The Emerson UK Pension Plan
The Chair's Annual Governance Statement – year ended 31 March 2024

This statement has been prepared by the Trustee of the Emerson UK Pension Plan ("the Trustee" of "the Plan") to demonstrate how the Plan has complied with the governance standards introduced under the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("the Regulations") as well as the Pensions Regulator's ("TPR's") expectations of pension schemes published in its draft General Code of Practice. It covers the Plan Year from 1 April 2023 to 31 March 2024 and relates to the DC arrangements within the Plan. It has been prepared taking the statutory guidance into account.

Governance requirements apply to Defined Contribution (DC) pension schemes, to help members achieve a good outcome from their pension savings. The Trustee of the Plan is required to produce a yearly Statement (which is signed by the Chair of the Trustee) to describe how these governance requirements have been met in relation to:

- The investment options in which members' funds are invested during the Plan year (this means the "default arrangements" and other funds members are able to select such as self-select funds).
- The requirements for processing financial transactions;
- The charges and transaction costs borne by members, including an illustration of the cumulative effect of these costs and charges;
- The net return on investments for each default arrangement and self-select fund;
- Assessing the asset allocation in relation to the investments in each default arrangement;
- Assessing the value for members in relation to charges and transaction costs borne by members; and
- Trustee Knowledge and Understanding (TKU) in relation to individual Trustee Directors and the Board as a whole.

This Statement is for the period 1 April 2023 to 31 March 2024.

The Trustee receives professional Defined Contribution ('DC'), investment and governance advice from WTW ('the Professional Adviser'). The Plan is currently administered by Gallagher Benefit Services (formerly Buck, A Gallagher Company) ('the Plan Administrator') for both the DC and Defined Benefit ('DB') Sections of the Plan.

1. Assessment against the Pensions Regulator's expectations for a well-governed scheme

The Trustee, in conjunction with its Professional Adviser, undertook a gap analysis of how the Plan complies with the draft General Code in September 2021 and once the Code was published in March 2024, carried out an updated assessment. The analysis considered all five sections currently included in the General Code:

1. The Governing Body
2. Funding and Investment
3. Administration
4. Communications and Disclosure
5. Reporting to the Regulator

The Plan already met the majority of the expectations from the new General Code. The Trustee will continue to work with its advisers to ensure that the governance standards are in line with the requirements and expectations of the new General Code.

2. The Plan's default investment strategy

In this section, we have outlined the various processes used to govern the Trustee's decision-making process in connection with the Plan's investment strategy, including the default investment arrangements.

Statement of Investment Principles

The Trustee has prepared a Statement of Investment Principles ('SIP') which governs its decisions about investments, including the default investment arrangements. The latest SIP is dated July 2024 and a copy is appended to this Statement. The SIP can also be accessed using the following link: https://www.oneemerson.co.uk/resources/statements.

In particular, the SIP covers:

- The aims and objectives of the default investment arrangements, including an explanation of how assets held in the default strategies are invested in the best interests of beneficiaries.

- The Trustee's policies in relation to the kinds of investment that should be held, risks (including how these are measured and managed) and policies on investment.

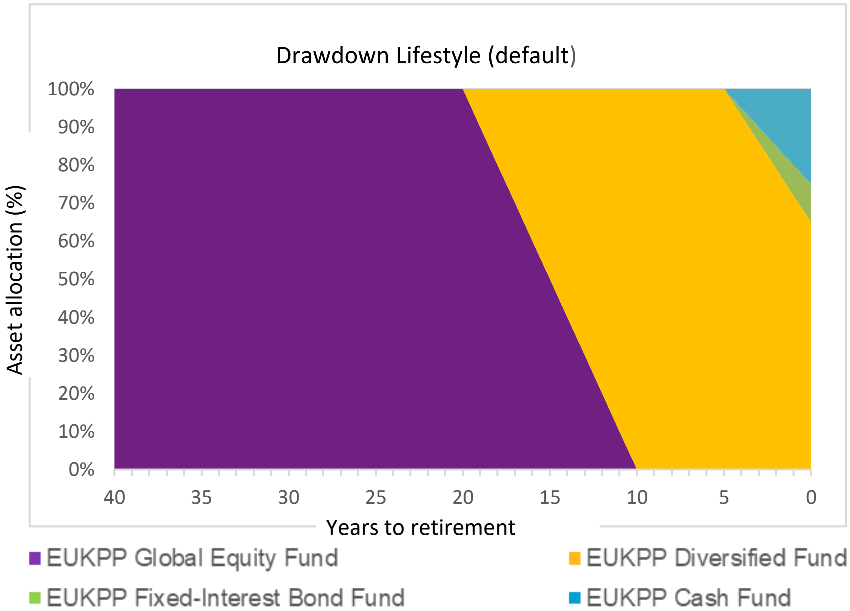
The Trustee receives regular advice from its Professional Adviser on the design of the Plan's investment strategy and updates on market practice.

The Plan's principal default lifestyle investment strategy

The Plan is used as a Qualifying Scheme for automatic enrolment. Members who join the Plan and who do not choose an investment option, or who are automatically enrolled into the Plan, are placed in the default lifestyle investment strategy – the Drawdown Lifestyle.

The funds used in the default lifestyle investment strategy, including details of the retirement glidepath, are set out in the table and chart below.

	Default Lifestyle strategy
Initial accumulation phase	100% EUKPP Global Equity Fund
End of consolidation phase	65% EUKPP Diversified Fund 10% EUKPP Fixed-Interest Bond Fund 25% EUKPP Cash Fund
Interim consolidation phase start date	20 years to retirement
Final consolidation phase start date	5 years to retirement



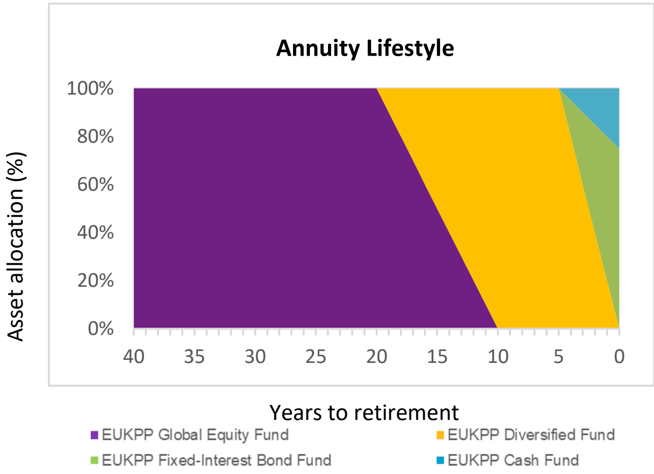
The Plan's default investment strategy targets income drawdown at retirement (after taking the permitted maximum tax-free cash). The default investment strategy aims to grow long-term savings by investing in global equities in the accumulation phase through the EUKPP Global Equity Fund. In the 20 years before a member's target retirement age, the EUKPP Diversified Growth Fund is introduced. At five years before a member's target retirement age, investments are then switched into relatively lower risk funds to provide some capital protection for the member's invested assets and to cater for the maximum tax-free cash entitlement, currently 25% for most members.

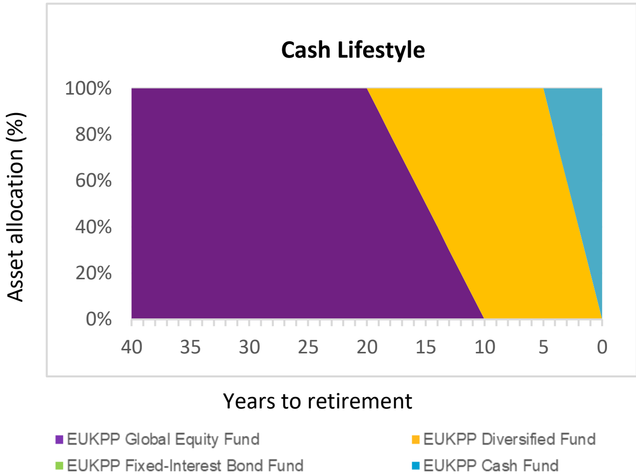
For members that may wish to take their DC account entirely as a cash lump sum or who wish to purchase an annuity, the Plan has two additional lifestyle strategies specifically targeting these flexibilities which were also implemented during the Plan year.

Other deemed default funds in the Plan

The two new alternative lifestyle strategies are deemed to be default arrangements in the Plan due to the mapping exercise that was undertaken during the implementation of the investment changes. Details are set out in the section 'implementation of the investment strategy changes' in March 2022.

The funds used in the new alternative lifestyle investment strategies, including details of the retirement glidepaths, are set out in the charts below.





Review of the Plan's default investment options

The Trustee, with the support of its Professional Adviser, are in the process of undertaking the triennial review of the Plan's investment strategy (including the default investment arrangements), which commenced in Q4 2023. The Trustee has received training on current investment and market practices, particularly around environmental social governance practices and illiquid investments, and is reviewing the Trustee's investment beliefs. The next step of the review will be to review the profile of the membership.

None of the default arrangements operate with performance-based fees.

Performance monitoring

The Trustee is responsible for governing and monitoring the investment options available under the Plan (including the default investment arrangements). The Trustee, with the support of its Professional Adviser, reviews how the funds within the default investment options (and self-select fund range) have performed against the investment managers' objectives and benchmarks at each Finance & Investment Sub-Committee meeting ("FISC"), as well as via reviewing the reports in the intervening quarters. The analysis and advice provided supports the Trustee in determining whether it should consider making any changes.

For the year to 31 March 2024, nearly all of the investment funds, produced returns broadly in line with their benchmarks, net of charges. The LGIM Diversified fund failed to track its inflation linked objective over the past 3 years due to high inflation over the past 2 years. While performance is improving, as inflation stabilises, the Trustee will continue to closely monitor the Diversified fund's performance over the coming Plan year.

Changes to legacy Additional Voluntary Contributions ("AVCs")

In 2022, the Trustee, in conjunction with its Professional Adviser, reviewed the legacy AVCs held within the Plan as part of its ongoing governance arrangement. It was agreed that these legacy AVC policies were not providing good value for members. The review concluded that members would receive better value if the assets were transferred to the main DC fund range with L&G. A project then commenced to transfer these AVCs which was completed in November 2023. The legacy AVC arrangements with Royal London, Clerical Medical, Scottish Widows and the legacy defined contribution arrangement with Prudential have been consolidated, moving all members' accounts into the main DC fund range with L&G.

Any members affected by these changes will have received a letter setting out further details, and the changes will be reflected in the annual benefits statements.

Net investment returns

The Trustee is required to report on the net investment returns for the default arrangements and for all self-select funds during the Plan year. The net investment return is after taking into account all transaction costs and charges. When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns". The figures for net investment returns in the tables below are for the funds available to members within the Plan and have been provided by Legal & General Investment Management.

Members pay an investment charge known as the Total Expense Ratio (TER) which varies by fund (these are set out in section 4), and an annual administration charge of 0.55% of a member's accrued pension account up to a maximum annual charge of £25 a year to help cover some of the Plan's operating costs.

Lifestyle Strategies

To demonstrate how investment returns, net of investment charges and administration fees, vary depending on how far a member is from their retirement age when invested in a lifestyle and their account size, the Trustee has provided investment returns for three example members:

- Age 25 (42 years away from their assumed retirement age of 67) with an account size of £3,000
- Age 45 (22 years away from their assumed retirement age of 67) with an account size of £35,000
- Age 55 (12 years away from their assumed retirement age of 67) with an account size of £80,000

Investment returns are based on the lifestyle phased returns based on an individual's age at start of the annualised investment returns period (1,3, and 5 years).

Age (current) and account size	Lifestyle	Annualised investment returns to 31 March 2024		
		1 year	3 years	5 years
Age 25 - £3k account	Drawdown	14.75%	7.44%	8.89%
	Cash	14.75%	7.44%	8.89%
	Annuity	14.75%	7.44%	8.89%
Age 45 - £35k account	Drawdown	15.23%	7.92%	9.38%
	Cash	15.23%	7.92%	9.38%
	Annuity	15.23%	7.92%	9.38%
Age 55 - £80k account	Drawdown	9.51%	2.99%	4.37%
	Cash	9.51%	2.99%	4.37%
	Annuity	9.51%	2.99%	4.37%

Self-select funds

The net investment returns for the self-select funds will not vary by age, but will vary by account size due to the administration charge. Therefore the Trustee has illustrated the investment returns net of all fees for account sizes of £3,000 and £35,000.

Account size	Fund	Annualised investment returns to 31 March 2024		
		1 year	3 years	5 years
£3K	EUKPP Global Equity Fund	14.75%	7.44%	8.89%
	EUKPP Inflation-Linked Gilts Fund	-8.46%	-12.85%	-7.39%
	EUKPP UK Corporate Bond Fund	4.19%	-4.36%	-1.61%
	EUKPP All Stocks Gilts Fund	-0.72%	-8.18%	-4.45%
	EUKPP Cash Fund	4.41%	1.77%	0.95%
	EUKPP Fixed-Interest Bond Fund	2.88%	-8.85%	-3.99%
	EUKPP UK Equity Fund	7.88%	7.34%	4.97%
	EUKPP World (ex-UK) Equity Fund	23.60%	11.05%	12.77%
	EUKPP Diversified Fund	8.35%	2.32%	3.99%
	EUKPP Shariah Global Equity	31.60%	-	-
£35k	EUKPP Global Equity Fund	15.23%	7.92%	9.38%
	EUKPP Inflation-Linked Gilts Fund	-7.98%	-12.36%	-6.91%
	EUKPP UK Corporate Bond Fund	4.67%	-3.88%	-1.13%
	EUKPP All Stocks Gilts Fund	-0.24%	-7.70%	-3.97%
	EUKPP Cash Fund	4.89%	2.25%	1.43%
	EUKPP Fixed-Interest Bond Fund	3.36%	-8.37%	-3.51%
	EUKPP UK Equity Fund	8.36%	7.82%	5.45%
	EUKPP World (ex-UK) Equity Fund	24.08%	11.54%	13.25%
	EUKPP Diversified Fund	8.83%	2.80%	4.47%
	EUKPP Shariah Global Equity	32.08%	-	-

Asset allocation assessment

The Trustee is required to assess and report on the allocation of assets in the default arrangement. The results are shown below based on an individual with a selected retirement age of 67:

Drawdown Lifestyle

	Percentage allocation – Age 25 (42 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 45 (22 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 55 (12 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 67 (0 years away from assumed retirement age of 67) (%)
Equities	100.0%	100.0%	60.8%	33.2%
Bonds	0.0%	0.0%	34.4%	38.0%
Cash	0.0%	0.0%	0.8%	25.7%
Other	0.0%	0.0%	4.0%	3.3%

Annuity Lifestyle

	Percentage allocation – Age 25 (45 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 45 (22 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 55 (12 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 67 (0 years away from assumed retirement age of 67) (%)
Equities	100.0%	100.0%	60.8%	0.0%
Bonds	0.0%	0.0%	34.4%	75.0%
Cash	0.0%	0.0%	0.8%	25.0%
Other	0.0%	0.0%	4.0%	0.0%

Cash Lifestyle

	Percentage allocation – Age 25 (45 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 45 (22 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 55 (12 years away from assumed retirement age of 67) (%)	Percentage allocation – Age 67 (0 years away from assumed retirement age of 67) (%)
Equities	100.0%	100.0%	60.8%	0.0%
Bonds	0.0%	0.0%	34.4%	0.0%
Cash	0.0%	0.0%	0.8%	100.0%
Other	0.0%	0.0%	4.0%	0.0%

In reporting the results of the asset allocation assessment, the Trustee has considered the relevant Guidance issued by the Secretary of State.

For more information on the allocation of assets within the fund range members can access the Plan investment factsheets, available online through https://oneemerson.co.uk/resources/factsheets

Legacy AVC funds

As outlined earlier in this statement, legacy arrangements with Royal London, Clerical Medical, Scottish Widows and Prudential have been consolidated, moving all members' accounts into the main DC fund range with L&G. As members were invested in these funds during the Plan year up to the transition in November 2023, we have reported the annual investment performance and the fund charges below. Despite requests by the Trustee, the legacy providers have been unable to provide certain information for the last Plan year.

Please note that due to the transfer to the L&G fund range the investment performance and charges that apply below are not a true reflection of performance in the Plan year and members that historically held legacy AVC arrangements should consult their latest benefit statement for a true reflection of performance over the Plan year.

Investment returns

Fund name	3 year investment return to 31 March 2024 (%pa)	5 year annualised investment return to 31 March 2024 (%pa)
Royal London		
Deposit Administration fund (Crest Secure fund)**	Not available*	Not available*
Clerical Medical		
Clerical Medical With Profits Fund**	Not available*	Not available*
Clerical Medical Balanced Pension	3.54%	3.37%
Clerical Medical Ethical Pension	8.20%	10.32%
Clerical Medical Cash*	1.79%	1.07%
Scottish Widows		
Scottish Widows Mixed Pension Fund	4.59%	4.83%
Prudential		
Prudential S3 Discretionary Pension fund	3.97%	5.20%

*Data has not been made available for this fund at the time of signing of this statement.
**This fund is a with-profits fund and therefore returns illustrated are smoothed annual bonuses provided to member accounts rather than invested fund returns.

Annual charges

Fund name	Annual Management Charge (% of account value)	Aggregate transaction costs to for 12 months to 31/12/2023 (% of account value)*
Crest Secure Fund	1.45%	N/A
Clerical Medical With Profit Funds	0.50%	Not available*
Clerical Medical Balanced Pension	0.50%	Not available*
Clerical Medical Ethical Pension	0.50%	Not available*
Clerical Medical Cash Pension	0.50%	Not available*
Scottish Widows Mixed Pension Fund	0.94%	0.23
Prudential S3 Discretionary Pension fund	0.75%	0.083[3]

1. Figures have been rounded to the nearest two decimal places.
2. Aggregate transaction costs have not been provided by Royal London and are implicit within the annual management charge.
3. Prudential have provided transaction costs expressed as an average of the last 5 years to 5th April 2023.

3. The processing of core financial transactions

The Trustee has a specific duty to ensure that core financial transactions to and from the Plan are processed promptly and accurately. TPR lists core financial transactions as the following, but not limited to:

- receipt and investment of contributions
- transfer of member assets into and out of the Plan
- transfers between different investments within the Plan
- payments to and in respect of members/beneficiaries

These transactions are undertaken on the Trustee's behalf by the Plan's Administrator ("the Administrator"), Gallagher Benefit Services.

The Trustee regularly monitors the core financial transactions of the Plan through the review of quarterly reporting from the Administrator. These include the investment of contributions, switches between investment choices, transfers into and out of the Plan and payments out of the Plan to and in respect of members.

Where any issues are discovered, the Trustee works together with the Administrator to resolve the issues, and to put in place measures to improve the performance in future.

Gallagher Benefit Services carries out monthly monitoring, reconciliation and record keeping of member contributions, investments and payments from the Plan. All contribution discrepancies are investigated and reconciled with Emerson's payroll team.

In addition, the Trustee has ensured that all the required processes and controls are in place for the Plan to appropriately comply with TPR's previous Code of Practice 13, and is now working towards full compliance with TPR's General Code.

The Trustee has Service Level Agreements (SLA) with the Administrator which covers the accuracy and timeliness of all core transactions and requires them to be made within statutory timescales.

Service Level Agreements (1 April 2023 to 31 March 2024)

Over the period covered by the report, the SLAs for the DC section of the Plan were as follows:

Q2 2023	Q3 2023	Q4 2023	Q1 2024
99%	98%	100%	99%

Given the above, the Trustee is satisfied that the requirement to process core financial transactions promptly and accurately has been met during the year in relation to the DC arrangements provided by the Plan.

4. Charges and transaction costs

Plan DC section charges

The current annual investment charges for the DC Section funds available for selection by members during the year to 31 March 2024 are set out below:

Fund name	**Total Expense Ratio (TER)**** (% of fund value p.a. as at 31 March 2024)	**Aggregate transaction costs** (% of fund value p.a. for the year to 31 March 2024)
EUKPP Global Equity Fund*	0.15	0.026
EUKPP Inflation-Linked Gilts Fund	0.10	0.037
EUKPP UK Corporate Bond Fund	0.15	0.053
EUKPP All Stocks Gilts Fund	0.10	0.053
EUKPP Cash Fund*	0.12	0.075
EUKPP Fixed-Interest Bond Fund*	0.15	-0.051
EUKPP UK Equity Fund	0.07	-0.016
EUKPP World (ex-UK) Equity Fund	0.18	0.023
EUKPP Diversified Fund*	0.23	0.004
EUKPP Shariah Global Equity Fund	0.35	-0.065

Figures have been rounded to the nearest two decimal places and have been provided by Legal & General who is the Plan's investment manager.

**These are the underlying funds used in the Plan's current default lifestyle strategy.*

*** The TER provides investors with details of the total annual costs involved in running an investment fund. This includes the annual management charge, plus other charges incurred in administering the fund (these include share registration fees, legal fees, auditor fees, custodian fees etc.). Transaction costs are not included and so these are shown in a separate column.*

Transaction costs and gains are those incurred by fund managers as a result of buying, selling, lending or borrowing; and the underlying transaction costs are reflected in the unit price of each fund. This information has been provided by Legal & General on a basis prescribed by the Financial Conduct Authority and are set out in the table above.

Member administration charge

In addition, the members pay an annual administration charge of 0.55% of their accrued pension account up to a maximum annual charge of £25 a year to help cover some of the Plan's operating costs.

Default Lifestyle strategy charges

The default investment strategy is constructed using the investment funds highlighted in the table above. Therefore, the charges for members invested in the default investment strategy will vary over time depending on a member's term to retirement. However, the maximum charge is 0.23% of the account plus the member administration charge. As a result, the charges for the default investment strategy are substantially below the charge cap of 0.75% set out in the Regulations for the majority of members.

Illustration of charges

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce a "£ and pence" illustration showing the compounded effect of costs and charges. As a result, the Trustee has set out an illustration below which shows the projected value, over different time horizons, of the three investment lifestyles that are defined as default arrangements.

The Trustee has also set out illustrations for the self-select fund with the lowest charge (EUKPP Inflation-Linked Gilts Fund), and the self-select fund with the highest charge that is considered the highest risk fund (EUKPP Shariah Global Equity Fund). When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes."

The following table gives a summary of the projected fund and the impact of costs and charges up to a retirement age of 65. The figures are presented against one member example.

Example Member	Projection period (years)	Drawdown lifestyle		Cash Lifestyle		Annuity lifestyle	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (aged 20)	1	£2,800	£2,700	£2,800	£2,700	£2,800	£2,700
	3	£8,700	£8,600	£8,700	£8,600	£8,700	£8,600
	5	£15,300	£15,100	£15,300	£15,100	£15,300	£15,100
	10	£34,900	£34,200	£34,900	£34,200	£34,900	£34,200
	15	£59,900	£58,400	£59,900	£58,400	£59,900	£58,400
	20	£92,000	£89,200	£92,000	£89,200	£92,000	£89,200
	25	£133,000	£128,100	£133,000	£128,100	£133,000	£128,100
	30	£180,200	£172,300	£180,200	£172,300	£180,200	£172,300
	35	£227,700	£216,000	£227,700	£216,000	£227,700	£216,000
	40	£278,500	£262,000	£278,500	£262,000	£278,500	£262,000
	45	£334,600	£312,300	£318,700	£297,900	£347,300	£324,600

Example Member	Projection period (years)	EUKPP UK Equity Fund		EUKPP Shariah Global Equity Fund	
		Before charges	After charges	Before charges	After charges
Youngest member (aged 20)	1	£2,800	£2,700	£2,800	£2,700
	3	£8,700	£8,600	£8,700	£8,600
	5	£15,300	£15,100	£15,300	£15,000
	10	£34,800	£34,400	£34,800	£33,900
	15	£59,700	£58,800	£59,700	£57,500
	20	£91,500	£89,900	£91,500	£87,200
	25	£132,000	£129,500	£132,000	£124,500

Transaction cost data

'A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction

	30	£183,800	£179,900	£183,800	£171,300
	35	£249,900	£243,900	£249,900	£230,000
	40	£334,200	£325,400	£334,200	£303,700
	45	£441,800	£429,100	£441,800	£396,100

Assumptions and notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Contributions and costs/charges that are shown as a monetary amount reduction are made halfway through the year.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs (including a flat £25 charge) are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Contributions are assumed to be paid from age 20 to 65 and increase in line with assumed earnings inflation of 0% per year (in real terms).
8. Values shown are estimates and are not guaranteed.
9. The real projected growth rates for each fund are as follows:

Fund	Real projected growth rate (p.a.)
Drawdown lifestyle	From 2.706% to 5.049% (adjusted depending on term to retirement)
Cash Lifestyle	From 1.023% to 5.049% (adjusted depending on term to retirement)
Annuity lifestyle	From 3.000% to 5.049% (adjusted depending on term to retirement)
EUKPP UK Equity Fund	5.000%
EUKPP Shariah Global Equity Fund	5.000%

10. Transactions costs and other charges have been provided by L&G and covered the period 1 April 2019 and 31 March 2024 for all funds except the EUKPP Shariah Global Equity Fund which covered the period 1 April 2022 and 31 March 2024 and the EUKPP UK Equity Fund which covered the period 1 April 2021 and 31 March 2024. Transaction costs have been averaged by WTW using a time-based approach. The transaction costs for blended funds were estimated by WTW based on the transaction costs for the underlying funds.
11. Pension scheme's normal retirement age is 65.
12. Example member: Example member: age 20, total initial contribution: £2,700, starting fund value: nil (£0).

5. Assessment of the value the Plan provides to members

The Trustee is committed to ensuring that members receive good value from the Plan (i.e. that the costs and charges members pay provide good value in relation to the benefits and services provided) and so consider this on an on-going basis. As outlined under the ‘Charges and transaction costs’ section of this statement members meet the cost of the investment options in the Plan and some of the Plan’s operating costs. In addition, members also pay an annual administration charge of 0.55% of an accrued pension account up to a maximum annual charge of £25 a year.

Assessment

In June 2024, the Trustee received an independent assessment of the Plan’s value for members (VfM) from its Professional Advisers in respect of the Plan Year 1 April 2023 to 31 March 2024. This assessment takes account of the VfM requirements and supporting guidance from the Department for Work & Pensions (DWP).

The assessment looked at three areas including:

1. Costs and charges
2. Net investment returns, and
3. Governance, administration and communications.

Results

Having considered the review, the Trustee concluded that the Plan offers good value for members i.e. it offers better value than many other schemes.

Key findings from the assessment were as follows:

- The total charges for the default investment arrangement, which include both investment charges and administration charges, are assessed as “good value” for the majority of members when benchmarked against other trust based arrangements.
- The total charges for the self-select fund range were assessed as “good value” overall compared to the wider market.
- Overall, the costs and charges paid by members of the Plan offer good value to members.
- The growth phase of the default investment strategy has outperformed its benchmark and other funds in the market over a 3 year and 5 year period to 31 March 2024. As a result, the default investment strategy’s net returns were assessed to deliver “good value” to members.
- Over the 1, 3 and 5 year periods to 31 March 2024, all of the other self-select funds performed in line (i.e. +/- 0.5% p.a.) with their benchmarks. As a result, the net returns for the self-select fund range were assessed to have delivered “good value” to members.
- The exception to this performance was the diversified growth fund which underperformed its benchmark over 3 years and 5 years. The Trustee will continue to monitor this fund.
- Overall, the investment returns achieved in the Plan offer good value to members.
- WTW assessed the scheme against a list of 74 possible features which are typically available within the leading DC arrangements. This covers areas including: scheme governance, risk management, core financial transactions and record-keeping, investment governance, communication and engagement and at-retirement options. When assessing the Plan against these key features, the Plan currently has around 90% of the key features set out in the checklist.
- Therefore, the administration, governance and communications provided by the Plan were assessed to provide “good value” to members.

The Trustee will continue to work with its advisers to ensure that the Plan continues to provide value to members and stays abreast of market developments where appropriate.

6. Compliance with the statutory knowledge and understanding (TKU) requirements

The Trustee Board has a strong process in place to ensure that it maintains and develops TKU to properly fulfil its role and responsibilities. The Trustee's approach to meeting the TKU requirements includes (but is not limited to):

- Agreeing training that needs to be undertaken, which is delivered at Trustee meetings or Sub-Committee meetings, where appropriate.
- Assessing legislation and general updates / current pension issues at Trustee meetings.
- Periodically, reviewing the training needs of the Trustee, with the latest assessment undertaken in December 2022.
- Carrying out a Trustee effectiveness survey with the latest results discussed at the meeting in December 2022.
- For new Trustee Directors, completion of an induction programme, which includes completing TPR's online trustee toolkit within six months of their appointment.
- The Trustee Secretary keeps a training log of all Trustee training undertaken, and it is updated after each Trustee meeting.

In addition, the Trustee has a good working knowledge of the documentation in place for the Plan, and reviews the documentation when appropriate. All documentation is saved onto OnePlace, WTW's online web sharing facility, in order for the Trustee to easily find documents relating to the Plan and previous meeting papers and minutes.

Specific training undertaken during the period included (but was not limited to):

- Training on Value for Member assessment framework from the Trustee's DC advisers.
- Investment training from the Trustee's investment advisers, including specific training on global investment trends.
- Training on Environmental Social Governance & Illiquid assets.
- Attendance at WTW's Pensions and Savings Virtual Conference.
- Attendance at WTW's General Code of practice Virtual Conference.
- Stronger Nudge to Pension Wise guidance.
- The inflation challenges.
- Abolition of the Pension Savings Lifetime allowance.
- Insurer buyout training, including training on current trends in the buy-in and buyout market.
- Legal updates including recent pensions cases, Pensions Ombudsman decisions and hot topics updates.

For the period covered by this Statement, the TKU requirements were met through a combination of the above and the Trustee is therefore compliant with TPR's DC Codes of Practice 7 and 13 and the new General Code. The Trustee is satisfied that it has met the relevant legislative requirements enabling the Board to properly exercise its duties.

Trustee board members undertook an aggregate of 72 hours of training during the period covered by this Statement, not including any training provided at Trustee and/or Sub-Committee meetings. All training is documented in the Trustee's training log.

The Trustee is satisfied that its combined knowledge and understanding, coupled with advice from specialist pensions, legal and communications advisers, has enabled it to carry out its functions as Trustee of the Plan properly, and to achieve its goals effectively for the year.

Signed by the Chair of the Trustee of the Emerson UK Pension Plan

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Print name: DAVID A MEADE Date: 15 OCTOBER 2024