________________

Signed by the Chair of Trustees of the Cooper-Avon Tyres Limited Pension Plan