

TRUSTEESHIP ARRANGEMENTS FOR THE CASTLE PENSION SCHEME ("SCHEME")

1. **Notice to pensioners who were previously employed at Castle Cement Ltd ("the Company") and all deferred members currently employed by the Company, or a company in the wider HeidelbergCement AG ("HCAG") group.**
 - 1.1. all current employees who are members of the Scheme; and
 - 1.2. all former employees who are in receipt of a pension from the Scheme.
2. **MEMBER NOMINATED REPRESENTATION REQUIREMENTS APPLICABLE TO THE SCHEME**
 - 2.1. The trustee of the Scheme (the "**Trustee**"), is required to ensure that at least one third of the Scheme's governing body are member nominated, i.e. that at least one third of the Trustee Directors are nominated by members of the Scheme.
3. **WHAT ARE THE MEMBER REPRESENTATION ARRANGEMENTS?**
 - 3.1. The arrangements are as follows:
 - 3.1.1. There can be up to nine Trustee Directors, of whom a maximum of six will be employer nominated and up to three will be member nominated. Please note that one of the employer nominated Trustee Directors is an independent professional trustee who currently chairs the Trustee board;
 - 3.1.2. the member nominated Trustee Directors ("**Member Nominated Directors**") will be selected in accordance with these arrangements, following nomination by the pensioner members of the Scheme and those deferred members who are still in the service of the employer or a company in the wider HCAG group (the "**Members**");
 - 3.1.3. Member Nominated Directors will be nominated and selected via the following procedure:
 - (a) Members will be given written notice that nominations are invited, giving at least 4 weeks for nominations to be made;
 - (b) any Member can be nominated to be a member-nominated director using the Nomination Form provided;
 - (c) any nomination must be supported by at least two other Members;
 - (d) Nomination Forms must be submitted to the Trustee by the deadline specified on the Form. Any Forms received after the deadline will be accepted only at the discretion of the Trustee;
 - (e) the nominee(s) may be interviewed, to determine their suitability and aptitude for the office of Trustee Director, by a selection panel of the Trustee. The Member Nominated Directors will be selected by the following methods:
 - (i) selection panel of the current Trustee Directors, or
 - (ii) suitable nominees being put forward into a ballot of Members;at the discretion of the panel.

- (f) if insufficient nominations are received, the vacancy or vacancies will remain open until a valid nomination is made in accordance with the requirements described above. The Trustee will, whenever a vacancy exists, re-invite nominations at least every 12 months from the date on which nominations were last invited.
- 3.1.4. all Trustee Directors will be appointed for a five year term of office. A Trustee Director is free to resume the role after expiry of their term if re selected or re-appointed by the Company;
 - 3.1.5. all the Trustee Directors will continue to be appointed and removed in accordance with the Scheme's Trust Deed and Rules and the Trustee's Articles of Association. However, a Member Nominated Director cannot be removed by the employer without the unanimous agreement of all the remaining Trustee Directors;
 - 3.1.6. a Member Nominated Director will cease to be a Trustee Director of the Scheme when:
 - (a) their term of office has expired (unless he or she is re selected);
 - (b) they resign by giving at least one month's written notice;
 - (c) they are removed with the unanimous agreement of all the remaining Trustee Directors; or
 - (d) for any other reason set out by legislation, or in the Scheme's governing documentation;
 - 3.1.7. if a vacancy arises due to any of the circumstances above, the vacancy will be filled in accordance with the arrangements described here. However, if the Member Nominated Director who is leaving was selected following interview by the panel of one Trustee and has been in office for less than two years, the Trustee may determine that the vacancy will be filled for the remainder of the term by another candidate interviewed at the time, provided they are still eligible and willing to stand;
 - 3.1.8. the duties of the Trustee Directors are the same. Aside from the requirement for member representation the law does not distinguish between a member nominated or company nominated director – their duty is to the Scheme and not to those that selected or appointed them. A Member Nominated Director will not be excluded from performing any Trustee function solely by virtue of being a Member Nominated Director;
 - 3.1.9. the Trustee believes that the arrangements described here are fair, proportionate and transparent for a scheme closed to future accrual. However, the Trustee will review the arrangements each time there is a significant change in the Scheme's circumstances, and at least every five years, to ensure the arrangements are still appropriate and meet the principles of fairness, proportionality and transparency. If the Trustee decides the arrangements are no longer appropriate or do not meet legislative requirements, it will modify them as appropriate. Members will be notified if this happens.

18 December 2014

THE CASTLE PENSION SCHEME ("SCHEME")
INVITATION FOR NOMINATIONS FOR
MEMBER NOMINATED TRUSTEE DIRECTORS VACANCIES

You are invited to seek nomination as a Trustee Director. Any individual deciding on whether or not he or she would like to be nominated to become a Trustee Director should take time to read the following:-

- 1. What are a trust and a trustee?**
 - 1.1. The Scheme is set up under trust. A trust is an arrangement under which a trustee holds assets for the beneficiaries of the Scheme.
 - 1.2. The Trustee administers the Scheme in accordance with legal documents which contain the framework of the Scheme, including the Trustee's powers and duties, and set out the rights and interests of the beneficiaries. The Trustee must act impartially at all times for the beneficiaries as a whole, and not a particular class.

- 2. What are the duties of a trustee?**
 - 2.1. It is important to emphasise that following the Pensions Act 2004 the role, duties, responsibilities and liabilities of a trustee are many, and now come under closer scrutiny than ever before. The Pensions Regulator is empowered to act swiftly to protect members' interests where the trustee does not meet its legal obligations under the legislation.
 - 2.2. There is a range of civil and criminal penalties which may apply to trustees who fail in the exercise of their statutory duties. Some of the duties are:
 - (a) to maintain strict confidentiality at all times;
 - (b) regular attendance at, and contribution to, trustee meetings;
 - (c) acting in good faith;
 - (d) acting prudently;
 - (e) compliance with statutory requirements;
 - (f) being conversant with the Scheme Rules;
 - (g) to know and understand the law relating to pensions and trusts, as well as general funding and investment principles;
 - (h) investing the funds appropriately;
 - (i) not acting in a manner which is in breach of trust.
 - 2.3. A selected Member Nominated Director, if new to the post and in the employer's employment, will be given sufficient time off from their normal duties to undertake any training deemed appropriate. However, please note there is no fee or salary associated with the position, although the employer will re-imburse any reasonable travelling and out-of-pocket expenses.

- 2.4. Becoming a Trustee Director also means that you have to act in accordance with legislation. The Pensions Regulator has put in place requirements, known as the Trustee Knowledge and Understanding ("TKU") requirements, with which you will have to be familiar and comply. Further information in this regard is available at:

<http://www.thepensionsregulator.gov.uk/codes/code-trustee-knowledge.aspx>

- 2.5. Further important information on being a trustee can also be found on the Pensions Regulator's website at:

<http://www.thepensionsregulator.gov.uk/trustees.aspx>

3. Invitation for Nominations

- 3.1. The Trustee hereby invites nominations from deferred members who are still employed by Castle Cement Limited or a company in the wider HeidelbergCement AG ("HCAG") group and pensioners to be MNDs. Any nomination must be supported by at least two other members. A Nomination Form is enclosed for this purpose. Nomination Forms must be completed and returned no later than 23 January 2015.

- 3.2. Please note you may be disqualified from becoming a Trustee Director because of any of the following:

- (a) conviction of any offence involving fraud, theft, deception or other dishonesty;
- (b) being an undischarged bankrupt;
- (c) being disqualified from being a company director;
- (d) being subject to a prohibition or suspension order made by the Pensions Regulator;
- (e) entering into an individual voluntary arrangement (IVA) for insolvency; or
- (f) being suspended or disqualified from acting as a trustee by the Pensions Regulator.

Signed:



Graham Wardle, for and on behalf of Castle Pension Trustees Ltd as Trustee of the Castle Pension Scheme.

Date: 18 December 2014

**CASTLE PENSION SCHEME ("SCHEME")
MEMBER NOMINATED TRUSTEE DIRECTOR
NOMINATION FORM**

To: the Trustee of the Scheme

To be returned to the Trustee at the following address:

Susan Smith
Scheme Secretary to the Castle Pension Scheme
Pi Consulting (UK) Ltd
2 Allington Close
Wimbledon Village
London
SW19 5AP

To be returned no later than **23 January 2015**.

Please supply brief details about yourself, and your qualifications and suitability for the position of Trustee Director. This will be issued to the Trustee committee in the event of interviews being held.

I hereby accept nomination to be a Member Nominated Trustee Director of the Scheme, and confirm that I am a member of the Scheme and confirm that I would not be disqualified from acting as a trustee director for any of the reasons listed on page 4.

Full name of Nominee:

Address of Nominee:

Signature of Nominee: Date

I hereby propose the nomination of to be a Member Nominated Trustee Director of the Scheme, and confirm that I am a member of the Scheme.

Full name of Proposer:

Signature: Date

I hereby second the nomination of to be a Member Nominated Trustee Director of the Scheme, and confirm that I am a member of the Scheme.

Full name of Seconder:

Signature: Date