J.O. PLOWRIGHT & CO (HOLDINGS) LIMITED PENSION AND ASSURANCE SCHEME

Annual Report and Financial Statements for the year ended 31 March 2021

Scheme Registration No: 10077294

XPS Administration

Wellbar Central, Gallowgate, Newcastle upon Tyne NE1 4TD

XPS Administration is a trading name of XPS Administration Limited
Registered No. 9428346. Registered Office: Phoenix House, 1 Station Hill, Reading RG1 1NB

Part of XPS Pensions Group

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TRUSTEES AND THEIR ADVISERS

Trustees :	T Miller DJ Saxby * RB Whittet* J Woyda ** Member Nominated Trustee*
Secretary to the Trustees :	A Gibson Clarkson PLC Commodity Quay St Katharine Docks London E1W 1BF
Actuary :	EL Whitehouse XPS Pensions Limited Tempus Court Onslow Street Guildford GU1 4SS
Independent Auditor :	Mazars LLP 2nd Floor 6 Sutton Court Road Sutton Surrey SM1 4FS
Legal Advisers :	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
Bankers :	Bank of Scotland 2nd Floor Citymark 150 Fountainbridge Edinburgh EH3 9PE
Investment Managers :	BNY Mellon Fund Managers Limited Client Service Centre PO Box 366 Darlington DL1 9RF Legal & General Investment Management Ltd One Coleman Street London EC2R 5AA
Investment Advisers :	Lane Clark & Peacock LLP 95 Wigmore Street London W1U 1DQ

Custodians :	HSBC Securities Services Mariner House Pepys Street London EC3M 4DA
Consultants & Administrators :	XPS Administration Limited 4th Floor Wellbar Central Gallowgate Newcastle upon Tyne NE1 4TD
Sponsoring Employer :	Clarkson PLC Commodity Quay St Katharine Docks London E1W 1BF

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present to the members their annual report and financial statements for the year ended 31 March 2021.

Scheme Information

The JO Plowright & Co (Holdings) Limited Pension and Assurance Scheme is an occupational pension scheme operated by Clarkson PLC for former employees of JO Plowright & Co (Holdings) Limited. The Scheme is quite separate from the Company and it operates under Trust Law through the Definitive Trust Deed, dated 26 March 2018, drawn up between Clarkson PLCand the Trustees and subsequent amendments.

The Scheme provides pensions and lump sum benefits on retirement and death for members and is governed by a Trust Deed and Rules.

The Scheme provides defined benefit pensions. The Scheme closed to new members with effect from September 2000 and to future accrual of benefits from 1 January 2006.

The Pensions Act 2004 requires that at least one-third of the Trustees must be nominated by Scheme members. With the agreement of the Principal Employer, two Member Nominated Trustees have been appointed, which exceeds the legislative requirements.

Non-Member Nominated Trustees are appointed and removed from office by the Principal Employer in accordance with the Trust Deed.

The Trustees have the responsibility for ensuring that the Scheme is properly run in accordance with its governing documents, and in the best interests of the members. During the year the Trustees met four times to review the management of the Scheme and to monitor the performance of the investment managers, administrators and advisers.

Membership

The number of members as at the year end was:	2021	2020
Deferred pensioners	22	24
Pensioners	32	33

Pensions

Pensions in payment in respect of pre 22 May 1994 service are increased annually by 7% compound for non-Executive members and by the Retail Prices Index for Executive (and some other) members of the Scheme who are subject to old Inland Revenue limits, as agreed with the affected members.

Pension accrued between 23 May 1994 and 6 April 2005 is increased in payment at the lower of the Retail Prices Index and 5% p.a. Pension accrued after 6 April 2005 is increased in payment at the lower of the Retail Prices Index and 2.5% p.a.

Deferred pensions are increased in accordance with legislation. From January 2011 the increases to deferred pensions prior to retirement are based on the Consumer Prices Index instead of the Retail Prices Index.

There were no discretionary increases made during the year.

Transfer Values

Cash equivalents (transfer values to other approved pension arrangements) payable are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993. No discretionary benefits are included.

Benefit/Scheme Changes

There were no changes to the Scheme during the year.

On 26 October 2018, the High Court ruled that trustees of UK defined benefit pension schemes which were formerly contracted out between 17 May 1990 and 6 April 1997 must compensate members for differences attributable to Guaranteed Minimum Pensions (GMPs). Benefits for current members of the Scheme have now been adjusted to allow for the impact of this. Affected pensions in payment have been adjusted and back-payments made where required. Benefits for deferred members will be paid on an equalised basis going forwards.

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The Trustees have identified one former member who is due a top-up as a result of this second judgement and are in the process of establishing contact to make this payment.

COVID-19

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. This has resulted in worldwide restrictions on travel, government fiscal stimulus and extreme financial market volatility.

The Trustees have worked with their advisers and service providers throughout the pandemic to ensure that the Scheme could continue to pay members' benefits as they fell due, and to monitor the impact on the position of the Scheme in terms of the value of the Scheme's investments, the funding position, and the Employer's business, and its ability to continue providing the funding the Scheme requires. The Trustees are satisfied that all the appropriate steps have been taken to ensure that operations can continue and to mitigate any risks as far as possible.

At the 2019 valuation the Scheme was in surplus and therefore no deficit recovery plan was required. This surplus was maintained after the 2019 valuation date and continued to be maintained throughout 2020. The investment strategy being followed protected the asset value and funding level of the Scheme well during the downturn in markets as the pandemic took hold early in 2020 and has benefited from the subsequent recovery. The day-to-day administration of the Scheme has continued unaffected and all payments to members have been made when due.

Brexit

The Trustees and their advisers are all domiciled in the United Kingdom and the administration and management of the Scheme was not significantly affected by Brexit.

Financial Development of the Scheme

Changes in the Scheme's net assets during the year were as follows:

	£
Net assets at 31 March 2020	46,035,756
Net withdrawals from dealings with members	(4,052,544)
Net returns on investments	1,867,571
Net assets at 31 March 2021	43,850,783

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

Taxation Status

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004.

Enquiries

All enquiries about the Scheme should be addressed to the Trustees via the Scheme Secretary: Andrew Gibson, Clarkson PLC, Commodity Quay, St Katharine Docks, London E1W 1BF. Any enquiries about individual benefit entitlements should be sent to the Scheme's administrators: XPS Administration Limited, 4th Floor, Wellbar Centre, Gallowgate, Newcastle upon Tyne NE1 4TD.

E-mail: Newcastle.AdminTeam@xpsplc.com

MoneyHelper

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper
Holborn Centre
120 Holborn
London EC1N 2TD

Tel: 0800 011 3797
Email: contact@maps.org.uk
Website: www.moneyhelper.org.uk

Pensions Ombudsman

If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction through the Scheme's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustees or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pensions Regulator (tPR)

The Pensions Regulator can intervene if they consider that a scheme's Trustees, advisers, or the Employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Napier House
Trafalgar Place
Brighton BN1 4DW

Tel: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

The Pension Scheme Registry

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 10077294. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU

Tel: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

INVESTMENT REPORT

The Trustees determine their investment strategy after taking advice from their investment adviser. They have delegated the management of the investments to the investment managers listed on page 2.

Introduction

Over the year under review, the investments of the JO Plowright & Co (Holdings) Limited Pension & Assurance Scheme (the "Scheme") were managed by BNY Mellon Fund Managers Limited and Legal & General Investment Management ("LGIM"). Post Scheme year end, the Trustees appointed BlackRock Fund Managers Limited to manage a short-dated credit fund for the Scheme.

Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustees following consultation with the Employer. The SIP was reviewed and updated in September 2019. The Trustees review the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant and the appointed Scheme Actuary are consulted during the review. A copy of the latest SIP is available on request and on the Clarksons website. https://www.clarksons.com/news/pension-schemes-information/

Trustees' policies in relation to voting rights

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect their investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries.

The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

Trustees' policies on environmental, social and governance ("ESG") and ethical factors

The Trustees have considered how social, environmental and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustees consider that it is necessary in all circumstances to act in the best financial interests of the beneficiaries. Where this primary consideration is not prejudiced, the Trustees expect that their investment managers generally take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice.

The Trustees cannot usually directly influence investment managers' policies on social, environmental and ethical factors where assets are held in pooled funds; this is due to their collective nature, but they encourage their managers to improve their practices were appropriate.

INVESTMENT REPORT (continued)

Custodial Arrangements

The Scheme's investments were held with the custodians listed on page 3.

The custodians are responsible for the safekeeping of share certificates and other documentation relating to the ownership of listed investments, settlement of trades and income collection.

The Trustees are responsible for ensuring that the Scheme's assets continue to be held securely. They review the custodian arrangements from time to time and the Scheme's Auditor is authorised to make whatever investigations it deems necessary as part of the annual audit procedures.

Investment Strategy

The broad investment objectives are agreed by the Trustees, having consulted with the Employer. Within the context of these risk and return objectives, the Trustees, taking advice from the Scheme's investment consultants, decide on the overall allocation of assets between the various asset classes, and select the appropriate managers within each asset class.

The following tables detail the asset distribution at the financial year end by fund.

Fund	Asset class	Allocation as at 31 Mar 21 (%)	Allocation as at 31 Mar 20 (%)
Newton Real Return Fund	Multi-asset absolute return	23.3	18.9
LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund	Corporate bonds	32.2	37.2
LGIM Over 5y Index-Linked Gilts Fund	Index-linked gilts	44.5	43.9
Total		100	100

Note: figures may not sum due to rounding

In 2018, the Scheme reached its 100% funding position (on a gilts +0.5% pa basis) and the Trustees agreed to de-risk the investment strategy and move towards a lower risk long-term asset mix. There is currently no further de-risking planned. The move to the longer-term asset mix involved selling the Scheme's direct equity exposure and increasing the allocation to corporate bonds. There is no formal rebalancing policy for the Scheme's overall assets. However, where there are cashflows (e.g. cash outflow to meet benefit payments) the Trustees will look to trade to move the Scheme closer to the strategic allocation. There were no material changes to the investments during the year ended 31 March 2021.

Investment Performance

The performance of the investment managers is reviewed periodically at the Trustees' meetings. The following table shows the performance of the Scheme over the one, three and five-year periods to 31 March 2021, based on the performance of the investment managers before the deduction of fees.

	One year performance		Three year performance		Five year performance	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Scheme	3.7%	-1.6%	4.8%	4.0%	7.2%	7.0%

Source: Investment managers. LCP calculations.

Employer Related Investments

As at 31 March 2021, the Scheme did not have any direct holdings in Clarkson PLC.

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2019. This showed that on that date:

The value of the technical provisions was £45.0 million.

The value of the assets was £47.2 million.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles).

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

***Discount interest rate pre- and post- retirement*:** set by reference to a fixed interest gilt yield at the valuation date plus an addition of 0.75% per annum.

Future Retail Price inflation: derived from fixed interest and index-linked gilts at the valuation date.

Future Consumer Price inflation: derived from the assumption for RPI less 0.8% per annum.

Pension increases in payment: derived from the RPI assumption allowing for the maximums and minimums on pension increases according to the provisions in the Scheme Rules.

Mortality: for the period in retirement, current rates of mortality have been set based on a standard table S3PA_L. An allowance for future improvements in mortality rates is included by projecting the initial base table on an individual year of birth basis in line with the CMI_2018 model with a long term rate of improvement of 1.5% per annum and an initial addition of 1.5%.

Actuary's certification of schedule of contributions

JO Plowright & Co (Holdings) Limited Pension and Assurance Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2019 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2.I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 2 December 2019.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature	**Date** 2 December 2019
Name: Emma Whitehouse	**Qualification** Fellow of the Institute and Faculty of Actuaries
Address: XPS Pensions Tempus Court Onslow Street Guildford GU1 4SS	**Employer** XPS Pensions

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with the UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

- contain the information specified in Regulation 3A the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to whether the financial statements have been prepared in accordance with the relevant reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees' Report, which includes the Investment Report, the Report on Actuarial Liabilities and the Statement of Trustees' Responsibilities, was approved by the Trustees on:

For and on behalf of the Trustees

4 October 2021

. . . .
Trustee

. . . .
Date

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF J O PLOWRIGHT & CO (HOLDINGS) LIMITED PENSION AND ASSURANCE SCHEME

Opinion

We have audited the financial statements of JO Plowright & Co (Holdings) Limited Pension and Assurance Scheme (the 'Pension Scheme') which comprise the Fund Account, the Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the scheme's affairs as at 31 March 2021 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE JO PLOWRIGHT & CO (HOLDINGS) LIMITED PENSION AND ASSURANCE SCHEME (continued)

Responsibilities of the Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of JO Plowright & Co (Holdings) Limited Pension and Assurance Scheme, we identified that the principal risks of non-compliance with laws and regulations related to the Non-receipt of contributions from the Sponsoring Employer in accordance with the Schedule of Contributions, UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Pensions Act 1995.

We evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE JO PLOWRIGHT & CO (HOLDINGS) LIMITED PENSION AND ASSURANCE SCHEME (continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the scheme's Trustees, as a body in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's Trustees as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP
Mazars LLP (Oct 6, 2021 13:53 GMT+1)

Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor
6 Sutton Plaza
Sutton
Surrey SM1 4FS

Date : Oct 6, 2021

FUND ACCOUNT

For the year ended 31 March 2021

	Note	2021 £	2020 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions		-	92,000
Total contributions	4	-	92,000
Benefits paid or payable	5	(1,130,763)	(1,159,354)
Payments to and on account of leavers	6	(2,689,458)	(1,955,725)
Administrative expenses	7	(232,323)	(240,419)
		(4,052,544)	(3,355,498)
NET (WITHDRAWALS) FROM DEALINGS WITH MEMBERS		(4,052,544)	(3,263,498)
RETURNS ON INVESTMENTS			
Investment income	8	29,001	28,017
Change in market value of investments	10	1,872,297	2,148,533
Investment management expenses	9	(33,727)	(34,320)
NET RETURNS ON INVESTMENTS		1,867,571	2,142,230
NET (DECREASE) IN THE FUND FOR THE YEAR		(2,184,973)	(1,121,268)
OPENING NET ASSETS		46,035,756	47,157,024
CLOSING NET ASSETS		43,850,783	46,035,756

The notes on pages 18 to 26 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2021

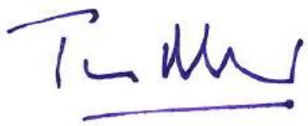
	Note	2021	2020
		£	£
INVESTMENT ASSETS	10		
Pooled investment vehicles	11	43,714,527	45,867,842
Insurance policies	12	115,000	121,000
Cash deposits		150,000	-
TOTAL NET INVESTMENTS		43,979,527	45,988,842
CURRENT ASSETS	16	264,848	210,228
CURRENT LIABILITIES	17	(393,592)	(163,314)
CLOSING NET ASSETS		43,850,783	46,035,756

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 10 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 18 to 26 form part of these financial statements.

These financial statements were approved by the Trustees

Signed on behalf of the Trustees



4 October 2021

. . . .
Trustee

. . . .
Date

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (2018).

The financial statements have been prepared on the going concern basis. As noted in the Trustees' Report on page 5, the Trustees have assessed the impact of the COVID-19 pandemic in terms of the predicted effect on the Scheme's assets, technical provisions and the Employer covenant. At the date of signing these financial statements the Trustees believe that, due to its investments structure, the Scheme is able to comfortably cover its related outgoings until at least 12 months from signing. As a result, and together with the relatively strong position of the Sponsoring Employer, the Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. All enquiries about the Scheme should be addressed to the Trustees via the Scheme Secretary: Andrew Gibson, Clarkson PLC, Commodity Quay, St Katharine Docks, London E1W 1BF. Any enquiries about individual benefit entitlements should be sent to the Scheme's administrators: XPS Administration Limited, 4th Floor, Wellbar Centre, Gallowgate, Newcastle upon Tyne NE1 4TD.

3. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on an accruals basis. The functional and presentational currency of the Fund is pounds sterling (GBP).

(b) Contributions

Employer deficit funding contributions and Employer expenses (other) contributions are recognised on the due dates in accordance with the Schedule of Contributions or, in the absence of a formal agreement, on a receipts basis.

(c) Payments to Members

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustees of his decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

(d) Expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

(e) Investment Income

Interest receivable and annuity income is taken into account on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

(f) Investments

Investments are included at fair value as follows.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Annuities in the name of the Scheme have been valued by the Scheme Actuary at the present value of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

(g) Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustees confirm that no judgements have had a significant effect on amounts recognised in the financial statements, but note estimation uncertainty in the valuation of annuity policies, as disclosed in Note 12.

4. CONTRIBUTIONS

	2021	2020
	£	£
Employer contributions		
Other	-	92,000

As the statutory funding objective was met at the valuation date, no contributions are due to the Scheme from the Employer.

Other contributions in the prior year represented an allowance for ongoing expenses, this ceased in December 2019 due to the surplus at the valuation date.

5. BENEFITS PAID OR PAYABLE

	2021	2020
	£	£
Pensions	1,130,763	1,141,194
Commutation of pensions and lump sum retirement benefits	-	18,160
	1,130,763	1,159,354

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2021	2020
	£	£
Individual transfers out to other schemes	2,689,458	1,955,725

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

7. ADMINISTRATIVE EXPENSES

	2021	2020
	£	£
Administration Fees	23,198	25,556
Actuarial fees	120,850	127,417
Legal fees	36,000	36,632
Other professional fees	2,793	-
Investment advice	47,984	43,825
Audit fees	338	6,300
PPF levy	942	522
Miscellaneous expenses	218	167
	232,323	240,419

The low audit fees relate to the release of the accrual for the year end 2020.

8. INVESTMENT INCOME

	2021	2020
	£	£
Interest on cash deposits	1	1,017
Annuity income	29,000	27,000
	29,001	28,017

9. INVESTMENT MANAGEMENT EXPENSES

	2021	2020
	£	£
Investment fees - management & custody	33,727	34,320

10. RECONCILIATION OF INVESTMENTS

	Value at 31.03.2020	Purchases at cost	Sales proceeds	Change in market value	Value at 31.03.2021
	£	£	£	£	£
Pooled investment vehicles	45,867,842	-	(4,031,612)	1,878,297	43,714,527
Insurance policies	121,000	-	-	(6,000)	115,000
	45,988,842	-	(4,031,612)	1,872,297	43,829,527
Cash in transit	-				150,000
	45,988,842				43,979,527

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

The amount of indirect costs is not separately provided to the Scheme (2020: £Nil).

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

11. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2021	2020
	£	£
Bonds	33,530,956	37,198,043
Diversified Growth	10,183,571	8,669,799
	43,714,527	45,867,842

12. INSURANCE POLICIES

	2021	2020
	£	£
The Scheme held insurance policies at the year end as follows:		
Legal and General Life Assurance	115,000	121,000
	115,000	121,000

Annuities in the name of the Scheme have been valued by the Scheme Actuary at the present value of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

13. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets have been fair valued using the above hierarchy categories as follows:

	At 31 March 2021			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	43,714,527	-	43,714,527
Insured Assets	-	-	115,000	115,000
	-	43,714,527	115,000	43,829,527

	At 31 March 2020			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	45,867,842	-	45,867,842
Insured Assets	-	-	121,000	121,000
	-	45,867,842	121,000	45,988,842

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

14. INVESTMENT RISK DISCLOSURES

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. When deciding how to invest the Scheme's assets, the Trustees consider a wide range of risks, including credit risk and market risk, as defined below.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine the Scheme's investment strategy after taking advice from their investment adviser, Lane Clark & Peacock LLP. The Scheme has exposure to the aforementioned risks via the investments held to implement the investment strategy. The Trustees manage investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategy, and the advice of their investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustees monitor the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

The table below summarises the Scheme's investments that have significant exposure to indirect credit and market risks.

	Credit risk	Currency risk	Interest rate risk	Other price risk	31 Mar 21 £	31 Mar 20 £
Newton Real Return Fund	●	●	●	●	10,183,571	8,669,799
LGIM Corporate Bond Fund	●	○	●	○	14,089,399	17,082,966
LGIM Index-Linked Gilts Fund	○	○	●	○	19,441,557	20,115,077
Total					43,714,527	45,867,842

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

Further information on the Trustees' approach to risk management is set out below. This does not include the legacy insurance policies as these are not considered significant in relation to the overall investments of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

14. INVESTMENT RISK DISCLOSURES (continued)

(i) Investment strategy

The investment objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with any future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due.

The Trustees set the investment strategy taking into account considerations such as the strength of the Employer covenant, the long term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in the Statement of Investment Principles (SIP).

The Trustees, with the help of their advisers and in consultation with the Employer, Clarkson PLC, reviewed the investment strategy in 2018. The result of the review was that the Trustees agreed to fully disinvest from the L&G equity funds, with the proceeds invested in the L&G corporate bonds fund. The long-term asset mix is shown below.

Asset class	**Strategic allocation**
	%
Multi-asset absolute return	20
Corporate bonds	35
Index-linked gilts	45
Total	**100**

(ii) Credit risk

The Scheme is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustees are not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The Scheme's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Scheme's investments across a number of pooled funds. The Trustees carry out due diligence checks on investments into new pooled funds and on an ongoing basis monitor any changes to the operating environment of those pooled funds.

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Scheme's investments in the Newton Real Return Fund and the LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund. The amount invested in each of these mandates is shown in the Statement of Net Assets. As at 31 March 2021 around 55% (2020: 56.1%) of the Scheme's assets were significantly exposed to indirect credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

14. INVESTMENT RISK DISCLOSURES (continued)

(ii) Credit risk (continued)

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

A summary of pooled investment vehicles by type of arrangement is as follows:-

	2021	2020
	£	£
Open Ended Investment Company	43,714,527	45,867,842

(iii) Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustees manage the amount of currency risk by investing in pooled funds that hedge some or all, of their currency exposure or implement separate currency hedging arrangements.

All of the Scheme's pooled funds are accessed via a Sterling share class. Therefore, the Scheme is not subject to direct currency risk. The Scheme's assets that are exposed to indirect currency risk are the Newton Real Return Fund, which invests in non-Sterling investments that are not currency hedged. The amount invested in this mandate is shown in the Statement of Net Assets.

The exposure to foreign currencies within the Newton Real Return Fund will vary over time as the manager changes the underlying investments but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the Newton Real Return Fund are at the discretion of the manager.

As at 31 March 2021 around 23.3% (2020: 18.9%) of the Scheme's assets were significantly exposed to currency risk.

(iv) Interest rate risk and inflation rate risk

Interest rate risk and inflation risk is a significant risk for the Scheme given that movements in interest rates and inflation are a significant influence on the value of the liabilities assessed in present day terms. Some of the Scheme's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustees believe that it is appropriate to have exposure to interest rate risk in this manner.

The assets the Scheme invests in with material exposure to changes in interest rates are the Newton Real Return Fund, the LGIM Over 5y Index-Linked Gilts Fund and the LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund. The amount invested in each of these mandates is shown in the Statement of Net Assets.

As at 31 March 2021 around 100% (2020: 100%) of the Scheme's assets were significantly exposed to interest rate and inflation risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

14. INVESTMENT RISK DISCLOSURES (continued)

(v) Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

As at 31 March 2021 around 23.3% (2020: 18.9%) of the Scheme's assets were significantly exposed to other price risk.

The Trustees monitor this risk on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Trustees believe that the Scheme's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The exposure to other price risk within the multi-asset mandates will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

15. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

	2021		2020	
	£	%	£	%
BNY Mellon:				
Newton Real Return Fund	10,183,571	23.2	8,669,799	18.8
Legal & General:				
AAA Fixed Interest Over 15 Year	14,089,399	32.1	17,082,966	37.1
Over 5 Year Index Linked Gilts	19,441,557	44.4	20,115,077	43.7

16. CURRENT ASSETS

	2021	2020
	£	£
Bank balance	264,848	210,228

17. CURRENT LIABILITIES

	2021	2020
	£	£
Accrued expenses	7,745	8,630
Due to employer	385,847	154,684
	393,592	163,314

The amounts due to the Employer relate to administration expenses paid on behalf of the Scheme, under the Schedule of Contributions these are payable by the Scheme.

18. RELATED PARTY TRANSACTIONS

One Trustee, RB Whittet, is in receipt of a pension in payment from the Scheme and One Trustee, DJ Saxby, has deferred benefit entitlements from the Scheme. Benefits due to Trustees are calculated and paid in accordance with the Scheme Rules.

19. TAXATION

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

20. GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

Benefits for current members of the Scheme have now been adjusted to reflect the impact of GMP equalisation.

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee has determined that one member is due a top-up as a result of this judgement and the amount due is not material.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE J O PLOWRIGHT & CO (HOLDINGS) LIMITED PENSION AND ASSURANCE SCHEME

We have examined the summary of contributions of JO Plowright & Co (Holdings) Limited Pension and Assurance Scheme payable in respect of the Scheme year ended 31 March 2021 to which this statement is attached.

In our opinion the contributions for the Scheme year ended 31 March 2021 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 16 March 2017 and 2 December 2019.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for preparing, and from time to time reviewing and, if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Mazars LLP
Mazars LLP (Oct 6, 2021 13:53 GMT+1)

Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor
6 Sutton Court Road
Sutton
Surrey SM1 4FS

Date : Oct 6, 2021

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year there were no contributions payable to the Scheme by the Employer under the Schedule of Contributions.

This summary was approved by the Trustees on . . 4 October 2021

Signed on behalf of the Trustees

. . . .
Trustee

Implementation Statement, covering the Scheme Year from 1 April 2020 to 31 March 2021

The Trustees of the JO Plowright & Co (Holdings) Limited Pension & Assurance Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Sections 1 and 2 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time these policies were formally reviewed was on 30 September 2019.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took a number of steps to review the Scheme's new and existing managers and funds over the period, as described in Section 2 below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In May 2020, the Trustees reviewed LCP's responsible investment ("RI") scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the managers' approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2020.

The Trustees were satisfied with the results of the review, with the Scheme's investment managers scoring very strongly overall and amongst the top ranked managers LCP surveyed. As such, no further action was taken.

Following a review of the Scheme's strategy, the Trustees agreed to invest in the BlackRock Sterling Short Duration Credit Fund in February 2021. In selecting and appointing this manager, the Trustees reviewed LCP's RI assessments of the shortlisted managers. At the manager selection day, voting and engagement were discussed with each manager and the Trustees questioned the managers on their RI practices.

3. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities are held within Newton's pooled diversified growth fund (ie the Newton Real Return Fund), and the Trustees have delegated to Newton the exercise of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

3.1 Description of Newton's voting processes

Overall, Newton prefers to retain discretion in relation to exercising its clients' voting rights and has established policies and procedures to ensure the exercise of global voting rights. Newton does not maintain a strict proxy voting policy. Instead, it prefers to take into account a company's individual circumstances, its investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices. It is only in the event of a material potential conflict of interest between Newton, the investee company and / or a client that the recommendations of the voting service used (Institutional Shareholder Services) will take precedence.

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the period is provided in the table below.

	Newton Real Return Fund
Total size of fund at end of reporting period	£5,476.8m
Value of Scheme assets at end of reporting period	£10.2m
Number of holdings at end of reporting period	91
Number of meetings eligible to vote	98
Number of resolutions eligible to vote	1,307
% of resolutions voted	99.2%
Of the resolutions on which voted, % voted with management	85.4%
Of the resolutions on which voted, % voted against management	14.6%
Of the resolutions on which voted, % abstained from voting	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	38.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	9.9%

3.3 Most significant votes over the Scheme Year

We have been provided commentary on ten of the most significant votes undertaken by Newton within the Real Return Fund over the period. We have provided three examples of these below based on percentage weighting within the portfolio. Details of additional significant votes are available upon request.

- **LEG Immobilien AG, August 2020. Vote:** Against.

  Summary of resolution: Approval of remuneration policy.

  Outcome of the vote: 22.2% Against

  Rationale: Newton voted against the proposed pay arrangements on account of their lack of alignment with performance. The executive long-term compensation scheme was entirely cash-based, and although this was indicated to be performance-linked, no disclosures were provided on performance targets. With targets not being disclosed, Newton was concerned that long-term awards could vest for below-median poor performance. Furthermore, the introduction of special remuneration awards through transaction-based bonuses were not considered to be ideal for promoting talent retention due to these generally being one-off in nature.

  Criteria against which this vote has been assessed as "most significant": Newton believes investor scrutiny of pay arrangements is increasing. The significance of the high vote against is important to note given that a majority of pay proposals from companies rarely see such high levels of dissent.

- **Microsoft Corporation, December 2020. Vote:** Against.

  Summary of resolution: Elect Director, Advisory Vote to Ratify Named Executive Officers' Compensation and Ratify Deloitte & Touche LLP as Auditors.

  Outcome of the vote: 1.1%, 0.9%, 0.3%, Against compensation committee members; 3.9% Against reappointment of the auditor; 5.3% Against executive officers' compensation.

  Rationale: Despite improvements to executive remuneration practices over recent years, Newton remained concerned that approximately half of long-term pay awards vest irrespective of performance. Newton voted against the executive compensation arrangements and against the three members of the compensation committee. Newton also voted against the re-appointment of the company's external auditor given that its independence was jeopardised by having served in this role for 37 consecutive years.

  Criteria against which this vote has been assessed as "most significant": The company is recognised as a leader among its US peers in terms of its approach to corporate governance. Its executive pay structure is also better than most but there exist fundamental improvements that should be made.

- **Linde plc, July 2020. Vote:** Against.

  Summary of resolution: Executive compensation arrangements and election of directors.

  Outcome of the vote: 1.8%, 7.6%, 2.1%, 8.2%, 9.8%, 40% Against elected Directors; 9.6% Against Advisory Vote to Ratify Named Executive Officers' Compensation.

  Rationale: Newton decided to vote against the advisory vote on executive compensation, and against the members of the remuneration committee members. A majority of long-term pay awards vest based on time served, which means executive pay is not subject to rigorous performance conditions and therefore not aligned with shareholders' interests. In addition, some of the perks to the CEO seem unnecessary and excessive, including the use of company aircraft for personal purposes, financial planning expenditures, and additional years of service credits beyond time served at the company being considered to calculate his pension benefit.

  Criteria against which this vote has been assessed as "most significant": Newton expects more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues. In addition, director election rarely achieves such a high level of dissent as seen by one nominee receiving a 40% vote against.