

Minutes

ANNUAL GENERAL MEETING

KIMBERLY-CLARK RETIREMENT ASSOCIATION

HELD AT THE WEALDEN HALL, LARKFIELD, KENT

THURSDAY 1st May 2025 - 1:00 pm

Committee Present: Derrick King Sandra Foden Andy Matthews
David Northcroft Clive Jeffery Paul Morgan - Trustee

Apologies received: Maurice Hayes, Geoff Povey, Paul Roberts, Neil Brimsted, Steve Suddal, Joyce Hughes, Martin Burlingham, Tim Goswell.

Derrick welcomed attendees , explained the change of venue was due to the Wealden hall being more competitive on price.

MINUTES OF THE PRIOR YEAR AGM and MATTERS ARISING

There had been no direct actions coming out of the AGM last year but there were some points highlighted and would be updated during this AGM:

- The formal pension evaluation is due 15 months after April 6th 2024.
- Guaranteed minimum pension process ongoing until the end of 2027.
- All pension members should inform Equiniti of address changes as currently this is not happening.
- Competitive bidding processes to keep pension fees down from service providers are ongoing on a phased basis.

There were no other additional comments or questions so it was proposed and accepted that the minutes were approved.

TREASURER'S REPORT

Andy Matthews presented the report with copies of the annual accounts made available to members present.

The accounts which accompany this report have been prepared using the customary format. They have been audited by David Wells to whom thanks is due.

The finances of the Association remain in a healthy position, the major highlights for the year being:

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- **Income increased by £213 versus prior year, +5%**, primarily due to improved interest rates on our savings balance held at the Cambridge & Counties Bank which remained at 4.5% throughout the year. The number of paid subscriptions fell by 21 to 415 with some members reaching 80 years of age when they no longer need to pay.
- **Expenditure was higher than last year by £384, +17%**, due to increased corporation tax from interest earned on savings, deficits on social events, and AGM/Business review expenses including the write off of a £100 deposit on the hire of Cobdown which ceased trading. These increases were partially offset by lower communication costs aided by a switch to a lower mailshot provider.
- **Income exceeded expenditure by £2,145** compared with £2,316 in the prior year. This will be added to our reserves to cover professional pension advice should it be required to defend our interests.
- **Total financial resources are now £63,930, +3.5%** versus prior year with £63,363 held in an interest-bearing savings account, and £875 in a Lloyds bank current account which includes £308 from early payments for this summer's social event. Lloyds bank, like most other financial institutions, no longer provide free banking to business customers and have switched our account to a community account which will now include charges. The subscription account has been closed and transferred to the community account to avoid charges.

We are grateful for the support from K-C in continuing to fund postage costs on communications to members.

Finally, Andy proposed: -

- Acceptance of the accounts for the year ended 31st March 2025.
- Appointment of Mr David Wells as Hon. Auditor for the year 2025/2026.

Ian Wilson proposed acceptance of the accounts for the year ending 31st March 2025; and the appointment of David Wells as Hon.Auditor for the following year. This was seconded by John Laurence and was unanimously approved.

MEMBERSHIP REPORT

Derrick presented the report as Geoff was away . As at the end of March we had 722 members versus 760 a year ago with 390 in the SE area.

There were 415 paying members in May 2024 versus 435 in May 2023 as members reach 80 or they pass away.

So membership continues declining and although we do get a few new DB members each year this is more than offset by members we lose and it is anticipated this trend will continue.

As at April 2024 there were 1,244 deferred members and 116 active deferred(still working at KC) members of the DB scheme , which means there are a lot of 'potential' new members it but realistically the real number is a lot lower as the link of a lot of these people with KC and ex employees is not necessarily that strong.

We are not seeing many DC members joining as yet but with the changing profile of employees careers with shorter service years at KC and a different pension format this is probably understandable.

This said though as long as activities are supported and the retirement association can continue to work with the Trustees then even given the reducing membership numbers it will continue.

SOCIAL REPORT

On the plus side the Christmas Lunch was again very successful with a sell out of spaces, there was a reserve list which we were able to utilise when 2 people dropped out so in the end could accommodate all those who wanted to attend.

The ham hill trip we didn't sell out all the tickets, the coach cost being a 'fixed cost' it meant we made a loss on the trip as the ticket costs were based on broadly filling the coach (albeit a smaller coach was booked) to give the breakeven point.

So based on feedback and reducing the risk we have changed the summer event this year to be an afternoon tea so there is no coach cost involved and attendees just pay for the tea so therefore we can be flexible on the numbers. It is Thursday JUNE 12th 1.30pm , Marriot Tudor Park @ £28pp.

Again it was asked if anyone had any feedback or suggestions for events they should contact the committee.

TRUSTEE REPORT

Paul Morgan the pensioner nominated trustee.

Investment Performance and Funding

The December 31st 2024 positions was:

Liabilities: 770.6m GBP

Assets: 744.9m GBP

Deficit: 25.7m GBP

Funding level on an ongoing basis updated to March 7th: 96%

Funding on a Long Term Objective basis undated to March 7th: 92.7%

The Ongoing basis funding level at the end of December 2024 was sufficient (just) to avoid invoking the Funding Floor Mechanism and asking the Company for additional contributions.

The scheme was classed as “mature”, i.e. has no active members. The investment strategy remains 20% Return Seeking Assets, and 80% Liability Matched Assets. This will ensure that going forward the returns on the schemes assets are more closely match the schemes out-goings, i.e. Payment of Pensions and other benefits. The three principal Liability Matched Assets are a buy-in insurance policy with Just covering 22% of pensioner liabilities, bond assets structured in conjunction with an LGIM LDI investment platform so that returns more closely match the scheme's out-goings, and a long term credit investment with AXA. Modelling shows that the scheme's outgoings, i.e. payment of benefits, will peak around 2030, and gradually taper off to 2070, when the last predicted pension will be paid. As at April 2nd the split was: Equities 16%, Buy-In 22%, Corporate Bonds 31%, LDI 24%, and Asset backed Securities 7%.

There is a lot of market volatility at the moment, but as the scheme is investing for the long term, we have monitored, but do not feel the need to take immediate action, as events are rapidly changing, and it is almost impossible to react in a rational way. However, should the Scheme see any opportunities to lock in investment gains we will do so.

In line with the Pension Regulators’ requirements, the trustees have come up with a strategy to make the scheme self-sufficient within the next 10 to 15 years. At the moment, the best estimate is that this target will be achieved in 10 years, although, as we have seen in the past few years, especially recently, much can change quickly. The strategy is constantly being reviewed in conjunction with the Company. For further information refer to the Chair’s statement, and Statement of Investment principles on the Scheme website. Buy-out is not being envisaged.

Covenant

The Trustees assess the company covenant as strong, this opinion has been verified by the scheme actuary Willis Towers Watson. In addition, the Trustees have engaged covenant specialists Penfida to assist with their assessment of the covenant. However the underlying sponsor of the scheme is KC Corporation, and they continue to provide the necessary guarantees that the Trustees require. The company regularly shares its business plans and financial forecasts with the Trustees on a confidential basis.

The company is nearing the end of its programme of structural changes and rationalisation. Once that has been completed a further covenant review will be completed. It is expected that this will remain strong.

Valuation

The next triennial formal valuation is due this year. It will be calculated by the scheme actuary, based on the status on April 6th 2024. It has to be finalised within 15 months of this date. This may have to be delayed slightly due to awaiting the completion of the company restructuring, but this is not expected to cause any problems with the Pensions Regulator.

Membership

DB Section as at 31/12/2024:

Active: 109 (these are deferred members who are still employed by the company)

Deferred: 1192

Pensioners: 3690

DC Section as at 31/12/2024:

Active: 0

Deferred: 1551

Equalisation of Guaranteed Minimum Pensions

This project is on-going, due to its complexity it will still take some while to complete.

General Data Protection Regulations / Cyber Security

The new regulations require the Trustee to confirm with each member what data they hold about them, why they hold it, how they use it, and ask you for your confirmation that you are happy for them to continue to hold and process it for the continuation of payment of your pensions. Letters asking for this confirmation are periodically sent out to members. However, as part of these regulations there are extra duties placed upon the Trustee to keep the data safe and the trustees will be undertaking a thorough review of all processes where data is involved to ensure that it is as safe as possible. Unfortunately, hackers are very sophisticated these days, and it is a never ending battle to keep one step ahead. The whole issue of Cyber Security is now one of the trustees main focus, as it is now seen as one of the higher areas of risk.

One of the weak points is individual members' on-line accounts. Hackers can use these to work back to the main scheme accounts. Part of the ongoing work is looking at how we can help members be more secure on-line, and be more aware of potential scams in general.

Additionally, one of the main areas of problems for the scheme's administrators is members failing to notify the scheme when they change address. Can we respectfully remind members of the importance of this.

Environmental , Social and Governance

The Board of Trustees are required to produce formal documents for the Pension Regulator and members on how the investments take into account Environmental, Social, and Governance considerations, in line with guidance issued by the Pension Regulator. A major piece of work for the Board of Trustees this year is obtaining confirmation from Investment Managers etc that our investments do comply, and producing documentation for members detailing this. These documents are available on the Scheme website. The Trump effect may have some impact on this going forward, as he rows back in the US.

Questions/Comments :

David Northcroft asked for clarification of the Pension Equalisation, there are gaps for the historical data for the original pension plans as a lot of this data was not kept electronically and this is part of the issue in complexity and other companies are seeing similar issues. If there have been any under payments these will be back dated.

It was highlighted that there are closed group facebook pages for Ex Larkfield and Barton Employees so these could be another way to communicate with members around Scams etc and to remind them to keep information up to date with Equiniti. Paul is going to see if there are any options around these.

On Environmental, Social and Governance it was asked did this prevent the Trustees from investing in companies such as Shell the answer was no but there is a limit of 3% and there is no investment in specific armaments companies. It was also highlighted that the complex nature of many companies these days made it very complicated at times.

There was a question on clarification of the Kimberly Clark restructuring , the publicly available information about the separation into four business segments with therefore the UK being split into Personal care and then tissue (including professional) and the closure of the Flint facility were highlighted as the major changes.

ELECTION OF COMMITTEE MEMBERS

As per the mail out for the AGM , Peter Taylor who has represented the North West members for a number of years has decided to stand down , he now lives in Somerset.

Paul Roberts has expressed an interest in standing, Paul lives in the Chester area so an ideal location for the North Wales group , in an ideal world it would be great to have another person who was in the Barrow area but as yet no one has come forward.

The re-election of the Committee with Paul Roberts was proposed as all the other committee members were willing to stand again and unanimously approved.

We are always looking for new committee members so members are welcome to attend a committee meeting to understand the workings more.

ANY OTHER BUSINESS - Nothing raised and the meeting finished at 2.00pm.