

Hanson UK

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HANSON INDUSTRIAL PENSION SCHEME: INFORMATION AND APPLICATION FORM

I am pleased to enclose details of the Hanson Industrial Pension Scheme, which you will be eligible to join.

Making provision for a retirement pension is becoming increasingly important and the company scheme offers a significant and valuable benefit as part of your overall employment package.

We have already provided you with information about the government's requirement that employers automatically enrol certain workers into a workplace pension scheme and give others the opportunity to join if they wish. The scheme is a qualifying pension scheme, which means it meets or exceeds the government's new standards for auto enrolment and this is the scheme into which you will be automatically enrolled at the relevant time.

There are presently two options for membership:

- **basic auto enrolment membership**
you and Hanson UK make the minimum contributions required by law (currently 1% of pensionable pay each) and you will not be eligible for life insurance cover or a spouse's pension in the event of your death in service
- **enhanced membership**
you choose to make higher contributions (the options are currently 3%, 4% or 5% of pensionable pay) and in return Hanson UK also makes higher contributions, you get full life insurance cover and, in the event of your death in service, a spouse's pension is provided. Full details of the different options are in the booklet but if you pay 5% (4% after tax relief) into the scheme the company will pay 10% making a total of 15% going into the scheme, at a cost to you of only 4%.

Important note: if you opt for enhanced membership but join the scheme before you have been with Hanson for 6 months, your contributions and Hanson's contributions will start at the basic auto enrolment membership level and will only increase to the enhanced membership level once you have 6 months' service with Hanson. A spouse's pension will only be provided if you die in service after 6 months' service with Hanson. However, you will be provided with life assurance cover as soon as you provide the enclosed application and option form to us opting to be an enhanced member.

If you are automatically enrolled or if you choose to opt in and you want to be a basic auto enrolment member, you do not need to return this form, although we recommend that you do, so that you can inform the trustees of what you wish to happen to the value of your fund in the event of your death and how you would like your fund to be invested. If you do not

return this form before your joining date, you will join as a basic auto enrolment member and your contributions and Hanson UK's contributions will be invested in the scheme's "Lifestyle Fund", as explained further below.

If you want to join as an enhanced member, you will need to complete this form and select the option you would like to take. You will have the opportunity to change your chosen contribution rate once a year.

There are a number of advantages of joining as an enhanced member rather than as a basic auto enrolment member. Once you have six months' service, the money you invest is supplemented by more generous contributions from the company and in the event of anything happening to you, a spouse's pension is provided; and full life insurance cover is provided from the date that you return the enclosed application and option form to us opting to be an enhanced member.

The enclosed booklet gives details on how the scheme operates although it has not yet been updated to take account of automatic enrolment and only describes the benefits available to enhanced members. Please note that the mechanism for joining and leaving the scheme and the benefits available to basic auto enrolment members will be different from what is set out in the booklet. Please read the booklet carefully before you complete the option form. (You should note that the reference to 'index-linked gilts fund' on the second line of page 11, should read 'over 15 year gilt fund'). Further investment details are enclosed.

If you want to pay contributions at a higher rate than 5%, please indicate this in a covering letter when you send in your application form.

You may wish to take financial advice before making a commitment. That is fine, but please note that the company and scheme's trustee are unable for legal reasons to offer financial advice.

Please complete both the application form and the expression of wish form and return them to me at the above address as soon as possible. This will ensure that we are able to pass your expression of wish form to the trustees and that your preferences will be taken into account from the earliest possible opportunity.

Please note that for individuals opting for enhanced membership, although the higher contribution rates and spouse's pension will not come into effect until you have been with Hanson for six months, life cover is provided as soon as you provide the application form to us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve Pearce', written in a cursive style.

Steve Pearce
Group HR Business Partner

The investment basics

The underlying investments in each fund are called assets. Changes in the assets' value and any income investors receive from them make up the returns on the investment. Different types of assets all have their relative strengths and weaknesses. They can help you achieve your investment goals in different ways.

Shares (equities)

Buying shares (or 'equities') means buying a stake in a company. Share prices can rise and fall, sometimes quite sharply. Shareholders may also receive a part of the company's profits each year – this is known as the dividend.

Over time, company shares have produced much higher returns than the other asset types. But the returns are not guaranteed and share prices can fall suddenly. This means your investment can be worth less than you paid for it. However, if you invest in a good spread of shares and over the longer term, it is more likely that your investment will have time to make up for any falls in value.

Equity funds usually invest across a broad range of shares in a particular market. For example a global equity fund will invest around the world, whereas a UK equity fund invests only in UK companies. Investing internationally can give you better opportunities to spread risk. But if the currency of the shares you invest in falls against UK Sterling, you could lose money.

Bonds and Gilts

Bonds are IOUs issued by governments and businesses. UK Government bonds are called gilts. In return for investors' money, bonds pay regular interest and repay the amount invested at a pre-determined date. The interest can be fixed (a specified amount each year), or index-linked, which means it will move each year in line with inflation.

The prices investors will pay for bonds and gilts can rise and fall, but usually less sharply than share prices. Bonds issued by large companies (corporate bonds) vary in terms of risk. If the company is well-established, with a strong financial standing, its bonds will usually be rated as lower-risk. Bonds from less stable companies may be rated higher-risk, and may have to offer higher rates of interest to attract investors. Gilts are the lowest-risk UK bonds, as they have the backing of the UK Government.

Bonds and gilts can also have a role in protecting you from the risk of rising pension prices.

Cash

These funds invest in cash deposits, similar to a building society account. Cash investments generally give only modest returns, especially at a time of low interest rates. Inflation can also eat away at the value of your money over time. This means that cash funds may not be an appropriate choice when investing for the long term.

Managing risk successfully

Some people are prepared to accept high levels of risk in order to get higher returns. They are comfortable facing a short-term loss in order to have the opportunity to make a long-term gain. For others, security may be the most important thing. Everyone is different, and you need to decide what level of risk is right for you.

Risks you need to keep in mind

Risk of falling values

This refers to the risk to the value of the amount you have invested (the 'capital') if the fund performs badly. The investment funds and any income from them are not guaranteed, and can go up and down in value. This means that you may not get back the money you have put in. Share funds are particularly vulnerable to capital risk, as the price of shares can be affected by many factors, including the general economic outlook.

Risk of low growth

Inflation eats away at the buying power of your money. Even low inflation can have a significant impact over time. It is important that your investments keep ahead of price inflation; otherwise the value of your money will fall in real terms.

Historically, share investments have always outperformed inflation over the long term. Cash investments have usually stayed ahead of inflation – but only by a very small margin.

Risk of rising pension prices

When you retire, your account will be used to buy you a pension, called an 'annuity', from an insurance company. These are priced according to the returns available from bonds and gilts. Generally, the higher the returns on bonds and gilts, the more pension your money will buy you. Investing in bonds and gilts near to your retirement can help protect you against sudden changes in annuity rates.

Risk of not enough variety

If all your investments are concentrated in a single asset or market, you are risking it all if that asset or market falls badly. Investing in a number of different assets or markets can spread the risk. All the BGI funds available in the Scheme are invested in a diversified portfolio of the underlying asset type.

The table on the next page summarises these risks and matches them with the funds available in the scheme.

Type of risk	When is this risk mainly a problem	Asset types that reduce this risk	Asset types that increase this risk
Falling values	Close to retirement (say within 5 years of your retirement date)	<ul style="list-style-type: none"> • Bonds & Gilts (e.g. BGI Over 15 year Gilt Fund & BGI Index Linked Gilt Fund) • Cash (e.g. BGI Cash Fund) 	<ul style="list-style-type: none"> • Equities (e.g. BGI Global Equity Index Fund & BGI UK Equity Index Fund)
Low growth	Greater than say 5 years from retirement	<ul style="list-style-type: none"> • Equities (e.g. BGI Global Equity Index Fund & BGI UK Equity Index Fund) 	<ul style="list-style-type: none"> • Bonds & Gilts (e.g. BGI Over 15 year Gilt Fund & BGI Index Linked Gilt Fund) • Cash (e.g. BGI Cash Fund)
Fluctuating pension prices	Close to retirement (say within 5 years of your retirement date)	<ul style="list-style-type: none"> • Bonds & Gilts (e.g. BGI Over 15 year Gilt Fund & BGI Index Linked Gilt Fund) • Cash (e.g. BGI Cash Fund) 	<ul style="list-style-type: none"> • Equities (e.g. BGI Global Equity Index Fund & BGI UK Equity Index Fund)
Not enough variety	All periods	<ul style="list-style-type: none"> • All available BGI funds 	

The BGI Balanced Fund invests in a mix of bonds and equities and will be exposed to the above risks to a greater or lesser extent than the Funds investing solely in one asset type. For example, the Balanced Fund will be exposed to the risk of falling values to a lesser extent than a pure bond asset fund (e.g BGI Over 15 year Gilt Fund) but to a greater extent than a pure equity asset fund (e.g. BGI Global Equity Index Fund)

The key aspect of investment risk is that your capacity and appetite to accept these risks is likely to change throughout your working life and you should consider what type of assets match your attitude to risk and expectations for your retirement.

A fixed strategy

If you prefer, you can choose a Lifestyle option. This is a pre-set investment strategy that moves your investments automatically according to your age.

The Lifestyle strategy goes through three stages, timed so that the strategy is complete at the date you plan to retire.

In the early to middle part of your working life, your contributions are invested in one or more funds, which aim to provide investment growth. Later, your money starts to move across into bonds and gilts. The aim of this is gradually to reduce the potential for a sudden fall in value. Bonds and gilts will also help to protect you from changes in pension prices in the run-up to your retirement.

In the last few years, the Lifestyle strategy also starts to invest in cash. The aim is to end up with 25% invested in cash and 75% invested in bonds and gilts, to reflect your benefits (a cash sum and a pension).

Lifestyle strategy

In Stage 1, the Tracker strategy invests in the Global Equity Index Fund. This aims to help you achieve long-term growth. It invests in more than one regional market, which can help to spread risk.

During Stage 2, your investments gradually move into the BGI Over 15 Year Gilt Fund.

In the final years before your target retirement date, (Stage 3), part of your investments gradually move into the BGI Cash Fund. At the date you have told the manager you will retire, 25% of your account is invested in the Cash Fund and 75% in the Gilt fund Fund.

Taking care with your Lifestyle

If you are interested in the Lifestyle options, you should read the fund summaries for more information on the individual funds. You can also download fund factsheets from the BGI pensions website.

Lifestyle strategies try to achieve a balance between investment return and risk. They do not necessarily produce a better result for you than other investment options. The funds Lifestyle strategies use may not outperform other asset types over any given time period and so the benefits of Lifestyle may not flow through as expected.

Timing it right

Unless you choose a target retirement age to suit your circumstances, Lifestyle uses your normal retirement age (65) to time the movement of the investments. If you want to retire at a different age, you should inform the administrators.

**HANSON INDUSTRIAL PENSION SCHEME
(Defined Contribution Section)**

APPLICATION AND OPTION FORM

Name: **N. I. No:**

Date of Birth: **Date Joined Company:**

Employee No: **Division:** (e.g. HBP, H/AGGS etc)

Address:

Contribution Options (please tick one box only)

If you do not select an option, you will join as a basic auto enrolment member.

• **Basic Auto Enrolment Member Contribution Level**

(Not eligible for life assurance or spouse's pension)

I wish my contribution to be **1%** (In which case the company will pay 1%)

(The contribution levels for basic auto enrolment members will change to take account of changes to the minimum contributions required by law)

• **Enhanced Member Contribution Levels**

(Eligible for life assurance on returning this form and spouse's pension after 6 months' service. Note that your contribution and Hanson's contributions will be as for a Basic Auto Enrolment Member until you have 6 months' service.)

I wish my contribution to be **3%** (In which case the company will pay 5%)

4% (In which case the company will pay 7.5%)

5% (In which case the company will pay 10%)

I understand I can change my contribution rate (up or down) once a year.

Investment Choices

Only tick Option 1, **OR** Option 2. Not both.

If (1) is ticked, you then need to enter the percentage of your contributions (and the company's) that you wish to go into each fund. Enter these percentages in the boxes aligned to your fund choice. Please ensure that the total adds up to 100.

If you do not complete this section your contributions will be automatically invested in the 'Lifestyle' fund.

1. I wish to make my own investment choices

and invest my contributions as follows:

UK Equity Fund	<input type="text"/> %	Over 15 year Gilt Fund	<input type="text"/> %
Global Equity Fund	<input type="text"/> %	Balanced Fund	<input type="text"/> %
Index-Linked Gilts Fund	<input type="text"/> %	Cash Fund	<input type="text"/> %

2. I wish my contributions to be invested in the Scheme's 'Lifestyle' fund

You can change how your contributions are invested at any time – please see the booklet.

Data Protection Act

I agree that the data about me and my dependants (including sensitive personal data) may be held and processed by both Hanson UK and the trustees of the Scheme in order to administer the Scheme, to calculate contributions and benefits and pay them, for research and statistical purposes and that it may be disclosed (even outside the European Union) to insurance companies, the employers, any possible purchaser of my employer or of its business and to the Scheme's advisers and administrators.

Signature **Date**

This form should be completed after reading the scheme booklet. It should then be sent to:
Capita Employee Benefits at Hanson Pension Team, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7TL.

NOMINATION FORM

**To the Trustees of the
HANSON INDUSTRIAL PENSION SCHEME**

I am writing to ask that in the event of my death you take into account that it is my wish that any death benefit payable is paid to the following:

<u>Name</u>	<u>Relationship</u>	<u>Proportion (%)</u>
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1.
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Address:

2.
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Address:

3.
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Address:

I realise that this is not binding on the trustees, but that it will be taken into account when they make their decision regarding the payment of any benefits.

Data Protection Act

I agree that data about me and my family, dependants and nominees (including sensitive personal data) may be held and processed in order to administer the Scheme, to calculate contributions and benefits and pay them, for research and statistical purposes and that it may be disclosed (even outside the European Union) to insurance companies, the employers, any possible purchaser of my employer or of its business and to the Scheme's advisers and administrators.

Name **N.I. No.**

Personnel No. **Location**

Employing Company

Signature **Date**

Once completed please return the form to Hanson Pension Team, Hartishead House, 2 Cutlers Gate, Sheffield S4 7TL