

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

Annual Report and Financial Statements for the year ended 31 March 2022

Scheme Registration No: 10077294



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:

Dr 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

Blackrock Fund Managers Limited (From August 2021)
12 Throgmorton Avenue
London EC2N 2DL

TRUSTEES AND ADVISERS (continued)

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 2022

The Trustees present to the members their annual report and financial statements for the year ended 31 March 2022.

Scheme Information

The J.O. Plowright & Co (Holdings) Limited Pension and Assurance Scheme is an occupational pension scheme operated by Clarkson PLC for former employees of J.O. 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 PLC and 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 Sponsoring 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 Sponsoring 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:	2022	2021
Deferred pensioners	18	22
Pensioners	34	32

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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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 all 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 had identified one former member who was due a top-up as a result of this second judgement and payment has now been made to this member.

Going concern

The Trustees of the Scheme have made an assessment on going concern and, given the funding position and the support from the Sponsoring Employer, the Trustees conclude that the Scheme retains sufficient liquidity that the going concern basis remains appropriate for the foreseeable future and at the very least for the next twelve months.

Events After the Year End

In February 2022 Russia launched a full-scale invasion of Ukraine resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and FCO advice against travel to the region. Although the situation is still developing as at the date of this report, the Trustees are satisfied that the administration and management of the Scheme have not been significantly affected. The Trustees are satisfied that the Sponsoring Employer is continuing its operations with minimal disruption.

Financial Development of the Scheme

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

	£
Net assets at 31 March 2021	43,850,783
Net withdrawals from dealings with members	(1,668,546)
Net returns on investments	<u>(423,251)</u>
Net assets at 31 March 2022	<u>41,758,986</u>

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

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

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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: pensions.enquiries@moneyhelper.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 J.O. Plowright & Co (Holdings) Limited Pension & Assurance Scheme (the "Scheme") were managed by BNY Mellon Fund Managers Limited, Legal & General Investment Management ("LGIM") and BlackRock Investment Management (UK) Limited.

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 where appropriate.

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 REPORT (continued)

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 22 (£)	Allocation as at 31 Mar 21 (£)
Newton Real Return Fund	Multi-asset	8,954,663	10,183,571
LGIM 2050 Index-Linked Gilt Fund	Government Bonds	4,796,366	-
LGIM 2062 Index-Linked Gilt Fund	Government Bonds	4,668,342	-
LGIM 2068 Index-Linked Gilt Fund	Government Bonds	4,519,005	-
LGIM Over 15y Gilt Index Fund	Government Bonds	8,114,447	-
LGIM Over 5y Index-Linked Gilt Fund	Government Bonds	-	19,441,557
LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund	UK Corporate Bonds	-	14,089,399
BlackRock Sterling Short Duration Credit Fund	Corporate Bonds	10,159,551	-
Total		41,212,374	43,714,527

Note: figures may not sum due to rounding

There is no formal rebalancing policy for the Scheme's overall assets. However, where there is a cashflow requirement (e.g. a cash outflow to meet benefit payments) the Trustees will look to use this opportunity to rebalance the Scheme's assets towards the strategic allocation.

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 2022, 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	1.2%	1.7%	3.1%	2.6%	3.4%	3.2%

Source: Investment managers. LCP calculations.

Employer Related Investments

As at 31 March 2022, 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 to 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 £47.02 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 CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Actuary's certification of schedule of contributions

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

Adequacy of rates of contributions

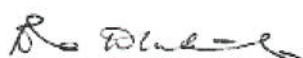
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2019 to continue to be met for the period for which the schedule is to be in force.

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

.....
Trustee

.....
Date

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

Opinion

We have audited the financial statements J.O. Plowright & Co (Holdings) Limited Pension and Assurance Scheme (the 'Scheme') for the year ended 31 March 2022 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 2022 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 Scheme'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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 J.O. PLOWRIGHT & CO (HOLDINGS) LIMITED PENSION AND ASSURANCE SCHEME (continued)

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, 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 is 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 wind up the Scheme 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 the Scheme and its environment, we identified that the principal risk of non-compliance with the laws and regulations related to the administration of the Scheme in accordance with Pensions Acts 1995 and 2004 and regulations made under them, Codes of Practice issued by the Pensions Regulator, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Scheme is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Scheme which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Pensions Act 1995.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks 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.

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

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.

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 Trustees as a body in accordance with Regulation 3 of The Occupational Pension Schemes (Requirements 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 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 and the Trustees as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP (Sep 27, 2022 15:50 GMT+1)

Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor

6 Sutton Plaza

Sutton

Surrey SM1 4FS

Sep 27, 2022

Date :

FUND ACCOUNT

For the year ended 31 March 2022

	Note	2022 Total £	2021 Total £
CONTRIBUTIONS AND BENEFITS	4		
Employer contributions		-	-
Total contributions		-	-
Benefits paid or payable	5	(1,255,060)	(1,130,763)
Payments to and on account of leavers	6	(166,287)	(2,689,458)
Administrative expenses	7	(247,199)	(232,323)
		(1,668,546)	(4,052,544)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(1,668,546)	(4,052,544)
RETURNS ON INVESTMENTS			
Investment income	8	31,089	29,001
Change in market value of investments	10	(420,496)	1,872,297
Investment management expenses	9	(33,844)	(33,727)
NET RETURNS ON INVESTMENTS		(423,251)	1,867,571
NET (DECREASE) IN THE FUND FOR THE YEAR		(2,091,797)	(2,184,973)
OPENING NET ASSETS		43,850,783	46,035,756
CLOSING NET ASSETS		41,758,986	43,850,783

The notes on pages 17 to 25 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2022

	Note	2022 £	2021 £
INVESTMENT ASSETS	10		
Pooled investment vehicles	11	41,212,374	43,714,527
Insurance policies	12	111,000	115,000
Cash deposits		-	150,000
TOTAL NET INVESTMENTS		<u>41,323,374</u>	<u>43,979,527</u>
CURRENT ASSETS	16	714,171	264,848
CURRENT LIABILITIES	17	<u>(278,559)</u>	<u>(393,592)</u>
CLOSING NET ASSETS		<u><u>41,758,986</u></u>	<u><u>43,850,783</u></u>

The notes on pages 17 to 25 form part of these financial statements.

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 9 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustees

Signed on behalf of the Trustees



 Trustee

22. 18. 22

 Date

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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. 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 their 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 2022

3. ACCOUNTING POLICIES (continued)

(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

	2022	2021
	£	£
Employer contributions		
Other	-	-

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

Other contributions represent an allowance for ongoing expenses which ceased in December 2019 due to a surplus at the valuation date.

5. BENEFITS PAID OR PAYABLE

	2022	2021
	£	£
Pensions	1,172,893	1,130,763
Commutation of pensions and lump sum retirement benefits	82,167	-
	<u>1,255,060</u>	<u>1,130,763</u>

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022	2021
	£	£
Individual transfers out to other schemes	<u>166,287</u>	<u>2,689,458</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

7. ADMINISTRATIVE EXPENSES	2022	2021			
	£	£			
Administration	37,793	23,198			
Actuarial fees	86,900	120,850			
Legal fees	39,000	36,000			
Other professional fees	2,500	2,793			
Investment advice	73,050	47,984			
Audit fees	6,300	338			
PPF levy	1,404	942			
Miscellaneous expenses	252	218			
	<u>247,199</u>	<u>232,323</u>			
8. INVESTMENT INCOME	2022	2021			
	£	£			
Interest on cash deposits	89	1			
Annuity income	31,000	29,000			
	<u>31,089</u>	<u>29,001</u>			
9. INVESTMENT MANAGEMENT EXPENSES	2022	2021			
	£	£			
Investment fees - management & custody	<u>33,844</u>	<u>33,727</u>			
10. RECONCILIATION OF INVESTMENTS					
	Value at 31.03.2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31.03.2022 £
Pooled investment vehicles	43,714,527	39,243,419	(41,329,076)	(416,496)	41,212,374
Insurance policies	115,000	-	-	(4,000)	111,000
	<u>43,829,527</u>	<u>39,243,419</u>	<u>(41,329,076)</u>	<u>(420,496)</u>	<u>41,323,374</u>
Cash in transit	150,000				
	<u>43,979,527</u>				<u>41,323,374</u>

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 (2021: £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 2022

11. POOLED INVESTMENT VEHICLES

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

	2022 £	2021 £
Bonds	22,098,160	33,530,956
Diversified Growth	8,954,663	10,183,571
Multi Asset	10,159,551	-
	<u>41,212,374</u>	<u>43,714,527</u>

12. INSURANCE POLICIES

	2022 £	2021 £
The Scheme held insurance policies at the year-end as follows:		
Legal and General Life Assurance	<u>111,000</u>	<u>115,000</u>

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 2022				
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	41,212,374	-	41,212,374
Insured assets	-	-	111,000	111,000
	<u>-</u>	<u>41,212,374</u>	<u>111,000</u>	<u>41,323,374</u>
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
	<u>-</u>	<u>43,714,527</u>	<u>115,000</u>	<u>43,829,527</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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 determined the Scheme's investment strategy after obtaining written professional advice from their professional 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 '22 £	31 Mar '21 £
Newton Real Return Fund	●	●	●	●	8,954,663	10,183,571
LGIM 2050 Index-Linked Gilts Fund	○	○	●	○	4,796,366	-
LGIM 2062 Index-Linked Gilts Fund	○	○	●	○	4,668,342	-
LGIM 2068 Index-Linked Gilts Fund	○	○	●	○	4,519,005	-
LGIM Over 15y Gilts Index Fund	○	○	●	○	8,114,447	-
LGIM Over 5y Index-Linked Gilts Fund	○	○	●	○	-	19,441,557
LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund	●	○	●	○	-	14,089,399
BlackRock Sterling Short Duration Credit Fund	●	○	●	○	10,159,551	-
Total					42,212,374	43,714,527

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

14. INVESTMENT RISK DISCLOSURES (continued)**(i) Investment strategy**

During the year ending 31 March 2022, the Scheme altered its corporate bond and government bond allocations. The Scheme fully disinvested from the LGIM Over 5 year Index-Linked Gilt Fund and the LGIM AAA-AA Corporate Bond Fund, and split the proceeds between BlackRock Short Duration Credit Fund, the LGIM Over 15y Gilts Fund, and 3 Single Stock Index-Linked Gilt Funds. The aim of this change was to reduce the credit risk and slightly increase expected return by investing in shorter-dated corporate bonds, while retaining a similar level of overall liability hedging by investing in longer-dated gilts and index-linked gilts.

Departure from the SIP

The Scheme assets are not currently in line with the SIP dated September 2019. The Trustees are in the process of updating the SIP to reflect the changes to the investment strategy implemented over the year, as outlined above.

Asset class	Strategic allocation
	%
Multi-asset absolute return	20
Index-linked gilts	35
Gilts	20
Short dated credit	<u>25</u>
Total	<u>100</u>

(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.

As at 31 March 2022 around 46% (2021: 55%) of the Scheme's assets were invested in funds or securities that are significantly exposed to credit risk.

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 corporate bonds. The indirect exposure to credit risk arises from the Scheme's investments in the Newton Real Return Fund, LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund and BlackRock Sterling Short Duration Credit Fund. The amount invested in each of these mandates is shown in the Statement of Net Assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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:

	2022	2021
	£	£
Open Ended Investment Company	42,212,374	43,714,527

(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 pooled funds 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 pooled funds held are at the discretion of the appointed fund managers.

As at 31 March 2022 around 22% (2021: 23%) of the Scheme's assets were invested in funds or securities that are 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, LGIM 2050 Index-Linked Gilt Fund, LGIM 2062 Index-Linked Gilt Fund, LGIM 2068 Index-Linked Gilt Fund, LGIM Over 15y Gilts Index Fund, LGIM Over 5y Index-Linked Gilts Fund, LGIM AAA-AA Fixed Interest >15Yr Target Duration Fund and BlackRock Sterling Short Duration Credit Fund. The amount invested in each of these mandates is shown in the Statement of Net Assets.

As at 31 March 2022 around 100% (2021: 100%) of the Scheme's assets were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

14. INVESTMENT RISK DISCLOSURES (continued)
Investment Risks (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 2022 around 22% (2021: 23%) of the Scheme's assets were invested in funds or securities that are 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.

15. CONCENTRATION OF INVESTMENTS

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

	2022		2021	
	£	%	£	%
Blackrock:				
Sterling Short Duration Credit Fund	10,159,551	24.3	-	-
BNY Mellon:				
Newton Real Return Fund	8,954,663	21.4	10,183,571	23.2
Legal & General:				
AAA Fixed Interest Over 15 Year	-	-	14,089,399	32.1
Over 5 Year Index Linked Gilts	-	-	19,441,557	44.4
Over 15 Year Index Linked Gilts	8,114,447	19.4	-	-
2050 Indexed Linked Gilts	4,796,366	11.5	-	-
2062 Indexed Linked Gilts	4,668,342	11.2	-	-
2068 Indexed Linked Gilts	4,519,005	10.8	-	-

16. CURRENT ASSETS

	2022	2021
	£	£
Bank balance	<u>714,171</u>	<u>264,848</u>

17. CURRENT LIABILITIES

	2022	2021
	£	£
Accrued expenses	25,932	7,745
Due to Employer	<u>252,627</u>	<u>385,847</u>
	<u>278,559</u>	<u>393,592</u>

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 at the year end. Benefits due to Trustees are calculated and paid in accordance with the Scheme Rules.

Since the year end, DJ Saxby has since retired and is in receipt of a pension in payment from the Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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.

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 Trustees have determined that one member was due a top-up as a result of this judgement and the amount due is not material.

21. POST BALANCE SHEET EVENT

In February 2022 Russia launched a full-scale invasion of Ukraine resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and FCO advice against travel to the region.

A number of the impacts of the Ukraine conflict on the international shipping markets in which the Sponsoring Employer operates have been supportive of improved market conditions, particularly in the oil tanker markets where charter rates have been significantly higher since the start of the conflict. These positive impacts have included a redistribution of energy trade flows producing addition tonne mile and inefficiencies from sanctions and re-positioning which have tightened shipping supply. A greater focus on energy security has also encouraged investment in LNG, and to an extent, offshore oil and gas where market activity has also benefited from higher oil prices. The conflicts contribution to inflationary pressures and macro-economic headwinds has had some negative impact on global seaborne trade which is impacting a number of shipping sectors, in particular the container market. There has been only a limited impact on the Sponsoring Employer's overall business from the direct suspension of activity with sanctioned Russian entities.

Although the situation is still developing as at the date of this report, the Trustee Directors are satisfied that the administration and management of the Scheme have not been significantly affected and are satisfied that the Sponsoring Employer is continuing its operations with minimal disruption.

The value of the Scheme's invested assets had reduced to £34.7m as at 30 June 2022. This reduction primarily reflects a fall in the value of the Scheme's liability hedging assets and therefore there has been a similar reduction in the value placed on the liabilities. As such the Trustee do not consider the reduction in asset value since the year-end to be materially adverse to the Scheme.

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 22.12.22 (date)

Signed on behalf of the Trustees


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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 J.O. Plowright & Co (Holdings) Limited Pension and Assurance Scheme payable in respect of the Scheme year ended 31 March 2022 to which this statement is attached.

In our opinion the contributions for the Scheme year ended 31 March 2022 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 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 (Sep 27, 2022 15:50 GMT+1)

Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor

6 Sutton Court Road

Sutton

Surrey SM1 4FS

Sep 27, 2022

Date :

Implementation Statement, covering the Scheme Year from 1 April 2021 to 31 March 2022

The Trustees of the JO Plowright & Co (Holdings) Limited Pension & Assurance Scheme (the "Scheme") have chosen 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.

The Statement also includes 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 April 2022, 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 were based on an assessment of the managers over the Scheme year. The manager scores cover the manager's general 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 2022.

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. However, the Trustees noted that BlackRock's short-dated credit fund scored below average, so the Trustees have invited BlackRock to present to them, after the Scheme year end, to further understand the level of ESG integration within BlackRock's investment process.

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 have established policies and procedures to ensure the exercise of global voting rights. Newton believes the value of its clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Newton's understanding of a company's fundamental business enables it to assess the appropriate balance between the strict application of corporate governance policies and taking into account a company's unique situation.

Newton's head of responsible investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. Newton do not maintain a strict proxy voting policy. Instead,

Newton 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.

Contentious issues may be referred to the appropriate industry analyst for comment and, where relevant, Newton may confer with the company or other interested parties for further clarification or to reach a compromise or to achieve a commitment from the company. Voting decisions take into account local market best practice, rules and regulations while also supporting its investment rationale.

Newton utilises ISS for the purpose of administering proxy voting (notification and lodgement of votes), as well as making use of ISS' research reports on individual company meetings. Only when Newton recognises a potential material conflict of interest does it follow the voting recommendations of ISS. Newton do not maintain a rigid voting policy with any proxy voting service provider.

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	£5,227m
Value of Scheme assets at end of reporting period	£9.0m
Number of holdings at end of reporting period	79
Number of meetings eligible to vote	98
Number of resolutions eligible to vote	1,476
% of resolutions voted	99.2%
Of the resolutions on which voted, % voted with management	83.9%
Of the resolutions on which voted, % voted against management	16.1%
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	47.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11.7%

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.

1) AstraZeneca Plc, May 2021, Vote: Against

Summary of resolution: Elect Directors x4; Approve Remuneration Policy; and Amend Restricted Stock Plan.

Rationale: Newton voted against the remuneration policy, a new performance share plan, and members of the remuneration committee. Newton did not believe that the company had provided the necessary justification for the significant increase in the variable pay awards that were granted to senior executives.

The shareholder votes against the election of four directors were: 3.4%, 1.3%, 2.0% and 26%. 39.8% voted against the Remuneration Policy, and 38.3% voted against amending the Restricted Stock Plan. The level of shareholder dissent led Newton to categorise the vote as significant.

2) Citigroup Inc, April 2021, Vote: Against (management proposals), For (shareholder proposal)

Summary of resolution: Amend Proxy Access Right

Rationale: Newton voted in favour of one shareholder resolution that management recommended voting against. This was in relation to improving minority shareholder rights by way of providing shareholders with access to propose directors for election to the company's board.

31.2% of shareholders voted for the resolution. Newton categorised the vote as significant as, while not a majority, the vote will be understood by the board as a matter of significant interest to the company's shareholders. It is a matter that should be addressed to avoid a further or increased public demonstration of concern.

3) CME Group Inc, May 2021, Vote: Against

Summary of resolution: Elect Directors x6; Advisory Vote to Ratify Named Executive Officers' Compensation.

Rationale: Newton voted against the executive officers' compensation arrangements owing to a significant proportion of the long-term pay awards not being subject to performance. In light of this, Newton also voted against the members of the compensation committee. The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, Newton expect the company will be open to suggestions from investors as this subject is being scrutinised increasingly by US-based shareholders.

The shareholder votes against the election of six directors were: 5.5%, 5.7%, 6.1%, 1.7%, 1.0% and 7.3%. 9.4% voted against the Advisory Vote to Ratify Named Executive Officers' Compensation. Domestic investors in the US are expected to enhance their scrutiny of executive pay practices, so Newton deemed this vote as significant.

