Chair's Statement

for inclusion in the 31 December 2025 accounts

A number of governance rules apply to defined contribution pension arrangements like the Gega Lotz Limited Pension and Life Assurance Scheme (the "Scheme"). These are designed to help members achieve a good outcome from their pension savings. The Trustee is required to provide a yearly statement which explains what steps have been taken by the Trustee, with help from its professional advisers, to meet these governance standards. This Chair's Statement for the Gega Lotz Limited Pension and Life Assurance Scheme ('the Scheme') covers the period from 1 January 2025 to 31 December 2025.

Background

- The scheme was set up by a deed of Trust on 17 June 1988.
- It is a defined contribution ('DC') scheme.
- Each individual member's fund was (until 5 April 1997) subject to a defined benefit underpin ('DB underpin').
- The underpin provided that - in respect of pre 5 April 1997 benefits - at retirement, the member would receive a pension that was the greater of:
    - that purchased by their individual pot, and
    - the amount guaranteed by the DB underpin.
- On 5 April 1997, the DB underpin was discontinued.
- Members retained the DB underpin for all pre 1997 service.
- The Scheme closed to new entrants on 5 April 2006.
- The Scheme was closed to future contributions on 5 April 2006.
- As at 31 December 2025, there are now three distinct elements to the scheme:
    1. Pensioners: pensions are paid directly from the Scheme.
    2. Deferred members: with pre 97 benefits – DC with DB underpin.
    3. Deferred members: with post 97 benefits – DC only.
- Some deferred members have both pre and post 1997 benefits.
- Due to the pensions being paid by the Scheme and the fact that the DB underpin is providing benefits greater than those that could be provided by individual DC pots, the first two elements (shown as 1 & 2 above) of the scheme are treated as a defined benefit ('DB') scheme. This is therefore referred to as the 'DB Section.' There is a small amount in the DB section that is made up of DC AVCs.
- The third element (3) is a DC scheme and is referred to as the 'DC section'.

Administration

- The scheme was originally an insured scheme. The most recent insurer was Scottish Widows.
- For several years Scottish Widows outsourced the administration of the scheme to Mercer.
- In 2023 the Trustees agreed to unbundle the insured arrangement and entered into an agreement with Mercer Direct to provide administration services.
- On 1 January 2024 Mercer administration was taken on by a new business – Aptia. The transition to Aptia has been smooth with no disruption to service or member experience.

Contributions

<u>DC section</u>

- The scheme does not receive any DC contributions. It closed on 5 April 2006.

- No money is being contributed to individual DC pots in the DC Section.
- Having consulted with the Employer and having taken appropriate legal and investment advice, post year end in April 2026 the majority of the DC assets and liabilities were transferred to the Smart Pension Master Trust.

DB Section

- The Actuarial Valuation of 31 December 2022 showed that the scheme was fully funded on a solvency basis with a small surplus of £79,000. This takes into account an expenses reserve of £415,000.
- A revised schedule of contributions was drawn up following the valuation. This allows for no further deficit reduction contributions. The employer is required to pay business as usual costs for running the scheme. Other 'project' costs can be met from the expenses reserve.
- The Actuarial Valuation as at 31 December 2025 is currently underway.

Auto enrolment

- The Scheme is not used for auto-enrolment and is not subject to the charge cap.

Default Investment Strategy

- The Scheme does not have a default investments strategy (this is not a requirement as the Scheme has not received any member contributions since 6 April 2006 and is not used as the employer's auto enrolment scheme); as a consequence, it does not have a Statement of Investment Principles.

Review of Investment Arrangements

DC section

- The DC assets are held in a Scottish Widows Institutional Investment bond. This is an inflexible product that does not provide members with individual investment options.
- Scottish Widows have stated that they wish to close the bond. This means that the Trustee will have to move money from this investment.
- The Trustee took advice on the investment of DC assets within the context of a wider project to enhance the overall value for members and post year end, in April 2026 the majority of the DC assets and liabilities were transferred to the Smart Pension Master Trust. The Trustee reviewed the Scheme's DC arrangements, including its AVC arrangements, taking account of cost, quality of service and choice for members, and concluded that a transfer to a master trust would provide a significantly improved offering to members. The Smart Pension Master Trust was selected for its enhanced support for members, its investment options, additional flexibilities and favourable costs for members (0.22% annual charge in Smart Pension's default fund in comparison to the Scheme charge of 0.75%). Members were kept informed, receiving a warm up communication and then a 30 day notice communication as required under disclosure regulations, to enable them to take advice and make appropriate decisions if required.
- At the time of this statement, some residual DC benefits remain in the Scheme for members who are in the process of accessing their benefits, but these are expected to be discharged during the Scheme year ended 31 December 2026.

DB Section

- As the scheme was in surplus as at the 2022 Actuarial Valuation, the Trustee conducted a further review of investment arrangements in 2023.

- This resulted in a change to the investment strategy for the DB section. Assets backing the DB liabilities are now invested in a portfolio of gilts of suitable duration to provide a strong match to the liabilities.
- The objective of the change in strategy was to try and protect the funding position.

<u>DC AVCs</u>

- Member AVCs remained invested in the LGIM Multi Asset Fund.
- Post year end, in April 2026 the AVCs were transferred to the Smart Pension Master Trust (see above).

Core financial transactions

The Trustee is required to report about the processes and controls in place in relation to the "core financial transactions" (for example, transferring assets related to members out of the Scheme or making payments from the Scheme to or on behalf of members). The Trustee must ensure that these important financial transactions are processed promptly and accurately.

- The Scheme is closed to future contributions.
- The employer paid recovery contributions up until February 2024 when a revised set of statutory funding documents was agreed; there are no ongoing deficit reduction contributions.
- The employer now only meets business as usual expenses for running the Scheme. These costs are paid directly by the employer and do not enter the Scheme.
- There are therefore no payments being made into the Scheme and no regular investment needs to be made.
- Money is paid out of the Scheme to pay pensions, lump sums and transfers.
- The Trustee agreed with the employer that certain project expenses could be met from the expenses reserve. These costs can, with the agreement of the Trustee, be paid from Scheme assets.
- All core financial transactions are monitored by the Trustee and Aptia in compliance with agreed Service Level Agreements (SLAs).
- Aptia's internal SLAs are:
    - Queries and general correspondence – 10 working days.
    - Transactions involving payments – 5 working days.
- All transactions are subject to audit by the Scheme Auditors.
- The Trustees are confident that all transactions are processed promptly and accurately.

Charge levels

- The effect of scheme charges is different for each part of the Scheme.

<table>
<tr><th>Fund Name</th><th colspan="2">Charge p.a.</th></tr>
<tr><td>Scottish Widows Cash Pension Fund</td><td colspan="2">1%
See notes 1 and 2</td></tr>
<tr><td>LGIM Funds</td><td>Multi-Asset Fund
All Stocks Gilts
Over 15 Year Gilts
All Stocks Index-Linked Gilts
5 to 15 Year Index-Linked Gilts
See note 3</td><td>0.25%
0.1%
0.1%
0.1%
0.1%</td></tr>
</table>

- *Note 1: This invests into the Aberdeen Standard Liquidity fund. Aberdeen Standard Investments calculate and provide the transaction costs for this fund.*

- *Note 2: The effective annual management charge on the cash fund is 0.75% p.a.; 1% p.a. is reflected in the daily unit prices, with a rebate of 0.021% being added to members' unit holdings each month.*
- *Note 3: All LGIM fees are borne by the scheme and not by members. In addition, the scheme bears a £1,500 flat charge from LGIM*

DB Section

- All DB section funds are now with LGIM.
- The costs of investing in LGIM funds are borne by the Scheme.

DC Section

- Post 1997 funds are invested in the Scottish Widows Cash Pension Fund and are subject to a member borne charge of 0.75% per annum.
- As above, the majority of these assets have been transferred to the Smart Pension Master Trust with effect from April 2026, with only residual benefits for a small number of members remaining, which are due to be discharged during 2026.

Transaction costs

DC Section

- The Trustee requested details of transaction costs for the DC funds held in the Scottish Widows Cash Pension Fund. These were disclosed as 1 basis point (0.01%) per annum. A basis point is 1/100 of 1%.

DB Section

- All transaction costs are borne by the Scheme
- The pre 97 funds held by the Scheme, whilst described as being in the DB section, are technically DC funds with a DB underpin. This section is treated as a DB scheme and all investment costs are borne by the Scheme. These costs are billed quarterly by LGIM and paid directly by the employer.
- The Trustee has taken the pragmatic approach that these costs are therefore immaterial to members' DC benefits. In the opinion of the Trustee, these costs will remain immaterial even in the unlikely event that the DB underpin did not bite, as the investment costs of the underlying DC funds have been borne by the employer on behalf of the Scheme and not by the member.

AVCs

- These assets are held in the DB section with LGIM. Costs are met by the employer as detailed above. As above, these assets have been transferred to the Smart Pension Master Trust with effect from April 2026.

Value for money

- The Trustee does not believe that the current arrangements for the DC Section represent good value for members. This has resulted in the transfer, post year end, of the majority of the DC assets and liabilities to the Smart Pension Master Trust.
- All monies are invested in the Scottish Widows Institutional Investment Bond ('IIB') – the only option is the Cash Pension Fund.
- The IIB has an effective management charge of 0.75% pa. The underlying fund charge is 1.0% but Scottish Widows apply a 0.25% rebate meaning that the effective charge is 0.75% pa.
- The return to members is therefore the sum of:
    - the initial investment + plus any investment return - charges
- As investment returns are driven by short term interest rates, if the returns are less than the charges, fund values can fall.
- Examples of investment returns are shown in Appendix 1 and a worked example using actual fund values in Appendix 2.

Cumulative effect over time of the relevant costs and charges

- The Trustee has not been able to obtain illustrations of the cumulative effect of the relevant costs and charges beyond those shown in Appendix 1.
- Scottish Widows have requested that the Trustee disinvest from this investment vehicle. This has largely been achieved with the transfer of the majority of the assets to the Smart Pension Master Trust, and will be concluded during 2026 as the last few member cases are dealt with.

Trustee response to the value for money assessment

- As stated above, the Trustee does not believe that the current arrangements for DC Section benefits represent good value for members.
- This position has persisted for several years. The Trustee is aware of this and has been looking at various options to improve value for members.
- This has resulted in the transfer, post year end, of the majority of the DC assets and liabilities to the Smart Pension Master Trust, to provide better value for money and better member options. The last remaining DC liabilities will be discharged during the Scheme year ended 31 December 2026.

Trustee Knowledge and Understanding

- Capital Cranfield Pension Trustees Limited is a professional trustee company. The company, the Lead Professional Trustee Tova Docherty and the second Professional Trustee Andrea Lloyd are accredited members of the Association of Professional Pension Trustees ('APPT') and adhere to the continuous professional development requirements of the APPT' accordingly.

Tova Docherty and Andrea Lloyd provide their CPD records to the APPT on an annual basis as part of maintaining their accreditation. Their CPD has included the following content that is relevant to Trusteeship in general and to both Defined Contribution and Defined Benefit Schemes:

	Topic
	General Code of Practice – Own Risk Assessments
	Cyber Security
	The DB Funding Code
	GMP equalisation
	Employer Covenant and employer perspective on pensions
	Investments and market updates
	Pensions Law
	DB surplus opportunities
	Risk transfer
	Use of AI
	Equality, Diversity & Inclusion
	Sustainability
	Member experience

- Tony Russell provides day-to-day client management.
- The Trustee has a working knowledge of the Trust Deed and Rules and key Scheme documentation; in particular, these documents were extensively reviewed as part of the investigation into the extent of the DB underpin.
- The Trustee also has an extensive knowledge and understanding of the law relating to pensions and the principles relating to the investment of Scheme assets, which enables it to properly exercise their functions as Trustee of the Scheme.
- The scheme employs professional advisers and service providers as detailed at the top of page 2, and the Trustee seeks professional advice as required to assist with the correct running of the Scheme.

Signed by Tova Docherty on 10 July 2026

For and on behalf of Capital Cranfield Pension Trustees Limited

Sole Trustee of the Gega Lotz Limited Pension and Life Assurance Scheme

Appendix 1

(Illustration only)

1% GROWTH

YEAR	TOTAL CONTS TO DATE	FUND VALUE (1) + INVEST RETURN	CHARGES TO DATE	INVESTMENT RETURN LOSS	CLOSING FUND VALUE	CHARGES AS % OF FUND VALUE (1)
1	£1,000.00	£985.37	£7.40	£0.00	**£977.97**	0.75%
5	£5,000.00	£4,784.75	£104.18	£1.39	**£4,679.18**	2.18%
10	£10,000.00	£9,229.52	£353.66	£10.53	**£8,865.34**	3.83%
15	£15,000.00	£13,358.44	£714.97	£33.12	**£12,610.35**	5.35%
20	£20,000.00	£17,193.91	£1,160.29	£72.93	**£15,960.69**	6.75%
25	£25,000.00	£20,756.86	£1,666.59	£132.26	**£18,958.00**	8.03%
30	£30,000.00	£24,066.65	£2,214.92	£212.24	**£21,639.48**	9.20%

2.5% GROWTH

YEAR	TOTAL CONTS TO DATE	FUND VALUE (1) + INVEST RETURN	CHARGES TO DATE	INVESTMENT RETURN LOSS	CLOSING FUND VALUE	CHARGES AS % OF FUND VALUE (1)
1	£1,000.00	£1,000.00	£7.50	£0.00	**£992.50**	0.75%
5	£5,000.00	£5,000.03	£107.81	£3.58	**£4,888.63**	2.16%
10	£10,000.00	£10,000.09	£375.03	£28.33	**£9,596.73**	3.75%
15	£15,000.00	£15,000.13	£776.79	£92.47	**£14,130.87**	5.18%
20	£20,000.00	£20,000.13	£1,291.36	£211.29	**£18,497.48**	6.46%
25	£25,000.00	£25,000.16	£1,899.74	£397.62	**£22,702.79**	7.60%
30	£30,000.00	£30,000.21	£2,585.36	£662.07	**£26,752.78**	8.62%

4% GROWTH

YEAR	TOTAL CONTS TO DATE	FUND VALUE (1) + INVEST RETURN	CHARGES TO DATE	INVESTMENT RETURN LOSS	CLOSING FUND VALUE	CHARGES AS % OF FUND VALUE (1)
1	£1,000.00	£1,014.63	£7.61	£0.00	**£1,007.02**	0.75%
5	£5,000.00	£5,223.86	£111.56	£5.92	**£5,106.38**	2.14%
10	£10,000.00	£10,841.35	£397.89	£48.78	**£10,394.69**	3.67%
15	£15,000.00	£16,882.06	£845.36	£165.35	**£15,871.35**	5.01%
20	£20,000.00	£23,377.87	£1,442.21	£392.64	**£21,543.03**	6.17%
25	£25,000.00	£30,363.13	£2,178.25	£768.13	**£27,416.75**	7.17%
30	£30,000.00	£37,874.70	£3,044.73	£1,330.27	**£33,499.71**	8.04%

All Figures Above Are Expressed In Today's Monetary Values Assuming Inflation At 2.5%	
FUND VALUE (1)	This shows the value of the fund assuming no charges are applied.
INVESTMENT RETURN LOSS	This shows the investment growth that would have been achieved on the charges applied.
CLOSING FUND VALUE	This shows the actual fund value after all charges are applied.
CONTRIBUTIONS	The annual contribution of £1,000 is assumed to increase each year by inflation.

Appendix 2

The Trustee conducted a review of the available data and was able to compare net fund values between 31 December 2024 and 31 December 2025.

No additional monies were added to the individual pots during this time. Therefore, the change in the value is attributable entirely to the investment return minus the charges levied on the fund.

The following figures are derived from actual fund values for investments excluding any AVC investments.

	LGIM Investments Annual Return To 31 Dec 2025	Scottish Widows Investments Annual Return To 31 Dec 2025	Total Annual Return
Example 1 – Pre 97 Service only	3.53%	N/A	3.53%
Example 2 – Pre 97 & Post 97 Service	3.53%	2.87%	2.88%
Example 3 – Post 97 Service Only	N/A	2.87%	2.87%

The following figures are derived from actual fund values for AVC investments.

	LGIM Investments Annual Return To 31 Dec 2025	Scottish Widows Investments Annual Return To 31 Dec 2025	Total Annual Return
AVC Fund	12.04%	N/A	12.04%