

CHAIR'S ANNUAL STATEMENT

The Wentworth Sawmills Ltd Staff Retirement Benefits Scheme ("the Scheme")

Scheme Year ended 27 October 2018

Introduction

The Scheme provides retirement and death benefits to some current and former employees of Job Earnshaw & Bros Ltd and some of its past and present subsidiary companies ("the Company"), and to their dependants. The Scheme has been closed to future benefits since 1 August 2014, so there are no active members and no contributions are currently being paid, either by members or the Company.

The Company is also the Trustee of the Scheme, which means the Company's directors have responsibility for managing the Scheme on behalf of the members. To assist with this, the day-to-day administration and investment is delegated to Aegon (formerly Scottish Equitable), an insurance company that is very experienced in running UK pension schemes like ours. Each year, shortly after the Scheme's year end in October, Aegon prepares and issues individual benefit statements to all members, showing how the chosen investment funds have performed and providing an estimate of the benefits available at Normal Retirement Date.

Considering the size, nature and demographics of the Scheme membership, the Company believes that it is appropriate to continue to rely on Aegon for support services in relation to the Scheme, but we will keep the matter under review. Furthermore, following a change of personnel within the Company, it has been decided that the Scheme would be better served by appointing a professional, independent trustee to take over the management of the Scheme in future. At the time of preparing this Statement, no formal appointment has yet been made, but we expect to complete this imminently, and all members will be informed when the appointment is made.

Further information about the Scheme can be obtained by contacting the Company using the details shown below.

Trustee Knowledge and Understanding

The Company operates a number of different pension schemes for current and former employees. As such, the Board of Directors regularly discuss pension scheme matters, as they may affect the Scheme or any other pension schemes we manage and their respective employees. With very few members in the Scheme, there are not a lot of transactions to process and we rely on Aegon to process all member transactions as they fall due, with a report being prepared and issued by Aegon to the Company/Trustee after the end of each Scheme year.

The Company has been able to manage the Scheme during the last year with continued support from Aegon and from other professional advisers, as and when required. However, following the resignation of one of our directors earlier this year, who was the director with primary responsibility for the Scheme, it has been decided that external support would be required and, having consulted one of our existing pension scheme advisers, it has now been agreed that we will appoint a professional, independent trustee at the earliest opportunity. A professional, independent trustee will bring a greater level of experience and expertise to the running of the Scheme and will be able to work closely with Aegon to ensure that the Scheme continues to meet its objectives of providing benefits to members, as they fall due.

Details of the newly appointed trustee will be confirmed to all members in the near future.

Scheme advisers

The Company has, primarily, relied on support and advice from Aegon to ensure that the Scheme and its investments are well-managed, with efficient processes to settle the payment of benefits to members, when due. In future, we will be appointing a professional, independent trustee to assume overall responsibility for the Scheme and the new trustee will consider whether further support from external, professional advisers is required.

Details of any new advisers will be included in the Trustee's Annual Report to members (a copy of which will be available on request) and/or in future Chair's Statements.

Record keeping

Membership records are maintained by the Company and by Aegon. Records include members' personal details (name, date of birth, home address etc.) along with contribution details and investment choices. Both the Company and Aegon take the security of members' personal details seriously and have measures in place to protect the data.

With effect from 25 May 2018, the General Data Protection Regulation ("GDPR") introduced new data processing requirements. A copy of the privacy notice, explaining how we process personal data, is available on request and, if required, a similar document is available from Aegon.

Prior to their retirement, an annual statement of benefits is issued to each current member of the Scheme. We ask that members check their statements carefully when received and let us know if any details are incorrect. It is important that members let us know if their personal details, such as their name or home address, change. This ensures that we can keep in touch and settle your benefits as they fall due.

If you need to notify us of any change to your contact details, please contact the Company using the details provided below.

Investment strategy

All assets held on behalf of members are invested in an insurance contract issued by Aegon (formerly Scottish Equitable). The contract provides access to a limited range of investment funds, which members may choose to invest in, with the option to switch between funds or introduce new funds as and when required. Currently, all members are invested in the Balanced Lifestyle Fund, which aims to provide growth in the early years and then reduces the exposure to higher risk assets as each member approaches the Scheme's Normal Retirement Age (currently age 65). Further details are provided below.

As the Scheme is now closed and is not being used as a Qualifying Pension Scheme to meet the Company's duties under "Auto-enrolment", the Scheme does not designate a default investment fund. Furthermore, because the Scheme has fewer than 100 members, there is no requirement for the Trustee to produce a Statement of Investment Principles and the Trustee has chosen not to do so.

Apart from monitoring the performance of the Balanced Lifestyle Fund each year, no formal review of investment options has been carried out since the Scheme was closed to future benefits in 2014. During 2019, the Trustee will be conducting a formal review of investment options with Aegon. Details of any changes to the investment fund range will be communicated to members in due course.

Balanced Lifestyle Fund

The Balanced Lifestyle Fund uses a two-stage investment process called "lifestyling". It aims to perform better than its benchmark in the early years (the growth stage) and to give members more certainty about the amount of pension they can buy via an annuity when they retire (the lifestyle stage). Other options are available in retirement, but an annuity has been the traditional option until quite recently. The Company/Trustee will be reviewing the lifestyling option with Aegon during the next 12 months.

During the growth stage, the fund aims to provide long-term capital growth by investing wholly in Aegon's Mixed fund, which aims to produce returns greater than the Association of British Insurers (ABI) Mixed Investment (40-85% shares) sector median over the long term. It invests in a diversified portfolio of mainly UK equities (shares), but also overseas equities, fixed interest securities and cash.

During the lifestyle stage, starting six years before each member's retirement year, it is expected that members' priorities may change as retirement approaches. Therefore, the fund assumes that each member will buy an annuity to provide an income for life during retirement. Aegon will progressively start switching investments in the fund into their Long Gilt fund, with the aim of giving more certainty about the level of annuity available to buy when each member retires. During the final year before the expected retirement date, Aegon will also move some of the member's pension pot into their Cash fund, to cater for the likely payment of the maximum tax-free cash entitlement (usually 25% of the member's pension pot).

For periods ended 30 September 2018, the annualised performance of the default investment fund was:

1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
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Balanced Lifestyle	5.1%	10.6%	7.7%	8.1%
Benchmark	5.0%	9.9%	7.0%	7.6%
Quartile rank	3	2	2	2

Figures shown are net of the standard 1.00% Annual Management Charge and additional annual expenses of 0.00%.

Sector average represents the average performance over each period for funds classified as Mixed Investment (40% - 85% shares) by the Association of British Insurers (ABI). Quartile rank shows how the fund has performed relative to all others in its peer group. For example, Quartile 1 represents the 25% best performing funds in the group and Quartile 4 represents the 25% worst performing funds in the group.

Performance during the year to 30 September 2018 has been satisfactory and the Trustee considers the overall, longer-term performance of the fund to have been good, relative to its benchmark. The performance and continued suitability of this fund will be considered during the forthcoming review of available investment options for members.

Charges and transaction costs

Aegon's Annual Management Charge (AMC) on the Balanced Lifestyle Fund is 1.00%. This includes all expenses of the fund and is net of a 'fund charge rebate' of 0.5%, which is added to members' funds annually. The AMC is deducted from the value of each member's fund. Any other costs of managing the Scheme are met by the Company.

All members are currently invested in the Balanced Lifestyle Fund, but we have also provided details of costs and transaction charges for the other funds available within the Scheme.

Aegon has prepared a separate summary of costs for the Trustee, a copy of which is attached to this Statement. The summary is prepared in line with statutory guidance and includes details of transaction costs and charges applied under the Scheme during the year to 27 October 2018, together with illustrative examples of the cumulative effect of these costs and charges incurred by members.

To produce the illustrations, Aegon has used the median pot size of the Scheme and prepared illustrations based on the age of the youngest member of the Scheme. They have then used an average of the transaction costs over the period for which they are available. Initially, the illustrations are averaging a period of transaction costs which are less than five years. Where transaction costs for five or more years are available, the averages represent the previous five years' transaction costs.

In the summary, Aegon has shown the total transaction costs and also the primary components of the costs. Not all component costs are shown, so the total may differ to the sum of those listed. The transaction costs shown within the appendix are based on the latest transaction costs that Aegon have provided, which fall within the period. These costs are calculated differently from those shown within the illustrations, as they are based on an average of transaction costs over the period. Please note that transaction costs and components are rounded to the nearest 0.01%, which may result in no costs being shown.

Further information about charges and other assumptions used to project the potential value of future retirement benefits are provided in the annual benefit statements prepared by Aegon and issued to members after 27 October each year.

Overall, considering the type and size of the Scheme, the services provided by Aegon and the fact that no contributions are being paid, the Company is satisfied that the charges on the funds available from Aegon represent value for members. Although the AMC of 1.00% is above the charge cap that applies to qualifying auto-enrolment schemes, the Scheme pre-dates those requirements and, as mentioned above, the Scheme is not being used to meet the Company's auto-enrolment obligations to current employees.

The management charges will be considered as part of our review of the Scheme during the next 12 months, which will also consider any other options available from Aegon and, if appropriate, other pension providers.

Core financial transactions

During the year to which this Statement relates, the Trustee continued to rely on Aegon to ensure that any core financial transactions of the Scheme were processed promptly and accurately. For day-to-day administration, including core financial transactions, Aegon operates to its published Service Level Agreements (SLAs), a copy of which is held by the Trustee and a report on performance against the SLAs is available to the Trustee, on request.

Core financial transactions for the Scheme may include:

- Investment switches between funds, as and when requested by members
- Transfer of assets into the Scheme, where requested by a member
- Transfer of assets out of the Scheme, where requested by a member
- Benefit payments from the Scheme in the event of a member's retirement or death

During the year to 27 October 2018, the membership of the Scheme did not change and there were no financial transactions to report. Also, as no contributions were due or received by the Scheme, the payment of contributions does not form part of the Scheme's core financial transactions.

When requested by a member, investment switches are submitted to Aegon. Aegon then processes all investment switches and confirms the revised fund holdings to the member, once the transaction is complete. Transfer payments and other settlements out of the Scheme are made by Aegon, direct to the receiving pension provider (for transfers) or to the member or their beneficiaries, as appropriate.

Contact for further information

Ms. Karen Earnshaw
Chief Financial Officer
Job Earnshaw & Bros Ltd
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Tel: 01924 830099

Signed:



Date: 30/7/2019

David S. Earnshaw

Chair of the Trustee of the Wentworth Sawmills Ltd Staff Retirement Benefits Scheme

Yearly transaction costs for each fund (%)

Fund name	Broker		Securites		Total
	Implicit costs	commission and fees	Taxes and levies	lending fees	
BalancedLifestyle	0.26	0.05	0.08	N/A	0.39

About the transaction costs

N/P - is 'not provided' - this is where no transaction information is available for the fund or for an underlying fund of a blended fund .

N/A - is 'not available' - this is where either some or all of the breakdown of the transaction costs has not been supplied.

- Where the transaction costs are not available for the exact scheme year, we've used the latest transaction costs that fund managers have provided which fall within your scheme year.
- implicit costs arise due to the difference in time when a trade is instructed and when it is carried out. The movement of the market over that period can result in the implicit cost and overall transaction cost being negative.

These illustrations are presented as drafts only and you should consult your adviser to make sure they meet your requirements. Aegon cannot accept any responsibility for the consequences arising from the use of these drafts.

Example illustrations for members no longer making contributions

Illustration date: 25/June/2019

Scheme name: WENTWORTH SAWMILLS LTD STAFF RETIREMENT BENEFITS SCHEME

Scheme number: 85120

Scheme year end date: 27/October/2018

This document sets out transaction costs and certain charges which apply to selected funds together with illustrative examples of the cumulative affect of these costs and charges incurred by members. Where we refer to charges in the these illustrations this will also include any expenses. Other charges may apply in certain circumstances not covered by these illustrations and a full breakdown of all applicable charges that apply to the scheme are shown separately on this website.

Fund transactional costs and charges total (%)

	Mixed	Equity	FixedInterest	Cash	BalancedLifestyle
AMC	1.50%	1.50%	1.50%	1.50%	1.50%
Additional expenses	0.00%	0.00%	0.00%	0.00%	0.00%
Transaction costs	0.39%	0.49%	0.18%	0.00%	0.39%

AMC is the annual management charge which is the yearly charge to cover administration costs and to pay the fund manager for managing your funds. The additional expenses include management fees and expenses that vary with the day to day costs of running the fund. Transaction costs arise when a fund manager buys or sells the underlying assets of a fund.

The purpose of these example illustrations

These aren't personal illustrations, they are based on the assumptions detailed in the section 'About these illustrations'. The purpose of the example illustrations is to show how fund related costs and scheme charges can affect the overall value of the funds the scheme invests in over time.

Illustrations showing the impact of fund transactional costs and scheme charges on a projected pension fund in today's money (£)

The 'Before charges' column shows the projected pension fund without any transaction costs, charges or rebates being applied.

The 'After all charges' column shows the projected pension fund after transaction costs, charges and rebates that have been applied.

Years	Mixed		Equity		FixedInterest		Cash		BalancedLifestyle	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	5,883	5,802	5,940	5,852	5,701	5,634	5,673	5,616	5,799	5,719
3	6,144	5,894	6,322	6,046	5,590	5,396	5,508	5,345	5,884	5,645
5	6,417	5,987	6,729	6,247	5,482	5,169	5,348	5,087	5,971	5,571
10	7,153	6,227	7,866	6,779	5,219	4,640	4,968	4,495	6,192	5,391
15	7,973	6,477	9,195	7,357	4,970	4,166	4,615	3,972	6,422	5,217
20	8,888	6,736	10,748	7,983	4,732	3,740	4,287	3,510	6,661	5,048
25	9,907	7,006	12,563	8,663	4,506	3,358	3,982	3,101	6,908	4,885
27	10,347	7,116	13,373	8,951	4,418	3,216	3,867	2,952	7,009	4,821

About these illustrations

For these illustrations we've assumed:

- the starting age is 38 and the retirement age is 65;
- no future contributions are made.
- Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation. Inflation is assumed to be 2.5%, each year;
- the starting pension fund value in the first year is £5756.97
- each illustration has been produced on the basis this is the only fund invested in and that all transaction costs and scheme charges are deducted from that fund.

The growth rate for each fund is set out below. These are for illustrative purposes only and are not guaranteed. The investment growth achieved may be more or less than this and may vary depending on the type of fund.

Mixed	4.75%
Equity	5.75%
FixedInterest	1.50%
Cash	1.00%
BalancedLifestyle	3.25%

If the growth rate we've used is:

- the same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;