Chair's DC Governance Statement, covering 1 January 2020 to 31 December 2020

1. Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Hanson Industrial Pension Scheme (the "Scheme") is required to produce a yearly statement (which is signed by the Chair of Trustee) to describe how these governance requirements have been met in relation to:

- the investment options in which members can invest (this means the defaultarrangements and other funds members can select or have assets in, such as "legacy" funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This Statement covers the period from 1 January 2020 to 31 December 2020.

2. Default arrangements

The Scheme is used as a Qualifying Scheme for automatic enrolment purposes.This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

Members who join the Scheme and who do not choose an investment option areplaced into the HIPS Drawdown Lifestyle, (the "Main Default"). When deciding onthe Scheme's default investment strategy, the Trustee recognises that most Scheme members do not make active investment decisions and instead invest inthe Main Default. After taking advice, the Trustee decided to make the Main Default a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their targetretirement date.

The Trustee is responsible for investment governance, which includes settingand monitoring the investment strategy for the default arrangements.

Details of the objectives and the Trustee's policies regarding the default arrangements can be found in a document called the 'Statement of InvestmentPrinciples' ("SIP"). The Scheme's SIP covering the default arrangements is attached to this annual governance statement.

The aims and objectives of the default arrangements, as stated in the SIP, are asfollows.

The Scheme's Main Default objectives are to generate returns significantly aboveinflation whilst members are some distance from retirement, but then to switch automatically and gradually into less risky assets as the member nears retirement with the asset allocation at retirement being designed to be appropriate for members who wish to flexibly access through drawdown.

There is also a legacy default lifestyle (the "Legacy Default"). The Trustee decided to retain this for members who were less than five years to retirement when the transition to the new investment arrangements was implemented in November 2014. As the only members that remain invested in this strategy hadless than five years to their expected retirement date, they will all be in the finalswitching phase, which involves investing members in the HIPS Fixed Interest Gilts Fund and the HIPS Money Market fund.

The Scheme's Legacy Default options' objective is to generate returns significantly above inflation whilst members are some distance from retirement,but then to switch automatically and gradually into less risky assets as the member nears retirement date, with the asset allocation at retirement being designed to be appropriate for members who wish to purchase an annuity.

As well as the Main and Legacy Default lifestyles, since April 2020, the Scheme has also had to recognise a new default for governance purposes, which is the HIPS Money Market Fund. This fund became a default as a result of the decisiontaken temporarily to suspend member access to the HIPS Property Fund (due to the temporary suspension of trading by the underlying manager). As a result, member contributions were redirected into the HIPS Money Market Fund until such time as the HIPS Property Fund could re-open. As members' contributions were directed into this fund without their active selection, this fund has now to be treated as a default for the purpose of fulfilling legislative requirements. The HIPSProperty Fund reopened for dealing on 1 October 2020, although future contributions from members currently remain directed to the HIPS Money Market Fund, unless members have actively redirected them to another fund in the rangeoffered by the Scheme.

The Default strategies are reviewed at least every three years and were lastreviewed on 12 May 2020.

The performance and strategy of the Defaults were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of the Default strategies, as stated in the SIP, and to check that they continue to be suitable and appropriate, given the Scheme's risk profile and membership. Following the review, the Trustee agreed to replace the UK property component within the Main Default (as a 10% component of the HIPS Passive Diversified Fund) with a global property fund. This change will alsobe reflected within the current HIPS Annuity Lifestyle and the HIPS Cash Lifestyle. These strategy changes are expected to take place during 2021.

The Trustee is satisfied that the Defaults remain appropriate. Analysis of the Scheme at the time of the review in May 2020 showed that a large number of members had more than 20 years to retirement. The vast majority of members were invested in either the growth phase or the early stages of the de-risking phase. This, in tandem with salaries and contribution rates, contributed to thesignificant pot sizes members are expected to have when they retire. Active members in particular are expected to have considerable pension values at retirement. Members within 10 years to retirement were also projected to havereasonably-sized DC pots at retirement, supporting the decision to retain a drawdown-targeting default arrangement.

A review of the membership making use of the Legacy Default led the Trustee toconfirm it remained comfortable to continue to provide this strategy as a default option for this cohort of members and any others who wish to target annuity purchase at retirement.

In addition to the triennial strategy review, the Trustee also reviews the performance of the Default arrangements against their objectives on a quarterly basis. This review includes an analysis of fund performance to check that the riskand return levels meet expectations. The Trustee's reviews that took place duringthe Scheme year concluded that the default arrangements were performing broadly as expected.

3. Requirements for processing core financial transactions

Processing core financial transactions (such as the investment of contributions,processing transfers in and out of the Scheme, processing transfers of Schemeassets between different investments, and payments to members/beneficiaries)is carried out by the Scheme's current administrator, Capita.

The Trustee has requested assurance from Capita and has taken steps to try andensure that there are adequate internal controls to ensure that core financial transactions for the Scheme are processed promptly and accurately.

This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

The Scheme has a service level agreement ("SLA") in place with Capita which covers the accuracy and timeliness of all core financial transactions, including butnot limited to:

- The processing of monthly contributions, and payment reconciliation, with theinvestment manager(s) within 3 days of receipt of contributions and contribution data.
- The processing of investment fund switches within 2 days of receipt of member requests. Members also have the facility to do this through an onlineform hosted on 'HansonPensions' (https://www.hansonpensions.co.uk/en) in which case, the request will be actioned within 3 days.
- The processing of transfer requests (both in and out of the Scheme) within5 days from receipt of request. Some members also have the facility to source transfer out quotes online.
- The processing of retirement requests and payments within 5 days fromreceipt of request.
- The production of annual benefit statements and Statutory Money PurchaseIllustration statements within 2 months following the receipt of full, accurate data.
- Annual reporting on the completeness and accuracy of common andconditional data.
- Management of member records and financial data.
- The provision and management of member online access.

The key processes adopted by Capita to help it ensure that core transactions areprocessed promptly and accurately include:

- Recording all member transactions and benefit processing activities in a workmanagement system which automatically assigns the correct SLA for each activity. Work activity is monitored, with tasks allocated daily.
- Preparing quarterly reporting which is presented and discussed with theTrustee.
- Monthly bank, unit and fund reconciliations are provided to the Trustee (thisincorporates peer review of all monetary transactions with different levels ofpayment authorisation required, depending on the value of the payment).

To help the Trustee monitor whether service levels are being met, the Trustee receives quarterly reports about Capita's performance and compliance with theSLAs. Any issues identified by the Trustee as part of its review processes are raised with Capita immediately and steps taken to resolve any issues.

Based on its review processes, the Trustee is satisfied that, over the periodcovered by this Statement:

- Capita operated appropriate procedures, checks and controls within theagreed SLAs;
- there have been no material administration issues in relation to processingcore financial transactions; and
- core financial transactions on the whole have been processed promptly andaccurately to an acceptable level during the Scheme year.

The SLA success rates for each quarter over the Scheme year (based on atarget of 95%) were:

- Q1 – 89.4%
- Q2 – 94.1%
- Q3 – 95.9%
- Q4 – 95.4%

The SLA success rate in Q1 was notably lower than subsequent quarters. Capita reported that this was because case volumes for Q4 2019 and Q1 2020 were higher than its upper tolerance. The biggest impact occurred in March during a period when Capita's operations were being moved towards remote working. This is consistent with the pressures faced by other administrators which also deteriorated as a result of the Covid-19 pandemic. However, Capita's performance improved during the Scheme year, with SLA success rates close toor above its target of 95% for the remaining quarters of 2020. The Trustee discussed these figures with Capita and is now satisfied that they have improvedsufficiently and were not as a result of systemic issues.

4. Member-borne charges and transaction costs

The Trustee is required to set out the on-going charges incurred by Scheme members over the period covered by this Statement (which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs); this is also known as the total expense ratio ("TER"). The TER also includes the Fidelity platform fee, which is currently 0.06%per annum. The TER is paid by Scheme members and is reflected in the unit price of their funds.

The stated charges exclude any administration costs, as these are not met byScheme members.

The Trustee is also required separately to disclose transaction cost figures. In thecontext of this Statement, the transaction costs shown are those incurred when
the Scheme's fund managers buy and sell assets within investment funds but areexclusive of any costs incurred when members invest in and switch between funds. Transaction costs are borne by Scheme members.

The charges and transaction costs have been supplied by the Fidelity which isthe Scheme's current investment-only platform provider.

When preparing this section of the Statement, the Trustee has taken account ofthe relevant statutory guidance. Due to the way in which transaction costs havebeen calculated, it is possible for figures to be negative. Since transaction costsare unlikely to be negative over the long term, the Trustee has shown any negative figure as zero.

Default arrangements

The Scheme's Main Default arrangement is the HIPS Drawdown Lifestyle. The Main Default has been established using a 'lifestyle' approach, which means thatScheme members' assets are automatically moved between different investmentfunds as they approach their target retirement date. This means that the level of charges and transaction costs will vary, depending on how close members are totheir target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transactioncosts are set out in the following tables for the Default arrangements.

Main Default charges and transaction costs

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.18%	0.07%
15 years to retirement	0.22%	0.12%
10 years to retirement	0.26%	0.16%
5 years to retirement	0.33%	0.25%
At retirement	0.34%	0.27%

Legacy lifestyle charges and transaction costs

Years to target retirement date	TER	Transaction costs
5 or more years to retirement	0.12%	0.00%
At retirement	0.12%	0.00%

The TER and transaction cost figures have been shown from 5 years to retirement for the Legacy Default, as the only Scheme members that remain invested in this strategy had fewer than five years until their expected retirementdate when the Main Default was introduced in 2014.

HIPS Money Market Fund charges and transaction costs

	TER	Transaction costs
HIPS Money Market	0.13%	0.00%

Self-select and AVC options

In addition to the Default arrangements, Scheme members also have the optionto invest in two other lifestyles, targeting annuity purchase and cash withdrawal,together with several other self-select funds. The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

HIPS Annuity Lifestyle

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.18%	0.07%
15 years to retirement	0.22%	0.12%
10 years to retirement	0.26%	0.16%
5 years to retirement	0.22%	0.14%
At retirement	0.12%	0.03%

HIPS Cash Lifestyle

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.18%	0.07%
15 years to retirement	0.22%	0.12%
10 years to retirement	0.26%	0.16%
5 years to retirement	0.33%	0.25%
At retirement	0.13%	0.00%

The level of charges for each self-select fund (including those used in the Defaults) and the transaction costs over the period covered by this Statement areset out in the following table. The underlying funds used within the Main Default are shown in **bold**.

Self-select fund charges and transaction costs

Fund name	TER	Transaction costs
HIPS UK Equity	0.12%	0.05%
HIPS World Equity	**0.12%**	**0.00%***
HIPS World Equity (Hedged)	**0.15%**	**0.01%**
HIPS Active Diversified	**0.63%**	**0.69%**
HIPS Passive Diversified	**0.20%**	**0.02%**
HIPS Property	0.47%	0.00%*, **
HIPS Fixed Interest Gilts	0.12%	0.00%*
HIPS Index-Linked Gilts	0.12%	0.00%
HIPS Corporate Bonds	0.12%	0.07%

Fund name	TER	Transaction costs
HIPS Money Market	**0.13%**	**0.00%**
HIPS 60:40 Global Equity	0.12%	0.00%

**There are some instances, due to the calculation method, where transaction costs can benegative. Where this is the case, we have listed these funds as 0.00% because over the long-term, the Trustee expects transaction costs to be positive.*

***Fidelity reported an aggregate transaction cost for the HIPS Property Fund of 5.05% which includes a "Scheme anti-dilution offset". For the purpose of the table above, we have used the buy and sell cost only. This figure is consistent with costs associated withthis type of investment.*

The following funds are available to members as options for Additional VoluntaryContributions ("AVCs"). AVCs are now closed to future contributions.

Self-select Fund name	AVC provider	TER (% pa)	Transaction costs (%pa)
Unit-linked Managed[1]	Utmost	0.75	0.16
Unit-linked Property[1]	Utmost	1.48	0.01
Secure Cash Fund[1]	Utmost	0.50	0.00
Crest Secure[2]	Royal London	2.25	0.00
Unit-linked Managed Pension[3]	Countrywide Assured	-	-
National Provident[4]	Phoenix Life	-	-
With-Profits Cash Accumulation[5]	Prudential	0.80[7]	0.11
Discretionary[5]	Prudential	0.78	0.15
UK Equity[5]	Prudential	0.76	0.03
International Equity[5]	Prudential	0.76	0.16
Fixed-interest[5]	Prudential	0.76	0.00
Index-linked[5]	Prudential	0.76	0.40

Self-select Fund name	AVC provider	TER (% pa)	Transaction costs (%pa)
Equity Managed[6]	Zurich	0.16	0.27
Managed[6]	Zurich	0.19	0.24
Secure[6]	Zurich	0.09	0.02
UK Equity[6]	Zurich	0.22	0.17
UK Preference and Fixed Interest[6]	Zurich	0.15	0.06
With-Profits[6]	Zurich	0.00	0.04

Whilst TER and transaction cost data for the majority of the funds available to members hasnow been obtained, the Trustee will continue to work with its advisers to source the most upto date transaction cost information for any remaining funds. The Trustee's advisers will continue to liaise with the AVC providers to attempt to obtain this information by requestingthis information on a regular basis.

Following the end of 2019, Equitable Life sold its book of business to Utmost Life and Pensions. The Trustee has received advice in relation to this sale and members are now invested in a number of Utmost Life and Pension fund options (including the default lifestyleoption).

[1]Data shown for Utmost unit-linked funds are as at 30 September 2020. Data shown for theUtmost Secure Cash Fund is as at 31 December 2020.

[2]The TER shown for Royal London's Crest Secure fund is its annual management chargewhich includes all charges and transaction costs.

[3]Countrywide Assured has not yet provided data for its Unit-linked Managed Pension fund.

[4]Phoenix Life was unable to provide data for its National Provident fund.

[5]Transaction costs provided by Prudential are for the one-year period to 31 March 2020.

[6]Transaction costs provided by Zurich are as at 30 September 2020.

[7]The annual charge of Prudential's With-Profits Fund depends on the performance of theFund, in particular the investment return and Prudential's expenses. Prudential currently expects this charge to be 0.80% a year, based on the assumption that future investment returns from the With-Profits Fund will be 5% per year.

In addition to the funds listed above, there is also an AVC lifestyle option available to members which uses the Zurich Equity Managed Fund – this then gradually switches to the UK Preference & Fixed Interest Fund from 10 years to retirement.

Zurich AVC Lifestyle	**TER (% pa)**	**Transaction costs(% pa)**
10 or more years to retirement	0.16	0.27
5 years to retirement	0.16	0.17
At retirement	0.15	0.06

Whilst transaction cost data for the majority of the funds available to members has now been obtained, the Trustee will continue to work with its advisers to source the most up to date transaction cost information for any remaining funds.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example Scheme member's pension savings. In preparing this illustration, the Trustee has had regard to the relevant statutory guidance.

- In preparing this illustration, the Trustee has considered the Scheme's membership and characteristics to ensure that it covers a representative range of combinations (of pot size, contribution rates, real term investmentreturns, time and charges).
- The "before costs" figures represent the savings projection assuming an investment return with no deduction of

member borne charges (ie the TER)or transaction costs. The “after costs” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.

- The transaction cost figures used in the illustration are those provided by thefund managers over the past three years (which is the longest available timeframe), subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for the Main Default (the HIPS Drawdown Lifestyle) since this is the arrangement in which most Scheme members are invested, as well as four funds from the Scheme’s self-select fund range. The four self-select funds shown in the illustration are:

    - the fund with the highest before costs expected return - this is theHIPS UK Equity fund;
    - the fund with the lowest before costs expected return – this is theHIPS Index-Linked Gilts fund;
    - the fund with highest annual member borne costs – this is the HIPSActive Diversified fund; and
    - the fund with lowest annual member borne costs – this is the HIPSWorld Equity fund.

Projected pension pot in today's money

	Main Default	HIPS UK Equity (highest	HIPS Index-Linked Gilts		HIPS Active Diversified		HIPS World Equity (lowest	gross return)	(lowest gross return)	
								(highest total cost)		total cost)
Years Before	After Before	After	Before After Before	After	Before	Afterinvested costs	costs costs	costs costs	costs costs	costs costs costs
1	£20,500	£20,500	£20,600	£20,600	£19,700	£19,700	£20,300	£20,100	£20,600	£20,600
3	£33,600	£33,400	£33,900	£33,800	£30,200	£30,100	£32,500	£31,700	£33,900	£33,800
5	£47,400	£47,100	£48,200	£47,900	£40,200	£40,100	£45,100	£43,400	£48,200	£48,000
10	£86,000	£84,800	£88,400	£87,500	£63,800	£63,300	£78,200	£73,000	£88,400	£87,700
15	£130,700	£128,000	£136,100	£134,100	£85,200	£84,300	£113,900	£103,100	£136,100	£134,700
20	£182,800	£177,800	£192,900	£189,100	£104,700	£103,200	£152,400	£133,700	£192,900	£190,100
25	£241,300	£232,600	£260,300	£253,800	£122,300	£120,300	£193,800	£164,800	£260,300	£255,600
30	£304,800	£290,200	£340,300	£330,100	£138,400	£135,700	£238,500	£196,500	£340,300	£332,900
35	£370,300	£346,500	£435,300	£419,900	£153,000	£149,600	£286,600	£228,800	£435,300	£424,200
40	£422,300	£386,800	£548,200	£525,800	£166,200	£162,200	£338,400	£261,600	£548,200	£531,900

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need tobe reduced further for the effect of future inflation.
- Annual salary growth and inflation is assumed to be 2.5%. Salaries could beexpected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salariesincrease in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £14,300 which is the current median pot size.
- The projection is for 40 years, being the approximate duration that theyoungest scheme member has until they reach the scheme's Normal Pension Age.
- The starting salary is assumed to be £38,100 which is the current mediansalary.
- Total contributions (employee plus employer) are assumed to be 15.0% of salary per year. This is the median total contribution rate for the membershipas provided by Capita.
- The projected annual returns used are as follows:
- Main Default option: 3.1% above inflation for the initial years, graduallyreducing to a return of 0.6% above inflation at the ending point of the lifestyle.
- The fund with the highest before costs expected return – HIPS UK EquityFund 3.5% above inflation.
- The fund with the lowest before costs expected returns - HIPS Index-Linked Gilts 1.9% below inflation.
- The fund with the highest annual member borne costs - HIPS ActiveDiversified: 1.5% above inflation.
- The fund with the lower annual member borne costs - HIPS World Equityfund: 3.5% above inflation.

5. Value for members assessment

Every year, the Trustee is required to assess the extent to which member-borne charges and transaction costs represent good value for Scheme members and toexplain that assessment.

There is no legal definition of 'good value', which means that determining this is subjective. The general policy of the Trustee in relation to value for member considerations is set out below. This assessment was undertaken taking account of the Pensions Regulator's Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits).

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtainingvalue for money given the circumstances of the Scheme. The date of the last review was May 2021.

The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustee's investment advisers have confirmed that on thewhole, the fund charges are competitive for the types of fund available to members.

The Trustee's assessment included a review of the performance of the Scheme'sinvestment funds (after all charges) in the context of their 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.

In carrying out the assessment, the Trustee also considers the other benefitsmembers receive from the Scheme, which include:

- the oversight and governance of the Trustee, including ensuring the Schemeis compliant with relevant legislation, and holding regular meetings to monitorthe Scheme and address any material issues that may impact members;
- the design of the Defaults and how this reflects the interests of themembership 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 Scheme website where memberscan access fund information online; and
- the efficiency of administration processes and the extent to which theadministrator met or exceeded its service level standards.

TPR does not prescribe ratings that should be used during the assessment. Tohelp evaluate and assess the criteria over the Scheme year, the Trustee uses aPoor, Fair, Good or Very Good rating in each area. Ultimately, these ratings aresubjective in nature and it is up to the Trustee to ensure that the assessment is accurate (with the help of its investment adviser), and that it is comfortable withthe suggested ratings.

This summary sets out the Trustee's rating and the high-level rationale behind it.

Charges – Very good – The Scheme's management fees are competitive, withmost funds having lower than average charges.

Administration – Fair – Capita's performance relative to SLAs has generallybeen consistent with its target post-Q1 2020 and is in line with that of other providers. The Trustee continues to monitor Capita's service levels closely.

Governance – Very good – The Trustee has clearly defined roles and responsibilities. Knowledge and understanding is of a high standard and trainingis a clear priority.

Communications – Good – The Trustee issues timely and relevant informationto members.

Default investment arrangement – Very good – The current default strategyhas provided members in the growth phase with strong returns, whilst reducingrisk for members approaching retirement over the long-term.

Investment range – Very good – The self-select fund range provides access toall major asset classes and there are suitable alternative lifestyle strategies offered.

At-retirement services – Good – Support and guidance offered is reasonableand members are pointed in the appropriate direction for additional information.

Plan design – Very good – The Scheme's design and contribution structure arereasonable and encourage members to take advantage of the extra matching contributions.

As detailed earlier, the Trustee is comfortable with the quality and efficiency ofCapita's administration processes.
The Trustee believes the transaction costs provide value for members, as theability to transact forms an integral part of the investment approaches and expects this to lead to greater investment returns, net of costs, over time.

The Trustee reviews AVC charges as part of the annual AVC review. The date ofthe last review was 13 November 2019 and the Trustee concluded that AVC charges were reasonable and in line with expectations.

Overall, the Trustee believes that members of the Scheme are receiving good value for money for the charges and cost that they incur, for the reasons set outin this section. The Trustee aims to improve value for members in future by taking the following steps:

- Continuing to monitor the funds where future fee adjustments may be possible, by liaising with Fidelity and more particularly, the AVC providers, forfurther transparency on charges and transaction costs.
- Discussing any areas of underperformance with Capita, including setting anaction plan for improvements, including seeking increasing clarity between the DB and DC SLA reporting, as was done for SLAs, so areas of concern can be easily identified.
- Implementing the recommendations contained in the previously agreedTrustee effectiveness review. This was postponed due to the Covid-19disruption and is now scheduled to be completed in 2021.
- Considering a regular targeted communications strategy and monitoring theimpact on member behaviour.
- Completing a review of the retirement options available via the Scheme.
- Monitoring the take-up of additional contributions and impact on expectedretirement outcomes.

6. Trustee knowledge and understanding

The Scheme's Trustee Directors are required to maintain appropriate levels ofknowledge and understanding to run the Scheme effectively. Each Trustee Director must:

- Be conversant with the Scheme's trust deed and rules, SIP and any other document recording policy for the time being adopted by the Trustee relatingto the administration of the Scheme generally,
- Have, to the degree that is appropriate for the purposes of enabling theindividual properly to exercise his or her functions as trustee director, knowledge and understanding of the law relating to pensions and trusts andthe principles relating to investment the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge andunderstanding requirements have been met during the period covered by this Statement are set out below.

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps. The Trustee's investment advisersproactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers would typically deliver training on such matters at Trustee meetings if they were material.

During the period covered by this Statement, the Trustee received training in relation to the DC section on the following topics: at-retirement market and options; and the Master Trust market and member options. Capita and Fidelityalso presented training on understanding the investment process.

To help secure compliance with the legal and regulatory requirements, the Trustee Directors have ensured their knowledge and understanding is developedand maintained to enable them to exercise their functions and duties. To
support this, they have in place the following:

- The Trustee Directors periodically consider any training requirements. At each Trustee meeting the Trustee Directors agree if any specific training is needed in relation to legislative or other matters that impact the Scheme, orin relation to specific matters that the Trustee will be addressing.
- The Trustee Directors undertake training as a group and are encouraged topursue individual training.
- The Trustee maintains a log of collective training undertaken - individual Trustee Directors are required to maintain a log of personal training. This isreviewed annually to make sure it is up to date.
- All Trustee Directors are encouraged to undertake the Pension Regulator's Trustee Toolkit. The

toolkit is an on-line learning programme

from the Pensions Regulator aimed at helping new trustees of occupationalpension schemes meet the minimum level of knowledge and understanding. All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit.

- New Trustee Directors undertake an induction process. The process is completed over the first six months of appointment. The new Trustee Directoris provided with access to the Scheme documents which they are asked to read and become familiar with. Support training is provided where required. New Trustee Directors are also encouraged to complete the Pension Regulator's toolkit and attend an initial trustee training course. Theyare also invited to take a training needs analysis so that specific training needs are identified. At the end of the first six-month period, a review is undertaken to identify any further actions needed to support the Trustee Director's induction. No new Trustee Directors were appointed during the Scheme year.

All the Trustee Directors are familiar with the Scheme's governing documentationand documentation setting out the Trustee's policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters).

In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme. The SIP is also formally reviewed annually and as part of making any change to the Scheme's investments. In addition, the Trustee believes it has 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.
A questionnaire is used to carry out an annual evaluation of the Trustee's knowledge and to help to identify training needs. The Trustee also carries out an annual evaluation of the performance and effectiveness of the Trustee Board as a whole, as measured against the objectives of the Scheme's business plan. The Trustee Directors were due to hold a Trustee Effectiveness review in 2020 but this was not undertaken because of Covid-19 disruption. This is scheduled to complete in 2021.

The Trustee's approach to training, in conjunction with the external support received from advisers, enables it to have the relevant knowledge and understanding of the scheme documentation (eg Trust Deed and Rules, Trustee policies, SIP etc), the relevant principles relating to funding and investment, and the law and regulations relating to pensions and trust, as well as market developments at the appropriate times to effectively run the Scheme and make decisions.

The Chair of the Trustee is an independent professional trustee. His general pensions expertise and experience plus his knowledge of the Scheme documents supports the Trustee in fulfilling its knowledge and understanding requirements.

In addition, the Trustee has appointed professional advisers. The Trustee meets regularly with these advisers, for example, the investment adviser attends all quarterly Joint Investment Sub-Committee meetings, Capita attends all Joint Administration Sub-Committee and Trustee meetings, and the legal adviser attends most Trustee meetings.

These advisers report on matters specific to the Scheme, as well as developments in legislation and the industry to ensure the Trustee is kept up to date on events. In addition, advisers are expected to take a proactive stance and raise pertinent matters as they arise.

Taking the above knowledge and understanding of the Trustee Directors, together with the induction and ongoing training for Trustee Directors and the specialist advice received from the appointed professional advisers (eg investment and legal advisers), the Trustee believes it is well placed to properly exercise its functions as Trustee of the Scheme.

Date: 29 June 2021

Signed by the Chair of the Trustee of the Hanson Industrial Pension Scheme