

Luxonic Lighting PLC Group Pension Scheme ("the Scheme")
Chair's statement regarding the governance of defined contribution arrangements
Scheme year - 1 September 2023 – 30 August 2024

1. Introduction

- 1.1. This statement has been prepared by the trustees of the Luxonic Lighting PLC Group Pension Scheme ("the Trustees"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the scheme year 1 September 2023 to 30 August 2024.

2. The Scheme's DC arrangements

- 2.1. The Scheme's DC arrangements comprise:
 - 2.1.1. The Scheme's main benefits, i.e. those arising from standard contributions, with additional voluntary contributions (AVCs) paid into the same policy. This arrangement is administered by Utmost Life and Pensions and closed to future service contributions

3. Default investment arrangements

- 3.1. The Scheme is not, and has never been, used as a qualifying scheme for automatic enrolment purposes.
- 3.2. The Scheme has no default investment arrangements for the purposes of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Scheme Administration Regulations"). As there is no default arrangement, the requirement for a Statement of Investment Principles (SIP) prepared in accordance with regulation 2A of the Occupational Pension Scheme (Investment) Regulations 2005 does not apply.
- 3.3. All of the Scheme's assets are currently invested evenly between the Utmost Multi-Asset Moderate Fund and the Utmost Multi-Asset Cautious Fund with a small amount invested in the Utmost Money Market Fund.

4. Core financial transactions

- 4.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. The core financial transactions reported comprise of the most common demands for the Scheme.
- 4.3. Core financial transactions are undertaken by Utmost Life and Pensions.

Controls and monitoring arrangements

- 4.4. The Trustees have a specific duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.5. For this purpose, the Scheme's core financial transactions comprise:
 - 4.5.1. Processing payments out of the Scheme
 - 4.5.2. Processing transfers in and out of the Scheme
- 4.6. Core financial transactions for the AVC arrangement are undertaken by Utmost Life and Pensions.

- 4.7. Over the reporting period, the administration functions and core financial transactions of the Scheme were outsourced to, and completed by, Utmost Life and Pensions.
- 4.8. The Trustees do not have any processes in place to review the performance of core financial transactions (including payment of contributions, transfers out of the Scheme, and settlement of benefits at retirement).

Performance during the Scheme year

- 4.9. The Trustees are not aware of any issues reported to or identified by Utmost Life and Pensions in connection with either the promptness or accuracy of core financial transactions processed during the period covered by this statement.
- 4.10. Utmost Life and Pensions’ reports did not identify material issues with the accuracy of core financial transactions.

Assessment

- 4.11. In view of a lack of controls and monitoring arrangements, the Trustees cannot confirm that core financial transactions have been processed promptly or accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
- 5.1.1. Charges: these are expressed as a percentage of the value of a member’s holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
- 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the Scheme

- 5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the Scheme over the Scheme year (data provided by Utmost Life and Pensions, as at 31 December 2024).

| Investment option | TER (p.a.) | Transaction costs (p.a.) |
|----------------------------------|------------|--------------------------|
| Utmost Multi-Asset Moderate Fund | 0.75% | 0.3246% |
| Utmost Multi-Asset Cautious Fund | 0.75% | 0.4056% |
| Utmost Money Market Fund | 0.50% | 0.0142% |

Impact of costs and charges

- 5.3. To demonstrate the impact of charges and transaction costs on members’ pension savings over time, the Trustee has produced illustrations and these are set out in the Appendix.

6. Net investment returns

- 6.1. The Trustees are required to disclose returns, net of charges and transaction costs, for each fund that members are able, or were previously able, to select and in which members’ assets were invested during the Scheme year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

- 6.2. As there is no designated default investment arrangement, the Trustees have disclosed the net investment returns of the three funds members are invested in (data provided by Utmost Life and Pensions, as at 11 July 2025).

| Investment fund | Annualised Return –1 year to 11 July 2025 | Annualised Return – 5 years to 11 July 2025 |
|-------------------------------------|--|--|
| Utmost Multi-Asset Moderate Pension | 6.63% | 6.66% |
| Utmost Multi-Asset Cautious Pension | 4.97% | 2.14% |
| Utmost Money Market Pension | 4.41% | 2.30% |

7. Value for members

- 7.1. Regulations require the Trustee to assess the extent to which the Scheme provides value for members (VFM).
- 7.2. The method to be used for this assessment changed for schemes with assets of less than £100m that have been operating for three years or more, effective for scheme years ending after 31 December 2021. The Scheme fits these criteria.
- 7.3. The assessment comprises three components:
- 7.3.1. An assessment of costs and charges relative to the average costs and charges for three comparator schemes.
- 7.3.2. An assessment of net investment returns relative to the average net investment returns for three comparator schemes.
- 7.3.3. A self-assessment across seven key metrics of scheme administration and governance.
- 7.4. For the relative assessments, costs and charges and net returns for default arrangements should be compared with those for the default arrangements of the comparator schemes. In addition, costs and charges and net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator schemes (or, where there is no comparable fund, a comparator scheme's default arrangement). Comparison of default funds is not relevant for the Scheme.
- 7.5. The value for members assessment was undertaken in accordance with the statutory guidance for the scheme year. Analysis was undertaken by Barnett Waddingham LLP and the findings are set out in a report dated September 2025.
- 7.6. The following comparator schemes were used for the relative components of the assessment: Aviva Trustee Buyout Plan, The People's Pension Master Trust and the Nest Master Trust.
- 7.7. The outcomes of the three components of the assessment were:
- 7.7.1. The Costs and charges for the Utmost Multi- Asset Moderate and Utmost Multi-Asset Moderate are significantly higher than the average for the comparator schemes. The Trustees therefore concluded that the Scheme does not provide VFM in relation to costs and charges.
- 7.7.2. Overall net investment returns for the Scheme are comparable with the average for the comparator schemes. Overall, the Trustees concluded that the Scheme provides comparable VFM in relation to net investment returns.
- 7.7.3. It was concluded that the Scheme provides poor value for members in relation to administration and governance. This is due to the Scheme having no controls in place to review the promptness or accuracy of core financial transaction.

- 7.8. Recognising the individual component assessments, the Trustees concluded that overall, the Scheme does not offer value for members. Whilst noting net investment returns are comparable with the average for the comparator schemes, the costs and charges are significantly higher and the administration and investment governance does not meet the required standards to provide good VFM. The method of assessment is prescribed.
- 7.9. Recognising that the Scheme does not offer value for members, the Trustees are intending to wind up the Scheme and move member benefits to a more suitable pension arrangement that does provide value for members.

8. Trustee knowledge and understanding

The Trustee Board

- 8.1. The Trustees comprise two employer-nominated trustees, neither of whom is a professional trustee.

Trustee knowledge and understanding requirements

- 8.2. Trustees are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 8.3. The Trustees are not conversant with the Scheme's trust deed and there are no other Scheme documents such as Statement of Investment Principles (SIP), risk register or current policies, e.g. conflicts of interest.
- 8.4. The Trustees have not taken professional advice or training to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.
- 8.5. There is no structured training programme in place for the Trustees to identify knowledge gaps and training needs in relation to emerging legislation or Scheme changes.
- 8.6. There is no process for newly appointed trustees to ensure that sufficient training is provided. No new trustees were appointed during the Scheme year.

Comment

- 8.7. The Trustees recognise that the Scheme should be wound up and move member benefits to a more suitable pension arrangement and are in the process of arranging this. They have appointed professional advisers Barnett Waddingham to support them with this exercise.

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David Hunt, Chair of the Trustees

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Date

Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance.

Parameters used for the illustrations

A1.2. Pot size: pot size of £18,500 has been used; this represents the median pot value (rounded to the nearest £500).

A1.3. Contributions: the illustrations assume no future contributions.

A1.4. Timeframe: the illustrations are shown over a 10-year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.5. Investment options: illustrations are provided for all three self-select funds used by the Scheme membership.

Guidance to the illustrations

A1.6. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.7. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.

A1.8. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1.

A1.9. The projected growth rates (gross, i.e. before inflation) and costs and charges used are as follows:

| Fund | Assumed return | TER | Transaction costs* |
|----------------------------------|----------------|-------|--------------------|
| Utmost Multi-Asset Moderate Fund | 3.3% | 0.75% | 0.3246% |
| Utmost Multi-Asset Cautious Fund | 2.3% | 0.75% | 0.4056% |
| Utmost Money Market Fund | 1.6% | 0.50% | 0.0142% |

* The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As data is available for the last year only, the illustrations use one-year figures.

A1.10. Values shown are estimates and not guaranteed.

A1.11. The starting date for the illustrations is 31 December 2024.

A1.12. The illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Utmost Multi-Asset Moderate Fund

| Years of investment | | Starting pot size: £18,500 Future contributions: No | |
|---------------------|----------------|--|--|
| | Before charges | After charges | |
| 0 | £18,500 | £18,500 | |
| 1 | £18,642 | £18,448 | |
| 5 | £19,220 | £18,241 | |
| 10 | £19,969 | £17,986 | |

A1.13. Note on how to read this table: If a member had £18,500 invested in this option on 31 December 2024, after 10 years of membership the savings pot could grow to £19,969 if no charges are applied but to £17,986 with charges applied.

Utmost Multi-Asset Cautious Fund

| Years of investment | | Starting pot size: £18,500 Future contributions: No | |
|---------------------|----------------|--|--|
| | Before charges | After charges | |
| 0 | £18,500 | £18,500 | |
| 1 | £18,472 | £18,263 | |
| 5 | £18,359 | £17,345 | |
| 10 | £18,219 | £16,263 | |

A1.14. Note on how to read this table: If a member had £18,500 invested in this option on 31 December 2024, after 10 years of membership the savings pot could shrink to £18,219 if no charges are applied but to £16,263 with charges applied.

Utmost Money Market Fund

| Years of investment | | Starting pot size: £18,500 Future contributions: No | |
|---------------------|----------------|--|--|
| | Before charges | After charges | |
| 0 | £18,500 | £18,500 | |
| 1 | £18,335 | £18,242 | |
| 5 | £17,690 | £17,247 | |
| 10 | £16,915 | £16,078 | |

A1.15. Note on how to read this table: If a member had £18,500 invested in this option on 31 December 2024, after 10 years of membership the savings pot could shrink to £16,915 if no charges are applied but to £16,078 with charges applied.