

Saint-Gobain Manufacturing UK Pension Scheme

Annual Report for the year ended 5 April 2025

Chair's Statement

INTRODUCTION

The Saint-Gobain Manufacturing UK Pension Scheme (the "Scheme") holds defined contribution ("DC") funds. The Trustee of the Scheme is therefore required to present a yearly chair's statement under the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Regulations"). This statement covers the period 6 April 2024 to 5 April 2025 and describes how the Trustee of the Scheme has met the statutory governance standards in relation to:

1. Charges and transaction costs paid by members and illustrations of the cumulative effect of costs and charges on members' funds,
2. Net investment returns
3. Value for Members assessment,
4. Processing of core financial transactions, and
5. Trustee knowledge and understanding.

The Scheme has no default arrangement, as defined by the Regulations, and so the governance requirements in relation to the default arrangement do not apply to the Scheme and are not covered in this statement.

1. COSTS AND CHARGES

The Trustee is required to report on the charges and transaction costs paid by members and assess the extent to which these charges and transaction costs represent good value for members. Where information about member charges and costs is not available, the Trustee has to make this clear, together with an explanation of what steps are being taken to obtain the missing information.

The explicit charges that members of the Scheme pay from their defined contribution funds is the total expense ratio ('TER'). This is the total explicit cost of the fund to an investor and includes legal, administration, audit, marketing, and regulatory costs. It is calculated by dividing all expenses paid by the fund over the year by the value of the fund's assets.

The implicit charges members pay are the transaction costs. In the context of this statement, the transaction costs are those incurred when the fund manager buys and sells assets in the investment funds.

For the assets invested with the Scheme's defined benefit assets (benefits with a money purchase underpin and the Pipe Accumulation Account AVCs¹), the investment return applied is an estimate of the net return achieved by the Scheme's assets. No explicit annual management charges or other fees are deducted from members' funds.

The following tables set out the charges and transaction costs (accurate to two decimal places) that have been borne by members invested in the Scheme's DC funds held with insurers over this reporting period. This information has been supplied by the Scheme's providers.

Providers calculate transaction costs quarterly, so the Trustee requested transaction costs for the twelve-month period ending 31 March 2025 from the providers. At the time of writing this statement, transaction costs for this period were not available from all the providers therefore we have shown the most recent transaction costs available and confirmed the 12-month period to which they relate in the notes below each table.

The costs and charges set out below have been prepared according to the statutory guidance. The prescribed method for calculating transaction costs can result in a negative cost, or gain, to the fund.

Fund name	Total expense ratio (% p.a.)	Transaction costs (%)	Total costs and charges (% p.a.)
Legal & General (GF12147001)			
Lifestyle Strategy	0.36-0.39 ²	0.0 – 0.02 ²	0.36 – 0.40 ²
World (Ex-UK) Equity Index	0.39	0.02	0.41
UK Equity Index	0.37	0.01	0.38
Future World Inflation Linked Annuity Aware	0.40	0.00	0.40
AAA-AA-A Corporate Bond All Stocks Index	0.39	0.00	0.39
Cash	0.36	0.00	0.36
Aviva (30507)			
With Profits Guaranteed	0.875 ³	0.03 ⁴	0.91
Aviva (90717)			
Global Equity	0.6	0.02 ⁴	0.62
UK Equity	0.6	0.20 ⁴	0.80
With Profits	0.6	0.02 ⁴	0.62

¹ These funds were moved to the Legal & General AVC arrangements after the end of the Scheme Year.

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Fund name	Total expense ratio (% p.a.)	Transaction costs (%)	Total costs and charges (% p.a.)
Prudential (AC17)			
With Profits Cash Accumulation	1.07 ³	0.10	1.17
Scottish Widows (MW10 & MB96)			
Conventional With Profits	0.88	0.18	1.06
Mixed	0.94	0.24	1.18
Cash	0.88 ³	0.02	0.90

Notes

² Depending upon term to retirement

³ The TER on these funds is not explicit, but the costs of running the Fund are taken into account when the bonus rate on the Fund is declared. Aviva and Scottish Widows estimate that the charges for their With Profits Funds are the same as the unit-linked funds available through the policy. Prudential estimates the annual management charge on the With Profits Cash Accumulation Fund is 0.76% assuming investment returns are 5% p.a. and additional expenses are reported as 0.31% p.a.

⁴ Transaction costs for these funds are for the 12-month period to 31 December 2024. At the time of writing this Statement, Aviva had not responded to our request for transaction costs to 31 March 2025, despite this information being requested numerous times. The Trustee's advisers have provided feedback to Aviva that transaction costs are expected to be provided in a more timely manner next year.

Illustrations to show the cumulative effect of costs and charges

The Trustee is required to illustrate the effect of the costs and charges paid by members on the value of their money purchase fund at retirement (as a "pounds and pence figure").

The Regulations allow the Trustee to exercise its discretion with regards to the illustrative examples provided to show the effect of costs and charges over time, as long as they are realistic and representative of the Scheme's membership.

The Trustee has taken account of the statutory guidance when preparing these illustrations. The illustrations are based on several assumptions about the future, which are detailed under 'notes' 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 Scheme, they are not a substitute for the individual, personalised illustrations provided to members in their annual benefit statements.

As members pay no charges from benefits with a money purchase underpin and the Pipe Accumulation Account AVCs, the Trustee has decided not to provide illustrations for these funds.

The Trustee has decided to provide illustrations for the Legal & General arrangement, as it the Scheme's largest AVC arrangement by number of members and assets under management and is the only policy open to future contributions. The Trustee has decided to illustrate four example members:

Example member	Current Age	Retirement Age	Current fund value	Monthly contribution
1	47	65	£7,100	£45
2	47	65	£7,100	None
3	59	65	£7,100	£45
4	59	65	£7,100	None

The Trustee has produced illustrations to demonstrate the effect of costs and charges for the Lifestyle Strategy, as this is the investment option that has the most members invested in it; the World (Ex-UK) Equity Index Fund as this as the Fund with the highest charges over this reporting period and the Cash Fund as this as the Fund with the lowest charges over this reporting period.

The tables below illustrate the effect of the costs and charges at different ages on these example members' projected fund values.

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For example member 1 the estimated impact of costs and charges on accumulated fund values is shown in the table below.

Age	Lifestyle Strategy			World (Ex-UK) Equity Index Fund			Cash Fund		
	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges
50	£9,500	£9,400	£100	£9,500	£9,400	£100	£8,550	£8,460	£90
55	£13,580	£13,230	£350	£13,800	£13,450	£350	£10,670	£10,420	£250
60	£17,520	£16,840	£680	£18,600	£17,850	£750	£12,470	£12,030	£440
65	£20,520	£19,450	£1,070	£24,010	£22,700	£1,310	£13,990	£13,340	£650

For example member 2 the estimated impact of costs and charges on accumulated fund values is shown in the table below.

Age	Lifestyle Strategy			World (Ex-UK) Equity Index Fund			L&G PMC Cash Fund		
	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges
50	£7,850	£7,760	£90	£7,850	£7,760	£90	£7,000	£6,920	£80
55	£9,120	£8,850	£270	£9,290	£9,000	£290	£6,830	£6,640	£190
60	£10,290	£9,800	£490	£10,990	£10,450	£540	£6,660	£6,360	£300
65	£10,940	£10,230	£710	£12,990	£12,120	£870	£6,500	£6,100	£400

For example member 3 the estimated impact of costs and charges on accumulated fund values is shown in the table below.

Age	Lifestyle Strategy			World (Ex-UK) Equity Index Fund			L&G PMC Cash Fund		
	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges
60	£7,790	£7,770	£20	£7,880	£7,860	£20	£7,600	£7,570	£30
65	£10,820	£10,620	£200	£12,030	£11,790	£240	£9,860	£9,680	£180

For example member 4 the estimated impact of costs and charges on accumulated fund values is shown in the table below.

Age	Lifestyle Strategy			World (Ex-UK) Equity Index Fund			L&G PMC Cash Fund		
	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges	before costs & charges	after costs & charges	impact of costs & charges
60	£7,260	£7,230	£30	£7,340	£7,310	£30	£7,070	£7,040	£30
65	£7,720	£7,550	£170	£8,680	£8,480	£200	£6,890	£6,750	£140

Notes and assumptions

1. The member ages and starting fund values used in the illustrations are representative of the Scheme's membership as at 5 April 2025.
2. The illustrations are shown in today's terms, and do not need to be reduced further for the effect of inflation, which is assumed to be 2.5% each year.
3. For members paying AVCs, contributions are assumed to remain a fixed amount and not to increase each year.
4. Fund values shown are estimates and are not guaranteed (projected fund values have been rounded to the nearest £10).
5. For the L&G Lifestyle Strategy, the illustrations take into account the changing proportion invested in the different underlying funds, depending upon term to retirement.

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- Where assumed growth rates are lower than the rate of inflation, the fund value will reduce over time in the illustrations, even before allowing for costs and charges.
- Transaction costs for all funds have been averaged over a five year period to reduce the level of volatility, in line with statutory guidance.
- A floor of 0% p.a. has been used for transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- The projected growth rates used are consistent with the growth rates L&G uses in members' annual benefit statements which are determined by the statutory guidance for producing money purchase illustrations and which are now based on the historic volatility of the fund not expected future returns.
- The projected growth rates and costs and charges assumed for the illustrations are as follows:

Strategy / Fund	Growth rate (% p.a.)	Costs and charges (% p.a.)
Lifestyle Strategy	2.0 – 6.0 ⁵	0.36 – 0.40 ⁵
World (Ex-UK) Equity Index Fund	6.0	0.41
Cash Fund	2.0	0.36

⁵ Depending upon term to retirement.

2. NET INVESTMENT RETURNS

The Trustee is required to set out the investment returns, net of all costs and charges, for the funds in which Scheme members invested during this reporting period.

The net investment returns set out below have been prepared having regard to the statutory guidance. The guidance states that, where the net returns vary with age i.e. the L&G Lifestyle Strategy, they should be shown for members aged 25, 45 and 55 at the start of the investment reporting period. The net returns for the investment options which vary with age are based on a member having a normal retirement age of 65.

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

Benefits invested with the Scheme's defined benefit assets

Section	Net investment return to 31 March 2025	
	1 year (%)	5 years (% p.a.)
Building Materials	-6.7	-6.1
Glass	-7.4	-7.1
Pipe	-4.2	-5.8
SGL	-8.3	Not available ⁶

Source: Aon and historic performance measurers (including Aptia, BNY Mellon)

⁶ Five-year returns are not available as this Section did not hold assets until 31 December 2021.

Legal & General lifestyle strategy

Age of member at start of the investment reporting period	Net investment return to 31 March 2025	
	1 year (%)	5 years (% p.a.)
25	5.4	14.1
45	5.4	14.1
55	4.2	7.1

Source: Financial Express Analytics and Aon

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Individual funds

Fund	Net investment return to 31 March 2025	
	1 year (%)	5 years (% p.a.)
Legal & General (GF12147001)		
World Ex UK Equity Index	3.1	14.6
UK Equity Index	9.7	11.7
Future World Inflation Linked Annuity Aware	-5.5	-7.1
AAA-AA-A Corporate Bond All Stocks Index	1.9	-1.2
Cash	4.8	2.2
Aviva (30507)		
With Profits Guaranteed	4.0	4.0
Aviva (90717)		
Global Equity	3.9	12.9
UK Equity	10.0	12.6
With Profits	5.0	3.5
Prudential (AC17)		
With Profits Cash Accumulation	2.5	1.4
Scottish Widows (MW10 & MB96)		
Conventional With Profits (contributions paid before Feb 1999)	0.0	0.0
Conventional With Profits (contributions paid after Feb 1999)	1.0	0.7
Mixed	4.0	8.2
Cash	4.3	1.7

Source: Providers

Notes

For the Aviva and Prudential With Profits Funds, the net investment returns shown are the annualised bonus rates declared on the Funds over one and five years to the most recent bonus declaration date. Whilst, in practice, we would expect a final bonus to increase returns to close to the returns achieved by the underlying assets of the With Profits Fund over the period held (after allowing for all costs of running the Fund, including the costs of any guarantees), these amounts are unknown and are not guaranteed. Furthermore, a market value reduction, which can reduce the return delivered to investors, may be applied on exit from the With Profits Fund at any time other than at maturity date, or in the event of death before retirement.

For the Scottish Widows With Profits Fund, the net returns shown are the bonus rates that have been added to the guaranteed sum assured at retirement over one and five years to 31 December 2024.

3. VALUE FOR MEMBERS ASSESSMENT

The Trustee is committed to ensuring that members receive value for money from the Scheme i.e. that the costs and charges members pay provide good value in relation to the benefits and services provided.

The Trustee has carried out a cost benefit analysis to assess whether the total cost of the applicable Scheme arrangements represents value for money. The assessment considered the charges members pay and the quality of services (administration, governance processes in place to monitor the applicable Scheme arrangements, investment performance and communications) provided for that cost. The costs paid and services provided were compared to other similar schemes (as determined by our professional advisers) and the Pension Regulator's best practice standards.

Charges - The costs and charges have been identified as the total expense ratio and transaction costs and are set out above. There is limited up to date cost benchmarking data for AVC arrangements but, based upon the Trustee advisers' experience, the charges that members pay within the Legal & General AVC arrangement are competitive, compared to other options available in the market. Members invested in the other AVC arrangements are entitled to guarantees provided by those arrangements and therefore, whilst the charges may be relatively high or implicit, the guarantees would be lost if funds were transferred from these arrangements.

There is no market benchmarking data available for transaction costs and they are volatile from one year to the next depending on the extent of trades within funds. A high-level assessment of the transaction costs incurred by members carried out by our professional advisers concluded that these appear to be in line with transaction costs reported by other similar funds over the same period.

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Governance - The Trustee takes professional advice in respect of actuarial, legal and investment matters and has suitable governance processes in place for the AVC funds whereby core financial transactions and other key governance factors are monitored quarterly by the Trustee, and a more in-depth review of the arrangements is carried out by our professional advisers every three years.

Investments - The Legal & General AVC arrangement provides access to a Lifestyle Strategy that targets the benefit format in which members are expected to take their AVCs (i.e. a cash lump sum). It also offers access to a small range of self-select funds which provide access to equities, an annuity fund and a cash fund. The investment funds available have been designed, following advice from the Trustee's investment adviser, with the specific needs of members in mind. The Trustee reviews investment performance on a quarterly basis and assesses the suitability of the AVC investments every three years. The most recent review was carried out in May 2025 and no major concerns were raised.

Administration - The Trustee monitors standards of administration on a regular basis based upon the quarterly administration reports provided by Aptia. Over this reporting period Aptia achieved the service level for 97% of all administration tasks. The review of the AVC arrangements carried out every three years considers the AVC providers' quality of administration more generally, based upon the Trustee's advisers' wider experience. No major concerns were raised by the most recent review carried out in May 2025.

Member communications - Members who have AVCs invested with Legal & General can access information about their AVC account (and switch funds) online and Legal & General provides statutory communications such as annual SMPI projections and retirement warm-up communications. The Trustee believes the Scheme is in line with its peers in this respect. Aviva, Prudential and Scottish Widows do not offer online access to members, but this is typical of older policies with guarantees.

Retirement - Members who have AVCs invested with Legal & General can access retirement modelling tools via the Legal & General website. The Scheme rules allow members to use their AVCs towards their tax-free cash, instead of having to commute defined benefit pension, and this option is likely to be of significant value to members. Members also have the option of using their AVCs to buy Scheme pension, if they wish.

On the basis of the value assessment which is summarised above, the Trustee believes that the Scheme's applicable arrangements do offer good value for members.

4. CORE FINANCIAL TRANSACTIONS

The Trustee must ensure that core financial transactions are processed promptly and accurately. These include transactions such as transfers in and out of the Scheme and payment of benefits from the Scheme.

The Trustee ensures that all core financial transactions are processed promptly and accurately in the following ways:

- a) The Scheme administrator, Aptia, monitors the payment of member contributions by the Participating Employers to the Scheme bank account to check that the payments are made within statutory timescales. Any payments made outside these timescales are reported to the Trustee and appropriate action is taken.
- b) The Scheme administrator has service standards in place to ensure prompt and accurate processing of financial transactions such as those listed above. The Scheme administrator monitors service levels and checks are carried out on financial transactions by a second staff member. Aptia achieved the service level for 94% of core financial transactions over this reporting period.
- c) An administration report is presented at each quarterly Trustee meeting along with reports on any breaches such as the timing of contribution payments. The Trustee reviews the administration report and any reports on breaches at their meetings and, as a result, the Trustee is satisfied that it has secured that core financial transactions are processed promptly and accurately.

Throughout this reporting period, the Trustee is satisfied that all core financial transactions were processed promptly and accurately.

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustee Directors are required to maintain an appropriate level of knowledge and understanding of the Scheme and the law to run the Scheme effectively.

Throughout this reporting period, the Trustee Board was comprised of five Trustee Directors, up to four of whom were representatives of independent professional trustee companies, Aretas Trustees Limited and Dalriada Trustees Limited, Law Debenture Pension Trust Corporation P.L.C and Law Debenture Governance Services Limited. The individuals that represent the independent professional trustee companies are experienced pension professionals who act as trustees across a number of different pension schemes. They therefore have a significant depth of pension knowledge, which they keep up to date as part of their professional duties.

The Trustee Directors have maintained familiarity with the Scheme's Trust Deed and Rules, Statement of Investment Principles and current policies, along with knowledge of the law relating to pensions and trusts and the relevant principles relating to funding and investment of occupational pension schemes.

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The Scheme has an induction process in place for new Trustee Directors to ensure that they reach an appropriate level of knowledge and understanding. This includes training on their duties as trustees, attendance at introductory training for pension scheme trustees and completion of the Pension Regulator's trustee toolkit.

The Trustee's advisers run training sessions specific to the Scheme at Trustee meetings and these are recorded in the minutes of the meetings.

The Scheme's Pensions Department also monitors the Trustee's knowledge and understanding for any gaps that need to be filled and liaises with external advisers to ensure that appropriate training is provided where gaps are identified. The Trustee Directors are also able to feedback to me where they feel that they would benefit from additional training.

As a result, I am confident that the combined knowledge and understanding of the Trustee Directors, along with the advice provided by our professional advisers, enables us properly to exercise our functions as the Trustee of the Scheme.

Signed



Date 04/11/2025

Tom Lukic
Chair, on behalf of the Trustee