Chair's Annual Statement

The Cabot Carbon Limited Cab-O-Sil Division Pension Plan
Year end 5 April 2021

Introduction

This statement is provided for information and no action is required by you. The Trustees would encourage you to read the statement and to raise any questions using the contact details below.

From 6 April 2015, new governance rules have applied to defined contribution (DC) pension arrangements like the Cabot Carbon Limited Cab-O-Sil Division Pension Plan (the "Plan"). These rules are designed to help members achieve a good outcome from their DC scheme.

As the Chair of the Trustees, I have to provide you with a yearly statement which explains the steps taken by the Trustee board, with help from professional advisers, to meet these governance standards. This is my annual statement for the year ended 5 April 2021. The law sets out the information that must be included in my statement, which is covered later in the following sections.

The Trustees are committed to ensuring that the Plan is run to a high standard of governance. Regular Trustee meetings are held, at which the Plan's administration and investment performance is monitored, amongst other things.

The effects of the COVID-19 pandemic were felt during the Plan year. The Trustees reacted swiftly by holding regular conference calls to ensure that any issues arising from the COVID-19 pandemic were addressed, including potential queries from members. The pandemic has not affected the running of the Plan.

I welcome this opportunity to explain what the Trustees are doing to ensure the Plan is run as effectively as it can be. If you have any questions about this statement or any suggestions on how the Plan could be improved, please contact me at the following address:

Stephen Knight
Chair of the Trustees
The Cabot Carbon Limited Cab-O-Sil Division Pension Plan
Cabot Carbon Limited
Sully Moors Road
Sully
Vale of Glamorgan
CF64 5RP

or by e-mail at: stephen.knight@cabotcorp.com.

You can also contact any of the other Trustees if I am not available or speak to Donna James, our UK Payroll, Pensions & Benefits Officer. Her e-mail address is donna.james@cabotcorp.com.

Chair's Annual Statement

1. Default investment strategy

The default investment strategy is provided for members of the Plan who do not choose one of the other options for the investment of their retirement account and future contributions. Retirement accounts for employees who are automatically enrolled into the Plan are also put into the default investment strategy.

Setting an appropriate investment arrangement

The Trustees are responsible for investment governance. This includes setting and monitoring the strategy for the Plan's default investment arrangement. The Trustees have chosen a partly actively managed lifestyle strategy for the default investment arrangement. Under a lifestyle programme, investment holdings are gradually moved automatically, from higher to lower risk funds, over a set time period, prior to a chosen target retirement age.

The current default investment strategy is made up of the following funds:

- Aquila 30/70 Currency Hedged Global Equity Index CS1
- Baillie Gifford Diversified Growth CS1
- BlackRock Sterling Liquidity CSW
- Legal & General Pre-Retirement CS1.

Details of the default investment strategy and investment objectives are recorded in the Plan's Statement of Investment Principles which was last updated in September 2020. A copy of this document, which includes details of all the investment options for the Plan, is attached to this statement.

Details of the charges that apply to the default investment strategy are shown in section 4, Charges and transaction costs paid by members.

Reviewing the default investment arrangement

The Trustees review the default investment strategy from time to time. The Trustees are expected to:

- review the default investment arrangement and objectives at regular intervals and at least once every three years
- take into account the needs of the Plan membership when designing the default investment arrangement.

The default strategy was last revised in 2012 and was reviewed by the Trustees in 2015. The Trustees reviewed the strategy in conjunction with their investment adviser to ensure that it was compliant with the 'charge cap' on default investment funds of 0.75% per annum, introduced from 6 April 2015. As a result of this review, there was a small change to the default strategy leading to a reduction in charges. The Trustees are aware of the introduction of the pension freedoms from 6 April 2015 and have considered the effect of those freedoms on the default investment strategy.

During 2016 and 2017, the Trustees considered the default strategy again, in light of some new options being made available by Zurich Assurance Limited (now Scottish Widows). As part of the move of the Plan to an updated Zurich administration and investment platform, the Trustees were asked by Zurich to confirm the default strategy. After due consideration and not to delay the move to the new platform, the Trustees decided to maintain the default strategy, but to review it in due course. The Trustees started their discussions about changes to the default strategy at their meeting in April 2020, with further meetings held in 2021. More details on these discussions and any changes made to the default strategy will be included on next year's Chair's Annual Statement.

The Trustees continue to monitor all the investment options on offer, not just the default investment strategy. The Trustees are satisfied that the funds making up the default strategy remain suitable for the membership profile.

The Trustees will consider 'value for members' – see section 6 below – in any future reviews of investment options.

2. Investment performance

The following table shows how the investment funds have performed to 31 March 2021. The figures were provided by Scottish Widows. All figures are net of charges and fees, so that they reflect the actual performance that members of the Plan have experienced. Information on charges is shown in section 4, Charges and transaction costs paid by members.

Fund (ISIN)	One-year return to 31 March 2021	Three-year return to 31 March 2021	Five-year return to 31 March 2021
Aquila 30/70 Currency Hedged Global Equity Index CS1 (GB00B407KD18)	+42.9%	+9.5% per annum	+11.2% per annum
Baillie Gifford Diversified Growth CS1 (GB00B42FV294)	+17.7%	+2.5% per annum	+4.4% per annum
Schroder QEP Global Active Value CS1 (GB00B42DQ620)	+40.5%	+7.9% per annum	+10.9% per annum
Legal & General Pre-Retirement CS1 (GB00B43CCD77)	+3.0%	+4.5% per annum	+5.2% per annum
BlackRock Sterling Liquidity CSW (GB00BYMV6Q69)	+0.1%	+0.5% per annum	N/A
Aquila Corporate Bond Over 15 Year Index CS1 (GB00B4QJWM43)	+9.0%	+5.9% per annum	+7.2% per annum
Legal & General Ethical Global Equity Index CS1 (GB00B4JVK340)	+36.5%	+14.4% per annum	+14.8% per annum

For some funds, returns for the year to 31 March 2021 are unusually high due to the recovery in markets after the COVID-19 pandemic. The Trustees do not plan to make any changes to the range of investments on offer as a result of COVID-19, but will continue with their review of the default investment strategy; more information on this will be included in next year's statement.

For the investment strategies, investment performance net of charges (during the growth phase, before any switching into lower risk investments) has been as follows:

Fund	One-year return to 31 March 2021	Three-year return to 31 March 2021	Five-year return to 31 March 2021
Lower risk lifestyle	+12.9%	+4.4% per annum	+6.0% per annum
Default lifestyle	+35.3%	+7.4% per annum	+9.2% per annum
Higher risk lifestyle	+41.8%	+8.8% per annum	+11.1% per annum

These figures have been calculated using the performance of the individual funds shown above. The figures relate to the growth phase, before any lifestyle switching into lower risk funds has started.

The Trustees regularly review the performance of the strategies and funds. The Trustees recognise that markets can be volatile, as experienced in 2020, and that there can periods, particularly over the short-term, when returns will be poor. Over the long-term, the Trustees believe the investments will produce the returns that they are expecting.

3. Core financial transactions

The Trustees are required to report to you about the processes and controls in place in relation to the Plan's 'core financial transactions'. The law specifies that these transactions include:

- investing contributions paid into the Plan
- transferring assets related to members (retirement accounts) into or out of the Plan
- transferring assets between different investments within the Plan
- making payments from the Plan to or on behalf of members.

The Trustees must ensure that these financial transactions are processed promptly and accurately. In practice, responsibility for processing these transactions has been delegated to the Plan's administrators. Scottish Widows provide third party administration services for the Plan. Quantum Advisory, who provide consultancy services to the Trustees, also assist with some aspects of the administration, such as running the Trustees' bank account.

Quarterly governance reports are provided to the Trustees by Scottish Widows, which allow the Trustees to assess how quickly some of the core financial transactions are completed. There were no mistakes or delays during the year, but if there had been, they would have been investigated thoroughly and action taken to put things right as quickly as possible. In particular, the Trustees would always try to ensure that members are no worse off, if there is a mistake or delay.

The Trustees checked that the core financial transactions of the Plan were processed promptly and accurately by:

- having the administrator regularly report on the timeliness of receipt of payments from the Company and their performance in relation to investing and transferring the assets
- having the Plan auditor independently test a sample of financial transactions for accuracy and timeliness, as part of the annual audit process.

The Trustees were aware that Scottish Widows' performance against some service levels was worse than usual in the immediate aftermath of the COVID-19 pandemic but steps were taken to address that.

As a result of the checks conducted, the Trustees are satisfied that the core financial transactions were processed promptly and accurately. Furthermore, there were no material administration service issues during the year. The Trustees are confident that the processes and controls in place with the Plan's administrators are sufficiently robust to ensure that financial transactions are dealt with properly.

The Trustees are content that the COVID-19 pandemic has not affected the core financial transactions of the Plan.

4. Charges and transaction costs paid by members

The Trustees are required to explain the charges and transaction costs paid by members, rather than by the Plan or the employer. Transaction costs are the costs associated with buying and selling investments in the Plan.

Where information about member costs and charges is not available, this needs to be made clear, together with an explanation of the steps being taken to obtain the missing information.

The charges that applied to the default arrangement during the year are set out below.

In the growth phase of the default investment strategy, which is more than two years before target retirement age, two funds are used:

- Aquila 30/70 Currency Hedged Global Equity Index CS1
- Baillie Gifford Diversified Growth CS1.

In accordance with the lifestyle process, during the final five years before target retirement age, some of members' retirement accounts are gradually switched into:

- Legal & General Pre-Retirement CS1
- BlackRock Sterling Liquidity CSW.

Lifestyle switches are conducted on a monthly basis, on the anniversary of the member's birthday. The following table shows the percentages invested in each fund at selected points in the lifestyle process:

Period to retirement	Aquila 30/70 Currency Hedged Global Equity Index CS1 Fund	Baillie Gifford Diversified Growth CS1 Fund	Legal & General Pre-Retirement CS1 Fund	BlackRock Sterling Liquidity CSW Fund
5 years or more	70%	30%	0%	0%
4 years	56%	24%	15%	5%
3 years	42%	18%	30%	10%
2 years	28%	12%	45%	15%
1 year	14%	6%	60%	20%
0 years (at retirement)	0%	0%	75%	25%

Charges

The latest available annual management charge (AMC) and total expense ratio (TER) are shown in the table below. These are two measures of the costs and charges that apply to investments.

Period to retirement	AMC	TER
5 years or more	0.61%	0.65%
4 years	0.58%	0.62%
3 years	0.55%	0.58%
2 years	0.52%	0.54%
1 year	0.49%	0.50%
0 years (at retirement)	0.46%	0.46%

The TER takes into account all expenses relating to the management of the funds, including transaction costs. The AMC is generally fixed, but the TER can vary from time to time.

More information on the default investment strategy can be found in the member guides produced by Scottish Widows for the Plan.

The latest available charges that apply to individual funds, which are all provided by external fund managers, are as follows:

Fund	AMC	TER
Aquila 30/70 Currency Hedged Global Equity Index CS1	0.43%	0.45%
Baillie Gifford Diversified Growth CS1	1.03%	1.13%
Schroder QEP Global Active Value CS1	1.02%	1.05%
LGIM Pre-Retirement CS1	0.485%	0.485%
BlackRock Sterling Liquidity CSW	0.40%	0.40%
Aquila Corporate Bond Over 15 Year Index CS1	0.385%	0.395%
LGIM Ethical Global Equity Index CS1	0.60%	0.60%

For some funds, the AMC and TER are the same.

Transaction costs

The transaction costs reported by Scottish Widows for the Plan's funds during the year to 5 April 2021 are as follows:

Fund	Transaction cost during the year
Aquila 30/70 Currency Hedged Global Equity Index CS1	0.000%
Baillie Gifford Diversified Growth CS1	0.852%
Schroder QEP Global Active Value CS1	0.769%
LGIM Pre-Retirement CS1	0.026%
BlackRock Sterling Liquidity CSW	0.011%
Aquila Corporate Bond Over 15 Year Index CS1	-0.050%
LGIM Ethical Global Equity Index CS1	0.001%

Transaction costs can be negative due to the prescribed methodology for calculating them. Negative transaction costs apply when an overall beneficial pricing environment has occurred at the point of trading underlying assets over the period, which has more than offset the costs of the trades.

Transaction costs are incurred as a result of buying, selling, lending or borrowing investments. The costs mainly arise as a result of delivering a fund's target investment return where a passive or active investment approach is used. As an example, a fund may need to buy or sell assets when members pay money into or take money out of a fund and the buying or selling of assets will incur costs.

Transaction costs arise as a result of participating in a financial market and are separate from any annual management charges. The transaction cost for buying or selling an investment includes all costs incurred by a buyer or seller from the point an order to transact is received to the point at which the transaction completes. These costs include all charges, commissions, taxes and other associated payments incurred directly or indirectly. These costs are ultimately borne by assets of the arrangement or of any investment in which the arrangement is directly or indirectly invested. Of these costs, some are easily identifiable as specific costs incurred, but some are less identifiable and may rely on the investment manager's judgement.

Chair's Annual Statement

5. Illustration of costs and charges

For active members in the default investment strategy

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in the default investment strategy.

For the default investment strategy, which is a lifestyle strategy, the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement. For non-lifestyle investments, the projected pension pot does not depend on the starting age.

Projected pensions fund in today's money										
	Age Now 25		Age Now 35		Age Now 45		Age Now 55		Age Now 60	
Years	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£35,100	£34,800	£35,100	£34,800	£35,100	£34,800	£35,100	£34,800	£35,000	£34,700
3	£45,600	£44,600	£45,600	£44,600	£45,600	£44,600	£45,600	£44,600	£44,600	£43,700
5	£56,500	£54,500	£56,500	£54,500	£56,500	£54,500	£56,500	£54,500	£53,100	£51,700
10	£84,800	£79,500	£84,800	£79,500	£84,800	£79,500	£79,400	£75,200	-	-
15	£115,000	£105,000	£115,000	£105,000	£115,000	£105,000	-	-	-	-
20	£147,000	£131,000	£147,000	£131,000	£137,000	£123,000	-	-	-	-
25	£181,000	£157,000	£181,000	£157,000	-	-	-	-	-	-
30	£218,000	£184,000	£203,000	£174,000	-	-	-	-	-	-
35	£258,000	£212,000	-	-	-	-	-	-	-	-

Notes

1. Projected retirement account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £30,000.
4. Inflation is assumed to be 2.50% each year.
5. Gross contributions of £400 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.50% each year.
6. Values shown are estimates and are not guaranteed.
7. For the default investment strategy, the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement.
   Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it should be noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate (average)
1	1.40% below inflation
3	0.80% below inflation
5	0.30% above inflation
10	0.30% above inflation
15	0.60% above inflation
20	0.70% above inflation
25	0.80% above inflation
30	0.90% above inflation
35	0.90% above inflation

8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

Chair's Annual Statement

For active members in self-select funds

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in a self-select fund.

Projected retirement account value in today's money								
Years	Fund choice							
	SW Aquila Corporate Bond Over 15 Year Index		SW Aquila 30/70 Currency Hedged Global Equity Index		SW BlackRock Sterling Liquidity		SW Baillie Gifford Diversified Growth	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£34,200	£34,100	£35,300	£35,200	£34,100	£33,900	£34,600	£34,000
3	£42,600	£42,100	£46,400	£45,800	£42,100	£41,600	£44,000	£41,900
5	£50,700	£49,900	£57,800	£56,800	£49,700	£49,000	£53,300	£49,400
10	£69,900	£68,100	£88,600	£85,800	£67,700	£65,900	£76,600	£66,900
15	£87,800	£84,600	£122,000	£116,000	£84,000	£80,900	£99,700	£82,700
20	£104,000	£99,700	£159,000	£150,000	£98,800	£94,200	£122,000	£96,900
25	£119,000	£113,000	£200,000	£186,000	£112,000	£106,000	£145,000	£109,000
30	£134,000	£125,000	£245,000	£225,000	£124,000	£116,000	£168,000	£121,000
35	£147,000	£137,000	£295,000	£267,000	£135,000	£126,000	£190,000	£131,000

Notes

1. Projected retirement account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £30,000.
4. Inflation is assumed to be 2.50% each year.
5. Gross contributions of £400 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.50% each year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
    - SW Aquila Corporate Bond Over 15 Year Index: 1.50% below inflation
    - SW Aquila 30/70 Currency Hedged Global Equity Index: 1.90% above inflation.
    - SW BlackRock Sterling Liquidity: 2.00% below inflation.
    - SW Baillie Gifford Diversified Growth: 0.20% above inflation.
8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

Chair's Annual Statement

For deferred members in the default strategy

The figures in the table below show the effect of the fund managers' charges on a deferred member's retirement account value over incremental periods for the next 35 years. The table shows the effect based on the assumptions set out in the notes below the table.

Projected pensions fund in today's money										
	Age Now 25		Age Now 35		Age Now 45		Age Now 55		Age Now 60	
Years	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£30,300	£30,100	£30,300	£30,100	£30,300	£30,100	£30,300	£30,100	£30,300	£30,000
3	£31,200	£30,300	£31,200	£30,300	£31,200	£30,300	£31,200	£30,300	£30,300	£29,600
5	£32,000	£30,600	£32,000	£30,600	£32,000	£30,600	£32,000	£30,600	£29,700	£28,700
10	£34,200	£31,200	£34,200	£31,200	£34,200	£31,200	£31,800	£29,300	-	-
15	£36,500	£31,800	£36,500	£31,800	£36,500	£31,800	-	-	-	-
20	£39,000	£32,500	£39,000	£32,500	£36,200	£30,500	-	-	-	-
25	£41,600	£33,200	£41,600	£33,200	-	-	-	-	-	-
30	£44,500	£33,800	£41,300	£31,800	-	-	-	-	-	-
35	£47,500	£34,500	-	-	-	-	-	-	-	-

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
1. Retirement is assumed to be at age 65.
2. The starting retirement account value is assumed to be £30,000.
3. Inflation is assumed to be 2.50% each year.
4. It is assumed that no further contributions are made.
5. Values shown are estimates and are not guaranteed.
6. For the default investment strategy, the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement.
Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it should be noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate (average)
1	1.30% below inflation
3	0.80% below inflation
5	0.20% above inflation
10	0.50% above inflation
15	0.80% above inflation
20	0.90% above inflation
25	1.00% above inflation
30	1.00% above inflation
35	1.10% above inflation

7. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

For deferred members in self-select funds

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in a self-select fund.

Projected retirement account value in today's money								
Years	Fund choice							
	SW Aquila Corporate Bond Over 15 Year Index		SW Aquila 30/70 Currency Hedged Global Equity Index		SW BlackRock Sterling Liquidity		SW Baillie Gifford Diversified Growth	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£29,500	£29,400	£30,500	£30,400	£29,400	£29,200	£29,900	£29,300
3	£28,700	£28,300	£31,700	£31,300	£28,200	£27,900	£29,800	£28,100
5	£27,800	£27,300	£33,000	£32,300	£27,200	£26,600	£29,700	£26,900
10	£25,800	£24,800	£36,300	£34,700	£24,600	£23,600	£29,500	£24,200
15	£24,000	£22,600	£40,000	£37,400	£22,300	£21,000	£29,300	£21,800
20	£22,300	£20,600	£44,100	£40,300	£20,300	£18,700	£29,100	£19,600
25	£20,700	£18,800	£48,600	£43,400	£18,400	£16,600	£28,900	£17,600
30	£19,200	£17,100	£53,500	£46,800	£16,700	£14,700	£28,700	£15,800
35	£17,900	£15,500	£59,000	£50,400	£15,100	£13,100	£28,500	£14,200

1. Projected pension fund values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £30,000.
4. Inflation is assumed to be 2.50% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
    - SW Aquila Corporate Bond Over 15 Year Index: 1.50% below inflation.
    - SW Aquila 30/70 Currency Hedged Global Equity Index: 1.90% above inflation.
    - SW BlackRock Sterling Liquidity: 2.00% below inflation.
    - SW Baillie Gifford Diversified Growth: 0.20% above inflation.
8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

6. Value for members

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of "good value", but the Trustees consider that it broadly means "that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market".

In view of the impending changes to the default investment strategy, an assessment has yet to be undertaken but will take account of the Pensions Regulator's Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits). The Trustees will review all member-borne charges (including transaction costs where available) with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The Trustees note that value for money does not necessarily mean the lowest fee and the overall quality of the service received will also be considered in the assessment. The Trustees' investment advisers will confirm that the fund charges are competitive for the types of fund available to members and in the context of the both the funds' and the Trustees' investment objectives.

The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives for most funds.

In carrying out the assessment, the Trustees will consider the other benefits members receive from the Plan, including:

- the oversight and governance of the Trustees, including ensuring the Plan is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Plan and address any material issues that may impact members
- the design of the default arrangement and how this reflects the membership as a whole
- the range of investment options and strategies
- the quality of communications delivered to members
- the quality of support services, such as the Plan website where members can access fund information online
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Plan year.

As detailed in an earlier section in this statement covering processing of financial transactions, the Trustees are comfortable with the quality and efficiency of the administration processes.

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

Overall, the Trustees believe that members of the Plan are receiving good value for money for the charges and costs that members incur. The Trustees believe this because the charges paid by members are reasonable and that investment performance has been as expected, notwithstanding the effects of the COVID-19 pandemic.

7. Knowledge and understanding of the Trustees

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee must:

- be conversant with the trust deed and rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Plan generally

- have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.

The Trustees, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps. The Trustees' investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustees' advisers would typically deliver training on such matters at Trustee meetings if they were material. At every full meeting, the Trustees review the training log and consider further training needs.

All the Trustees are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed & Rules (together with any amendments), the Statement of investment Principles, together with key policies and procedures. In particular, the Trustees refer to the Trust Deed & Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases. The Statement of Investment Principles is formally reviewed at least every three years and as part of making any change to the Plan's investments.

Further, the Trustees consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

All the Trustees are required to commit to completing training, either at the relevant meetings or by personal study. All the Trustees are progressing towards or have completed the Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from the Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law).

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year.

The Chairman has previously been a trustee of another occupational pension scheme. The Trustee board includes a number of member-nominated Trustees who help to provide a more diverse view.

The two new Trustees appointed during the Plan year were required to have a level of knowledge and understanding to allow them to make decisions immediately following their appointment.

Chair's Annual Statement

Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisers), the Trustees believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively.

Stephen Knight
Chair of the Trustees of the Cabot Carbon Limited Cab-O-Sil Division Pension Plan

November 2021