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APPENDIX II – CHAIR'S STATEMENT
(forming part of the Trustees' Report)

Defined Contribution Governance Statement

The Trustees are required to publish an annual statement regarding governance of DC funds within the Scheme. The DC funds are the additional voluntary contributions (AVCs) paid by members, which are held with Prudential and Utmost Life and Pensions (Utmost) and transfers that have been paid into one of the Scheme's Prudential policies. For simplicity, we refer to all of these funds as 'DC funds' throughout this statement.

This statement covers the period 6 April 2025 to 5 April 2026 and describes how the Trustees of the Scheme have met the statutory governance and charge requirements in relation to:

1. Processing of core financial transactions;
2. Charges and transaction costs paid by members (and illustrations to show the cumulative effect of costs and charges);
3. Net investment returns;
4. Assessing value for members; and
5. Trustee knowledge and understanding.

The Trustees have followed the statutory guidance when preparing this statement.

The Scheme has no default arrangement, as defined by the Regulations, so the governance requirements in relation to default arrangements do not apply to the Scheme and are not covered in this statement.

1. Processing of Core Financial Transactions

The Trustees have a specific duty to monitor that core financial transactions are processed promptly and accurately. Core financial transactions for the DC funds include:

- Transfers out of the Scheme;
- Transfers between different investments within the Scheme; and
- Payment of benefits to or on behalf of members.

Core financial transactions are undertaken on behalf of the Trustees by the Scheme Administrators, (Aon), and the AVC providers (Prudential and Utmost).

In order to monitor how well the administrator is performing, the Trustees have a Service Level Agreement (SLA) in place with Aon which covers all administration tasks including transfers out, retirements and the settlement of benefits in the event of death or divorce as follows:

Core financial transaction	**SLA is to achieve the following timescale at least 97% of the time**
Transfer out	10 working days
Settlement of retirement benefits	5 working days
Settlement of death benefits	5 working days
Settlement of benefits on divorce	10 working days

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1. Processing of Core Financial Transactions (continued)

Aon reports to the Trustees on a monthly basis and the Trustees consider these reports at each Trustee meeting. Aon reports to the Trustees on a monthly basis and the Trustees consider these reports at each Administration Sub-Committee meeting.

Aon has confirmed that there are processes in place for each core financial transaction listed above to ensure that these transactions are processed in a timely and accurate manner. Aon also reconciles the Trustee bank account on a monthly basis.

Aon achieved the target set (97%) for all administration tasks for the Scheme as a whole (i.e. defined benefit and DC) over this reporting period. Monthly performance ranged from 92% to 99% and there was just one month in which Aon's performance fell below 97% (October 2025 in which performance was 92%).

The Trustees do not have SLAs in place with the Scheme's AVC providers. Our advisers have confirmed this is in line with market practice for these types of arrangements.

Prudential and Utmost generally operate within the target timescales they set themselves for core financial transactions. These are typically 5 - 10 working days. On its website, Utmost reports how well it has met its internal target timescales for all schemes over the previous calendar year. Over 2025, Utmost aimed to make 95% of all payments within 5 working days and to complete 90% of all general servicing requests within 10 working days. It met these targets throughout 2025. Prudential does not report service levels to the Trustees, or more widely.

Although the Trustees do not have SLAs in place with Prudential and Utmost, the monthly reports produced by Aon include timescales for Aon dealing with DC transactions and the Trustees expect Aon to raise significant delays or issues it encounters with the providers to the Trustees' Administration Sub-Committee. The Trustees previously considered whether more formal monitoring of the transactions carried out by Prudential and Utmost is necessary and concluded it is not at the current time, given the small number of transactions involved each year.

Based upon the above, the Trustees are satisfied that:

- Aon was operating appropriate procedures, checks and controls throughout this reporting period.
- The processes and controls they have in place with Aon ensure they can monitor that the core financial transactions which are important to members are dealt with properly.
- The majority of core financial transactions for the DC funds have been processed promptly and accurately over this reporting period.

2i. Charges and transaction costs paid by members

The Trustees are required to set out:

- the explicit charges, such as the Annual Management Charge and additional expenses that are disclosed by the fund manager as part of the Total Expense Ratio ('TER') and

- transaction costs (i.e. the costs of buying and selling investments in a fund) which are paid by members. For unit-linked funds, these costs are reflected in the unit price and therefore impact the return achieved by the fund.

Prudential and Utmost calculate transaction costs on a quarterly basis, therefore we requested transaction costs for the 12-month period ending 31 March 2026 for this statement.

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2i. Charges and transaction costs paid by members(continued)

Where information about charges and costs is not available, the Trustees must make this clear, together with an explanation of what steps we are taking to obtain the missing information. The Trustees have obtained all costs and charges information for this statement, though the transaction costs reported for Prudential funds are for the 12-month period to 31 December 2025, as these are the latest available at the current time. The Prudential TERs and all costs and charges information for Utmost funds is as at 31 March 2026.

The explicit charges and transaction costs on each of the DC funds held by members are set out in the table below.

Fund	TER (% p.a.)	Transaction costs (%)	Total costs & charges (% p.a.)
Prudential policy A609 (AVC funds)			
Prudential Cash	0.55	0.00	0.55
Prudential Deposit	Not applicable[1]	0.00	Not applicable[1]
Prudential Discretionary	0.76	0.13	0.89
Prudential Global Equity	0.76	0.18	0.94
Prudential UK Equity	0.72	0.15	0.87
Prudential With Profits Cash Accumulation	0.76[2]	0.11	0.87
Prudential Cash	0.55	0.00	0.55
Prudential policies 5492 (AVC funds and transfers in)			
Prudential Discretionary	0.83	0.00	0.83
Prudential Global Equity	0.83	0.00	0.83
Prudential With Profits	0.65[2]	0.11	0.76
Utmost policies P0517 & Q0342 (AVC funds)			
Utmost Investing by Age Strategy	0.5 – 0.753	0.01 – 0.253	0.51 – 1.003
Utmost Managed	0.75	0.18	0.93

Notes

[1] There are no charges on the Prudential Deposit Fund, the costs of operating this Fund are taken into account when the interest rate on the fund is declared. Prudential does not provide an estimate of the charges on this Fund.

[2] Charges on the Prudential With Profits Funds are not explicit, the costs of running the fund are taken into account when the annual bonus rate is declared. Prudential currently estimates administration charges on the With Profits Cash Accumulation Fund are 0.76% p.a. assuming investment returns are 5% p.a. and those on the With Profits Fund are 0.65%. Prudential reports the additional expenses on both With Profits Funds are currently 0.31% p.a.

[3] Depending upon member's age (charges up to age 85 are reported in the table above).

2ii. Illustrations to show the cumulative effect of costs and charges

The Trustees are required to illustrate the effect that the costs and charges paid by a member have on the value of their DC funds over time (as a "pounds and pence figure"). The Regulations allow the Trustees to exercise their discretion with regards to the examples provided to show the effect of costs and charges over time, as long as they are realistic and representative of the Scheme's membership.

The illustrations are based on a number of assumptions about the future which are set out under 'notes and assumptions' below. Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

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2ii. Illustrations to show the cumulative effect of costs and charges (continued)

To help members understand the impact that costs and charges can have on their DC funds, we have decided to illustrate three example members to show the longest time over which funds are likely to be invested. In accordance with the guidance, we have provided illustrations for the Fund with the lowest and highest charges that each group of members invested in over the year. Note the effect of charges in pounds and pence depends on the investment returns and the level of charges, so in some cases the effect of charges is higher for the fund with the lowest charges than for the fund with the highest charges.

Example member A:

A member who holds transferred-in funds with Prudential who is currently 47 (and is therefore 18 years from retirement) and has a current fund value of £9,250. We have illustrated the effect of costs and charges on the With Profits Fund and the Discretionary Fund.

At age:	With Profits Fund (lowest charges)			Discretionary Fund (highest charges)		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
50	£9,660	£9,440	£220	£10,230	£9,970	£260
55	£10,390	£9,770	£620	£12,100	£11,290	£810
60	£11,170	£10,110	£1,060	£14,310	£12,790	£1,520
65	£12,010	£10,460	£1,550	£16,930	£14,480	£2,450

Example member B:

A member who holds AVCs with Prudential who is currently 46 (and is therefore 19 years from retirement) with a current fund value of £4,750. We have illustrated the effect of costs and charges on the Cash Fund and the Global Equity Fund.

At age:	Cash Fund (lowest charges)			Global Equity Fund (highest charges)		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
50	£4,660	£4,560	£100	£5,430	£5,250	£180
55	£4,550	£4,330	£220	£6,430	£5,950	£480
60	£4,440	£4,110	£330	£7,600	£6,740	£860
65	£4,330	£3,900	£430	£8,990	£7,640	£1,350

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2ii. Illustrations to show the cumulative effect of costs and charges (continued)

Example member C:

A member of the Utmost AVC arrangement who is age 52 (and therefore 13 years from retirement) and has a current fund value of £4,500. We have illustrated the effect of costs and charges on the Managed Fund and the Investing by Age strategy.

At age:	Managed Fund (lowest charges)			Investing by Age strategy (highest charges)		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
55	£4,980	£4,840	£140	£4,700	£4,570	£130
60	£5,890	£5,450	£440	£5,050	£4,680	£370
65	£6,960	£6,150	£810	£5,440	£4,790	£650

Notes and assumptions

The example members represent the youngest member of each arrangement and the median fund value of members in each arrangement. Data is as at 5 April 2026 and 7 October 2026 for Prudential policies. For Utmost policies, the member data is as at 5 April 2026 but fund valuations are as at 1 April 2023.

Fund values shown are estimates and are not guaranteed.

Projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. Inflation is assumed to be 2.5% p.a.

The projected returns on the Cash Fund are less than the inflation rate used, so the fund value reduces over time, even before charges.

The projected growth rates used are consistent with the growth rates providers use in members' annual benefit statements. These are determined by the statutory guidance for producing money purchase illustrations and which are now based on the historic volatility of the fund not expected future returns.

In practice, the annual returns members receive on the Prudential With Profits Funds are determined by the annual bonus rate declared on the Fund, rather than the underlying return on the Fund. Fund values reported by Prudential between now and retirement will therefore be on a different basis to those shown in the illustrations above.

Transaction costs have been averaged over a five-year period, in line with statutory guidance, to reduce the level of volatility, and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.

The growth rates and total charges used for the illustrations are shown in the table below:

Fund / strategy	Total costs & charges (% p.a.)	Assumed growth rate (before charges) (% p.a.)
Prudential With Profits	0.80	4.0
Prudential Discretionary	0.93	6.0
Prudential Cash	0.55	2.0
Prudential Global Equity	0.90	6.0
Utmost Managed	1.00	6.0
Utmost Investing by Age (for members up to age 65)	0.51 – 1.07[4]	2.0 - 4.0[4]

4Depending upon the members' age.

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3. Net investment returns

The Trustees are required to report the net investment returns for each fund members were invested in during the Scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The guidance states that, where the net returns vary with age (i.e. the Utmost Investing by Age Strategy), they should be shown for members aged 25, 45 and 55 at the start of the investment reporting period.

For the Prudential With Profits Fund, the net investment returns shown in the table below are the bonus rates declared on the Fund over the calendar year ending in the relevant period. In practice, we would expect a terminal bonus to increase returns at retirement to close to the returns on the underlying assets in the With Profits Fund over the period held (after all costs of running the Fund, including the costs of any guarantees). However, these amounts are unknown and are not guaranteed. Furthermore, a market value reduction, which can reduce the return delivered to investors, may be applied on exit from the With Profits Fund at any time other than at maturity date, or in the event of death before retirement.

It is important to note that past performance is not a guide to future performance.

Fund / Strategy	Investment returns to 31 March 2026	
	1 year (%)	5 years (% p.a.)
Prudential policy A609 (AVC funds)		
Cash	3.7	2.8
Deposit	4.3	3.3
Discretionary	13.6	5.3
Global Equity	19.5	8.0
UK Equity	17.8	6.9
With Profits Cash Accumulation	2.8	2.0
Prudential policy 5492 (AVC funds and transfers in)		
Discretionary	14.3	5.5
Global Equity	20.2	8.1
With Profits	3.0	2.1
Utmost policies P0517 and Q0342 (AVC funds)		
Investing by Age Strategy (member aged 25 or 45 at the start of the investment reporting period)	11.0	5.2
Investing by Age Strategy (member aged 55 at the start of the investment reporting period)	11.0	4.2
Managed	13.9	7.2

Source: Providers, Financial Express Analytics and Aon

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4. Value for members assessment

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

There is no legal definition of "good value" or the process of determining this for members. Therefore, working in conjunction with our advisers, Aon, the Trustees have developed their cost-benefit analysis framework in order to assess whether our members receive good value from the Scheme relative to the costs and charges they pay from their DC funds.

The costs and charges have been identified as the TER plus the transaction costs and are set out in section 2i of this statement. The Trustees have benchmarked the charges members pay from their funds and concluded they are within the range seen in the wider market.

There is no market benchmarking data available for transaction costs and they are volatile from one year to the next, depending on the extent of trades within the fund. However, our advisers have carried out a high-level assessment of the transaction costs incurred by members reported in this statement and concluded that they appear reasonable.

The Trustees have considered the benefits of membership under the following categories: Scheme governance, investments, administration and member communications / support. Benchmarking relative to other pension arrangements or industry best practice guidelines has also been undertaken. The conclusions of the Trustees' assessment for this reporting period are set out below.

Governance - Scheme governance covers the time spent by the Trustees to ensure the Scheme is run in compliance with the law and regulations, including taking account of the interests of its members, and that risks are monitored and mitigated appropriately. The Trustees have assessed the governance of the Scheme as a whole, as all members with DC funds also hold defined benefits in the Scheme.

During this reporting period, the Trustees completed a thorough review of the Scheme's effective system of governance, in preparation for their first own risk assessment under the General Code of Practice. As a result of this review, which was completed on 17 March 2026, the Trustees reviewed and refreshed existing policies and documented further policies as required. The Trustees also agreed their risk management framework, which is set out in the Trustee Manual. This framework includes assigning risk owners and control owners to each risk on the risk register, to review key and enhanced risks quarterly and to review the entire risk register annually.

Administration – the Trustees believe that good administration and record keeping play a crucial role in ensuring that members receive the retirement income due to them. The type and quality of service experienced by members also has a bearing on the level of member engagement.

The Trustees have a service level agreement with Aon that covers all core financial transactions, as well as other administration tasks. Aon reports SLA performance to the Trustees' Administration Sub-Committee, which meets monthly. Over this reporting period, Aon's performance was in line with the target set by the Trustees of 97% (see section 1 of this statement for more information).

The Trustees do not have service level agreements in place with the DC providers, but this is in line with market practice. The providers operate internal target timescales but do not report how well they have performed against these to the Trustees. The standards of service achieved by the Scheme's DC providers are considered as part of the triennial review of the DC arrangements.

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4. Value for members assessment (continued)

Investments - the Trustees believe that an investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will lay a significant part in the delivery of good member outcomes.

- The Trustees have a process in place to review the investment strategy for the DC arrangements every three years. The review of the AVC arrangements carried out in 2023 raised no major concerns. The 2026 investment strategy review is currently underway.

- The majority of DC funds held with Prudential are invested in With Profits Funds and the Trustees believe that members are likely to value the guarantees these Funds provide.

Member communications and support - The Trustees believe that effective member communications and delivery of the right support and tools help members understand and improve their retirement outcomes.

The Trustees' key objectives in respect of member communications are to:

- Deliver a quality service through an embedded partnership with the Scheme Administrators;
- Provide a culture of transparency in dealing with members; and
- Ensure that member communications are inclusive for all members.

The Scheme communications are drafted by technical and communication experts with the aim of producing effective communications that are accurate, clear, informative and timely. Members are given the option of accessing information via the Scheme website or being sent important information by post.

As part of the work to prepare for Pensions Dashboards and other key projects, the Trustees have agreed to consider how member communications can be used to enhance members' understanding of their benefits and options, and will tailor the timing, format and content of communications accordingly.

At retirement, the Scheme allows members to take DC funds as a one-off Uncrystallised Fund Pension Lump Sum, or to take up to 25% of their AVC fund as a tax-free cash lump sum and use the remainder to purchase an annuity. Retirement communications explain that members have the option to transfer from the Scheme to access the wider pension freedoms (flexi-access drawdown or multiple Uncrystallised Fund Pension Lump Sums).

The Trustees concluded that overall, the charges and transaction costs borne by Scheme members on their DC funds represented value for members relative to the benefits of Scheme membership over this reporting period.

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5. Trustee Knowledge and Understanding

The law requires Trustees to have sufficient knowledge and understanding to properly exercise their functions as Trustees and to run the Scheme effectively. These requirements are set out in Sections 247 and 248 of the Pensions Act 2004. The comments below relate to the Scheme as a whole and not solely the DC funds.

The Scheme is managed by a Trustee Board and had nine Trustees at the end of this reporting period, with diverse professional backgrounds, skills and experience. Most of the Trustees are long-serving and are very familiar with the Scheme's governing documentation and its policies.

One new Trustee was appointed during this reporting period. In line with the induction process in place for when new Trustees are appointed, they are expected to complete the Pensions Regulator's Trustee Toolkit within 6 months of being appointed.

All key scheme documents are readily available to the Trustees via a secure website, Aon Pensions Organiser. The Scheme has a Trustee Manual which is a comprehensive document that enables Trustees to familiarise themselves with the Scheme's policies and processes. The content and format of the Trustee Manual was reviewed and updated during this reporting period, as part of the Trustees' own risk assessment, required under the General Code of Practice.

The Trustees are supported by a Scheme Secretary who has significant pension experience. They also receive advice from professional advisers regularly to ensure that they run the Scheme and exercise their functions properly.

The Trustee Board maintains an annual planner for trustee training and a training log is maintained for each Trustee by the Scheme Secretary. Both documents are reviewed each year and used to formally assess Trustees' knowledge and understanding and to identify any gaps.

During the period covered by this statement, the Trustees undertook training on the Pension Regulators Annual Funding Statement, the Own Risk Assessment requirements, Goldman Sachs Asset Management's new CDI reporting and portfolio update, and the DB Funding Code.

As a result of the 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 Trustees enables us to exercise our functions properly.

Signed on behalf of the Trustees of the Sun Chemical Limited Pension Scheme

Signed by:
Charles Heynes
265D026DBF3A48A...

Date Nov 4, 2026

Chair of Trustees