

Annual governance statement by the Chair of Trustees

Scheme year ended 31 March 2024

Introduction

New governance rules for defined contribution pension arrangements like MW Encap Ltd Retirement Security Plan and MW Packaging Ltd Retirement Security Plan (together referred to as the “**Scheme**”) were introduced from 6 April 2015. These rules are designed to help members achieve a good outcome from their pension savings.

As Chair of the Trustees, I have to provide you with a yearly statement which explains what steps have been taken by the trustee board, with help from our professional advisers, to meet the new governance standards. The law sets out the information which has to be included in my statement and this is covered in sections 1 to 4 below.

The Trustees are committed to having high governance standards and we monitor the controls and processes in place in connection with the Scheme’s investments and administration.

1 Default investment arrangement

Contributions to MW Encap Ltd Retirement Security Plan ceased on 24 August 2009 and to MW Packaging Ltd Retirement security Plan in August 2010.

There is a default investment arrangement in place for members who joined the Scheme and did not choose an investment option for their contributions.

The default fund for each section is as follows:

MW Packaging Ltd Retirement Security Plan: With Profits

MW Encap Ltd Retirement Security Plan: Managed Growth Fund

Setting an appropriate investment strategy

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme’s default arrangement.

Since the Plans have been closed to new entrants for some years the Scheme does not have a “default investment strategy” as defined by the Regulations (i.e. one into which members are automatically enrolled). However, on the basis that 80% or more of members have chosen to invest in it, the With Profit fund and the Managed Growth Fund are deemed to be the default investment strategy for the MW Packaging Ltd Retirement Security Plan and MW Encap Ltd Retirement Security Plan respectively.

Details of the investment strategy and investment objectives of the default arrangements are recorded in a document called the Statement of Investment Principles. This document is included as an appendix to the Annual Report and Accounts.

Reviewing the default investment arrangement

The Trustees are expected to:

- review the investment strategy and objectives of the default investment arrangement at regular intervals, and at least once every 3 years; and
- take into account the needs of the Scheme membership when designing the default arrangement.

We have not reviewed the default investment arrangement in the last scheme year as the trustees are discussing whether it would be in the members' best interests to wind up the Scheme. We will communicate our decision and provide further information in due course.

2 Charges and transaction costs paid by members

We are required to explain the charges and transaction costs (i.e. the costs of buying and selling investments in the Scheme) which are paid by members rather than the employer. Where information about the member costs and charges is not available, we have to make this clear to you together with an explanation of what steps we are taking to obtain the missing information.

Phoenix provides a "bundled" product, which means you receive a full package of services for a single charge taken from your pension savings. The charges quoted in this section are for the full bundle of services. One component of the bundle is that Phoenix invests your savings for you. Phoenix's transaction costs are included in the annual charges below.

The charges applicable to the Scheme's default arrangements during the last scheme year were:

- MW Packaging Ltd Retirement Security Plan 0.1% (implicit in the annual declared bonus)
- MW Encap Ltd Retirement Security Plan: 0.70%

There are no transfer penalties applicable to either Plan.

The level of charges applicable to the funds which are not part of the Scheme's default arrangement during the scheme year were:

- MW Packaging Ltd Retirement Security Plan: not applicable (no alternative fund choice)
- MW Encap Ltd Retirement Security Plan: A range of additional funds is available as an alternative to the default fund. This allows members to take a more tailored approach to managing their own pension arrangements.

Good value for members

Regulations require the Trustees to make an assessment of charges and transaction costs borne by members and the extent to which those charges and costs represent good value for money.

The charges under the MW Packaging Ltd Retirement Security Plan Scheme's With Profits fund are not transparent, being included in the bonus declared on the With Profits fund. The trustees are however satisfied that neither the MW Packaging Ltd Retirement Security Plan nor the MW Encap Ltd Retirement Security Plan charges are excessive.

Based on our assessment we concluded that the Scheme represents fair value for members. The scheme is closed to new entrants.

3 Core financial transactions

The Trustees have a specific duty to secure that core financial transactions (including the investment of contributions where applicable, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) are processed promptly and accurately.

We must ensure that these important financial transactions are processed promptly and accurately, and we delegate responsibility for this to the administrator, Phoenix.

Any mistakes or delays are thoroughly investigated and action is taken to put things right as quickly as possible.

We are confident that the processes and controls in place with the administrator are robust and will continue to ensure that the financial transactions are dealt with properly.

4 Trustee knowledge and understanding

The law requires the trustee board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. We take our training and development responsibilities seriously and keep a record of the training completed by each member of the board. This training record is reviewed annually to identify any gaps in the knowledge and understanding across the board as a whole.

The Trustees have put in place arrangements for ensuring that 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.

As a result of the training activities which have been completed by the Trustees individually and collectively as a board, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the board enables us to exercise properly our functions as the trustee of the Scheme.

The Governance Statement was approved by the Trustees on 31 March 2024 and signed on their behalf by:



Dr. Janice McLachlan
Site Director
Chair of Trustees