

# SONOCO UK RETIREMENT BENEFITS PLAN

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## APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

### Chair’s Statement

#### Annual statement regarding governance of the DC Section and AVC arrangements of the Sonoco UK Retirement Benefits 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 1 January 2022 to 31 December 2022 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. Additional Voluntary Contributions
  - iv. 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 is used as a Qualifying Scheme for auto-enrolment purposes.

The Trustee is responsible for the Plan’s investment governance, which includes setting and monitoring the investment strategy for the Plan’s default arrangement, the Sonoco Flexible Target Lifestyle. The Sonoco Flexible Target Lifestyle is primarily provided for members who join the Plan and do not choose an alternative investment option for their contributions and are looking to access their retirement savings through income drawdown in retirement.

Details of the objectives and the Trustee’s policies regarding the default arrangements can be found in a document called the ‘Statement of Investment Principles’ (SIP). The Plan’s SIP is attached, and the aims are set out here for ease of reference:

- The aim of the default arrangement 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

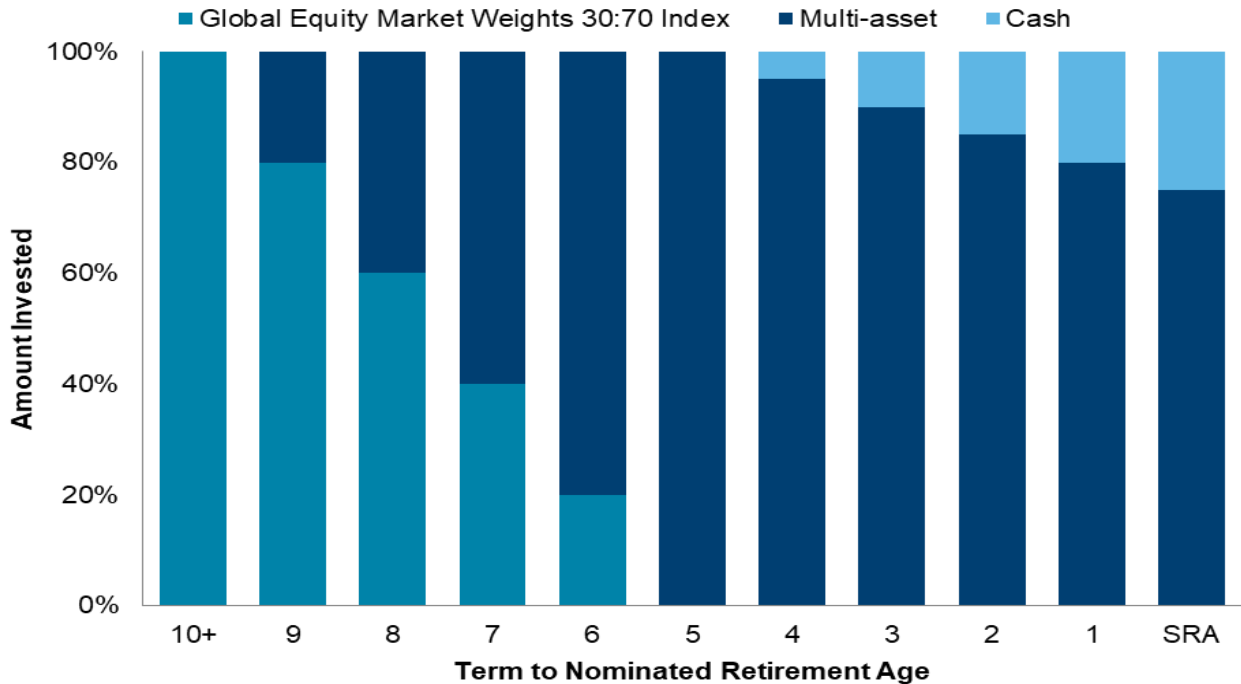
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- In designing the default arrangement, the Trustee has explicitly considered the risk and expected return characteristics of the funds used at different stages of the strategy
- Assets in the default arrangement aim to be invested in the best interests of members and beneficiaries, taking into account the profile of membership
- Assets in the default arrangement are invested in a manner which aims to ensure the security, liquidity and profitability of member's pension investments within the Plan as a whole

The Sonoco Flexible Target Lifestyle invests entirely in the Legal & General (PMC) Global Equity Market Weights (30:70) Index Fund until 10 years prior to a member's nominated retirement date (age 65 unless a member opts otherwise). Over the 10-year period before the nominated retirement date, funds are gradually switched into the Legal & General (PMC) Multi-Asset Fund. A proportion of the funds are then switched into the Legal & General Cash Fund over the five years before the nominated retirement date, such that at the nominated retirement date, the fund is invested 75% in the Legal & General (PMC) Multi-Asset Fund and 25% in the Legal & General Cash Fund. This is illustrated in the chart below.

#### Default investment arrangement – the Sonoco Flexible target Lifestyle



Members with Additional Voluntary Contributions (AVCs) are required to choose the funds in which they are invested and therefore there is no default investment strategy for these arrangements.

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### Investment strategy review

The Trustee, with assistance from its investment advisers, undertook a review of the Plan’s investments during the period, including formally reviewing the default arrangement.

The review concluded on 3 November 2021 with the decision being taken to maintain the current strategy. The review assessed varying criteria of the current membership profile and member outcomes adequacy modelling was completed. Whilst enhancements to the underlying funds may be possible, the Trustee believes that focussing its resources on member communications at this time will better improve member outcomes and is satisfied that the default arrangement remains appropriate and aligned with the Trustee objectives.

The next formal review is due to take place by 3 November 2024.

### Performance Monitoring

The Trustee reviews the performance of the funds that are used within the default arrangement against their aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance of the funds is reviewed against benchmarks and, where relevant, targets, that have been agreed with the investment managers.

The Trustee reviews that took place over the year concluded that the funds used within the default arrangement were performing broadly as expected and in line with the aims and objectives of the strategy as shown in the SIP.

### 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 – Sonoco Flexible Target Lifestyle

Performance to 31 December 2022	Annualised returns (%)	
	1 year	5 years
Age of member at start of period		
25	(10.0)	5.3
45	(10.0)	5.3
55	(10.0)	3.3

Source: Legal & General

As the Sonoco Flexible Target Lifestyle invests entirely in the Legal & General (PMC) Global Equity Market Weights (30:70) Index Fund until 10 years prior to a member's nominated retirement date (age 65 unless a member opts otherwise), the annualised returns shown above are the same at each of the illustrated ages.

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**(ii) Self-select lifestyle arrangements**

Performance to 31 December 2022		Annualised returns (% p.a.)	
Self-select lifestyle	Age of member at start of period	1 year	5 years
Annuity Target	25	(10.0)	5.3
	45	(10.0)	5.3
	55	(10.3)	1.8
Alternative 10 Year	25	(3.2)	5.1
	45	(3.2)	5.1
	55	(3.9)	1.0
Default 10 Year	25	(3.2)	5.1
	45	(3.2)	5.1
	55	(3.8)	2.6

Source: Legal & General

**(iii) Self-select investment funds**

Performance to 31 December 2022	Annualised returns (% p.a.)	
Fund name	1 year	5 years
L&G PMC Global Equity Market Weights 30:70 Index	(10.0)	5.3
L&G PMC Multi-Asset	(10.2)	2.8
L&G PMC Cash	1.4	0.6
L&G PMC Global Equity Fixed Weights 50:50 Index	(3.2)	5.1
L&G PMC Sustainable Property Fund	(10.7)	2.5
L&G PMC Pre-Retirement	(29.2)	(3.8)
L&G PMC Standard Life Global Absolute Return Strategy	(9.1)	(0.6)
L&G PMC Consensus Index	(5.6)	4.3
L&G PMC World (ex-UK) Equity Index	(8.1)	8.8
L&G PMC Fixed Interest	(22.8)	(2.8)

Source: Legal & General

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(iv) **Additional Voluntary Contributions**

Performance to 31 December 2022	Annualised returns (% p.a.)	
Fund name	1 year	5 years
Standard Life Pension Millennium With Profits Fund	1.2	0.8
Standard Life Pension With Profits Fund	4.0	4.0
Standard Life Annuity Targeting Pension Fund	(26.2)	(4.2)
Standard Life At-Retirement (Multi Asset Universal) Pension Fund	(9.5)	1.0
Standard Life European Equity Pension Fund	(5.9)	5.3
Standard Life FTSE Tracker Pension Fund	(0.2)	2.3
Standard Life Managed Pension Fund	(7.7)	2.9
Standard Life Money Market Pension Fund	0.7	0.1
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	(8.5)	1.1
Standard Life UK Equity Pension Fund	3.0	1.2

*Source: Standard Life*

For the With Profits funds, the net investment returns shown are the bonus rates declared on the funds over the relevant period without adjustment. Whilst in practice we would expect a terminal bonus to increase returns close to the returns on the underlying assets in the With Profits funds over the period held (after all costs of running the funds, including the cost 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 at any time other than maturity date, or in the event of death before retirement.

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### 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 the Plan'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 confirm that the total costs and charges paid by any member in the default arrangement have not exceeded 0.75% p.a. (the charge cap) and 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 that are incurred by members, rather than the employer, 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.

The charges and transaction costs have been supplied by Legal & General (the Plan’s main platform provider for the DC section and AVCs) and Standard Life (additional AVC arrangement). Where transaction costs have been provided as a negative cost, these have been set to zero by the Trustee to avoid potentially understating the effect of charges over time.

#### (i) Default arrangement – Sonoco Flexible Target Lifestyle

The Sonoco Flexible Target Lifestyle has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their nominated retirement date as described in section one above.

The TER that a member paid over the year depends on their term to retirement. The TER ranges from 0.37% p.a. to 0.39 p.a., which is within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling their employees.

Transaction costs ranged between 0.04% p.a. and 0.12% p.a. The total cost associated with the default arrangement was between 0.41% p.a. and 0.51% p.a.

#### (ii) Self-select investment options

In addition to the default arrangement members also have the option to invest in a further two lifestyle options targeting annuity purchase or cash lump sum at retirement, and a range of individual self-select funds.

The TERs and transaction costs for the additional two lifestyle options vary depending on the member’s term to retirement, as shown in the tables below.

Lifestyles	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Annuity Target Lifestyle	0.36 – 1.03	0.00 – 0.12	0.42 – 1.03
Cash Target Lifestyle	0.34 – 0.39	0.00 – 0.12	0.34 – 0.51

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Individual funds	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
L&G PMC Global Equity Market Weights 30:70 Index	0.39	0.12	0.51
L&G PMC Multi-Asset	0.38	0.05	0.43
L&G PMC Cash	0.34	0.00	0.34
L&G PMC Global Equity Fixed Weights 50:50 Index	0.35	0.05	0.40
L&G PMC Sustainable Property Fund	1.53	0.00	1.53
L&G PMC Pre-Retirement	0.37	0.08	0.45
L&G PMC Standard Life Global Absolute Return Strategy ( <i>as part of the annuity lifestyle option</i> )	1.03	0.00	1.03
L&G PMC Consensus Index	0.36	0.06	0.42
L&G PMC World (ex-UK) Equity Index	0.37	0.07	0.44
L&G PMC Fixed Interest	0.34	0.07	0.41

#### (iii) Additional Voluntary Contributions (‘AVCs’)

The TERs and transaction costs for the AVCs held with Standard Life are shown in the table below.

Individual funds	TER <sup>^</sup> % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Standard Life Pension Millennium With Profits Fund	0.60	0.02	0.62
Standard Life Pension With Profits Fund	0.60	0.04	0.64
Standard Life Annuity Targeting Pension Fund	0.61	0.06	0.67
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.64	0.22	0.86
Standard Life European Equity Pension Fund	0.61	0.10	0.71
Standard Life FTSE Tracker Pension Fund	0.61	0.00	0.61
Standard Life Managed Pension Fund	0.62	0.18	0.80
Standard Life Money Market Pension Fund	0.61	0.00	0.61
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	0.62	0.17	0.79
Standard Life UK Equity Pension Fund	0.61	0.07	0.68

<sup>^</sup> allows for member-specific discount of 0.4% p.a. which Standard Life has confirmed as average discount applied

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### (iv) Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided eight illustrations of their cumulative effect on the value of typical scheme 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 a number of 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 which are provided to Plan members in their annual Benefit Statements.

The Trustee has chosen to illustrate the following members:

- Example 1: the DC Section member with the longest term to retirement (age 19) with a retirement age of 65, total current contributions of £260 per month and an accrued pension fund of £2,000
- Example 2: the average active DC Section member (age 43) with a retirement age of 65, total current contributions of £500 per month and an accrued pension fund of £35,200
- Example 3: the average deferred DC Section member (age 41) with a retirement age of 65 and an accrued pension fund of £13,600, no further contributions are payable
- Example 4: the active Legal & General AVC member with the longest term to retirement (age 29) with a retirement age of 65, total current contributions of £240 per month and an accrued pension of £22,600
- Example 5: the average active Legal & General AVC member (aged 48) with a retirement age of 65, total current contributions of £420 per month and an accrued pension fund of £46,400
- Example 6: the average deferred Legal & General AVC member (age 53) with a retirement age of 65 and an accrued pension fund of £14,300, no further contributions are payable
- Example 7: the Standard Life active AVC member with the longest term to retirement (age 50) with a retirement age of 65, current contributions of £30 per month and an accrued pension fund of £15,900
- Example 8: the Standard Life deferred AVC member with the longest term to retirement (age 47) with a retirement age of 65 and an accrued pension fund of £1,200

The charts for example members 1 – 6 are based on a member invested in the default arrangement in the DC Section (as set out in section 1) as this is where most members are invested. Comparative illustrations for the L&G Sustainable Property Fund (highest charging self-select fund in which members are invested) and the L&G Cash Fund (lowest charging self-select fund in which members are invested) are also shown in the tables.

The charts for Standard Life AVC members are based on members invested in the Standard Life Managed Pension Fund as this is the most popular fund by number of members. Comparative illustrations for the Standard Life At Retirement (Multi Asset Universal) Pension Fund (highest charging fund in which members are invested) and the Standard Life Money Market Pension Fund (lowest charging fund in which members are invested) are also shown in the tables.

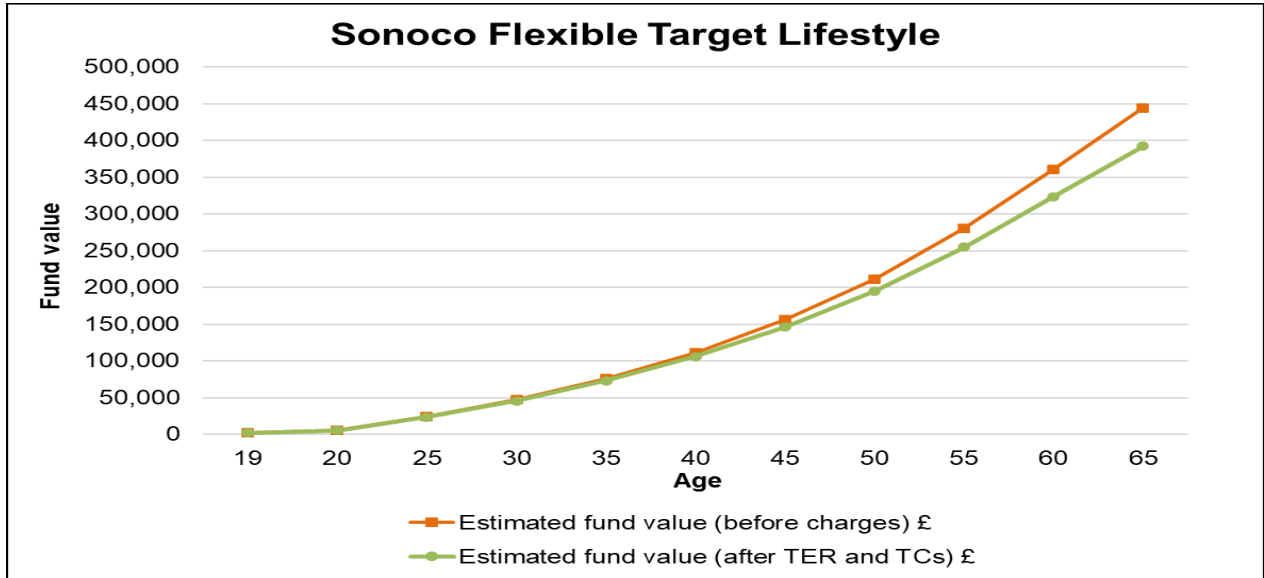
All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.



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### Example 1: Youngest DC Section active member

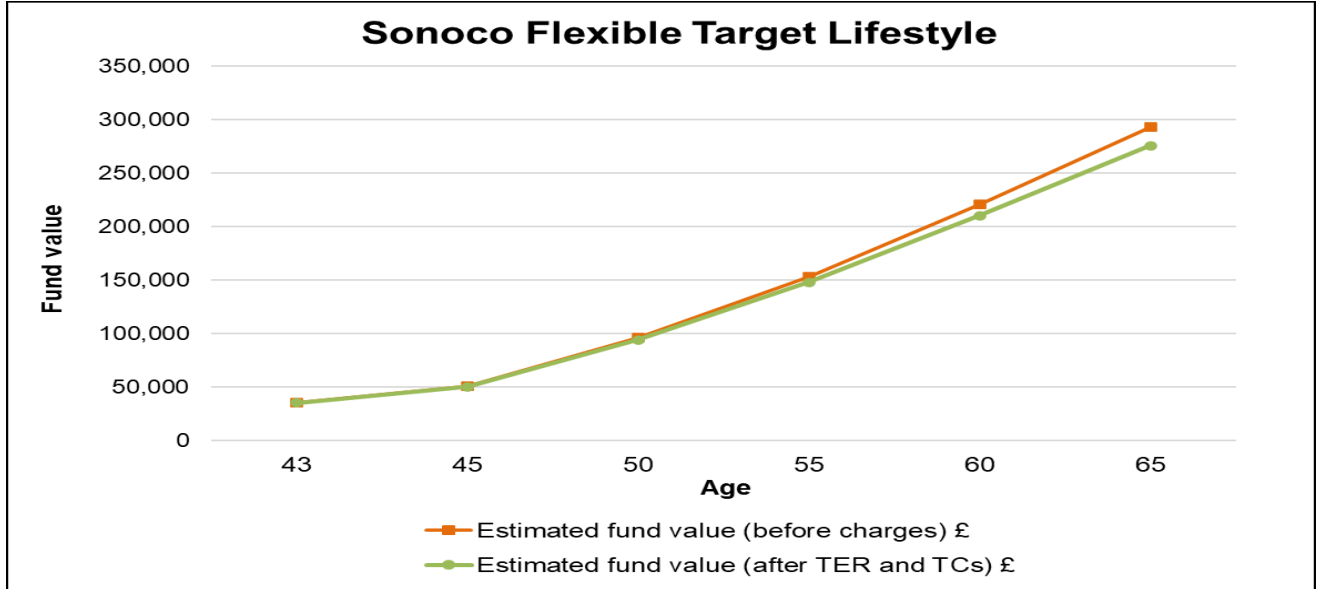


Age	L&G Cash Fund <i>(lowest charging self-select fund)</i>			Flexible Target Lifestyle <i>(default arrangement)</i>			L&G Sustainable Property Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
19	2,000	2,000	0	2,000	2,000	0	2,000	2,000	0
20	5,110	5,090	20	5,240	5,220	20	5,220	5,170	50
25	20,960	20,730	230	23,760	23,420	340	23,300	22,180	1,120
30	37,360	36,640	720	46,820	45,610	1,210	45,200	41,330	3,870
35	54,320	52,830	1,490	75,540	72,680	2,860	71,710	62,890	8,820
40	71,880	69,310	2,570	111,300	105,700	5,600	103,820	87,170	16,650
45	90,040	86,080	3,960	155,850	145,980	9,870	142,710	114,500	28,210
50	108,830	103,150	5,680	211,340	195,100	16,240	189,790	145,270	44,520
55	128,270	120,520	7,750	280,440	255,030	25,410	246,810	179,920	66,890
60	148,380	138,190	10,190	361,130	323,540	37,590	315,860	218,930	96,930
65	169,190	156,180	13,010	443,660	391,910	51,750	399,470	262,860	136,610

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### Example 2: Average active DC Section active member

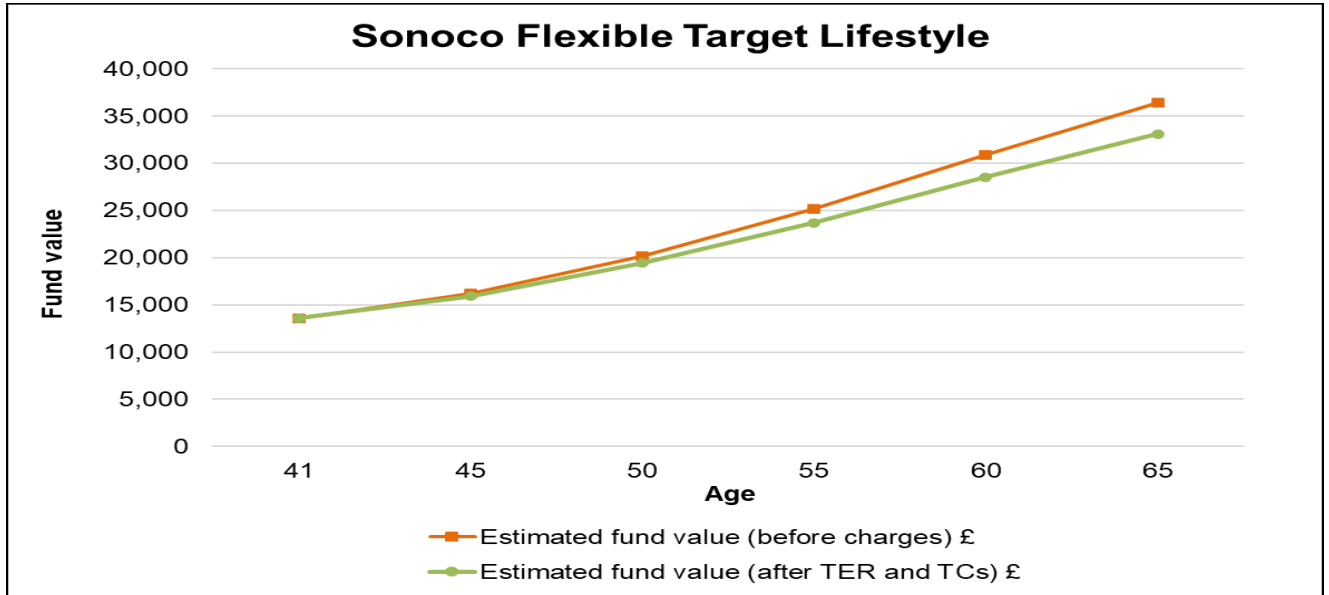


Age	L&G Cash Fund <i>(lowest charging self-select fund)</i>			Flexible Target Lifestyle <i>(default arrangement)</i>			L&G Sustainable Property Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>43</b>	35,200	35,200	0	35,200	35,200	0	35,200	35,200	0
<b>45</b>	47,620	47,340	280	50,820	50,450	370	50,320	49,050	1,270
<b>50</b>	79,410	78,070	1,340	96,420	94,310	2,110	93,590	86,680	6,910
<b>55</b>	112,300	109,350	2,950	153,230	147,820	5,410	145,990	129,060	16,930
<b>60</b>	146,330	141,170	5,160	220,780	210,200	10,580	209,440	176,760	32,680
<b>65</b>	181,530	173,560	7,970	293,170	275,710	17,460	286,280	230,480	55,800

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#### Example 3: Average deferred DC Section active member

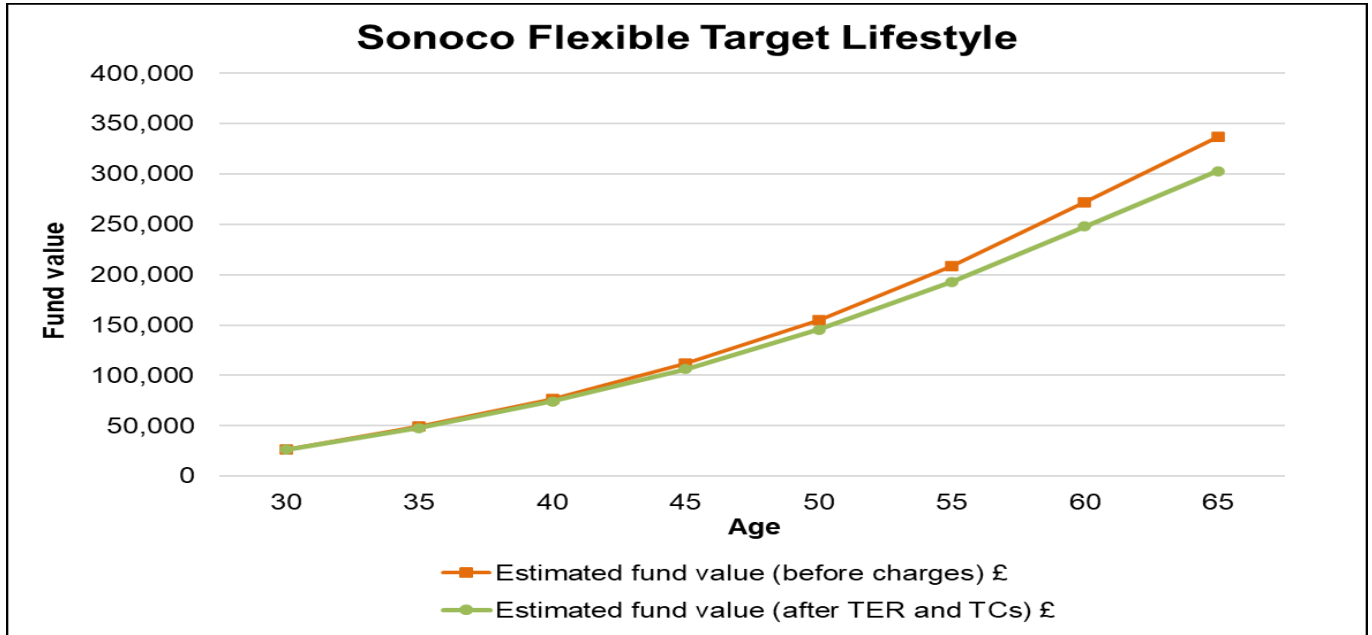


Age	L&G Cash Fund <i>(lowest charging self-select fund)</i>			Flexible Target Lifestyle <i>(default arrangement)</i>			L&G Sustainable Property Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>41</b>	13,600	13,600	0	13,600	13,600	0	13,600	13,600	0
<b>45</b>	13,980	13,790	190	16,210	15,940	270	15,850	14,950	900
<b>50</b>	14,460	14,040	420	20,190	19,450	740	19,190	16,840	2,350
<b>55</b>	14,960	14,280	680	25,150	23,720	1,430	23,240	18,960	4,280
<b>60</b>	15,480	14,540	940	30,850	28,520	2,330	28,150	21,340	6,810
<b>65</b>	16,010	14,790	1,220	36,470	33,090	3,380	34,080	24,030	10,050

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#### Example 4: Youngest L&G AVC active member

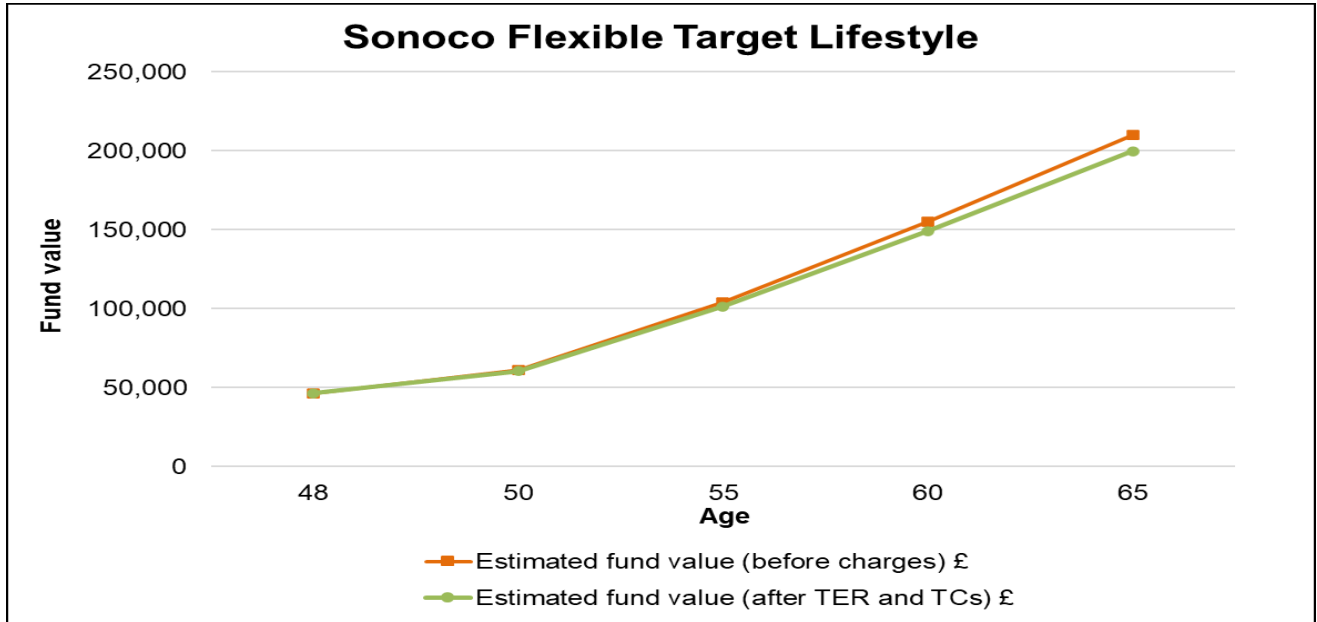


Age	L&G Cash Fund (lowest charging self-select fund)			Flexible Target Lifestyle (default arrangement)			L&G Sustainable Property Fund (highest charging self-select fund)		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
29	22,600	22,600	0	22,600	22,600	0	22,600	22,600	0
30	25,610	22,530	80	26,520	26,420	100	26,380	26,020	360
35	40,960	40,330	630	48,940	47,960	980	47,620	44,400	3,220
40	56,850	55,390	1,460	76,850	74,230	2,620	73,340	65,090	8,250
45	73,290	70,720	2,570	111,620	106,280	5,340	104,490	88,380	16,110
50	90,290	86,320	3,970	154,920	145,380	9,540	142,210	114,610	27,600
55	107,880	102,190	5,690	208,850	193,060	15,790	187,880	144,140	43,740
60	126,090	118,350	7,740	271,980	247,730	24,250	243,190	177,390	65,800
65	144,920	134,790	10,130	336,980	302,680	34,300	310,170	214,820	95,350

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#### Example 5: Average active L&G AVC member

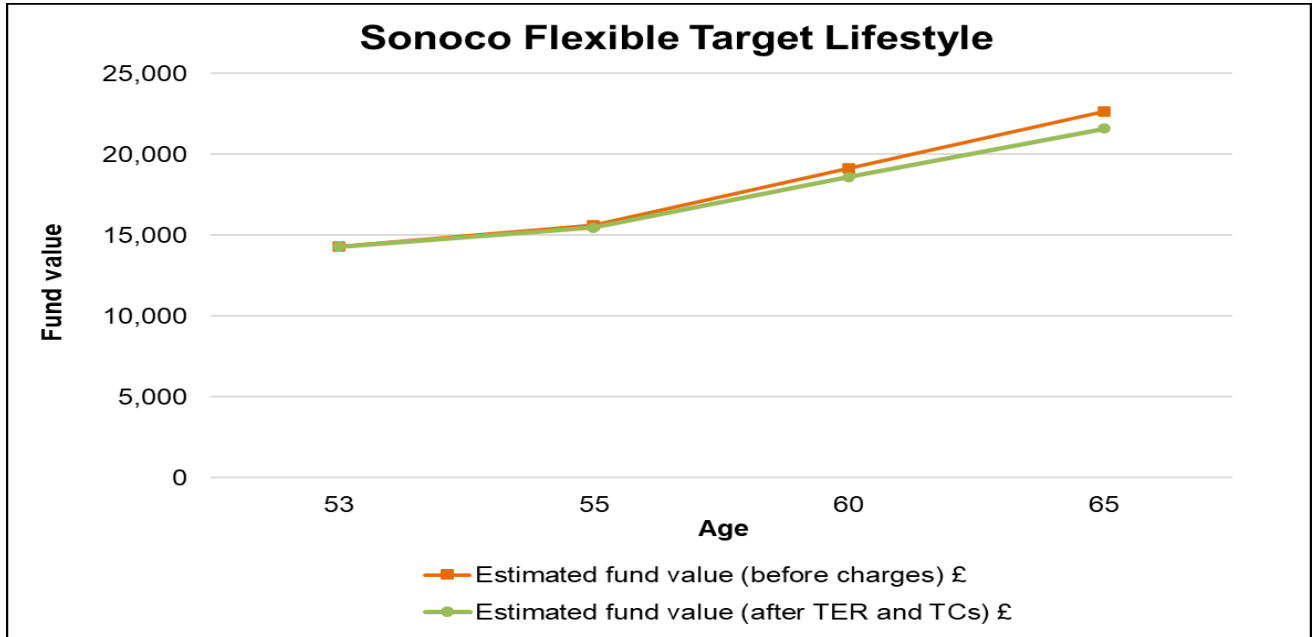


Age	L&G Cash Fund <i>(lowest charging self-select fund)</i>			Flexible Target Lifestyle <i>(default arrangement)</i>			L&G Sustainable Property Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>48</b>	46,400	46,400	0	46,400	46,400	0	46,400	46,400	0
<b>50</b>	57,060	56,720	340	61,060	60,600	460	60,440	58,850	1,590
<b>55</b>	84,350	82,830	1,520	103,880	101,450	2,430	100,620	92,690	7,930
<b>60</b>	112,590	109,410	3,180	154,990	149,250	5,740	149,280	130,780	18,500
<b>65</b>	141,810	136,450	5,360	210,250	199,900	10,350	208,200	173,670	34,530

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### Example 6: Average deferred L&G AVC member

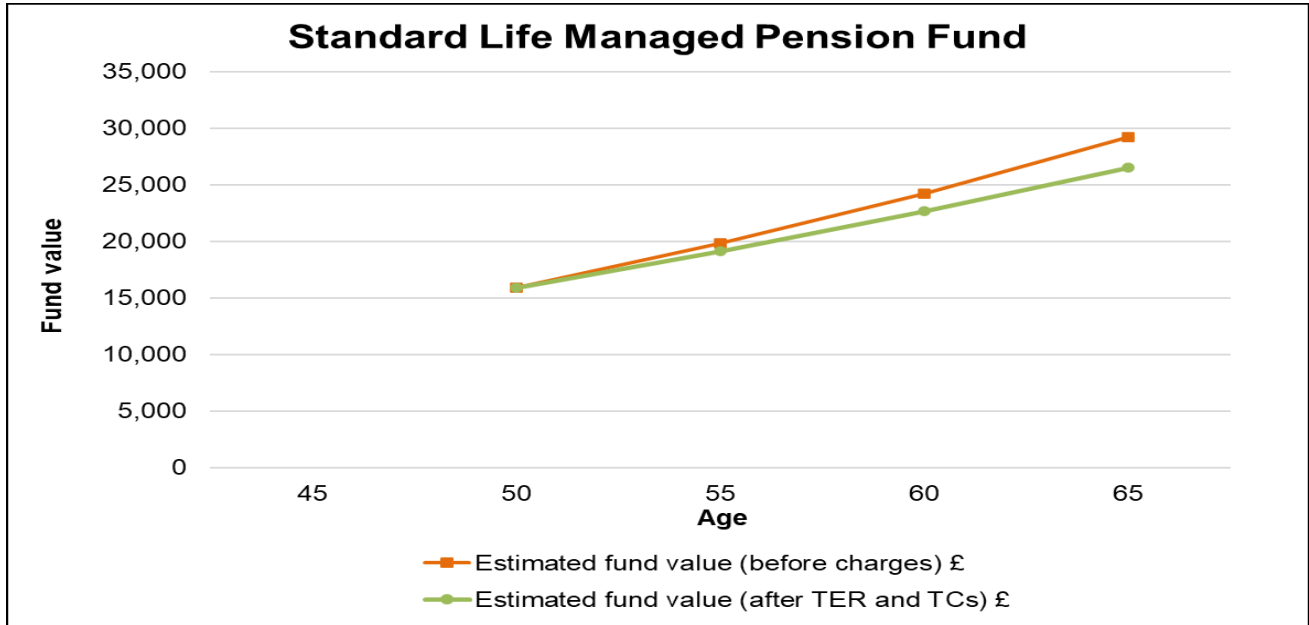


Age	L&G Cash Fund <i>(lowest charging self-select fund)</i>			Flexible Target Lifestyle <i>(default arrangement)</i>			L&G Sustainable Property Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>53</b>	14,300	14,300	0	14,300	14,300	0	14,300	14,300	0
<b>55</b>	14,500	14,400	100	15,610	15,480	130	15,440	14,990	450
<b>60</b>	15,000	14,660	340	19,160	18,620	540	18,690	16,880	1,810
<b>65</b>	15,520	14,910	610	22,650	21,600	1,050	22,640	19,010	3,630

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### Example 7: Youngest Standard Life AVC active member

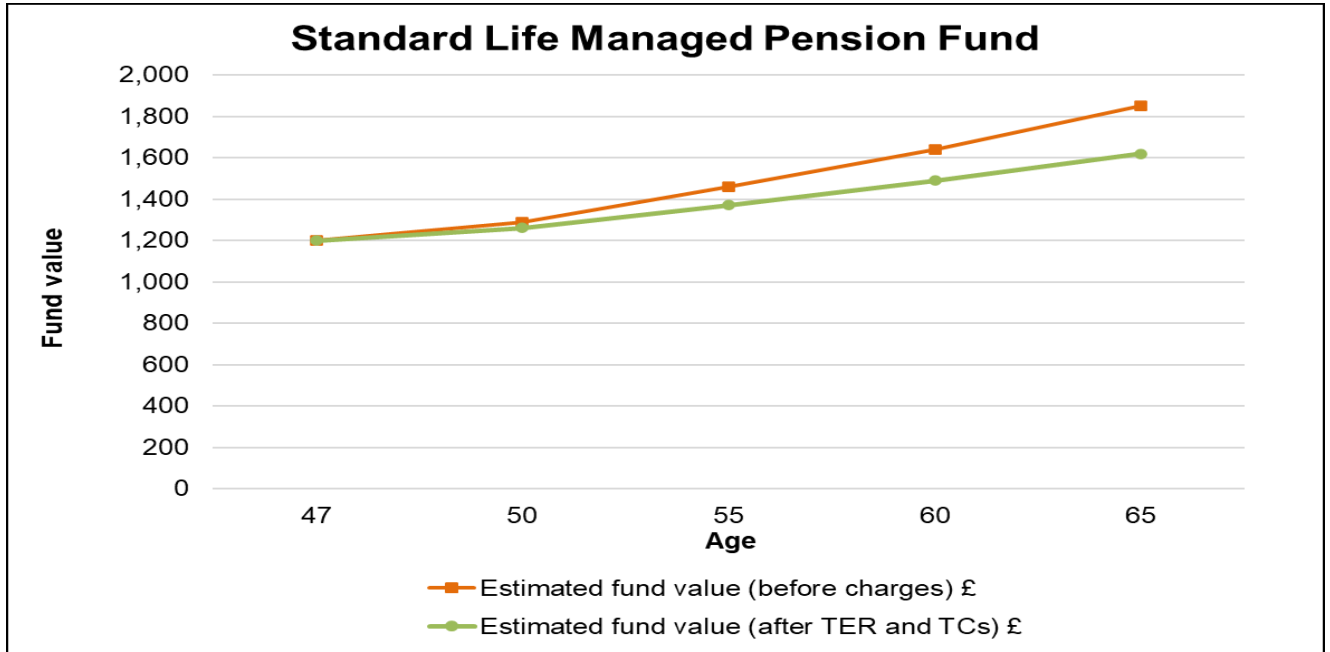


Age	Standard Life Money Market Pension Fund <i>(lowest charging self-select fund)</i>			Pension Millennium With Profits Fund <i>(most popular arrangement)</i>			Pension With Profits Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>50</b>	15,900	15,900	0	15,900	15,900	0	15,900	15,900	0
<b>55</b>	16,480	16,020	460	19,830	19,150	680	18,090	17,400	690
<b>60</b>	17,030	16,120	910	24,250	22,680	1,570	20,340	18,870	1,470
<b>65</b>	17,530	16,220	1,310	29,250	26,520	2,730	22,640	20,310	2,330

## SONOCO UK RETIREMENT BENEFITS PLAN

### APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

#### Example 8: Youngest Standard Life AVC deferred member



Age	Standard Life Money Market Pension Fund <i>(lowest charging self-select fund)</i>			Pension Millennium With Profits Fund <i>(most popular arrangement)</i>			Pension With Profits Fund <i>(highest charging self-select fund)</i>		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>47</b>	1,200	1,200	0	1,200	1,200	0	1,200	1,200	0
<b>50</b>	1,150	1,130	20	1,290	1,260	30	1,220	1,190	30
<b>55</b>	1,070	1,020	50	1,460	1,370	90	1,250	1,170	80
<b>60</b>	990	920	70	1,640	1,490	150	1,280	1,150	130
<b>65</b>	920	830	90	1,850	1,620	230	1,310	1,130	180

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.



# SONOCO UK RETIREMENT BENEFITS PLAN

## APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

### Assumptions and data for example cost and charges illustrations:

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

- *Annual salary growth and inflation is assumed to be 2.5% per annum. Contribution amounts for active members are assumed to increase in a consistent manner.*
- *The starting fund values and future contributions used in the projections are representative of each illustrative member based on the Plan membership demographics.*
- *The projected annual gross returns are as follows:*

<i>L&amp;G PMC Global Equity Market Weights 30:70 Index*</i>	<i>7.10% p.a.</i>
<i>L&amp;G PMC Multi-Asset*</i>	<i>6.30% p.a.</i>
<i>L&amp;G PMC Cash*</i>	<i>3.20% p.a.</i>
<i>L&amp;G PMC Sustainable Property Fund</i>	<i>6.50% p.a.</i>
<i>Standard Life Managed Pension Fund</i>	<i>5.00% p.a.</i>
<i>Standard Life At Retirement (Multi Asset Universal) Pension Fund</i>	<i>3.00% p.a.</i>
<i>Standard Life Money Market Pension Fund</i>	<i>1.00% p.a.</i>

*\* funds underlying the default arrangement*

*\*\* takes account of average member-specific discount of 0.4% which is applied to AVC members and has an overall effect of reducing the total charges*

- *The transaction costs for the DC Section / Legal & General illustrations have been averaged over a 5 year period and transaction costs for Standard Life illustrations have been averaged over a 4 year period to reduce the level of volatility. 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.*
- *Data used is as at 31 December 2022.*

#### 4. Value for Members assessment

The Administration Regulations require the Trustee 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.

There is no legal definition of "good value" or the process of determining this for Plan members. Therefore, working in conjunction with our advisers, Aon, the Trustee has developed their cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Plan relative to the costs and charges they pay.

The costs have been identified as the TER and transaction costs and are set out in section 3 of this Statement. The Trustee has considered the benefits of membership under the following five categories: Plan governance, investments, administration, member communications and retirement support. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

Trustee beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

# SONOCO UK RETIREMENT BENEFITS PLAN

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## APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

### Governance

The Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members interests are protected, increasing the likelihood of good outcomes for members.

- The Trustee takes professional advice in respect of actuarial, legal and investment matters and has a suitable governance process in place whereby core financial transactions and other key governance factors are monitored quarterly, and DC related risks are captured in, and monitored through, the Plan’s risk register.
- The Defined Contribution Sub-Committee (‘DCSC’) offers a more strategic focus to the DC arrangements. DC investment matters continue to be primarily dealt with by the Investment Sub-Committee, although in practice the DCSC and main Trustee Board also provide input. Sub-Committee meetings generally take place quarterly, and main Trustee Board meetings half-yearly.
- During 2022, Legal & General made a pension dashboard, My Scheme Intelligence (‘MySI’), available to the Trustee which allows various metrics to be viewed and monitored such as Service Level Agreement (‘SLA’) scores, number of online registrations, funds under management and contributions received.

### Investments

The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.

- The Plan offers three lifestyle strategies and freestyle funds covering a range of member risk profiles and asset classes. The Trustee monitors the performance of all the investments available to members of the DC Section, including the underlying funds in the default arrangement and alternative lifestyle options on a quarterly basis.
- The investment funds available have been designed, following advice from the Trustee investment adviser, with the specific needs of members in mind. Advice received from the Trustee investment adviser suggested the Trustee may wish to make further enhancements to the types of funds and asset classes available to ensure they continue to meet members’ needs. At the time the Trustee decided it remains comfortable with the current range available but further work is now taking place in 2023 to explore this further. Details will be reported in next year’s statement.
- The Trustee reviews AVC fund performance on a regular basis and the remaining AVC assets were reviewed in more detail over 2022. Whilst no major concerns were highlighted, the Trustee is writing to members to highlight the alternative investment options available and encouraging them to review their AVC investments.

# SONOCO UK RETIREMENT BENEFITS PLAN

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## APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

### Administration

The Trustee believes that good administration and record keeping play a crucial role in ensuring that members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.

- The Trustee has a SLA in place with Legal & General and this is reported against on a quarterly basis. The MySI dashboard also allows instant access to SLA figures and membership demographics.
- Legal & General reports on the time taken to respond to member queries and any member complaints received in its quarterly governance reports. Each of these items allow the Trustee to monitor standards of administration and assess the member experience.
- An online member portal, Manage Your Account (‘MYA’), is available to members as part of Legal & General’s service to members. This allows members to check on the value of their pension, see how it is performing, monitor contributions and transactions and change where their money is invested as part of this service.

### Member communications

The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.

- The Trustee makes use of a variety of communication media, including the availability of online tools to support retirement planning as part of Legal & General’s MYA portal. In addition to the retirement modelling tools, MYA also provides members with access to a wide range of useful educational material to help members understand their pension savings. Legal & General issue an annual benefit statement to members on behalf of the Trustee.
- Over the year the Trustee has continued to work with the DCSC to increase member engagement, with various campaigns to highlight the help and resources available to members to help them make more informed decisions, as well as the benefits of being a member of the Plan more generally.
- The DCSC has been seeking to understand whether the key messages are delivered clearly and effectively by monitoring changes in member behaviour on a quarterly basis.
- The Trustee is considering a full review of the member literature available to ensure it remains current and is providing members with accurate information.

# SONOCO UK RETIREMENT BENEFITS PLAN

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## APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

### Retirement support

The Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate options at retirement.

- The Trustee facilitates access to member retirement support from an impartial financial advisor and communications signpost this access. This is expected to improve the support at retirement for members to make effective retirement decisions.
- Members have online access to their funds via the Legal & General MYA platform where there are retirement planning tools that can be located easily. Relevant sources of information are highlighted, and a document library exists with key Plan information.
- Communications also typically sign-post Pension Wise and unbiased IFA, and the Plan implemented the Stronger Nudge to Pension Wise from 1 June 2022.
- The Trustee continues to actively promote the Plan in general and the support available to members with various campaigns including notice board posters, plant manager briefings and additional training content on the intranet site being developed by the DCSC.

### **5. Processing of Core Financial Transaction**

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, 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, Legal & General. The Company is responsible for ensuring that contributions are paid to the Plan promptly. The timing of such payments is monitored by the Trustee in quarterly governance reports from Legal & General.

In order to determine how well the administration is performing the Trustee has SLAs in place with Legal & General. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions.

Under the current SLA, Legal & General aim to accurately complete all financial transactions within 5 working days. Over the year to 31 December 2022, Legal & General met the SLA requirements for the majority of activities. There were some instances where payments were made outside of SLA, with transfer payments being made on average 2 days outside of SLA and lump sum payments being made on average 1 day outside of SLA. This is a significant improvement on the prior year where on average these payments were made 4 days and 13 days outside of SLA respectively.

The Trustee has raised this with Legal & General who mentioned that although they strive to hit service levels, they will also not compromise on the quality of the information provided to members. In some instances where cases fail quality checks this will add one or two extra days to the overall service level to ensure the information provided to members is correct. Legal & General commented that the transfer payments issue was due to the cases involved having missing information that needed to be obtained before they could be completed.

# SONOCO UK RETIREMENT BENEFITS PLAN

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## APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

Each quarterly governance report includes a payment schedule, an investment schedule and details of performance against the agreed SLAs. The reports are reviewed by members of the DCSC and at each Trustee meeting to monitor performance and compliance with the SLA. The new access to MySI also allows the Trustee instant access to SLA information and various other metrics.

Legal & General have processes in place for each core financial transaction to ensure that all core financial transactions are processed in a timely and accurate manner. An automated daily sales and redemptions report is used by Legal & General to check transactions placed the previous day. The report captures the sale type, date and details of units sold to check for accuracy and completion.

Legal & General has an internal audit function, in addition to the external audit carried out on the DC Section annually, each of which assist in ensuring the promptness and accuracy of core financial transactions. In addition, Legal & General attend DCSC meetings on a quarterly basis, allowing the Trustee regular access to raise any concerns and discuss any issues that may arise with the administration of the Plan.

Some members also hold AVCs with Standard Life. The Trustee does not have a SLA in place with Standard Life. Standard Life have target timescales for the processing of core financial transactions, but they do not report on performance against these specifically for the Plan. AVC transactions are recorded in the stewardship reports the Trustee receives from the Plan's DB administrators, Aon Solutions UK Limited, and therefore the Trustee expects to identify any issues with AVC core financial transactions through this reporting process.

The Trustee is satisfied that over the period:

- the administrator, in relation to the DC Section, was operating appropriate procedures, checks and controls and operating within the agreed SLA the vast majority of the time; and
- there have been no material administration errors in relation to processing core financial transactions in either the DC Section or in relation to AVCs.

### 6. Trustee Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for the Trustee 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 Trustee properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Plan as a whole and not solely the DC Section.

## SONOCO UK RETIREMENT BENEFITS PLAN

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### APPENDIX 2 – CHAIR'S STATEMENT (forming part of the Trustees' Report)

The Trustee has processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- A structured training programme for newly appointed Trustee directors including completion of the Pension Regulator's Trustees toolkit, which is an online learning programme.
- Assessing training needs and identifying gaps in knowledge through periodic assessments.
- Undergoing regular training from advisers through main board meetings and sub-committee meetings which for this Plan year included the Pension Schemes Act 2021, TPR's single Code of Practice, DC legal and regulatory compliance updates and notifiable events regime.
- Maintaining training logs for each Trustee director which supports the above.

The Trustee directors also take personal responsibility for keeping themselves up to date with relevant developments in the law and industry. A regular self-assessment is carried out by the Trustee to identify any knowledge gaps and the annual training programme is produced with the support of the Trustee advisers to deliver training to address any gaps.

The Trustee has engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key Plan documents such as the Trust Deed & Rules, Trustee Report & Accounts, Statement of Investment Principles and all documents setting out the Trustee's current policies. A few of the areas that support this statement are set out below:

- Review of quarterly administration reports to monitor service delivery against agreed SLAs and assessing the member experience.
- Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Plan aim and objectives, as set out in the SIP.
- Production of an Implementation Statement.
- Signing of the Trustee Report and Accounts.

Collectively, the Trustee Board benefits from a diverse set of skills brought by the individual Trustee directors from their various professional backgrounds. In particular, the Trustee board can draw upon individual professional experience in accountancy, HR, and business which provides valuable insight from different perspectives. The different skill sets brought by the individual Trustee directors helps to ensure there are complementary skill sets that combine to make a strong and effective board.

The Trustee believes that collectively it has sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

The Trustee Directors consider that they meet the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as Trustee of the Plan.

## SONOCO UK RETIREMENT BENEFITS PLAN

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### APPENDIX 2 – CHAIR’S STATEMENT (forming part of the Trustees’ Report)

Signed on behalf of the Trustee of the Sonoco UK Retirement Benefits Plan by the Chair

Name	Patrick Youngblood
Signature	
Date	