Annual statement regarding governance of the C-MAC Pension Plan (“the Plan”)

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations”) require the Trustee to prepare an annual statement regarding governance and include this in the annual Trustee Report and Accounts. The governance requirements apply to all defined contribution (“DC”) pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustee covers the period from 6 April 2024 to 5 April 2025 and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The default arrangement
2. Net investment returns
3. Member borne charges and transaction costs
    i. Default arrangement
    ii. Self-select funds
    iii. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustee knowledge and understanding

1. The default arrangement

The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee needs to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Plan's membership.

The Plan does not have a default arrangement as defined by the Administration Regulations as it closed to new contributions before April 2015, and it is not used as a Qualifying Scheme for auto-enrolment purposes. The information in this section therefore relates to the investment strategy and any default investment strategy in more general terms.

The Trustee is responsible for the Plan's investment governance, which includes setting and monitoring the default investment strategy for the Plan. The default investment strategy is primarily provided for members who did not choose an investment option and assumes members take 25% of their retirement savings as a tax-free cash lump sum and purchase an annuity with the remaining 75%.

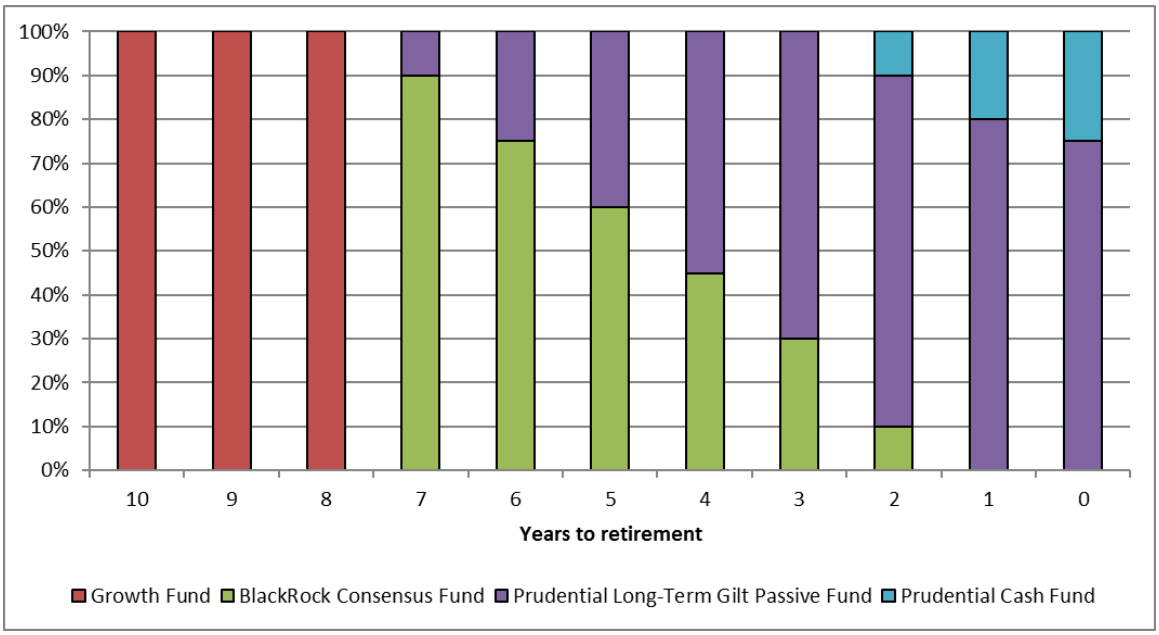
Details of the objectives and the Trustee's policies regarding the default investment strategy can be found in a document called the ‘Statement of Investment Principles’ (SIP). The Plan's SIP is attached to this statement.

The aim of the default investment strategy is to try to ensure that members' savings are invested in funds that are appropriate for them, based on the number of years until their selected retirement date.

The Trustee has taken the following approach to help achieve this aim:

- In designing the default investment strategy, the Trustee has explicitly considered the risk and expected return characteristics of the funds used at different stages of the strategy.
- Assets in the default investment strategy are invested in the best interests of members and beneficiaries, considering the profile of membership.
- Assets in the default investment strategy are invested in a manner which aims to ensure the security, liquidity and profitability of members' portfolios as a whole.
- Assets are invested in regulated products and regulated markets.

The default investment strategy is invested predominantly in growth assets, such as equities (stocks and shares of companies) up until 8 years from a member's selected retirement age; from this point, members' assets are transferred into other asset classes, such as government bonds and eventually cash. Upon reaching selected retirement age, a member's assets will be invested 25% in a cash fund, matching the maximum tax-free cash percentage that most members are anticipated to take, and 75% in a fixed income fund, which aims to protect the annuity-purchasing power of the member's fund. The default investment strategy moves members' funds as follows:



Members who were previously invested in the Prudential With Profits Fund are invested in the BlackRock Consensus Fund 8 years or more from their selected retirement age (Growth Fund in the chart above). For all other members the Growth Fund is the Prudential Discretionary Fund.

Investment strategy review

The default investment strategy was not formally reviewed during the period covered by this statement.

The last review was completed on 7 December 2023. After a review of the membership profile of the Plan and market trends, the Trustee was satisfied that the default investment strategy remained appropriate.

The Trustee undertakes a formal review of the default investment strategy at least every three years, with the next formal review due to take place by 7 December 2026.

Specified performance based-fees

Where a fee is calculated by reference to a fund's performance and is not calculated by reference to the value of the member's savings in the Plan, the Trustee must state the amount of any such performance-based fees in relation to each default arrangement.

There have been no such performance-based fees in the Plan payable over the year to 5 April 2025.

Performance Monitoring

The Trustee reviews the performance of the funds that are used within the default investment strategy (along with other funds available to members), against their aims and objectives on a bi-annual basis. These reviews include an analysis of fund performance to check that the risk and return levels meet expectations. Performance of the funds is reviewed against target benchmarks.

The Trustee was satisfied that over the period covered by this statement the performance of the funds that are used within the default investment strategy were broadly as expected and in line with the aims and objectives of the SIP.

Default arrangement asset allocation

The Trustee is required to disclose their full asset allocations of investments for each default investment strategy. The table below shows the percentage of assets allocated in the default investment stratgey to specified asset classes as at 31 March 2025.

Members who were **not** previously invested in the Prudential With Profits Fund (Growth Fund is the Prudential Discretionary Fund):

	Asset allocation as at 31 March 2025 (%)			
Asset class	25 years old	45 years old	55 years old	Normal Retirement Age
Cash	7.7	7.7	7.7	25.2
Bonds	16.1	16.1	16.1	74.8
Listed equities	59.5	59.5	59.5	0.0
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property	5.3	5.3	5.3	0.0
Private debt	0.0	0.0	0.0	0.0
Other	11.4	11.4	11.4	0.0
Total	100.0	100.0	100.0	100.0

Members who were previously invested in the Prudential With Profits Fund (Growth Fund is the BlackRock Consensus Fund):

	Asset allocation as at 31 March 2025 (%)			
Asset class	25 years old	45 years old	55 years old	Normal Retirement Age
Cash	1.8	1.8	1.8	25.2
Bonds	23.6	23.6	23.6	74.8
Listed equities	70.1	70.1	70.1	0.0
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property	1.0	1.0	1.0	0.0
Private debt	0.0	0.0	0.0	0.0
Other	3.5	3.5	3.5	0.0
Total	100.0	100.0	100.0	100.0

2. Net investment returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which Plan members were invested in during the Plan year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance.

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

(i) Default arrangement

Members who were **not** previously invested in the Prudential With Profits Fund (Growth Fund is the Prudential Discretionary Fund):

Performance to 5 April 2025	Annualised net return (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	2.0	7.9
45	2.0	7.9
55	2.0	6.1

Source: Prudential, Aon

Members who were previously invested in the Prudential With Profits Fund (Growth Fund is the BlackRock Consensus Fund):

Performance to 5 April 2025	Annualised net return (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	-0.5	6.7
45	-0.5	6.7
55	-0.5	5.6

Source: Prudential, Aon

(ii) Self-select investment funds

In addition to the default investment strategy members also have the option to invest in a further two lifestyle strategies, one targeting income drawdown and one targeting cash at retirement. There is also a range of additional individual funds that are available to members.

For full information, we have shown net investment returns for all funds available to members rather than just those where members are invested. In some cases, performance is shown to 31 March 2025 as this is all that was available from the provider.

Lifestyle strategy targeting drawdown:

Performance to 31 March 2025	Annualised net return (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	4.7	7.6
45	4.7	7.6
55	4.7	Not available^

Source: Prudential

^The net return has not been provided as the underlying fund returns required to derive it are not readily available.

Lifestyle strategy targeting cash:

Performance to 31 March 2025	Annualised net return (% p.a.)	
Age of member at the start of the investment reporting period	1 year	5 years
25	4.7	7.6
45	4.7	7.6
55	4.7	Not available^

Source: Prudential

^The net return has not been provided as the underlying fund returns required to derive it are not readily available.

Individual funds:

Performance to 5 April 2025 (31 March 2025 where noted)	Annualised net return (% p.a.)	
Fund name	1 year	5 years
BlackRock Aquila World ex-UK Equity Index	-4.4	15.8[4]
BlackRock Aquila All Stocks Corporate Bond Index[4]	2.6	-0.8
BlackRock Aquila Consensus[1]	-0.5	6.7
Prudential S3 Long-Term Gilt Passive[1]	-3.7	-12.5
Prudential S3 Discretionary[1]	2.0	7.9
Prudential Dynamic Growth IV [2 3 4]	4.7	7.6
Prudential S3 Cash[1 3]	4.3	2.0
Prudential LGIM FTSE4Good UK Equity Index[4]	12.4	12.3
Prudential Dynamic Growth II [2 3 4]	4.6	4.9

Source: Prudential and LGIM

[1] Funds underlying the default investment strategy (annuity lifestyle strategy)
[2] Funds underlying the drawdown lifestyle strategy
[3] Funds underlying the cash lifestyle strategy
[4] Performance shown for these funds is to 31 March 2025

3. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- **Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;**
- **Transaction costs: these are not explicit, and are incurred when a scheme's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.**

The Trustee is also required to produce an illustration of the cumulative effect of the overall costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The Trustee has set out the costs and charges incurred by members over the statement year in respect of each investment fund available to members. These comprise the TER and, insofar as we are able to, transaction costs. All of the information has been supplied by Prudential who are the Plan's platform provider. Where transaction costs have been provided as a negative cost, these have been set to zero by the Trustee to avoid potentially understating the total level of costs and charges.

The transaction costs shown in this statement are those incurred over the year to 31 December 2024, as this is the most recent period over which Prudential were able to provide the information. Prudential has explained that it is reliant on the underlying fund managers providing transaction cost data, as well as the third party it uses to calculate transaction costs in the prescribed format. The Trustee will continue to request this information and hopes that provision improves over time. The Trustee and their advisers are comfortable that information provided over the year to 31 December 2024 will give a good indication of the transaction costs incurred by members over the year to 5 April 2025.

(i) Default investment strategy

The TERs over the reporting year and transaction costs over the twelve months to 31 December 2024 are shown in the following table:

Default arrangement	TER % p.a.	Transaction* costs % p.a.	Total costs % p.a.
Members who were **not** previously invested in the Prudential With Profits Fund (Growth Fund is the Prudential Discretionary Fund):	0.41 – 0.50	0.00 – 0.17	0.41 – 0.67
Members who were previously invested in the Prudential With Profits Fund (Growth Fund is the BlackRock Consensus Fund):	0.41 – 0.48	0.00 – 0.01	0.41 – 0.49

Note that as the default strategy invested in more than one underlying fund over the reporting period and the allocation to the different funds varies by members' age, a range of costs and charges are shown.

(ii) Self-select investment funds

The TERs over the reporting year and transaction costs over the twelve months to 31 December 2024 are shown in the following tables:

Lifestyles	TER % p.a.	Transaction costs* % p.a.	Total costs % p.a.
Drawdown strategy	0.47	0.10 – 0.11	0.57 – 0.58
Cash strategy	0.47	0.00 – 0.11	0.47 – 0.58

Note that as the lifestyle strategies invested in more than one underlying fund over the reporting period and the allocation to the different funds varies by members' age, a range of costs and charges are shown.

Individual funds	TER % p.a.	Transaction costs % p.a.*	Total costs % p.a.
BlackRock Aquila World ex-UK Equity Index	0.48	0.01	0.49
BlackRock Aquila All Stocks Corporate Bond Index	0.48	0.10	0.58
BlackRock Aquila Consensus [1]	0.48	0.01	0.49
Prudential S3 Long Term Gilt Passive [1]	0.40	0.00	0.40
Prudential S3 Discretionary [1]	0.50	0.17	0.67
Prudential Dynamic Growth IV [2 3]	0.47	0.10	0.57
Prudential S3 Cash [1 3]	0.47	0.00	0.47
Prudential LGIM FTSE4Good UK Equity Index	0.50	0.02	0.52
Prudential Dynamic Growth II [2 3]	0.47	0.11	0.58

** For the 12 months ending 31 December 2024*
[1] Funds underlying the default investment strategy (annuity lifestyle strategy)

[2] *Funds underlying the drawdown lifestyle strategy*
[3] *Funds underlying the cash lifestyle strategy*

(iii) Illustrations of the cumulative effect of costs and charges

To help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided illustrations of their cumulative effect on the value of typical Plan members' savings over the period to their retirement. The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on several assumptions about the future which are set out 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 Plan, they are not a substitute for the individual and personalised illustrations provided to members in their annual benefit statements.

The Trustee has chosen to provide illustrations representative of the youngest member and a member of average age. The illustrations are provided based on investment in the default investment strategy (both for members who were **not** previously invested in the Prudential With Profits Fund and members who were previously invested in the Prudential With Profits Fund).

As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, the Trustee has also included some comparison figures with other investments. For comparison purposes the projected retirement savings are also shown assuming the representative member were invested in the fund in which members are invested with the highest total charges over the year to 5 April 2025 (Prudential Discretionary Fund) and the fund in which members are invested with the lowest total charges over the year to 5 April 2025 (Prudential Long Term Gilt Passive Fund).

Illustration A: is based on the youngest Plan member who has 23 years to go until their retirement at age 65. A starting fund value of £5,000 has been used for the illustrations.

Projected Pension Account in today's money

Age	Default investment strategy Members who were **not** previously invested in the Prudential With Profits Fund			Default investment strategy Members who were previously invested in the Prudential With Profits Fund		
	Before charges £	**After charges £**	**Effect of charges £**	**Before charges £**	**After charges £**	**Effect of charges £**
42	5,000	5,000	0	5,000	5,000	0
45	5,530	5,434	96	5,530	5,453	77
50	6,541	6,244	297	6,541	6,301	240
55	7,736	7,174	562	7,736	7,281	455
60	9,181	8,291	890	9,181	8,443	738
65	11,070	9,793	1,277	11,070	9,973	1,097

Projected Pension Account in today's money

Age	Prudential Discretionary Fund			Prudential Long Term Gilt Passive Fund		
	Before charges £	**After charges £**	**Effect of charges £**	**Before charges £**	**After charges £**	**Effect of charges £**
42	5,000	5,000	0	5,000	5,000	0
45	5,530	5,434	96	5,688	5,623	65
50	6,541	6,244	297	7,051	6,838	213
55	7,736	7,174	562	8,741	8,315	426
60	9,151	8,242	909	10,835	10,112	723
65	10,823	9,470	1,353	13,432	12,297	1,135

Illustration B: is based on the average age Plan member who has 7 years to go until their retirement at age 65. A starting fund value of £14,400 has been used for the illustrations.

Projected Pension Account in today's money						
Age	Default investment strategy Members who were **not** previously invested in the Prudential With Profits Fund			Default investment strategy Members who were previously invested in the Prudential With Profits Fund		
	Before charges £	**After charges £**	**Effect of charges £**	**Before charges £**	**After charges £**	**Effect of charges £**
58	14,400	14,400	0	14,400	14,400	0
60	15,451	15,312	139	15,451	15,312	139
65	18,631	18,086	545	18,631	18,086	545

Projected Pension Account in today's money						
Age	Prudential Discretionary Fund			Prudential Long Term Gilt Passive Fund		
	Before charges £	**After charges £**	**Effect of charges £**	**Before charges £**	**After charges £**	**Effect of charges £**
58	14,400	14,400	0	14,400	14,400	0
60	15,400	15,222	178	15,692	15,572	120
65	18,215	17,489	726	19,453	18,937	516

Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the strategy) in making investment decisions.

Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- *All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.*
- *Inflation is assumed to be 2.5% p.a.*
- *The projected annual returns on assets are:*
  - *a. BlackRock Aquila Consensus Fund 6.00% p.a.*
  - *b. Prudential Cash Fund 2.00% p.a.*
  - *c. Prudential Discretionary Fund 6.00% p.a.*
  - *d. Prudential Long Term Gilt Passive Fund 7.00% p.a.*
- *For the default investment strategy, the projection takes into account the changing proportion invested in the different underlying funds. All funds shown above are underlying funds.*
- *The TERs used reflect those shown in this statement.*
- *The 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.*
- *Retirement is assumed at age 65.*
- *Data used is the most recent provided by the administrator as at 31 March 2023, updated for member movements over the period to 31 March 2025.*

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 money for members.

The Trustee is required to assess, on an annual basis, whether the Plan delivers good value for members. The way the Trustee carries out the assessment is prescribed by legislation and must involve a comparison of reported member borne costs and charges and fund performance (net investment returns) with three other larger schemes, and a consideration of key governance and administration criteria.

Working in conjunction with our advisers, Aon, we have assessed the Plan relative to three larger schemes, referred to as the comparator schemes. For the purpose of this exercise, we have selected three Master Trusts as the comparator schemes: the Smart Pension Master Trust, the Aegon Master Trust and the National Employment Savings Trust (NEST).

The main highlights of the assessment are set out below. When reading these highlights it should be noted that deferred members with only DC benefits were recently bulk transferred out of the Plan to another arrangement. All remaining deferred members in the Plan, to which this assessment applies, have an "underpin" to their DC benefits whereby, at retirement, if the amount in their account is not sufficient to purchase a pension equal to their GMP, a top up payment would be made to their account by the Plan's sponsor. This is known as a GMP underpin benefit and the Trustee acknowledges that a top up payment is often made for these members.

(i) *Costs and charges*

- The assessment showed that the costs and charges members pay in the Plan are higher than the average costs and charges they would pay across comparable funds in the comparator schemes.
- However, the GMP underpin benefit provided in the Plan would not be provided in the comparator schemes upon transferring.
- Taking account of this, and considering the costs and charges and GMP underpin together, we believe the costs and charges payable in the Plan do represent good value for members compared to the comparator schemes.

(ii) *Net investment returns*

- The investment returns members achieved in the Plan, net of all member borne costs and charges, over the one and five year periods to 31 March 2025 have been compared to those that members may have achieved in the three comparator schemes.
- The assessment showed that the net investment returns achieved in the Plan were lower than the average net investment returns across comparable funds in the comparator schemes, although it should be noted that, unlike the comparator schemes, the Plan's investment strategy targets annuity purchase at retirement.
- Again, taking account that the GMP underpin benefit would not be provided in the comparator schemes upon transfer, and considering the net investment returns, objectives of the investment strategy and GMP underpin together, we believe the net investment returns in the Plan do represent good value for members compared to the comparator schemes.

(iii) *Governance and Administration*

The Trustee has considered the benefits of membership under the following four categories: Plan governance, investments, administration and member communications. These benefits are not benchmarked against the comparator schemes but have simply been assessed by the Trustee.

The assessment concluded that the Governance and Administration of the Plan does provide good value for members. A summary has been provided below.

Plan governance

- The Trustee is an independent professional Trustee company, with processes and procedures in place to meet the level of knowledge, understanding and skills required and works alongside its professional advisers in the running of the Plan.
- The Trustee considers the governance arrangements in place to be adequate, with the right structures in place to support effective management of risks. The Trustee has processes in place to identify and manage any conflicts of interest.

Investments

- The Trustee has suitably robust investment governance procedures in place.
- The Plan offers lifestyle strategies, including the default investment strategy, that target the different ways in which members can access DC funds at retirement. Individual funds covering a range of member risk profiles and asset classes are also available to members.
- The investment funds available have been designed, following advice from the Trustee's investment adviser, with the specific needs of members in mind and were last reviewed on 7 December 2023. Bi-annual performance reviews are carried out on the funds within the Plan.

Administration

- The Trustee has appointed Prudential to provide administration services to the Plan. The Trustee obtains information to assess the member experience through reports provided by Prudential. These are discussed at annual Trustee meetings, with the Trustee and its advisers engaging with Prudential between meetings.
- Over the reporting period the standard of service provided was below what the Trustee expects, although there has been a continued improvement from previous years. Whilst the Trustee believes Prudential has sufficient checks in place to monitor and report on the standard of the administration service, the Trustee continues to work with Prudential to improve the level of service received.

Member communications

- The Trustee provides members with regular communications such as annual newsletters, benefit statements and retirement wake-up packs.

Overall conclusion of the Value for Members assessment

The Trustee's assessment concluded that the charges and transaction costs borne by Plan members represents good value for members relative to the benefits of Plan membership. In reaching this conclusion the GMP underpin benefit in the Plan, which would not be provided in alternative comparator schemes, was a key component.

5. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the transfer of member funds into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members/beneficiaries.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Plan administrator, Prudential. Although this function is delegated to the administrator, the Trustee retains overall responsibility for core financial transactions and transactions are monitored by the Trustee in regular reports submitted by Prudential.

In order to determine how well the administrator is performing Prudential provide the Trustee with quarterly administration reports, which include end to end service level reporting with journeys broken down into bereavements, claims and servicing categories. The reports measure the period between the first and last point of contact until a case is closed, with target timescales based on historical performance, allowing the Trustee to monitor changes in performance levels. The following table illustrates targets and performance for the Plan for the reporting year:

	Upper target <= 80% of cases completed	**Lower target <= 97% of cases completed**	**Tail target > 99% of cases completed**
Bereavements	<= 21 days	<= 54 days	> 70 days
Claims	<= 7 days	<= 16 days	> 30 days
Servicing	<= 6 days	<= 14 days	> 34 days
Performance for the period	72% of cases completed within upper targets	93% of cases completed within lower targets	1% of cases completed later than tail target

Prudential aim to complete 97% of cases within the upper and lower targets and no more than 1% in the tail target. The Trustee and the administration team recognise that these targets were not met. However, this continues the trend of showing an improvement in service performance compared to the prior year. The Trustee and administrator will continue to work to improve service levels and return performance to that expected by the Trustee and members.

The table below shows the quarter statistics over the Plan year. The Trustee will continue to monitor service levels closely to ensure performance improvements continue.

	Upper target <= 80% of cases completed	**Lower target <= 97% of cases completed**	**Tail target > 99% of cases completed**
Performance for Q2 2024	82% of cases completed within upper targets	98% of cases completed within lower targets	0% of cases completed later than tail target
Performance for Q3 2024	65% of cases completed within upper targets	89% of cases completed within lower targets	2% of cases completed later than tail target
Performance for Q4 2024	65% of cases completed within upper targets	88% of cases completed within lower targets	0% of cases completed later than tail target
Performance for Q1 2025	76% of cases completed within upper targets	95% of cases completed within lower targets	4% of cases completed later than tail target

The Trustee has also reviewed the key processes adopted by the administrator in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes in place to mitigate risks include:

- A full member and Plan reconciliation being undertaken annually as part of the annual preparation of the Trustee Report and Accounts;
- Provision of regular end to end reports enabling the Trustee to monitor the time taken to complete cases;
- Checks for all investment and banking transactions prior to processing, with a peer review process in place to ensure independent checks are completed;
- Documentation and operation in line with Prudential's quality assurance policies and procedures; and

- Operation in line with Prudential's business continuity plan and confirmation that the administrator has prioritised core financial transactions during this period.

In addition, the Trustee meets with Prudential as needed to discuss the administration of the Plan. These meetings provide an opportunity to discuss any issues that might arise.

The Trustee is not aware of members being disadvantaged as a result of errors or payment delays over the period. However, core financial transactions were impacted by the service issues that persisted. Therefore, the Trustee believes that the requirement to process core financial transactions promptly and accurately has not been met over the whole period, although notes that overall there was an improvement from the previous year. The Trustee will keep working with Prudential to ensure improvements continue and delivery times become acceptable on a more consistent basis.

6. Trustee Knowledge and Understanding (TKU)

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly.

The comments in this section relate to the Plan as a whole.

The Trustee has processes and procedure in place to meet the Pension Regulator's TKU requirements.

The Trustee is an independent professional firm, Apex Pension Trustees Limited ("Apex"), which acts as a trustee across several different pension schemes. The employees that represent Apex to discharge the Trustee's duties for the Plan ("Trustee representatives") are experienced pension trustees with many years of pensions experience. The Trustee representatives undertake continuous professional development throughout the year in line with the requirements of their professional organisations and Apex.

The Trustee representatives became familiar with key Plan documents and historic knowledge of the Plan as part of their appointment in 2020. The Trustee representatives identify and address any Plan-specific knowledge gaps on an ongoing basis.

Being a professional trustee, no introductory or induction trustee training is required when a new Trustee representative is appointed, although they are provided with information, background, and training on the specifics of the Plan. Over the period covered by this statement, there were no new Trustee representatives appointed to work on the Plan.

The Trustee has engaged with its professional advisers regularly throughout the year to ensure that it exercises its functions properly and takes professional advice where needed.

In exercising its functions this has required knowledge of key Plan documents such as the Trust Deed and Rules, Trustee Report and Accounts and the Statement of Investment Principles. A few of the areas covered, and actions carried out, over the reporting period that support this statement are set out below:

- Reviewing administration reports to monitor service levels and holding regular engagement with the administrator;
- Reviewing bi-annual investment reports to assess fund performance against benchmarks, and funds against overall Plan aim and objectives, as set out in the Statement of Investment Principles;
- Making decisions on specific member cases, taking into account the requirements of the Plan's Trust Deed and Rules, policies/practices and also the wider law relating to pensions and trusts;
- Carrying out regular annual tasks, such as reviewing and signing off the Trustee Report and Accounts, which includes reviewing the Chair's Statement (this document) and

Implementation Statement (a document which describes how the Trustee has complied with the policies in the Statement of Investment Principles over the Plan year);

- Governance related actions, including reviewing the Plan's risk register;
- Work in relation to topical issues in pensions, such as ongoing considerations for the Plan from the High Court ruling on the requirement to review members' benefits for the effect of equalising GMP; and
- Receiving regular updates on developments in pensions legislation/regulations, helping to maintain a knowledge of the law relating to pensions and trusts.

The Trustee representatives have also kept their TKU up to date from attendance at several training sessions and seminars, both internally within Apex and externally run sessions.

The Trustee representatives therefore have a wide depth of pension knowledge, along with Plan specific knowledge, which they have kept up to date over the period covered by this statement as part of their professional duties, meaning that the Trustee meets the Pension Regulator's TKU requirements.

Given the Plan has a sole independent professional Trustee, an evaluation of the Trustee's performance and effectiveness over the year was not formally carried out. However, as part of their employment, the Trustee representatives undertake annual performance reviews and regularly consider their roles and the service that they are providing to the Plan.

The Trustee remains of the opinion that by applying their own knowledge, understanding and experience from being pensions professionals, and engaging with appointed professional advisers regularly, the Plan is run, and functions are exercised, properly. This is further demonstrated and evidenced by the regular meetings, conference calls and correspondence throughout the Plan year, where advice was provided, discussions held, and decisions taken in relation to any matter material to the running of the Plan.

Signed on behalf of the Trustee of the C-MAC Pension Plan

Name	Rosemary Kennell
Signature	ROSEMARY KENNELL
Date	3 November 2025

C-MAC Pension Plan ("the Plan")

Statement of Investment Principles (the “Statement”)

1. Scope of Statement

This Statement has been prepared in accordance with Section 35 of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee of the Plan (“the Trustee”) also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

The effective date of this Statement is 25 October 2023. The Trustee will review this Statement and the Plan’s investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy.

2. Consultations Made

The Trustee has consulted with the Company, Flextronics Scotland Limited ("the Company"), prior to writing this Statement and will take the Company's comments into account when they believe it is appropriate to do so.

The Trustee is responsible for the investment strategy of the Plan. They have obtained written advice on the investment strategy appropriate for the Plan and on the preparation of this Statement. This advice was provided by Aon Investments Limited (formerly Aon Solutions UK Ltd), who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Plan's assets has been delegated to investment managers who are authorised and regulated by the Financial Conduct Authority. A copy of this Statement is available to the investment managers appointed and to the members of the Plan.

The Trustee's policy is to obtain advice concerning the continued appropriateness of the investment strategy, investment manager and the range of funds available every three years, or sooner in the event of any significant changes in their investment objectives.

The investment strategy was formally reviewed on 3 December 2020. This review considered the suitability of the default arrangement and other fund options with reference to the membership demographics and how members access their benefits, as well as industry data and wider trends. No changes were made as a result of this review, the Trustee decided that retaining the existing default arrangement would best meet the needs of the membership. The next investment strategy review is due by 3 Dec 2023.

3. Objectives and Policy for Securing Objectives

The Trustee's main objectives for setting the investment strategy of the Plan are set out below:

Member Accounts

- "asset choice objective" - to ensure members have an appropriate choice of assets for investment;
- "growth objective" – to enable members to benefit from investment in assets which are expected to produce a return in excess of inflation until they reach retirement;
- "security objective" - to provide members with an investment choice that seeks to reduce the

volatility in investment returns;

- A default strategy is in place aimed at providing a smoothed real investment return for members not wishing to be involved in the decision on how their funds are invested in future; and

- For those who do wish to take a more active role in the investment of their funds, the Trustee makes available a selection of appropriate funds. Following the Investment Strategy Review in 2015, two alternative lifestyle strategies were made available to members, as well as six additional self-select funds.

Guaranteed Minimum Pension Underpin

- "funding objective" – where required by contracting-out legislation, to ensure that the Plan has sufficient assets available to pay the Guaranteed Minimum Pensions ("GMP") as and when they arise. The value of the GMP underpin will be calculated using assumptions in line with the expected returns on bonds after members' retirement. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Company;

- "security objective" – to ensure that the solvency position of the Plan (as assessed on a bond basis) is expected to improve. The Trustee will also take into account the strength of the Company's ability to continue making contributions when determining their required expected improvement in the solvency position of the Plan; and

- "stability objective" - to have due regard to the Company's ability in meeting its contribution payments given their size and incidence, and to have due regard to the volatility of measures of funding and security.

The investment strategy chosen by the Trustee aims to maximise the likelihood of achieving these objectives.

The Trustee recognises that these objectives may conflict and that in resolving this conflict, it is necessary to accept some risk.

The Trustee also recognises the nature of the underpin, together with the choice of investments available to members, means the risk profile of the funds allocated to the Trustee to meet any shortfall in funding needs to be kept under regular review.

4. Choosing Investments

Range of funds - The Trustee makes available a range of pooled funds through the Plan's platform provider, Prudential. The units are readily realisable and the assets within the chosen funds are traded on major regulated markets.

In order to avoid an undue concentration of risk, a spread of funds is made available to members. The diversification provided by this range of funds is both within and across the major asset classes. As the need arises, or when the Trustee considers it appropriate, additional funds will be added or existing funds deleted from the range available to members.

Investment managers - Day-to-day selection of stocks is delegated to investment managers, appointed by the Trustee. With regards to the review and selection of their investment managers, the Trustee takes expert advice from their professional advisers, Aon Investments Ltd, who monitor the business risk/financial strength of the underlying investment managers and notify the Trustee of any changes in manager ratings.

The Trustee believes this will enable members to invest in a manner which reflects their attitude to risk and proximity to retirement. Where assets are held by the Trustee to provide additional funding for the GMP underpin, the Trustee exercise their powers of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole, after taking into account the decisions taken by members in relation to the investment of their underlying accounts.

Derivatives - The Trustee makes no direct investment in derivatives. However, the managed funds used by the Trustee may invest in derivatives, but only in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management within the fund and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

Stocklending - The managed funds used by the Trustee may use stocklending, but only in so far as it contributes to an increase in return with no increase of investment risk.

Best Interests - The Trustee believes the assets of the Plan are invested in the best interests of the members and beneficiaries.

Member Accounts - The 2015 Investment Strategy Review commenced with an analysis of the membership to understand members' needs to enable the Trustee to select a strategy to meet those needs. As a result, the investment options now offered to members are deemed appropriate, given the nature of the membership.

A default strategy (based on members targeting a tax free lump sum of 25% cash and using the 75% remainder to purchase an annuity) is available for Member Accounts where the member does not wish to take an active role in investing their underlying funds, or where the member fails to provide the Trustee with an explicit alternative. In addition, a range of funds is made available for members who wish to take a more active decision-making role in the investment of their Member Account. The funds available in both instances are set out in the Appendix to this Statement.

GMP Underpin - The types of investment held are deemed appropriate given the liability profile and funding level of the Plan, the members' investment choices and the Trustee's objectives.

Assets held to cover the Plan's technical provisions (the liabilities of the Plan) are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan. The unallocated units which are used to assist in funding the expected total cost of the GMP underpin are currently invested in the Prudential Long Term Gilt Passive Fund.

5. Arrangements with asset managers

The Trustee monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and

- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee receives regular reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the Plan. The Trustee focuses on longer-term performance when considering the ongoing suitability of the

investment strategy in relation to the Plan objectives and assesses the asset managers over 3-year periods.

The Trustee also receives an update on the engagement activities carried out by their asset managers in the form of an implementation statement.

The Trustee shares the policies, as set out in this Statement, with the Plan's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the asset manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be reviewed periodically, and at least every three years.

The Trustee does not regularly monitor asset managers against non-financial criteria of the investments made on their behalf (although this is more an example of a risk mitigation motivated decision).

6. Cost monitoring

The Trustee is aware of the importance of monitoring their asset managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that, in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments.

The Trustee receives annual cost transparency reports from their investment consultant, who obtains the necessary information from the Platform provider, Prudential. These reports present information in line with prevailing regulatory requirements for asset managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the Platform provider;
- The fees paid to the asset managers appointed by the Trustee;
- The amount of portfolio turnover costs (transaction costs) incurred by the asset managers appointed by the Trustee;
- The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the asset managers;
- Any charges incurred through the use of pooled funds (custody, administration, and audit fees); and

- The impact of costs on the investment return achieved by the Plan.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and managers. The investment consultant monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the asset managers appointed on behalf of the Trustee.

Evaluation of performance and remuneration

The Trustee assesses the (net of all costs) performance of their asset managers on a rolling three-year basis against the Plan's specific benchmark and investment objectives. The remuneration paid to the asset managers and fees incurred by third parties appointed by the asset managers are provided annually by the asset managers to the Trustee. This cost information is set out alongside the performance of the asset managers to provide context. The Trustee monitors these costs and performance trends over time.

7. The Balance Between Different Kinds of Investments

The Trustee recognises the following key sources of financial risk (in relation to meeting their objectives):

- Inflation risk – the risk that the investment return achieved on a Member's Account does not keep pace with inflation;
- Capital risk – the risk of a fall in the value of a Member's Account;
- Manager risk – the risk that the investment managers fail to achieve the returns expected of them; and
- Pension Conversion risk – the risk that, in the lead up to retirement, the cost of securing pension moves out of line with the assets a Member's Account is invested in.

The Trustee recognises that some of these risks conflict. In managing these risks, the Trustee understands that it is necessary to accept some risk. Given the defined contribution nature of the Plan, the Trustee also accepts that the relative importance of these risks will vary with the length of time a member has until retirement.

The Trustee therefore retains responsibility for setting asset allocation in relation to the default lifestyle strategy, and takes expert advice as required from their professional advisers, Aon Investments Ltd.

8. Investment Risk Measurement and Management

Defined Contribution Section

The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members. Before making an investment decision members are expected to have read the available information on the fund range and any other information the Trustee makes available such as the Annual Trustee Report and Accounts.

The Trustee monitors the risks arising through the selection or appointment of fund managers on an ad-hoc basis, via investment monitoring reports prepared by their investment manager. The Trustee will meet with their managers when performance concerns arise or when advised by Aon Investments Ltd on any matters of material significance that may affect the ability of the fund manager to achieve its objectives.

Expected deviation from the benchmark is monitored and the Trustee acknowledges that investment returns achieved outwith the expected deviation (positive or negative) may be an indication that the investment manager is taking a higher level of risk than indicated.

Guaranteed Minimum Pension Underpin

The risks in relation to the GMP underpin are similar to the above and are monitored in the same way.

In addition, the Trustee monitors the impact of any decisions that members make to change their investment strategy to ensure that they can take any action they consider appropriate in relation to the funding of the GMP underpin.

9. Custody

Investment in pooled funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the pooled funds' assets.

The custodians are independent of the Company.

10. Realisation of Investments (Liquidity)

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise. All of the Plan assets held are realisable at short notice.

11. Illiquid Investments

The Trustee may hold illiquid investments on behalf of DC members in the default investment strategy.

The illiquid investments are underlying holdings within wider pooled funds. Specifically, the Prudential Discretionary Fund and the Prudential Blackrock Aquila Consensus Index Fund may allocate to underlying illiquid holdings, for example, Property. These allocations are at the discretion of the investment managers, and the allocations may increase or decrease over time.

The Prudential Discretionary Fund is the sole Growth Fund of the default lifestyle in which members are invested until the de-risking starts at seven years away from retirement. The illiquid investment is a small proportion of this Fund’s allocation. The Trustee believes that the Fund, and the illiquid investments within it, provide growth and diversification from the other key return drivers held by members at this stage of the lifestyle.

The Prudential Blackrock Aquila Consensus Index Fund is introduced in the de-risking phase of the default lifestyle. It is therefore held by members from 7 years until 2 years of their retirement. Again, the illiquid investment is a very small proportion of this Fund's allocation. The Trustee believes that the Fund, and the illiquid investments within it, provide diversification from the other key return drivers held by members at this stage of the lifestyle.

Whilst the Trustee recognise that illiquid investments may be associated with higher costs, and liquidity risks, they nevertheless believe that the benefits of diversification and access to an illiquidity premium should benefit members in the long term. The Trustee also believe that M&G and BlackRock are best placed to use their discretion as to the appropriateness of holding illiquid investments in the respective Funds at any particular time, and to use the liquid portions of the Funds to ensure members have sufficient access to liquidity.

12. Default Fund

The defined contribution section of the Plan has a default arrangement. The objective of this arrangement is to provide a strategy that seeks to provide long-term real returns, i.e. returns in excess of inflation, whilst smoothing the peaks and troughs of day-to-day market movements. It provides exposure to growth assets in members' early years in order to achieve real growth over the long term. As retirement approaches they are transitioned into less risky assets more closely aligned with the form of benefits they are expected to take at retirement.

The current default lifestyle strategy targets expected benefits of a 25% tax free cash lump sum and the 75% used to purchase an annuity. Following the 2015 Investment Strategy Review, two other lifestyle options have been made available to members: one that targets benefits of 100% cash and the other targeting benefits based on 100% income drawdown.

13. Social, Environmental or Ethical Considerations

In setting the Plan's default investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

14. Stewardship – Voting and Engagement

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the scheme invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

The Trustee delegates all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.

The Trustee reviews the suitability of the Plan's appointed asset managers and take advice from their investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed asset managers. If an incumbent asset manager is found to be falling short of the standards the Trustee has set out in their policy, the Trustee undertakes to engage with the asset manager and seek a more sustainable position but may look to replace the asset manager.

The Trustee reviews the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's policies to those of the Plan's asset managers and ensure their asset managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee will engage with their asset managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to scheme members on request.

The transparency for voting should include voting actions and rationale with relevance to the Plan, in particular, where votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Trustee or the asset managers.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

15. Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

The Trustee has made the LGIM Ethical UK Equity Index fund available to members who would like to invest in funds with these specific considerations. The underlying funds that make up the default fund and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

16. Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that, where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes. Where appropriate, and in relation to investment matters, the Trustee obtains advice from their appointed Investment Consultant, Aon Investments Ltd.

The Trustee believes that, given the scale of the Plan, a separate investment sub-committee would not be appropriate. Therefore, all investment decisions are discussed by the whole Trustee body with assistance from the Plan's investment advisers before decisions are taken.

17. Additional Voluntary Contributions ("AVC's") Arrangements

Some members obtain further benefits by paying AVC's to the Plan. The liabilities in respect of these AVC's are equal to the value of the investments bought by the contributions. The same investment choices are made available to members in relation to their AVCs.

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

18. Expected Returns

The Trustee expects the long-term return on the investments that consist predominantly of equities to exceed price inflation. The long-term returns on the bond and cash investments are expected to be lower than the equity investments. However, bond funds are expected to broadly match changes in the price of annuities. Cash funds are expected to provide protection against changes in short-term capital values.

Signatures of Trustee

Rosemary Kennell ..... 25 October 2023.....

Appendix to Statement of Investment Principles

This Appendix sets out the Trustee's current investment strategy, and is supplemental to the Trustee's Statement of Investment Principles (the 'attached Statement').

1. Self-Select Investment Arrangements

The current self-select fund choices available to members are as noted below:

Fund	Benchmark	Performance target
Prudential Discretionary Fund	Internal composite benchmark, asset allocation set by the M&G Prudential Benchmark Treasury and Investment Office	To outperform the internal composite benchmark by 1.15%-1.40% a year (before charges) on a rolling three year basis.
Prudential Blackrock Aquila Consensus Index Fund	ABI Mixed Investment 40-85% Shares (pre-01/10/16: CAPS Balanced Consensus Survey Median)	To replicate the performance of the benchmark.
Prudential Cash Fund	London Interbank LIBID 7 Day Deposit Rate	To outperform the benchmark before charges on a rolling three year basis.
Prudential Long-Term Gilt Passive Fund	FTSE British Government Over 15 Year Gilt Index	To match the performance of the benchmark as closely as possible.
Prudential BlackRock Aquila World Ex-UK Equity Index	FTSE All-World Developed ex-UK Index	To achieve a return in line with the benchmark.
Prudential LGIM Ethical UK Equity Index Fund	FTSE4Good UK Equity Index	To track the sterling total returns of the benchmark (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.
Prudential Threadneedle Property Fund	AREF / IPD UK Quarterly Property Fund Index weighted average	To generate total returns (from income and capital appreciation) that are above its benchmark, over rolling 3 year periods.
Prudential BlackRock Aquila All Stocks Corporate Bond Index	iBoxx Sterling Non-Gilts Index	To achieve a return consistent with the benchmark.

2. Lifestyle Investment Arrangements

The Trustee has a default lifestyle strategy and, following the 2015 Investment Strategy Review, have also made two other optional lifestyle strategies available to members.

The default strategy was created for members who do not have the time or expertise to select their own specialist funds.

Each of the lifestyle strategies has been designed to match the members' investments to their individual time from normal retirement date. The objective of this approach is to achieve a reasonable balance between risk and return.

There are three different lifestyles strategies available to members. Each of them has a different target:

1) 75% annuity purchase and 25% tax-free lump sum cash
2) 100% drawdown strategy – fully invested at the point of retirement
3) 100% cash

2.1. Default lifestyle strategy (75% annuity, 25% cash)

The Trustee has installed a default lifestyle matrix for members who do not have the time or expertise to select their own specialist funds. The default lifestyle option has been designed to match the members' investments to their individual time from normal retirement date. The objective of this approach is to achieve a reasonable balance between risk and return.

This lifestyle strategy is based on the assumption that members take 25% as a tax-free lump sum and purchase an annuity with the remaining 75% of their fund.

When members are far from retirement, monies are invested in funds with the aim of achieving real growth over the longer term. Members at this stage will be invested in either the Prudential BlackRock Aquila Consensus Fund (those who previously had with profits) or the Prudential Discretionary Fund (referred to as the Growth Fund in the matrix).

In recognition of the need to avoid volatility as members approach retirement, investments are switched from the growth assets, i.e. the Prudential Discretionary Fund and Prudential Blackrock Aquila Consensus Fund, into the Prudential Long-Term Gilt Passive Fund and Cash Fund.

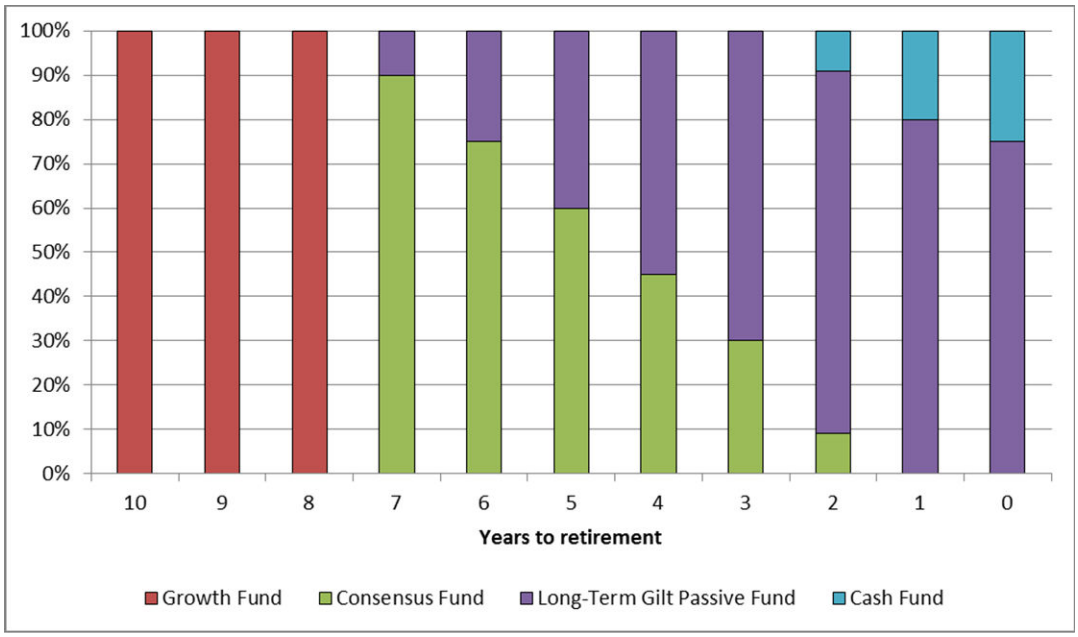
In the case of members in the Prudential Discretionary Fund, their funds are first switched to the Prudential BlackRock Aquila Consensus Fund and then the transition to less risky assets begins from there.

The de-risking of member assets from the growth funds to the Prudential Long-Term Gilt Passive Fund commences seven years from retirement. The transition to the Cash Fund commences two years from retirement.

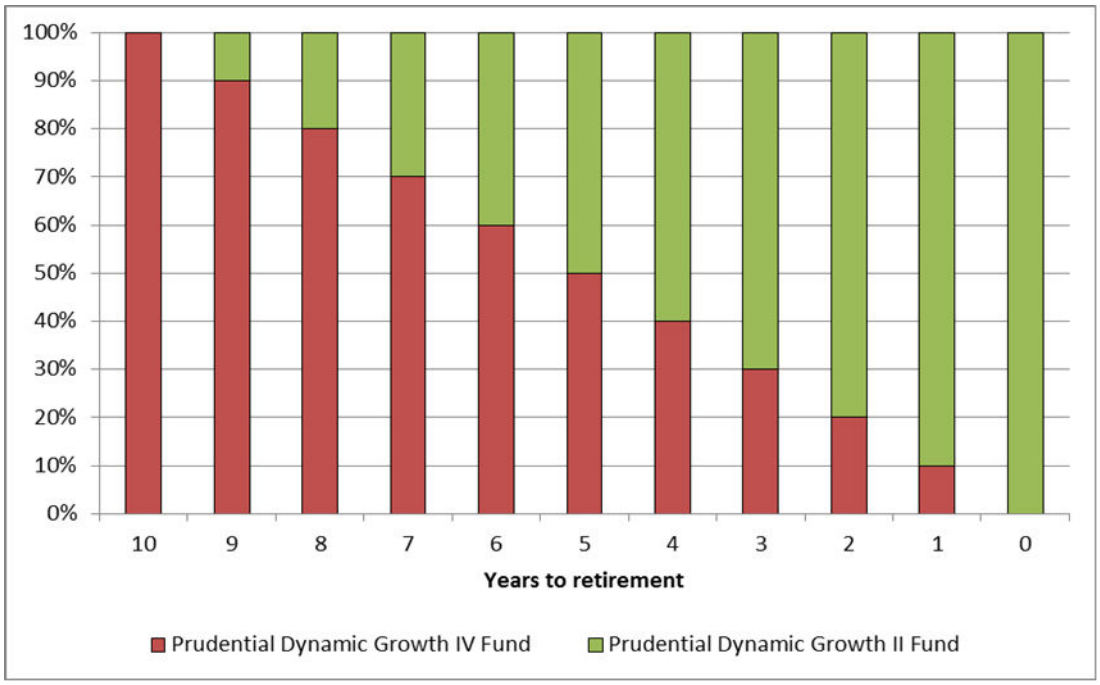
The default matrix is as follows.

Years to Retirement	C-MAC Pension Plan			
	Growth Fund (%)	Consensus Fund (%)	Long-Term Gilt Passive Fund (%)	Cash (%)
10	100	0	0	0
9	100	0	0	0
8	100	0	0	0
7	0	90	10	0
6	0	75	25	0
5	0	60	40	0
4	0	45	55	0
3	0	30	70	0
2	0	10	80	10
1	0	0	80	20
0	0	0	75	25

We show this for the de-risking period pictorially below:



2.2. Optional lifestyle strategy 1 (100% drawdown)

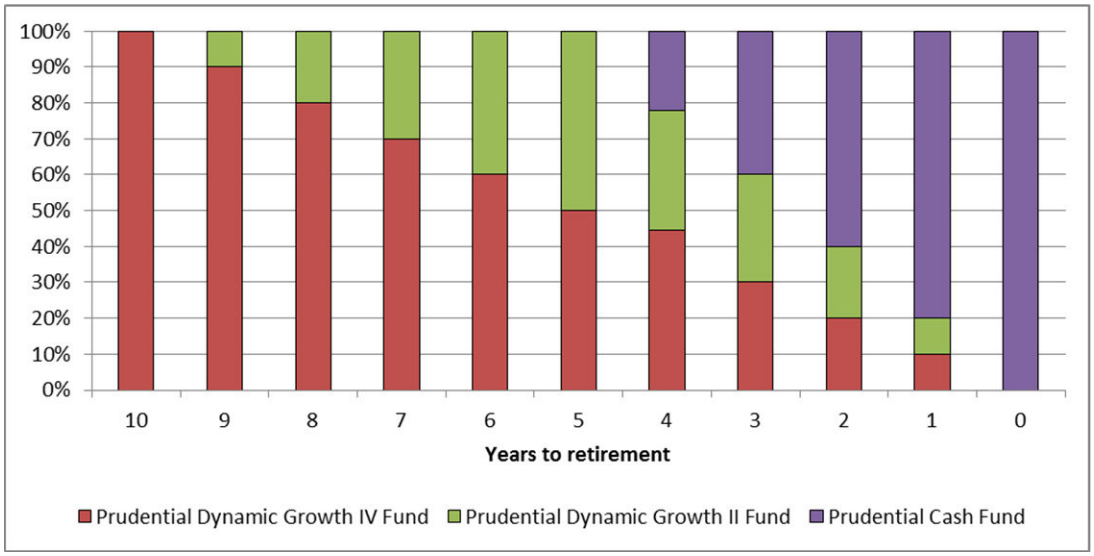


The drawdown option is targeted at those members who wish to remain fully invested at the point of retirement. Members de-risk, however, into a lower risk multi-asset fund as opposed to remaining fully invested in a high growth strategy.

This lifestyle is invested in the Prudential Dynamic Growth IV Fund and the Prudential Dynamic Growth II Fund. The Prudential Dynamic Growth IV Fund is invested 40-80% in equities and the Prudential Dynamic Growth II Fund is invested 10-40% in equities. Both the Prudenital Dynamic Growth IV Fund and the Prudential Dynamic Growth II Fund are comprised of 12 underlying component funds as follows:

BlackRock (Aquila Connect Passive Equity Funds)	M&G Investments (Fixed Interest)
UK Equity	UK Fixed Interest
European Equity	International Bond
US Equity	Index Linked Passive
Japanese Equity	Long Dated Corporate Bond
Pacific Rim Equity	All Stocks Corporate Bond
	Global High Yield Bond
	Cash Fund

2.3. Optional lifestyle strategy 2 (100% cash)



This lifestyle option is targeted at members who aim to take 100% of their benefits as cash at retirement. This option starts de-risking at 10 years from the members selected retirement date, switching through the Prudential Dynamic Growth II Fund into the Prudential Cash Fund.

The Prudential Dynamic Growth II Fund is a low volatility multi-asset fund that may provide some protection against fluctuations in capital value as the member approaches retirement. As outlined above for drawdown, the Prudential Dynamic Growth II Fund is invested in 12 underlying component funds through BlackRock and M&G Investments.

3 Fee Arrangements

3.1. Self-Select funds

Prudential are remunerated as a set percentage of the assets under management. This is in keeping with market practice. The following describes the fee scale applied.

Fund	AMC
Prudential Discretionary Fund	0.50%
Prudential Blackrock Aquila Consensus Index Fund	0.48%
Prudential Cash Fund	0.47%
Prudential Long Term Gilt Passive	0.40%
Prudential BlackRock Aquila World Ex-UK Equity Index	0.48%
Prudential LGIM Ethical UK Equity Index Fund	0.50%
Prudential Threadneedle Property Fund	1.15%
Prudential BlackRock Aquila All Stocks Corporate Bond Index	0.48%

3.2. Lifestyle funds

Lifestyle strategy	AMC
1) 25% cash, 75% annuity	0.41% - 0.50%*
2) 100% drawdown	0.47%
3) 100% cash	0.47%

*Depending on where members are in the lifecycle

3.3. Advisers

The Trustee's investment advisers are paid for advice received by combination of fixed and time cost fees. For significant areas of advice (for example one off special jobs, or large jobs not covered within the scope of the fixed fee agreement), the Trustee will endeavour to agree a project budget prior to any work being completed.

These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.