THE MILLENNIUM & COPTHORNE PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

Registration Number: 10194947

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TRUSTEE AND ADVISERS

TRUSTEE'S REPORT

The Trustee of the Millennium & Copthorne Pension Plan (the Plan) is pleased to present the Trustee's Report and audited financial statements for the year ended 5 April 2020. The financial statements have been prepared and audited in accordance with the Sections 41(1) and (6) of the Pensions Act 1995. The report sets out how the Plan is run, how the assets are invested, and the financial activity of the Plan in the year to 5 April 2020.

The Plan is a mixed benefits scheme, providing benefits for the employees of Millennium & Copthorne Hotels Limited. The Plan was constituted by an Interim Trust Deed dated 6 April 1993 and is governed by a Definitive Trust Deed dated 22 December 2011 and subsequent amendments. The Plan is a "registered pension scheme" for tax purposes. Members may contract out of the State Second Pension (S2P, formerly State Earnings Related Pension Scheme) under a certificate issued by the Department for Work and Pensions until 6 April 2016 when the provisions for pension schemes to contract out were withdrawn.

Changes to the Plan

There were no changes to the rules of the Plan during the year. During the year City Developments Limited ("CDL"), Millennium & Copthorne plc's ("M&C") (as was) controlling shareholder, purchased the minority shareholding in M&C which was not already owned by CDL following which the Principal Employer delisted and became a limited company.

Management of the Plan

Millennium & Copthorne Pension Trustee Limited is the Trustee of the Plan. In accordance with the provisions of the Pensions Act 1995 and the Trust Deed, the Trustee and Employer Nominated Directors are appointed and may be removed by the Principal Employer. Member nominated Directors are appointed via a nomination exercise and election by the Plan's members and serve up to a three year term, after which they can choose to stand for re-election.

The Trustee Directors who served during the Plan year are listed on page 1. During the year the Trustee met four times.

Administration

The administration of the Plan is carried out by Mercer Limited. Enquiries about the Plan generally or about an individual's entitlement to benefits should be sent to the address for enquiries shown at the beginning of this report.

On 1 April 2019 Jardine Lloyd Thompson Group (JLT) was acquired by Marsh & McLennan Companies (MMC). With effect from 21 January 2020 JLT's employee benefits operations were rebranded as Mercer Limited, an MMC company.

Financial Development of the Plan

The Fund Account on page 25 shows that the net withdrawals arising from dealings with members for the year were £2,198,474 (2019: £2,050,948). The net return on the Plan's investments for the year was an increase of £400,449 (2019: £2,908,528). The total net movement in the Plan's assets for the year was a decrease of £1,798,025 (2019: net increase of £857,580), giving net assets of the Plan at the year-end of £60,833,283 (2019: £62,631,308). Further details of the financial development of the Plan may be found in the audited financial statements on pages 25 to 40.

Actuarial Review

The Financial Statements set out on pages 25 to 40 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Plan, these liabilities are considered by the Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Plan and the level of contributions payable.

The most recent triennial valuation was carried out at 5 April 2017.

The formal actuarial certificate required by statute to be included in this Annual Report from the Plan Actuary appears on page 44.

The next triennial valuation of the Plan is being performed as at 5 April 2020 and is currently in progress.

TRUSTEE'S REPORT (CONTINUED)

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every plan is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled, based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, a copy of which is available to Plan members on request.

The most recent triennial actuarial valuation of the Plan effective as at 5 April 2017 showed that the accumulated assets of the Plan were £63,425,000 which represented 99.6% of the Plan's technical provisions in respect of past service benefits; this corresponds to a deficit of £264,000 at the valuation date.

If the Plan had been discontinued and wound up at 5 April 2017 there would have been insufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or solvency) funding level was 59%, corresponding to a shortfall of £44,144,000.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live.

The actuarial method used in the calculation of the technical provisions was the Projected Unit Method and the significant actuarial assumptions used in the calculations are as follows:

Significant actuarial assumptions

Discount interest rate:
The discount rate will be calculated as the annualised yield on the FTSE Actuaries' Government Securities 20 year Fixed Interest Yield Index plus 1.5% per annum. The rate adopted at the valuation was 3.2% per annum.

Return on existing assets and new contributions over the deficit recovery period:
The return on assets over the deficit recovery period will be calculated as the annualised yield on the FTSE Actuaries' Government Securities 20 Year Fixed Interest Yield Index plus 1.5% per annum.

The rate adopted at the valuation was 3.2% per annum. This is in line with the assumptions used to value the technical provisions and therefore a prudent estimate of future investment returns.

Rate of inflation - Retail Prices Index (RPI):
The rate of inflation as measured by RPI growth will be calculated using the Bank of England's implied inflation spot curve at a term of 15 years. The rate adopted at the valuation was 3.5% per annum.

Rate of inflation - Consumer Prices Index (CPI):
The assumption for CPI growth will be calculated as the assumption for RPI inflation less 0.7% per annum. The rate adopted at the valuation was 2.8% per annum.

Rate of pensionable salary increase:
The rate of pensionable salary increase will be calculated in line with the RPI assumption. The rate adopted at the valuation was 3.5% per annum.

TRUSTEE'S REPORT (CONTINUED)

Report on Actuarial Liabilities (continued)

Significant actuarial assumptions (continued)

Revaluation of pensions in deferment:
Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum. The rate adopted at the valuation was 2.8% per annum.

Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 2.5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 2.5% per annum. The rate adopted at the valuation was 2.5% per annum.

Increases to pensions in payment:
Elements of members' pensions which increase in payment in line with RPI subject to a maximum of 5% per annum will be taken to increase at the assumed rate of RPI growth less 0.1% per annum, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum. The rate adopted at the valuation was 3.4% per annum.

Pensions which increase in payment in line with RPI subject to a maximum of 2.5% per annum will be taken to increase at the assumed rate of RPI growth, subject to a minimum assumption of 0% per annum and a maximum assumption of 2.5% per annum. The rate adopted at the valuation was 2.5% per annum.

Pensions which increase in payment in line with CPI subject to a maximum of 3% per annum will be taken to increase at the assumed rate of CPI growth, subject to a minimum assumption of 0% per annum and a maximum assumption of 3% per annum. The rate adopted at the valuation was 2.8% per annum.

Mortality:
No allowance will be made for pre-retirement mortality.

For post-retirement mortality the 100% of the mortality rated in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach. Allowance for the future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement (CMI 2016 1.5%), using a year of birth approach.

GMP Equalisation
No provision is currently included in the liability calculation for the actuarial valuation as at 5 April 2017.

Pension Increases (Final Salary benefits)

Increases to pensions in payment are made as outlined in the Trust Deed and Rules. No discretionary benefits were awarded in the year.

The post-1988 portion of the Guaranteed Minimum Pension has been increased in accordance with statutory requirements. Any pension accrued in respect of pensionable service after 6 April 1997 up to 5 April 2005 is increased in line with Retail Price Index increases up to a maximum of 5% each year. Any pension accrued in respect of pensionable service after 6 April 2005 is increased in line with the Retail Price Index increases up to a maximum of 2.5% each year with the exception of those membership categories that have a 5% guarantee.

Deferred benefits are increased in accordance with statutory requirements.

TRUSTEE'S REPORT (CONTINUED)

GMP Equalisation

On 26 October 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this further. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined.

Schedule of Contributions

The Schedule of Contributions in place during the year under review was signed by the Trustee and the Principal Employer on 29 June 2018 and are included on pages 41 to 43.

Investment Report

The day-to-day management of the investments has been delegated by the Trustee to the investment managers as shown on page 1.

Given the long term nature of a pension fund's liabilities, the investment objectives have been to maximise the overall return from the income and capital appreciation, without resorting to a high risk profile.

The Plan's investments are made in accordance with the Occupational Pension Schemes (Investment) Regulations 1996 and are considered readily marketable. There is no self-investment. All investment managers are registered in the United Kingdom. The assets of the Plan are held by investment managers themselves or on behalf of the investment managers, by a custodian that has been approved by the Trustee, either in writing or implicitly as part of their agreement.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles (SIP) for each section as required by Section 35 of the Pensions Act 1995 and a copy is available on request. Set out in this Statement of Investment Principles is the overall investment policy of the Plan which has been determined in consultation with the Trustee, the Principal Employer and the Plan's investment consultant.

During the year a revised SIP for each section was agreed by the Trustee in September 2019. Subsequent to the year end a revised SIP for each section was agreed by the Trustee in September 2020.

The Trustee considers that the asset allocation at 5 April 2020 was not materially out of line with the SIP. Variances are reviewed periodically and addressed at the discretion of the Trustee.

Employer Related Investment

The Plan did not hold any employer related investments at any time during the reporting year.

Socially Responsible Investment

As the assets of the Plan are managed in pooled arrangements, the Trustee accepts the assets are subject to the investment managers' policies on social, ethical and environmental considerations relating to the selection, retention and realisation of investments. The Trustee also accepts the investment managers' policies on voting rights attached to the investments. The Trustee has less influence over the underlying assets within the pooled investment vehicles held by the Plan but reviews the managers' policies and statements of compliance in respect of these matters.

TRUSTEE'S REPORT (CONTINUED)

Investment Report (continued)

Annual Implementation Statement

The Trustee has prepared an Annual Implementation Statement for the DB and DC Sections of the Plan in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by The Pensions Regulator that are included as Appendix A and Appendix B to the Annual Report. The Annual Implementation Statements set out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 5 April 2020.

Investment Strategy – Defined Benefit (Final Salary) Section

The Trustee has determined its investment strategy after considering the Plan's liability profile and requirements of the Statutory Funding Objective, its own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.

The basis of the Trustee's investment strategy is to divide the Plan's assets between a 'growth' portfolio, comprising assets such as diversified growth funds, equities and property, and a 'stabilising' portfolio, comprising assets such as bonds and liability driven investments.

The Defined Benefit or Final Salary Section's split of assets held at the year-end is as follows:

Sector	2020 (%)	2019 (%)
Bond Funds	29.35	30.09
Diversified Growth Funds	70.65	69.91
	100.00	100.00

Investment Strategy and Fund Selection – Defined Contribution (Money Purchase) Section

The current default strategy in place is in the form of a lifestyle strategy. The lifestyle option operates as a default if a member does not wish to make their own selection of funds, and is designed to be appropriate for a typical member with a predictable retirement date. However, the lifestyle option may not be suitable for members who unexpectedly retire early.

Members belonging to the Defined Contribution or Money Purchase Section of the Plan are given the option to invest in the following Legal & General funds:

a) Legal & General Global Equity Index (60:40) Fund
b) Legal & General Ethical UK Equity Index Fund
c) Legal & General AAA-AA Fixed Interest Over 15-year Fund
d) Legal & General Over 5 Year Index-Linked Gilts Index Fund
e) Legal & General Managed Property Fund
f) Legal & General Cash Fund

There is a floating charge over the unitised funds managed by Legal & General. The purpose of the floating charge is to offer protection to investors in the event of a failure of Legal & General.

AVCs are invested separately with three providers, namely Utmost Life and Pensions Limited (formerly The Equitable Life Assurance Society), Friends Provident Life and Pensions Ltd and Zurich Assurance Ltd.

TRUSTEE'S REPORT (CONTINUED)

Investment Report (continued)

The following performance returns are for the 1 and 3 years to 31 March 2020 being the nearest reporting quarter to the Plan's year end.

Performance Review for the Final Salary Section (at 31 March 2020)

	Fund 1 Year %	Benchmark 1 Year %	Fund 3 Years % p.a.	Benchmark 3 Years % p.a.
Final Salary Section				
Baillie Gifford Diversified Growth Pension Fund	-8.8	4.2	-1.5	4.1
Invesco Perpetual Global Targeted Returns Pension Fund	1.2	5.2	-0.3	5.1
Columbia Threadneedle Multi-Asset Fund	-3.4	4.2	1.2	4.1
BMO Real Dynamic LDI Fund	3.7	0.3	4.6	5.0
BMO Nominal Dynamic LDI Fund	56.2	56.7	20.4	22.2
Total Plan	**3.2**	**9.6**	**2.6**	**6.7**

Performance Review for Money Purchase Section (at 31 March 2020)

	Fund 1 Year %	Benchmark 1 Year %	Fund 3 Years % p.a.	Benchmark 3 Years % p.a.
Money Purchase Section				
Global Equity 60:40 Index	-14.01	-13.92	-1.99	-1.91
Ethical UK Equity Index	-18.00	-17.91	-3.35	-3.19
AAA-AA Fixed Interest Over 15 Yrs[1]	11.32	-	5.83	-
Over 5 Year Index-Linked Gilts Index	2.51	2.58	2.83	2.9
Property Fund	-0.07	-0.02	3.38	4.85
Cash	0.57	0.54	0.41	0.42

[1] LGIM suspended the benchmark for the AAA-AA Fixed Interest Over 15 Yrs Fund in 2014.

TRUSTEE'S REPORT (CONTINUED)

Membership

Details of the membership of the combined Plan as at 5 April 2020 are given below:

FINAL SALARY SECTION	2020	2019
ACTIVE MEMBERS		
Opening balance – active members	**9**	11
Members retiring during the year	**(2)**	(2)
ACTIVE MEMBERS AT THE END OF THE YEAR	**7**	9
PENSIONERS		
Opening balance	**250**	234
Adjustments to pensioners**	**2**	(1)
Members retiring during the year	**5**	10
Deaths	**(7)**	(6)
Commutation	**(1)**	-
New beneficiaries	**6**	4
Inter-section transfers	**2**	9
PENSIONERS AT THE END OF THE YEAR	**257**	250
MEMBERS WITH DEFERRED BENEFITS		
Opening balance	**96**	105
Adjustments to members with deferred benefits**	**(2)**	-
Retirements	**(3)**	(8)
Death	**(1)**	-
Transfers out	**-**	(1)
MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR	**90**	96
TOTAL MEMBERSHIP FINAL SALARY SECTION	**354**	355

The above statistics do not take account of 27 annuitant pensioners (2019: 32) whose policies are held in the name of the Trustee and are in receipt of a pension direct from an insurance company.

TRUSTEE'S REPORT (CONTINUED)

Membership (continued)

MONEY PURCHASE SECTION	2020	2019
ACTIVE MEMBERS		
Opening balance – active members	**37**	40
Adjustment to actives**	**-**	(1)
Leavers with deferred benefits	**(1)**	-
Retirements	**-**	(2)
ACTIVE MEMBERS AT THE END OF THE YEAR	**36**	37
PENSIONERS		
Opening balance	**8**	8
Adjustments to pensioners**	**-**	1
Members retiring during the year	**9**	14
Full commutation	**(7)**	(6)
Inter-section transfers	**(2)**	(9)
PENSIONERS AT THE END OF THE YEAR	**8**	8
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS		
Opening balance	**460**	474
Leavers with deferred benefits	**1**	-
Death	**-**	(1)
Retirements	**(9)**	(12)
Transfers out	**(3)**	(1)
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR	**449**	460
TOTAL MEMBERSHIP MONEY PURCHASE SECTION	**493**	505
TOTAL MEMBERSHIP AT THE END OF THE YEAR	**847**	860

**The adjustments comprise late notifications and membership changes processed but not yet completed at the prior year end.

The inter-section transfers are in respect of Money Purchase members (on reaching retirement) electing to receive pensions from the Plan rather than from an external provider. The Money Purchase pensioners shown above represent annuities paid direct to pensioners where the annuity policy is in the name of the Trustee of the Plan.

Transfer Values

Transfer values are calculated in accordance with the requirements of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 using assumptions determined by the Trustee on advice provided by the Plan Actuary. Transfer values do not take into account any future discretionary increases in payment.

General Data Protection Regulation

The European Union General Data Protection Regulation (GDPR) came into force on 25 May 2018. The Trustee is a data controller under the Regulation and has taken action to comply with it, taking professional advice where appropriate. The actions taken by the Trustee is set out in its Data Protection Policy and this document and associated risk assessment documents will be reviewed at least annually and following any material changes in the legislation or guidance.

TRUSTEE'S REPORT (CONTINUED)

Impact of COVID-19 and going concern

The COVID-19 outbreak has been developing worldwide at different rates since it first emerged in China in December 2019. So far it has caused substantial volatility in financial markets and disruption in supply chains. It is possible it will also cause further disruption to normal working practices in the UK as the outbreak escalates. The Trustee has engaged with its advisers as regards its business continuity plans since travel and office based working have been severely curtailed. The Trustee is satisfied that its advisers have in place appropriate plans including home working with access to secure IT equipment and platforms so as to minimize disruption to member services. The Trustee also believes that the related volatility in the financial markets and consequential adverse impact on the Plan's assets will be temporary.

The Trustee has reviewed the strength of the employer covenant during the year and is satisfied that it remains strong. No contributions were paid late in the year and the employers' trading position is improving post lockdown and is considered to be a going concern for at least the next 12 months. Consequently, the Trustee does not expect there to have been a material change to the Plan's funding position as a result of COVID-19 and has no reason to believe the on-going deficit funding contributions cannot be met or for the Principal Employer not to continue to meet the ongoing administrative costs of the Plan.

Having had due consideration of the above and having discussed with the Principal Employer, the Trustee considers that it is appropriate for the Plan's financial statements to be prepared on a going concern basis.

Internal Dispute Resolution Procedure

The Trustee has adopted a dispute resolution procedure, a copy of which can be provided on request to the Plan Administrators.

Any member with a complaint against the Plan or a query about their pension entitlement which they consider has not been satisfactorily resolved can use the "Internal Disputes Resolution Procedure" or, alternatively, they can contact The Pensions Ombudsman free of charge.

Contact details for The Pensions Ombudsman can be found on page 45 of this Report.

Additional Information

The Pensions Act has extended the legal rights of members, beneficiaries and pensioners to receive on request a broad range of information. Some of these rights relate to specific benefit details for an individual which have, in any event, always been available to members or are already provided automatically without the need to make a request. Other rights, relating to more general Plan information and the availability of documents containing this information, must be drawn to your attention and are detailed below. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Plan Actuary's report. In addition your attention is drawn to other items which any member wanting more technical information is invited to request from the Plan Administrators.

- Trust Deed and Rules
- The latest report on the actuarial valuation
- The latest statement of investment principles drafted in accordance with Section 35 of the Pensions Act 2004
- Disputes resolution procedures
- Actuarial statement on calculation of transfer values

Information regarding The Millennium & Copthorne Pension Plan, including the address at which the Trustee may be contacted, has been lodged with the Registrar of Occupational Pension Schemes.

TRUSTEE'S REPORT (CONTINUED)

Further Information

All personal data held electronically or in paper format in respect of members of the Trust (and where relevant their dependants and beneficiaries) is processed for the purpose of record maintenance and benefit provision in accordance with the eight principles of the Data Protection Act 1998. The Trustee is registered under Data Protection Act 1988 as "Data Controller".

Any query about the Plan, including requests from individuals for information about their benefits, should be addressed to the Trustee at the address on page 1.

The Trustee's Report on pages 2 to 11 and the Members' Information on pages 45 and 46 were approved by the Trustee Directors on 5/11/2020 and signed on the Trustee's behalf by:

Jonathon Grech

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Director

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020

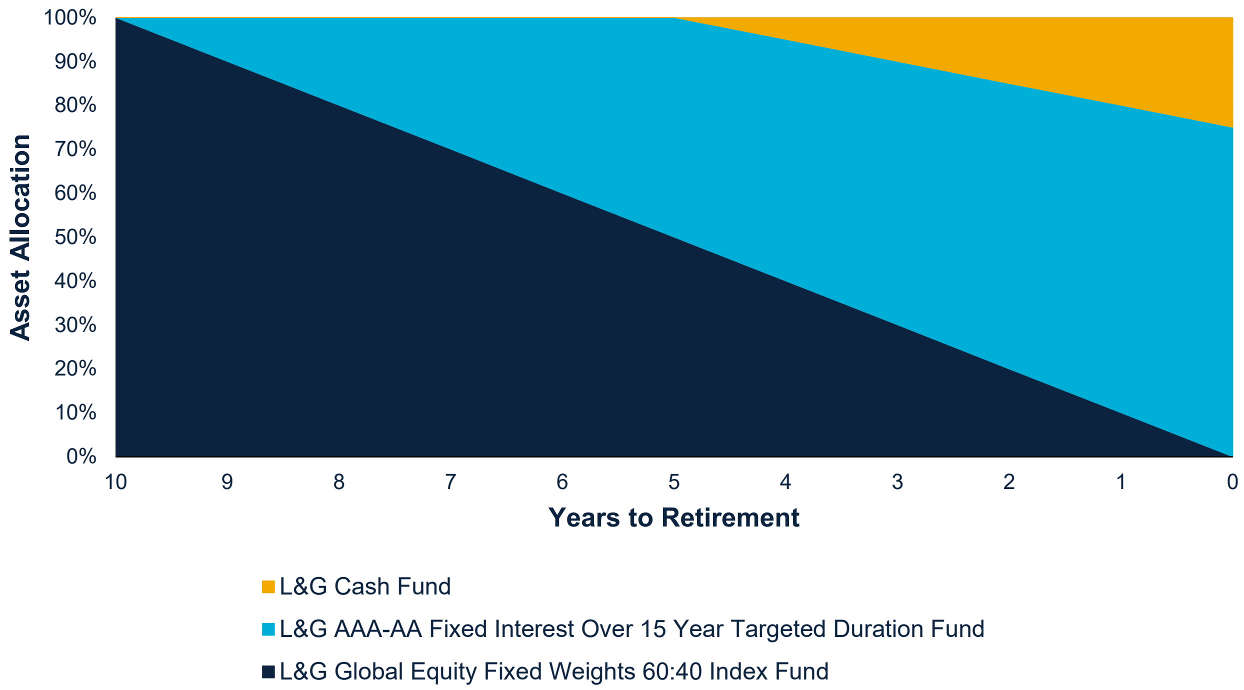
This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Millennium & Copthorne Pension Plan ("the Plan") is meeting the governance standards that apply to occupational pension Plans that provide money purchase benefits (i.e. Defined Contribution Plans – DC).

Default arrangement

Members of the Plan who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustee with the advice of their Investment Consultant.

The default lifestyle strategy can be separated into two distinct phases. Initially, the lifestyle option aims to generate investment growth by investing in a Growth Fund – the L&G Global Equity Fixed Weights 60:40 Index Fund. 10 years prior to a member reaching their Target Retirement Age ("TRA"), the strategy enters a de-risking transitional phase; this involves a gradual switch of assets out of the Growth Fund into corporate bonds and cash. When a member reaches their TRA their savings will be invested 75% in the L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund and 25% in the L&G Cash Fund.

The default arrangement targets long term growth whilst diversifying risks. The L&G Global Equity Fixed Weights 60:40 Index Fund is a passively managed fund which gains diversity through investing 60% of funds in the UK and the remaining 40% overseas. The 10 years leading up to the NRA are believed to be crucial by the Trustee, therefore the transition from growth assets to more defensive assets are undertaken on a quarterly basis from this point, so that little reliance is placed on the market conditions on any one transition date. The lifestyle strategy can be illustrated using the following chart:



By investing in this manner, the Trustee expects to deliver growth over the members' lifetime within the Plan without excessive risk taking, by increasing its focus on volatility reduction in the final 10 years. The aim of the default strategy is to target annuity purchase.

The Trustee continually monitors the performance of the Plan's investments throughout the year and receive quarterly performance reports from their advisors. The Trustee is happy with the performance of the default strategy over the period covered by this statement.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Default arrangement (continued)

On 14 June 2018 the default investment strategy was reviewed by the Trustee along with their investment consultants. In determining the investment strategy, the Trustee undertook extensive investigations and explicitly considered the demographics of the Plan as well as the trade-off between risk and expected returns when establishing the balance between different kinds of investments.

The new default strategy will replace the L&G Global Equity Fixed Weights 60:40 Index Fund allocation with the L&G Diversified Fund, a diversified growth fund ("DGF"). The reason for this is that the DGF has significantly lower risk than the LGIM Global Equity 60:40 Index Fund and invests in a diverse array of asset classes including equities, corporate bonds, government bonds, and alternatives. The L&G Diversified Fund is expected to produce an equity-like return over a full market cycle and employs a degree of tactical asset allocation, whereby the investment manager has discretion to allocate capital to different asset classes depending on the investment managers views of the relative return and risk characteristics at different points in time, in an attempt to satisfy the objectives of the fund. The Trustee also agreed to replace the L&G Cash Fund with the L&G Sterling Liquidity Fund. The L&G Sterling Liquidity Fund is also a cash fund, but is more diversified and holds longer term underlying assets which offer higher interest rates to compensate for holding these longer term deposits.

The default will continue to target annuity purchase given the existence of a Defined Benefit ("DB") underpin. The Trustee also agreed to add some further funds to the list of self-select options to give members greater choice when self-selecting. The new default strategy and additional self-select funds have now been implemented.

The current default arrangement is described in further detail in the Plan's Statement of Investment Principles (SIP) dated September 2020, a copy of which is submitted alongside this governance statement. As outlined in the SIP, the Trustee's main objective is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement. The default investment strategy will be reviewed as a minimum every three years (i.e. by June 2021 or as soon as any significant developments in investment policy or member demographics take place. The SIP will now be updated to reflect the new investment strategy.

The Trustee has set up processes to publish relevant information on the default arrangement online and will notify members about this in their annual benefit statements.

Processing Plan transactions

The Trustee has a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Plan, switches between different investments within the Plan and payments to and in respect of members.

These transactions are undertaken on the Trustee's behalf by the Plan administrator, Mercer Limited, and its investment manager Legal and General Investment Management. The Trustee periodically reviews the processes and controls implemented by those organisations, and consider them to be suitably designed to achieve these objectives. The Trustee has a service level agreement (SLA) in place with the Plan administrator which covers the accuracy and timeliness of all core transactions and receive quarterly reports to monitor the performance against those service levels. The processes adopted by the Plan administrator to help meet the SLA include dynamics checklists, a central financial control team separate to the admin team, peer checking and authorisation of payments, automated reporting of late contributions, daily monitoring of bank accounts, daily checking and reconciliation of member unit holdings, a dedicated contribution processing team, and four eyes checking of investment and banking transactions. During the period covered by this statement, 76% of work was completed within the agreed service levels. The Trustee was aware of some extraordinary disruption to resourcing during the accounting year because the administration services were relocated from Mercer's Orpington administration centre to its Manchester administration centre in Q3 2019. This created a backlog of work, impacting service levels. As service levels were beginning to normalise there was further dislocation at the start of the Covid-19 crisis in March 2020. The Trustee received reassurance that no members were made financially worse off as a result of these delays.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Processing Plan transactions (continued)

At its Trustee meeting in July 2020, the Trustee reviewed Mercer's processes and contingencies in the context of Covid-19 including Mercer's business continuity plan. Since the end of the reporting period, the service has largely returned to a business as usual basis and overall service levels have reverted to the normal long-term trend of over 90%.

We continue to monitor performance against the SLA on a quarterly basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer. We will also perform periodic assessments of methods and efficiency of the Plan's administrators and will challenge them in terms of efficiency.

In light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Plans (Plan Administration) Regulations 1996) have been met.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustee to disclose the charges and transactions costs borne by DC Plan members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds, but should also include trading costs incurred within such funds. We have taken account of statutory guidance when preparing this section of the report.

In this context, "charges" means (subject to some specific exemptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Transaction costs have been provided by the Plan's investment manager and they are calculated using the slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) payable for each fund as well as the transaction costs within the default arrangement are as follows:

Fund	TER (%)	Transaction Cost (%)
L&G Global Equity Fixed Weights 60:40 Index	0.16	-0.001
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration	0.15	-0.099
L&G Cash	0.125	0.003

Source: L&G

This is lower than the maximum TER allowed of 0.75% for default arrangements.

The Trustee also makes available a range of funds which may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

Fund	TER (%)	Transaction Cost (%)
L&G Global Equity Fixed Weights 60:40 Index	0.16	-0.001
L&G Fixed Interest Over 15 Year Targeted Duration	0.15	-0.099
L&G Cash	0.125	0.003
L&G Managed Property	0.72	-0.441
L&G Over 5 Year Index-Linked Gilts Index	0.10	0.123
L&G Ethical UK Equity Index	0.20	0.010

Source: L&G

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Charges and transaction costs – default arrangement and additional funds (continued)

We are comfortable that the costs for the default arrangement and self-select funds are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies. This is reviewed annually as part of the value for members assessment.

Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples and the DB AVC investment options have also been considered.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in a selection of significant funds within the Plan. The funds we are required to illustrate to represent the fund range (with the specific fund within the Plan in brackets) are:

- The fund or strategy with the most members invested (*Default Strategy*)
- The most expensive fund (*L&G Managed Property Fund*)
- The least expensive fund (*L&G Over 5 Year Index-Linked Gilts Index*)
- The fund with the highest expected return (*L&G Global Equity Fixed Weights 60:40 Index*)
- The fund with the lowest expected return (*L&G Cash Fund*)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation.

"Average" member illustrations										
	Default Strategy (most popular)		**L&G Global Equity Fixed Weights 60:40 Index *(highest expected return fund)***		**L&G Cash Fund *(lowest expected return fund)***		**L&G Managed Property Fund *(most expensive fund)***		**L&G Over 5 Year Index-Linked Gilts Index (cheapest fund)**	
Years from now	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**
1	£49,955	£49,875	£49,955	£49,875	£47,547	£47,487	£49,341	£48,986	£47,630	£47,546
3	£57,062	£56,797	£57,273	£57,007	£49,598	£49,416	£55,244	£54,094	£49,848	£49,593
5	£63,776	£63,297	£65,189	£64,696	£51,604	£51,297	£61,471	£59,404	£52,025	£51,595
7	£69,858	£69,144	£73,751	£72,986	£53,566	£53,133	£68,038	£64,925	£54,162	£53,553
10	£77,043	£75,967	£87,922	£86,651	£56,428	£55,803	£78,570	£73,618	£57,295	£56,411
12 (retirement)	£80,201	£78,897	£98,339	£96,657	£58,285	£57,529	£86,073	£79,702	£59,335	£58,264

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Cumulative effect of charges (continued)

"Youngest" member illustrations										
	Default Strategy (most popular)		**L&G Global Equity Fixed Weights 60:40 Index *(highest expected return fund)***		**L&G Cash Fund *(lowest expected return fund)***		**L&G Managed Property Fund *(most expensive fund)***		**L&G Over 5 Year Index-Linked Gilts Index (cheapest fund)**	
Years from now	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**
1	£49,955	£49,875	£49,955	£49,875	£47,547	£47,487	£49,341	£48,986	£47,630	£47,546
3	£57,273	£57,007	£57,273	£57,007	£49,598	£49,416	£55,244	£54,094	£49,848	£49,593
5	£65,189	£64,696	£65,189	£64,696	£51,604	£51,297	£61,471	£59,404	£52,025	£51,595
10	£87,922	£86,651	£87,922	£86,651	£56,428	£55,803	£78,570	£73,618	£57,295	£56,411
15	£115,579	£113,151	£115,579	£113,151	£60,994	£60,040	£98,105	£89,282	£62,325	£60,968
20	£147,570	£143,525	£149,229	£145,134	£65,314	£64,024	£120,423	£106,542	£67,128	£65,280
25	£171,160	£165,435	£190,168	£183,736	£69,403	£67,770	£145,922	£125,561	£71,712	£69,361
28 (retirement)	£177,132	£170,619	£218,875	£210,633	£71,749	£69,909	£162,933	£137,892	£74,362	£71,703

It could be helpful to provide the context for the investment returns and charges presented above. If savings were not invested at all (i.e. there were no investment returns or fees) then, according to our modelling, the value of the "Active" and "Youngest" members' pots at retirement would be £50,492 and £54, 233 respectively in today's money.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Cumulative effect of charges (continued)

Assumptions

The above illustrations have been produced for an "Average" member of the Plan based on the Plan's membership data. Illustrations have also been done for the "Youngest" member of the Plan using the same assumptions as the "average" illustrations but using the age of the Plan's youngest member. The "Default Strategy" illustration assumes the member's asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member's assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown. The above calculations are based on market conditions as at 5 April 2020 and Mercer's assumptions on the future performance of the various funds illustrated. While we believe that these are reasonable they do not provide a prediction or guarantee and may change over time. These assumptions are updated annually and are provided solely for the purpose of comparing potential outcomes for members before and after fees.

Age	
• "Average" member	53 *(the average age of the Plan's active membership)*
• "Youngest" member	37 *(the youngest member of the Plan)*
Plan Retirement Age	65
Starting Pot Size	£46,505 *(the median pot size of the Plan's active membership)*
Starting Salary	£18,365 *(the median salary of the Plan's active membership)*
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
Employer annual contributions	6.5% p.a. *(the average rate for the Plan's membership)*
Employee annual contributions	2.0% p.a. *(the average rate for the Plan's membership)*

Expected future nominal returns on investment:	
• Default Strategy	
○ L&G Global Equity Fixed Weights 60:40 Index	4.0% above inflation
○ L&G Fixed Interest Over 15 Year Targeted Duration	0.1% above inflation
○ L&G Cash Fund	1.1% below inflation
• L&G Global Equity Fixed Weights 60:40 Index	4.0% above inflation
• L&G Over 5 Year Index-Linked Gilts Index	1.0% below inflation
• L&G Managed Property	2.7% above inflation
• L&G Cash Fund	1.1% below inflation

Value for members

Albeit no formal standalone value for member assessment has been carried out over the reporting period, the Trustee has a good understanding of the membership demographics of the Plan and as such have a view as to what good member outcomes should look like for the Plan's members in aggregate and monitor value for members on an ongoing basis.

Whether something represents "good value" is not capable of being precisely defined, but for these purposes, the Trustee considers that charges and transaction costs may be viewed as representing "good value" for members where the combination of costs and the quality of what is provided in return for those costs is appropriate for the Plan membership as a whole, when compared to other options available in the market.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Value for members (continued)

We understand that value for members does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for members we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of Plan governance, fund management and performance of the funds.

All of the funds used by the Plan are generally highly rated by our investment advisors as having good prospects of achieving their objectives, and the performance of funds are reviewed quarterly. With this in mind, the Trustee has assessed the fees disclosed above and are satisfied that they have negotiated a good deal for members and that the stated explicit charges for the Plan's funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of plans with a similar membership profile. The Trustee will be formally assessing value for members in 2021.

The Trustee has set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds publicly online and will notify members about this in their annual benefit statements.

Additional Voluntary Contributions (AVCs)

The Trustee also makes available a facility to members to pay in additional contributions to boost DB and DC benefits. The facility is provided via Prudential, Utmost Life and Pensions, Aviva, and Zurich Assurance. Below are the available funds together with associated fees:

Fund	TER (% p.a.)	Transaction Cost (% p.a.)
Prudential Deposit	-	-
Utmost Life Secure Cash Fund	0.50	0.00
Zurich With-Profits	0.50*	-
Aviva Pension BlackRock Over 15 Year Corporate Bond Index Tracker	0.65	0.121
Aviva Pension BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.65	-0.024
Aviva Pension BlackRock UK Equity Index Tracker	0.65	0.168
Aviva Pension Cash	0.65	0.008
Aviva Pension Global Equity	0.68	0.098
Aviva Pension Pacific Basin	0.65	0.103
Aviva Pension Pre-retirement Fixed Interest	0.65	0.193
Aviva Pension UK Equity	0.65	0.086

*Approximation for the 2019 calendar year.

Prudential and Zurich were unable to provide the transaction costs applicable to some of the funds above but the Trustee will continue to challenge them to obtain the required information.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2019 – 5 APRIL 2020 (CONTINUED)

Trustee's knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13.

All the Trustee Directors are required to familiarise themselves with the Plan's trust deed, rules and governing documents. The Trustee Directors take these requirements seriously and undertake training throughout the year, which is recorded on a log held by their advisers. All of the existing Trustee Directors have completed the Pension Regulator's Trustee Toolkit and new Trustee Directors are expected to complete this within six months of appointment.

During the year, areas of training and development have included:

- Funding of defined benefit pension schemes and the triennial actuarial valuation process (which is applicable to the Plan due to the presence of GMP underpins)
- Defined Contribution investment strategy
- Environmental Social and Governance factors in investment and incorporation in the Statement of Investment Principles
- Management of the Plan's risks and maintenance of the Risk Register
- The provisions of the Rules and legislation with respect to implementing a Flexible Apportionment Arrangement
- Current issues within the pension industry (at each meeting).

The Trustee Directors consider their training needs at every meeting and have added to their business plan an assessment of their effectiveness for 2020/21.

During the year covered by this statement, the Trustee updated the Plan's Statement of Investment Principles (SIP) to reflect their policies on financially material considerations and in doing so demonstrated a working knowledge of this document. The Trustee Directors review the Plan's Governance Report and Business Plan (including a separate DC Governance checklist) at every meeting and make updates when necessary, thereby demonstrating a working knowledge of the other documents outlining their policies.

During the year the Trustee Directors continued to apply their working knowledge of the trust deed & rules in considering and exercising their discretion for a number of death cases. In addition, in conjunction with their legal advisers, the Trustee Directors reviewed in detail the provisions of the Rules in connection with the ongoing Flexible Apportionment arrangement negotiations with the sponsor. The Trustee Directors receive professional advice from Mercer as their actuarial and investment consultant and Pinsent Masons as their appointed legal advisors, both of whom attend every regular Trustee's meeting; the Trustee Directors therefore feels they have a working knowledge of the law relating to pensions.

Taking account of all these points and actions taken individually and as a Trustee body, the Trustee Directors consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes and are enabled to properly exercise their functions as Trustee of the Plan.

The Chair's statement regarding DC governance was approved by the Trustee Directors and signed on their behalf by:

Jonathon Grech

Mr Jonathon Grech
Chair of the Millennium & Copthorne Pension Trustee Limited, Trustee of the Millennium & Copthorne Pension Plan
Date: 5/11/2020

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is 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 Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustee also has 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 Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

SUMMARY OF CONTRIBUTIONS

Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is 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 Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 5 April 2020

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer and member contributions payable to the Plan under the Schedule of Contributions certified by the Plan Actuary on 29 June 2018.

Contributions payable under the Schedule in respect of the Plan year		**£**
Employer:	Normal contributions	132,120
Employee:	Normal contributions	26,498
Total contributions payable under the Schedule (as reported on by the Plan auditor)		**158,618**

Reconciliation of contributions payable under the Schedule to total contributions as reported in the financial statements

Contributions payable under the Schedule		158,618
Employee:	Additional Voluntary Contributions	2,640
Contributions reported in the financial statements		**161,258**

Signed on behalf of the Trustee on 5/11/2020

Jonathon Grech
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Director

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS

Independent Auditor's Statement about Contributions to the Trustee of the Millennium & Copthorne Pension Plan

We have examined the summary of contributions to the Millennium & Copthorne Pension Plan (the 'Plan') for the Plan year ended 5 April 2020 which is set out on page 21.

In our opinion, contributions for the Plan year ended 5 April 2020 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 Plan Actuary on 29 June 2018.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the 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 Plan and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 20, the Trustee is 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 Plan 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.

Use of Our Statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

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Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 5/11/2020

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Trustee of the Millennium & Copthorne Pension Plan

Opinion

We have audited the financial statements of Millennium & Copthorne Pension Plan (the 'Plan') for the year ended 5 April 2020, 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 Financial Reporting Standard 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:

- show a true and fair view of the financial transactions of the Plan during the year ended 5 April 2020, and of the amount and disposition at that date of its assets and liabilities, other than 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 Regulations 3 and 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 Plan 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.

The impact of macro economic uncertainties on our audit

The impact of macro-economic uncertainties on our audit Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the basis of preparation of the financial statements. All of these depend on assessments of the future economic environment of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Plan's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Trustee's conclusions, we considered the risks associated with the Plan, including effects arising from Brexit, and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Conclusions relating to going concern (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Plan will continue in operation.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

Responsibilities of Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 20, the Trustee is responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the Trustee determines 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 Trustee is responsible for assessing the Plan'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 Trustee either intends to wind up the Plan, or has 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 these financial statements.

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 our report

This report is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Trustee 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
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Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 5/11/2020

FUND ACCOUNT FOR THE YEAR ENDED 5 APRIL 2020

	Note	Final Salary Section for the year ended 5 April 2020 £	Money Purchase Section for the year ended 5 April 2020 £	Total for the year ended 5 April 2020 £	Total for the year ended 5 April 2019 £
CONTRIBUTIONS AND BENEFITS					
Employer contributions		**84,261**	**47,859**	**132,120**	445,500
Employee contributions		**10,674**	**18,464**	**29,138**	36,673
	5	**94,935**	**66,323**	**161,258**	482,173
Other income	6	**-**	**-**	**-**	31,524
		94,935	**66,323**	**161,258**	513,697
Benefits paid or payable	7	**(2,125,327)**	**(68,646)**	**(2,193,973)**	(1,914,541)
Payments to and on account of leavers	8	**(63,683)**	**(102,033)**	**(165,716)**	(618,868)
Administrative expenses	9	**(43)**	**-**	**(43)**	(36)
Other payments	10	**-**	**-**	**-**	(31,200)
		(2,189,053)	**(170,679)**	**(2,359,732)**	(2,564,645)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		**(2,094,118)**	**(104,356)**	**(2,198,474)**	(2,050,948)
INVESTMENT RETURNS					
Investment income	11	**24,032**	**20**	**24,052**	24,075
Investment management expenses	12	**(76,866)**	**-**	**(76,866)**	(68,381)
Change in market value of investments	13.1	**1,879,320**	**(1,426,057)**	**453,263**	2,952,834
NET RETURNS ON INVESTMENTS		**1,826,486**	**(1,426,037)**	**400,449**	2,908,528
NET (DECREASE) / INCREASE IN THE FUND DURING THE YEAR		**(267,632)**	**(1,530,393)**	**(1,798,025)**	857,580
TRANSFERS BETWEEN SECTIONS	14	**(237,359)**	**237,359**	**-**	-
NET ASSETS OF THE PLAN AT 6 APRIL		**50,365,176**	**12,266,132**	**62,631,308**	61,773,728
NET ASSETS OF THE PLAN AT 5 APRIL		**49,860,185**	**10,973,098**	**60,833,283**	62,631,308

The notes on pages 27 to 40 form an integral part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 5 APRIL 2020

	Note	5 April 2020 £	5 April 2019 £
FINAL SALARY SECTION			
INVESTMENT ASSETS	13		
Pooled investment vehicles	13.4	**49,785,751**	50,125,821
TOTAL FINAL SALARY SECTION INVESTMENTS		**49,785,751**	50,125,821
CURRENT ASSETS	16	**155,270**	290,874
CURRENT LIABILITIES	17	**(80,836)**	(51,519)
TOTAL NET ASSETS OF THE FINAL SALARY SECTION		**49,860,185**	50,365,176
MONEY PURCHASE SECTION			
INVESTMENT ASSETS	13		
Pooled investment vehicles	13.4	**10,414,354**	11,679,565
Insurance policies	13.5	**212,681**	203,945
Cash in transit	13.1	**-**	89,361
AVC investments	13.6	**279,402**	306,753
Other investment balances	13.1	**23**	-
TOTAL MONEY PURCHASE SECTION INVESTMENTS		**10,906,460**	12,279,624
CURRENT ASSETS	16	**80,055**	76,367
CURRENT LIABILITIES	17	**(13,417)**	(89,859)
TOTAL NET ASSETS OF THE MONEY PURCHASE SECTION		**10,973,098**	12,266,132
TOTAL NET ASSETS AT 5 APRIL		**60,833,283**	62,631,308

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Final Salary Section of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 3 and 4 and these financial statements should be read in conjunction with that report.

The notes on pages 27 to 40 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 5/11/2020 and were signed on its behalf by:

Jonathon Grech
....

Director

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

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

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements. However, it has required certain additions to or amendments of disclosures in the financial statements.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English law. The address for enquiries to the Plan is included on page 1.

3 COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

	Note	Final Salary Section for the year ended 5 April 2019 £	Money Purchase Section for the year ended 5 April 2019 £	Total for the year ended 5 April 2019 £
CONTRIBUTIONS AND BENEFITS				
Employer contributions		396,294	49,206	445,500
Employee contributions		16,542	20,131	36,673
Total Contributions	5	412,836	69,337	482,173
Other income	6	324	31,200	31,524
		413,160	100,537	513,697
Benefits paid or payable	7	(1,747,410)	(167,131)	(1,914,541)
Payments to and on account of leavers	8	(558,607)	(60,261)	(618,868)
Administrative expenses	9	(36)	-	(36)
Other payments	10	-	(31,200)	(31,200)
		(2,306,053)	(258,592)	(2,564,645)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(1,892,893)	(158,055)	(2,050,948)
INVESTMENT RETURNS				
Investment income	11	24,048	27	24,075
Investment management expenses	12	(68,381)	-	(68,381)
Change in market value of investments	13.1	2,198,504	754,330	2,952,834
NET RETURNS ON INVESTMENTS		2,154,171	754,357	2,908,528
NET INCREASE IN THE FUND DURING THE YEAR		261,278	596,302	857,580
TRANSFERS BETWEEN SECTIONS	14	349,164	(349,164)	-
NET ASSETS OF THE PLAN AT 6 APRIL		49,754,734	12,018,994	61,773,728
NET ASSETS OF THE PLAN AT 5 APRIL		**50,365,176**	**12,266,132**	**62,631,308**

NOTES TO THE FINANCIAL STATEMENTS

4 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

4.1 Going concern

The financial statements have been prepared on the going concern basis which the Trustee believes to be appropriate based on their expectations for a 12 month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Plan to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due. The Trustee is monitoring the impact of the Coronavirus on the Plan's investments and is following advice from The Pensions Regulator and duly appointed Plan advisers in order to take the appropriate actions as required. Since the year end the Employer has continued to make the required contributions as set out in the Schedule of Contributions.

4.2 Contributions

Employee normal contributions, including Additional Voluntary Contributions (AVCs), are accounted for by the Trustee when they are deducted from pay by the Employer.

Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and Trustee.

4.3 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 members notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Individual transfers out of the Plan are accounted for when member liability is discharged which is normally when the transfer amount is paid.

4.4 Expenses

In accordance with the Schedule of Contributions dated 29 June 2018, Pension Protection Fund levies, insurance premiums for death in service benefits as well as management and administration expenses are payable by the Employer as and when they fall due.

4.5 Investment income

Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price and is reported within 'Change in market value'.

Income from annuity policies held by the Trustee to fund benefits payable to the Plan members is accounted for as investment income on an accruals basis linked to the corresponding pension payments. Detailed information in this respect is currently not available and is subject to ongoing investigations, and therefore the annuity income and related payment amounts included in the financial statements have been estimated.

For the Final Salary Section any performance related fees as well as any periodic charges and the running costs of the funds are taken out of the underlying assets directly, except for LDI funds which are separately invoiced. For the Money Purchase Section investment managers' fees are not charged separately but are allowed for in the unit pricing of the funds.

Other income items are accounted for on an accruals basis.

4.6 Change in market value of investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 ACCOUNTING POLICIES (CONTINUED)

4.7 Valuation of investments

Investments are included at fair value.

Unitised pooled investment vehicles which are not quoted on an active market are valued at the bid-price quoted by the manager or at the single price if only one price is quoted.

The insurance policies are valued at the fair value provided by the insurer and are inclusive of reversionary and final bonuses.

AVC investments are included at market price at the year end, as provided by the AVC provider or, where market values are not readily available, at the latest valuation adjusted for subsequent cash movements.

Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members have been valued, where material, by the Plan Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

The Plan's functional currency and presentational currency is pound sterling (GBP).

5 CONTRIBUTIONS

	Final Salary Section 2020	Money Purchase Section 2020	Total 2020
	£	£	£
Employer's Contributions			
Normal contributions	**84,261**	**47,859**	**132,120**
Employees' Contributions			
Normal contributions	**10,674**	**15,824**	**26,498**
Additional voluntary contributions	**-**	**2,640**	**2,640**
	94,935	**66,323**	**161,258**

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Employer's Contributions			
Normal contributions	116,294	49,206	165,500
Deficit contributions	280,000	-	280,000
Employees' Contributions			
Normal contributions	16,542	16,291	32,833
Additional voluntary contributions	-	3,840	3,840
	412,836	69,337	482,173

AVCs for both Final Salary and Money Purchase members are accounted for in the Money Purchase section as they provide defined contribution benefits to the individuals on whose behalf contributions are paid.

In accordance with the recovery plan following the 5 April 2017 actuarial valuation, the Employer paid a contribution of £280,000 on 31 December 2018 in respect of the funding shortfall.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 OTHER INCOME

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
	£	**£**	**£**
Other income	**-**	**-**	**-**

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Other income	324	31,200	31,524

7 BENEFITS PAID OR PAYABLE

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
	£	**£**	**£**
Pension payments	**1,424,964**	**-**	**1,424,964**
Commutations and lump sum retirement benefits	**695,325**	**68,646**	**763,971**
Lump sum death benefits	**5,038**	**-**	**5,038**
	2,125,327	**68,646**	**2,193,973**

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Pension payments	1,274,533	-	1,274,533
Commutations and lump sum retirement benefits	472,877	161,012	633,889
Lump sum death benefits	-	6,119	6,119
	1,747,410	167,131	1,914,541

8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
	£	**£**	**£**
State scheme premiums	**13,460**	**-**	**13,460**
Individual transfers out to other schemes	**50,223**	**102,033**	**152,256**
	63,683	**102,033**	**165,716**

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Individual transfers out to other schemes	558,607	60,261	618,868

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 ADMINISTRATIVE EXPENSES

	Final Salary Section 2020 £	**Money Purchase Section 2020 £**	**Total 2020 £**
Other expenses	43	-	43

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Other expenses	36	-	36

In accordance with the Schedule of Contributions all administrative expenses are met by the Principal Employer.

10 OTHER PAYMENTS

	Final Salary Section 2020 £	**Money Purchase Section 2020 £**	**Total 2020 £**
Other payments	**-**	**-**	**-**

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Other payments	-	31,200	31,200

11 INVESTMENT INCOME

	Final Salary Section 2020 £	**Money Purchase Section 2020 £**	**Total 2020 £**
Annuity income	**24,000**	**-**	**24,000**
Interest on cash deposits	**32**	**20**	**52**
	24,032	**20**	**24,052**

	Final Salary Section 2019 £	Money Purchase Section 2019 £	Total 2019 £
Annuity income	24,000	-	24,000
Interest on cash deposits	48	27	75
	24,048	27	24,075

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENT MANAGEMENT EXPENSES

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
	£	**£**	**£**
Investment management & custody	**76,866**	**-**	**76,866**

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Investment management & custody	68,381	-	68,381

13 RECONCILIATION OF INVESTMENTS

13.1 Reconciliation of investments held at beginning and end of year:

	Value at 6 April 2019	**Purchases at cost**	**Sales proceeds**	**Change in market value**	**Value at 5 April 2020**
	£	**£**	**£**	**£**	**£**
Final Salary Section					
Pooled investment vehicles	**50,125,821**	**4,650,630**	**(6,870,020)**	**1,879,320**	**49,785,751**
Money Purchase Section					
Pooled investment vehicles	**11,679,565**	**730,077**	**(559,360)**	**(1,435,928)**	**10,414,354**
Insurance policies	**203,945**	**-**	**(3,435)**	**12,171**	**212,681**
AVCs	**306,753**	**240**	**(25,291)**	**(2,300)**	**279,402**
	12,190,263	**730,317**	**(588,086)**	**(1,426,057)**	**10,906,437**
Cash in transit	**89,361**				**-**
Other investment balances	**-**				**23**
Total	**12,279,624**				**10,906,460**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The pooled investment vehicles are other managed funds. The Trustee has delegated responsibility for the custody of the Plan assets to the investment managers. All investment managers are registered in the United Kingdom.

The Trustee holds individual insurance policies that secure the pensions payable, or an element of the pensions payable, to specified beneficiaries of the Final Salary Section. Whilst these policies remain assets of the Trustee, it has determined with its advisers not to value them for the purpose of the Plan's accounts as they are deemed immaterial in value.

The money purchase section assets are allocated as follows:

	Value at 5 April 2020	Value at 5 April 2019
	£	£
Allocated to members	**10,906,460**	12,279,624
Not allocated to members	**-**	-
	10,906,460	12,279,624

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.1 Reconciliation of investments held at beginning and end of year (continued)

Money purchase pooled investment vehicles investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustee and the administrator allocates these investment units to individual members to reflect the member's chosen options. This is different from investment assets in the Final Salary Section. These are not allocated to individual members but retained with the aim of meeting all of the Plan's future pension payments.

The Trustee may hold investment units representing the value of Employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting. There were £nil (2019: £nil) Trustee units held at year end.

13.2 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets at the year end:

	2020	**2020**	2019	2019
	£	**%**	£	%
Final Salary Section				
Baillie Gifford Diversified Growth	**16,930,656**	**27.8**	17,887,990	28.6
Invesco Global Targeted Returns	**9,350,247**	**15.4**	6,807,418	10.9
Thread Life Multi Asset	**8,892,388**	**14.6**	10,346,719	16.5
BMO Real Dynamic LDI	**7,472,894**	**12.3**	8,418,454	13.4
BMO Nominal Dynamic LDI	**7,139,565**	**11.7**	6,665,239	10.6
Money Purchase Section				
L&G Global Equity 60:40 Index	**7,440,091**	**12.2**	9,336,629	14.9
	57,225,841	**94.0**	58,529,940	94.9

The Final Salary Section investments are held on the Mobius Life Platform, a service provided by JLT Investment Management Limited.

13.3 TRANSACTION COSTS

Indirect transaction costs are incurred through the bid-offer spread on investments and are charged in the unit price. The amount of indirect transaction costs is not separately provided to the Plan. There were no direct transaction costs incurred in the year (2019: £nil).

13.4 POOLED INVESTMENT VEHICLES

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
	£	**£**	**£**
Equity	**-**	**7,467,248**	**7,467,248**
Bonds	**14,612,459**	**2,537,215**	**17,149,674**
Diversified Growth	**35,173,292**	**-**	**35,173,292**
Managed Property	**-**	**29,364**	**29,364**
Cash	**-**	**380,527**	**380,527**
	49,785,751	**10,414,354**	**60,200,105**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.4 POOLED INVESTMENT VEHICLES (continued)

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Equity	-	9,372,240	9,372,240
Bonds	15,083,693	1,975,595	17,059,288
Diversified Growth	35,042,128	-	35,042,128
Managed Property	-	30,835	30,835
Cash	-	300,895	300,895
	50,125,821	11,679,565	61,805,386

13.5 INSURANCE POLICIES

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
Insurance policies	**£**	**£**	**£**
Utmost Life and Pensions Limited	**-**	**32,971**	**32,971**
Prudential	**-**	**179,710**	**179,710**
	-	**212,681**	**212,681**

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
Insurance policies	£	£	£
Utmost Life and Pensions Limited	-	22,134	22,134
Prudential	-	181,811	181,811
	-	203,945	203,945

13.6 AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 5 April confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	Final Salary Section 2020	**Money Purchase Section 2020**	**Total 2020**
	£	**£**	**£**
Utmost Life and Pensions Limited	**-**	**188,573**	**188,573**
Friends Provident Life and Pensions Ltd	**-**	**67,719**	**67,719**
Zurich Assurance Ltd	**-**	**23,110**	**23,110**
	-	**279,402**	**279,402**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.6 AVC INVESTMENTS (continued)

	Final Salary Section 2019	Money Purchase Section 2019	Total 2019
	£	£	£
Utmost Life and Pensions Limited	-	193,401	193,401
Friends Provident Life and Pensions Ltd	-	91,448	91,448
Zurich Assurance Ltd	-	21,904	21,904
	-	306,753	306,753

AVCs for both Final Salary and Money Purchase members are accounted for in the Money Purchase section as they provide defined contribution benefits to the individuals on whose behalf contributions are paid.

13.7 FAIR VALUE HIERARCHY

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

Level 1	The unadjusted quoted price for an identical asset in an active market
Level 2	Inputs other than the quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable for the asset or liability

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

	Level 1	**Level 2**	**Level 3**	**Total 2020**
	£	**£**	**£**	**£**
Final Salary Section				
Pooled investment vehicles	**-**	**49,785,751**	**-**	**49,785,751**
Money Purchase Section				
Pooled investment vehicles	**-**	**10,414,354**	**-**	**10,414,354**
Insurance policies	**-**	**-**	**212,681**	**212,681**
AVC investments	**-**	**67,719**	**211,683**	**279,402**
Other investment balances	**23**	**-**	**-**	**23**
	23	**10,482,073**	**424,364**	**10,906,460**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.7 FAIR VALUE HIERARCHY (continued)

	Level 1	Level 2	Level 3	Total 2019
	£	£	£	£
Final Salary Section				
Pooled investment vehicles	-	50,125,821	-	50,125,821
Money Purchase Section				
Pooled investment vehicles		11,679,565	-	11,679,565
Insurance policies	-	-	203,945	203,945
AVC investments	-	91,448	215,305	306,753
Cash	89,361	-	-	89,361
	89,361	11,771,013	419,250	12,279,624

13.8 INVESTMENT RISKS

The Plan has exposure to investment risks because of the investments it makes to implement its investment strategy, as described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Plan's exposure to credit and market risks is set out below. This excludes risks applying to annuity insurance policies and AVC investments as these are not considered material.

Final Salary Section

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Plan is exposed to at the year end. These risks are set out by FRS 102 as follows:

Credit risk

FRS 102 defines credit risk as: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Plan is exposed to direct credit risk through the pooled investment vehicles it holds via the Mobius Life platform. It is also exposed to indirect credit risks arising from the underlying financial instruments held by these pooled investment managers.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled managers.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk mitigated by only investing in funds which hold at least investment grade credit rated investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.8 INVESTMENT RISKS (continued)

All funds are unit linked insurance contracts and are categorised as unrated pooled investment vehicles, summarised as follows:

	2020	2019
	£	£
Diversified Growth Funds	**35,173,292**	35,042,128
Bond Funds	**14,612,459**	15,083,693
Unit linked insurance contracts	**49,785,751**	50,125,821

Market risk

FRS 102 defines market risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk:

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Plan is exposed to currency risk as some of the Plan's assets are held in overseas markets through pooled investment vehicles. The exposure to foreign currencies within the pooled investment funds will vary over time as the fund managers change the underlying investments, but it 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 are at the discretion of the fund managers.

All Mobius Life funds are priced in GBP however the underlying portfolio is exposed to foreign exchange risk:

	2020	2019
	£	£
Baillie Gifford Diversified Growth	**16,930,656**	17,887,990
Thread Life Multi Asset	**8,892,388**	10,346,720
Invesco Global Targeted Returns	**9,350,247**	6,807,418
Total	**35,173,291**	35,042,128

ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Plan is exposed to interest rate risk as some assets, held through pooled investment vehicles, are subject to interest rate risk, for the purposes of this report we have included Index linked bonds in this categorisation. The Trustee believes it is appropriate to have exposure to this risk as part of the Plan's overall investment strategy. The following holdings are subject to changes in interest rates:

	2020	2019
	£	£
BMO Real Dynamic LDI	**7,472,894**	8,418,454
BMO Nominal Dynamic LDI	**7,139,565**	6,665,239
Baillie Gifford Diversified Growth	**16,930,657**	17,887,990
Thread Life Multi Asset	**8,892,388**	10,346,720
Invesco Global Targeted Returns	**9,350,247**	6,807,418
Total	**49,785,751**	50,125,821

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.8 INVESTMENT RISKS (continued)

iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency and interest rate risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan is exposed to other price risk in relation to its holdings in assets, through pooled investment vehicles, typically including equities, private equity, hedge funds and property. The Trustee believes that the Plan's assets are adequately diversified between different asset classes and within each asset class to manage this risk. The exposure to other price risk will vary over time depending on how the fund managers change the underlying asset allocations to reflect their market views.

The following holdings are subject to other price risk:

	2020	2019
	£	£
Baillie Gifford Diversified Growth	**16,930,656**	17,887,990
Thread Life Multi Asset	**8,892,388**	10,346,720
Invesco Global Targeted Returns	**9,350,247**	6,807,418
Total	**35,173,291**	35,042,128

Money Purchase Section

The Trustee's objective is to make available to members of the Plan an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their Employer, will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product). The Statement of Investment Principles outlines the investment objectives and strategy for the assets of the Plan.

The Trustee has appointed Legal & General to manage the money purchase assets of the Plan. The risks disclosed here relate to the Plan's investments as a whole. Members are able to choose their own investments from a range of funds offered by the Trustee and therefore may face a different profile of risks from their individual choices compared to the Section as a whole.

The Money Purchase Section is also subject to indirect credit and market risk arising from the underlying investments. The funds which have significant exposure to these risks are set out below:

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Equity funds	✔	✔	-	✔
Bonds	✔	-	✔	-
Property funds	✔	-	✔	✔
Cash	✔	-	✔	-

The value of the above funds has been disclosed within Note 11.4 (Money Purchase Section).

14 TRANSFERS BETWEEN SECTIONS

The transfer between sections arises following the retirement of members who held benefits in both sections. The amount relates to the members' money purchase benefits, including the surrender value of any AVC benefits, which were transferred to the final salary section, for inclusion in the benefits payable by the Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 TAX

The Plan is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from income tax and capital gains tax except for certain withholding taxes relating to overseas investment income. To the Trustee's knowledge there is no reason why such approval should be prejudiced or withdrawn.

16 CURRENT ASSETS

	2020	2019
	£	£
Final Salary Section		
Bank balance	**29,946**	89,135
Contributions due		
- from Employer	**621**	-
- from employees	**79**	-
Other debtors	**124,624**	201,739
	155,270	290,874

	2020	2019
	£	£
Money Purchase Section		
Bank balance	**73,691**	76,367
Contributions due		
- from Employer	**132**	-
- from employees	**44**	-
Due from DB section	**6,188**	-
	80,055	76,367

Included in the bank balance of the Money Purchase Section is £72,330 (2019: £72,309) which is not allocated to members. Final Salary current assets are not allocated to members.

17 CURRENT LIABILITIES

	2020	2019
	£	£
Final Salary Section		
Unpaid benefits	**56,214**	33,826
Accrued investment fees	**18,434**	17,693
Due to DC section	**6,188**	-
	80,836	51,519

	2020	2019
	£	£
Money Purchase		
Unpaid benefits	**12,899**	-
Other creditors	**518**	89,859
	13,417	89,859

Final Salary current liabilities are not allocated to members. All Money Purchase current liabilities are allocated to members.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 EMPLOYER- RELATED INVESTMENTS

There were no Employer related investments during the Plan year within the meaning of Section 40(2) of the Pensions Act 1995 (2019: none).

19 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities as at 5 April 2020 (2019: none).

20 GMP EQUALISATION

As explained on page 5 of the Trustee's Report, on 26 October 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this further. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined.

21 TRANSACTIONS WITH RELATED PARTIES

The cost of Millennium & Copthorne Hotels Limited staff involved in running the Plan is not recharged to the Plan. No refunds have been made to the Principal Employer.

As per the Schedule of Contributions in force during the year, all administrative expenses of the Plan are met by the Principal Employer.

Two Trustee Directors (2019: one) are pensioner members of the Plan and the benefits payable are in line with the Plan Rules and non-Trustee members.

There are no Trustee Directors who are an active member of the Plan (2019: one). Benefits accruing were in line with the Plan Rules and non-Trustee members.

During the year £713 (2019: £587) is to be reimbursed by the Employer to the Trustee Directors for expenses incurred in the provision of Trustee services. In accordance with the Schedule of Contributions in force during the year, all administrative expenses of the Plan are met the by the Principal Employer.

SCHEDULE OF CONTRIBUTIONS

MILLENNIUM AND COPTHORNE PENSION PLAN

This schedule of contributions has been prepared by the trustees, after obtaining the advice of Michael J Lane, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 16 January 2015.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends five years after the date it is certified by the Scheme Actuary.

Defined Benefit Section

Contributions by active members

5% of Pensionable Salaries. Members may also make Additional Voluntary Contributions (AVCs).

These are to be deducted by the employer and paid to the scheme by the 19th day of the month following that in which they are deducted.

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses

39.2% of Pensionable Salaries payable monthly by the 19th of the calendar month following that to which they relate.

Levy payments to the Pension Protection Fund, insurance premiums for death in service benefits as well as management and administration expenses are payable by the employer in addition, as and when they are due.

Contributions by employer in respect of the shortfall in funding

In accordance with the recovery plan following the 5 April 2017 actuarial valuation, the employer will pay a contribution of £280,000 by 31 December 2018.

Additional employer contributions

The employer may pay additional contributions of any amount and at any time to those set out above.

Pensionable Salary

This is defined as "basic salary calculated at 1 April each year".

Defined Contribution Section

Contributions by active members

CATEGORY	RATE
Previous members of the Rank Pension Plan	Can choose to pay 0.0%, 1.0% or 2.0% of Pensionable Salary
All other members	2.0% of Pensionable Salary

Members may also make Additional Voluntary Contributions (AVCs).

Members' contributions are deducted from their earnings each pay period (monthly/fortnightly) and the Employer will pay these contributions to the scheme by the 19th day of the month following that in which they are deducted.

Contributions by the employer in respect of active members

CATEGORY	RATE
Previous members of the Rank Pension Plan	6.0% of Pensionable Salary, plus an additional contribution to match the contribution made by the member
All other members	6.0% of Pensionable Salary

The Employer will pay these contributions to the scheme by the 19th of the calendar month following that to which they relate.

Additional employer contributions

The employer may pay additional contributions of any amount and at any time to those set out above.

Pensionable Salary

This is defined as "basic salary calculated at 1 April each year".

SIGNATURES

This schedule of contributions has been agreed by the trustees

Signed on behalf of Millennium and Copthorne Pension Trustee Limited:

Signature:

Name: Jonathon Grech

Position: Trustee Director

Date: 29 June 2018

This schedule of contributions has been agreed by the employer

Signed on behalf of Millennium and Copthorne Hotels plc:

Signature:

Name: Jennifer Fox

Position: Director

Date: 29 June 2018

This schedule of contributions has been agreed by the trustees after obtaining actuarial advice from me

Signature: MJ Lane

Name: Michael J Lane
Fellow of the Institute and Faculty of Actuaries

Position: Scheme Actuary

Date: 29 June 2018

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

MILLENNIUM AND COPTHORNE PENSION PLAN

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 5 April 2017 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustees on) 29 June 2018.

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 (i.e. signed on behalf of the trustees on) 29 June 2018.

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:	M J Lane	Date:	29 June 2018
Name:	M J Lane	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	JLT Employee Benefits St Botolph Building 138 Houndsditch London EC3A 7AW	Name of employer:	JLT Benefit Solutions Limited

MEMBERS' INFORMATION

INTRODUCTION

The Plan is a mixed benefit scheme and is administered by Mercer Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

Other information

(i) The Trustee is required to provide certain information about the Plan to the Registrar of Pension Schemes. This has been forwarded to The Registrar of Pension Schemes. Due to the coronavirus, you can currently only contact the Pension Tracing Service online or by telephone:

☎ 0800 731 0193
💻 www.gov.uk/find-pension-contact-details

(ii) The Pensions Ombudsman (TPO) deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. Members have the right to refer a complaint to TPO free of charge.

Contact with TPO about a complaint needs to be made within three years of when the event(s) being complained about happened – or, if later, within three years of when a member first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

TPO operates an Early Resolution Service (**ERS**) in addition to its normal Adjudication Service that aims to provide a quick, informal and streamlined process. Any member that elects to use the ERS does not need to follow the Trustee's Internal Dispute Resolution Procedure (**IDRP**). However should any complaint that has gone through the ERS remain unresolved, TPO expects the IDRP to be followed prior to complaint being passed to its Adjudication Service.

The Pensions Ombudsman	✉	enquiries@pensions-ombudsman.org.uk
10 South Colonnade	☎	0800 917 4487
Canary Wharf	💻	www.pensions-ombudsman.org.uk
London		
E14 4PU		

(iii) The Money & Pensions Service (**MaPS**) previously known as the Single Financial Guidance Body is committed to ensuring that people throughout the UK have guidance and access to the information that they need to make effective financial decisions over their lifetime. MaPS brings together three respected providers of financial guidance; Pensions Wise, the Money Advice Service and the Pensions Advisory Service. Further information can be found at www.moneyandpensionsservice.org.uk.

Money and Pensions Service	✉	contact@singlefinancialguidancebody.org.uk
120 Holborn	☎	0115 965 9570
London	💻	www.moneyandpensionsservice.org.uk
EC1N 2TD		

MEMBERS' INFORMATION (CONTINUED)

(iv) The statutory body that regulates occupational pension schemes is The Pensions Regulator (**TPR**). TPR works with pension scheme trustees, scheme managers and employers to help protect workplace pensions but does not deal with queries about individuals' pension benefits.

(v) The Pensions Compensation Scheme was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the Plan's assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.

(vi) The Trust Deed and Rules, the Plan details, a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection free of charge by contacting the Trustee at the address on page 1. Any information relating to the members' own pension position, including estimates of transfer values should also be requested from the Plan Administrators at the address on page 1.

MERCER

Annual Implementation Statement

MILLENNIUM & COPTHORNE DB PENSION PLAN

Introduction:

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 5 April 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in this document sets out how, and the extent to which, the policies in the Defined Benefit ("DB") Section of the SIP have been followed.

Investment Objectives of the Plan:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Plan's DB section are included in the SIP and are as follows:

- To achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.
- To maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

Review of the SIP:

During the year the Trustee reviewed the Plan's SIP. A revised SIP was signed in September 2019 in order reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How the Trustee takes account of financially material considerations, including Environmental, Social and Governance ("ESG") considerations, and explicitly climate change.
- The Trustee's approach to the stewardship of the investments, including engagement with investee firms and the exercise of voting rights.
- The extent to which non-financial matters are taken into account and the approach to the stewardship of investments.

Assessment of how the policies in the SIP have been followed for the year to 5 April 2020

The information provided in the table below highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the DB Section of the Plan.

In the opinion of the Trustee, the SIP has been followed during the year.

	Requirement	Policy	In the year to 5 April 2020
1	Securing compliance with the legal requirements about choosing investments	*The Trustee has obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer Ltd ("Mercer"), whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments.* SIP section 1 *The Trustee has appointed Mercer as the independent investment adviser to the Plan. Mercer provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware.* *The Trustee has appointed JLT IM as investment manager to the Plan.* *The key duty of JLT IM is to select underlying investment managers suitable to each mandate within the Trustee's agreed asset allocation.* *If a manager is significantly downgraded by Mercer's Manager Research Team, JLT IM will replace that manager with a suitable alternative. JLT IM monitors the underlying investment managers to ensure their continuing appropriateness to the mandates given.* SIP section 3.2 and 3.3	No new investments were implemented over the period to 5 April 2020.

2	Kind of investments to be held	*The Trustee has determined the investment strategy after considering the Plan's liability profile and requirements of the Statutory Funding Objective, the Trustee's own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.* *The Trustee recognises the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. Where it considers it advisable to do so, the Trustee has appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustee to commit the resources necessary to make these decisions itself.* SIP section 4.1 *The use of derivatives is permitted by the guidelines that apply to the pooled funds.* SIP section 4.3	The basis of the Trustee's strategy is to divide the Plan's assets between a "growth" portfolio, comprising assets such as diversified growth funds (DGFs), equities and property, and a "stabilising" portfolio, comprising assets such as bonds and liability driven investments ("LDI"). The Trustee is comfortable that the Plan's assets were invested in in line with its policies during the year.
3	The balance between different kind of investments	The Trustee has established a strategic investment *benchmark* for the Plan, taking into account the potential risks outlined in the SIP. The Trustee has adopted an investment strategy with a 70% allocation to Growth Assets ("DGFs" and Multi-Asset funds) and a 30% allocation to Stabilising Assets (liability driven investments). SIP Appendix 1	From time to time, the Plan's investment manager will rebalance the Plan's assets back to the central benchmark should they significantly stray from the defined benchmark allocation. Investment/ disinvestment requests are used to help keep the asset allocation within the defined allocation. The Trustee is comfortable that the strategic allocation remained appropriate during the year under review.

4	Risks including the ways in which risks are to be measured and managed	*The Trustee recognises a number of risks involved in the investment of the Plan. The Trustee has considered risks which it believes may be financially material to the Plan over its anticipated lifetime.* These considerations are taken into account in the selection, retention and realisation of investments. SIP section 5.0	As detailed in the SIP, the Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes.
5	Expected return on investments	*The Trustee's primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.* SIP section 2.0	The investment performance report is reviewed by the Trustee on a quarterly basis, and includes information on how each pooled fund is performing relative to its respective benchmark. No actions were taken by the Trustee during the year in respect of investment manager appointments.
6	Realisation of investments	*In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustee has decided on a structured approach to rebalance the assets in accordance with its overall strategy* SIP section 4.1 *JLT IM, on behalf of the Trustee, will take ESG considerations into account in the selection, retention and realisation of investments for the Plan.* SIP section 4.4 *Where possible, cash outflows will be met from cash balances held by the Plan and from income from the Plan's investments in order to minimise transaction costs.* SIP Appendix 2	Contributions and disinvestments of monies to meet cash flow requirements during the year were undertaken in line with the Trustee's cash flow management and rebalancing policy.

7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*The Trustee has prioritised assets which provide protection against movements in the Plan's liability value and also assets which provide diversification across a wide range of investment markets. The Trustee considers the financially significant benefits of these factors to be paramount.* *The Trustee understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate investment and funding time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors (including but not limited to climate change).* *The Plan's assets are invested in pooled funds. The Trustee accepts the fact that it has very limited influence over the ESG policies and practices of the companies in which its managers invest. The Trustee will therefore rely on the policies and judgement of its investment managers and the Trustee will review those policies with the assistance of Mercer (the Trustee's investment adviser) annually at its quarterly trustee meetings.* SIP section 4.4	The investment performance reports are reviewed by the Trustee on a quarterly basis – these includes research ratings from the investment adviser. The Trustee is comfortable with the research ratings applied to the funds, and continues to closely monitor these ratings and any significant developments at the investment manager. The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in order to monitor ESG related risks and opportunities. In order to establish these beliefs and produce this policy, the Trustee considered its beliefs during the year under review with a view to undertaking further training on responsible investment in due course. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*The Trustee has determined that the financial interests of the Plan members are its foremost priority when choosing investments.* *The Trustee only considers factors that are expected to have a financial impact on the Plan's investments. Non-financial matters are not taken into account in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Plan.* SIP section 4.3	Member views are not explicitly taken into consideration.
9	The exercise of the rights (including voting rights) attaching to the investments	*In relation to the exercise of the rights (including voting rights) attaching to the investments, the Trustee has delegated the decision on how to exercise voting rights to its investment managers. This includes decisions around the selection, retention and realisation of investments within their mandates. The Trustee expects the investment managers to exercise these rights in accordance with their respective published corporate governance policies. This applies to both equity and debt investments, as appropriate, and covers a range of matters including the issuers' performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.* SIP section 4.4	The Trustee has delegated the exercise of voting rights to the Plan's investment managers. As such, this activity is expected to be undertaken on behalf of the Trustee. The Trustee does not use the direct services of a proxy voter, however the investment managers may enlist the service of a proxy voted when required. The Trustee has equity exposure through the following funds; • Baillie Gifford Diversified Growth Fund • Invesco Perpetual Global Targeted Returns Pension Fund • Columbia Threadneedle Multi-Asset Fund Over the prior 12 months, the key voting activity on behalf of the Trustee is as follows:

			Baillie Gifford Diversified Growth Fund While Baillie Gifford is cognisant of proxy advisors' voting recommendations (Institutional Shareholder Services and Glass Lewis), the firm does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on clients' shares. All client voting decisions are made in-house and in line with in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information. Potential significant voting situations are set out below: - Baillie Gifford's holding had a material impact on the outcome of the meeting; - The resolution received 20% or more opposition and Baillie Gifford opposed; - Egregious remuneration; - Controversial equity issuance; - Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders; - Where there has been a significant audit failing; - Where Baillie Gifford has opposed mergers and acquisitions; - Where Baillie Gifford has opposed the financial statements/annual report; - Where Baillie Gifford has opposed the election of directors and executives. There were 103 votable meetings over the year, of which Baillie Gifford voted in c. 93% of these meetings on behalf of the Trustee. In these meetings, there were a total of 936 votable proposals. There has been 103 votable meetings with 936 votable proposals over the year. Baillie Gifford participated in the vote of over 93% of votable proposals. In 93% of these votes, Baillie Gifford indicated their support to the companies' management proposals, while voting against around 5% of the time, and abstaining from voting in less than 2% of the proposals. Examples of Baillie Gifford's significant votes that occurred during the year under review is set out below:

			ADO Properties **Date of Vote:** 20 June 2019 **Summary of the resolution:** Elect Director(s) **Voting decision:** Against **Rationale for voting decision** At the meeting, Baillie Gifford believed the composition of the Board gives ADO Group and certain of its shareholders excessive influence and control. As such, Baillie Gifford opposed the election of a non-independent director, advised the company of its decision and requested that the company increase the independence of the board going forward. Covivio REIT **Date of Vote:** 17 April 2019 **Summary of the resolution:** Employee Equity Plan **Voting decision:** Against **Rationale for voting decision** Following the AGM in 2019, Baillie Gifford informed the company of its voting decision and advised that the firm expects more stretching performance criteria to apply to long term incentives going forward. They have yet to see improvements in the targets so they will continue dialogue with the company and to take appropriate voting action. **Invesco Perpetual Global Targeted Returns Pension Fund** Invesco's portfolio managers review voting items based on their individual merits and retain full discretion on vote execution conducted through Invesco's proprietary proxy voting platform. Invesco may supplement its internal research with information from third-parties, such as proxy advisory firms. Globally Invesco leverages research from Institutional Shareholder Services ("ISS") and Glass Lewis ("GL") and for UK securities the Henley Investment centre leverages research from the Investment Association (IVIS). Invesco also retains ISS to assist with receipt of proxy ballots and vote execution as well as ISS vote disclosure services in the UK and Europe. Invesco defines significant votes situation where:

			- Invesco has security ownership above 1% and proposal includes a key ESG proposal - Invesco has security ownership above 1% and proposal is part of its ESG watchlist Invesco did not attend any meetings in person on behalf of the Plan over the 12 months period. Invesco participated in the vote for 4,637 of the 4,650 votable proposals. Invesco indicated their support to the companies' management on 4,275 of these votable proposals, while voting against management 333 times and abstaining on 29 proposals. **Columbia Threadneedle Multi-Asset Fund** Columbia Threadneedle aims to exercise all voting rights for which they are responsible in the best interests of its clients and in keeping with the mandates they manage. Although Columbia Threadneedle subscribe to proxy advisors' research (such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research), votes are determined under its own custom voting policy which is regularly updated. The RI team assesses the application of the policy and makes final voting decisions in collaboration with the firm's portfolio managers and analysts. Votes are cast identically across all mandates for which Columbia Threadneedle has voting authority. All its voting decisions are available for inspection on their website seven days after each company meeting. Proxy voting is effected via ISS. Columbia Threadneedle defines significant vote as any dissenting vote i.e. where a vote is cast against (or where they abstain/withhold from voting) a management-tabled proposal, or where the firm supports a shareholder-tabled proposal not endorsed by management. Columbia Threadneedle reports annually on the reasons for applying dissenting votes via its website There were 619 votable meetings over the year. In these meetings, there were a total of 7,333 votable proposals out of which Columbia Threadneedle participated in the vote of 99% of the proposals. In around 85% of these votes, Columbia Threadneedle indicated their support to the companies' management proposal, while voting against management around 8% of the time and abstaining from voting on around 6% of the proposals.

			Columbia Threadneedle disclosed details of two significant votes that occurred during the year under review: Adobe Inc. **Date of Vote:** 11 April 2019 **Summary of the resolution:** Shareholder resolution: report on gender pay gap **Voting decision:** For **Rationale for voting decision** Columbia Threadneedle voted in favour of this resolution as it encourages the company to increase disclosure of material, decision-useful data. This is in line with the firm's view that active stewardship (engagement and voting) continues to form an integral part of its research and investment process. Northrop Grumman Corporation **Date of Vote:** 15 May 2019 **Summary of the resolution:** Shareholder proposal: require independent board chairman **Voting decision:** For **Rationale for voting decision** Columbia Threadneedle voted for this proposal, as it improves corporate governance practices in the interests of shareholders. **BMO – Real & Dynamic LDI Funds** BMO did not provide voting activity details as these are LDI portfolios for which voting activity is not relevant. During the year under review, the Trustee did not actively challenge the investment manager on its voting activity.

10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustee would monitor and engage with relevant persons about relevant matters)	*The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that the investment managers are best placed to engage with investee companies on their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.* *The Trustee has delegated to JLT IM and Mercer, under the terms of their engagements, the monitoring of the performance, strategy, risks, ESG policies and corporate governance of the investment managers on behalf of the Trustee. The Trustee expects and encourages JLT IM and Mercer to exercise these rights and undertake monitoring and engagement. JLT IM and Mercer will update the Trustee periodically on the activities undertaken in this regard. If the Trustee has any concerns, it will raise them with JLT IM or Mercer, verbally or in writing.* SIP section 4.4	As the Plan invests solely in pooled funds, the Trustee requires its investment manager to engage with the investee companies on its behalf. The Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its investment manager to discharge its responsibilities in respect of investee companies in accordance with relevant legislation and codes. The Trustee has given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will review the investment managers' policies and engagement activities (where applicable) on an annual basis. The Trustee received details of relevant engagement activity for the year to 5 April 2020 from each of the Plan's investment managers, covering a wide range of different issues, including ESG factors. Examples of this are given below: • **Baillie Gifford** engaged with management of companies to discuss their record and policies on governance, sustainability, environmental impacts, board structure and remuneration policies. • **Invesco** engaged with companies on ESG issues centered on sustainability, climate change, executive remuneration, business ethics and corporate governance concerns. • **Columbia Threadneedle** engaged with companies on a number of issues, including environment sustainability, climate change, corporate governance, business ethics, executive remuneration policies and labour rights • **BMO** contribute to standard-setting in public policy, where they seek to be a constructive investor voice. They provide consultations on responsible investment policies, codes and regulations, work with global stock exchanges on listing standards and advocate policies that raise the bar for the management of ESG risks faced by companies in which they invest.

MERCER

Annual Implementation Statement

MILLENNIUM & COPTHORNE DC PENSION PLAN

Introduction:

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 5 April 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in the document sets out the how, and the extent to which, the policies in the Millennium & Copthorne DC Pension Plan ("the Plan") SIP have been followed.

Investment Objectives of the Plan:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Plan included in the SIP are as follows:

- The Trustee's main objective is to provide members with an investment strategy aligned to the needs of its members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.
- The Trustee is mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.
- The Trustee will review the investment approach from time to time, and make changes as and when it is considered appropriate. The fund range and default investment strategy are reviewed on at least a triennial basis.

Review of the SIP:

During the year the Trustee reviewed the Plan's SIP. A revised SIP was signed on 30 September 2019 in order to reflect new requirements under the Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018 relating to the following points:

- How the Trustee takes account of financially material considerations, including Environmental, Social and Governance ("ESG") considerations, and explicitly climate change.
- The approach to the stewardship of the investments, including engagement with investee firms and the exercise of voting rights.
- The extent to which non-financial matters are taken into account.

Assessment of how the policies in the SIP have been followed for the year to 5 April 2020

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Plan as a whole and the default investment arrangement. The SIP is attached as an Appendix and sets out the policies referenced below.

	Requirement	Policy	In the year to 5 April 2020
1	Securing compliance with the legal requirements about choosing investments	*The Trustee obtains advice from its investment adviser, who can provide expert advice enabling the Trustee to choose investment vehicles that can fulfil the Plan's investment objectives. In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.*	The Trustee received formal Section 36 advice from its investment adviser on 16 January 2020 regarding changes to the Plan's AVC assets following the closure of Equitable Life with the assets being transferred to Utmost Life and Pensions Limited. No other new investments were implemented over the period covered by this statement.
2	Kinds of investments to be held	*The Trustee is permitted to invest across a wide range of asset classes both active and passive. All of the funds in which the Plan invests are pooled and unitised.* *The Trustee has made available a range of individual self-select fund options in addition to the default investment strategy. A range of asset classes has been made available, including: equities, money market investments, property and corporate bonds.*	The default investment option was subject to its formal triennial review which was concluded on 12 October 2018. Although this review was not undertaken during this year, it represents an important exercise for the Trustee that covers the majority of the investment policies the Trustee has in place. The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. The new default strategy will replace the L&G Global Equity Fixed Weights 60:40 Index Fund allocation with the L&G Diversified Fund, a diversified growth fund ("DGF"). The reason for this is that the DGF has significantly lower risk than the L&G Global Equity 60:40 Index Fund and invests in a diverse basket of asset classes including equities, corporate bonds, government bonds, and alternatives. The L&G Cash Fund used in the default strategy will also be replaced with the L&G Sterling Liquidity Fund as it is more diversified and holds longer term underlying assets (up to 1 year instead of 30 days), offering higher interest rates to compensate holding these longer term deposits. The default arrangement will continue to target annuities and cash given the existence of a Defined Benefit underpin and the new strategy will be in place by November 2020. The SIP will be amended to reflect these changes once they have been implemented.

			As part of the triennial review, the Trustee also undertook a review of the self-select fund range. In order to increase member choice, the Trustee added a DGF, emerging market equity fund, and a more diverse global equity fund. The details of the types of investment referenced in the SIP remains consistent with the fund range offered to members.
3	The balance between different kinds of investments	*When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance.* *Within the default option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default option.*	The asset allocation of the default investment strategy is reviewed on a triennial basis. The last review concluded on 12 October 2018. The new default investment strategy was deemed appropriate to meet the stated aims and objectives of the default strategy. The Trustee's objective is to optimise the return on investments at an acceptable level of risk in order to build up a savings pot that will be used in retirement. A review of the Plan's self-select investment options also formed part of the triennial investment review, which resulted in new funds being added (expected by November 2020) to the self-select fund range. The Trustee concluded that the self-select fund range provides members with a suitable range of asset classes. The Trustee receives quarterly investment performance reports, which monitor the return of both the default investment strategy and self-select funds.
4	Risks, including the ways in which risks are to be measured and managed	*The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment strategy.*	As detailed in the risk section of the SIP (section 6), the Trustee considers both quantitative and qualitative measures for these risks as well as how best to manage the various risks facing DC members. The Trustee provides a range of investment options which enable members to reflect in their selection of funds the level of risk they wish to take in light of their own individual circumstances. The Plan maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.

5	Expected return on investments	*The funds available are expected to provide an investment return commensurate with the level of risk being taken.* *In designing the default investment option, the Trustee has explicitly considered the trade-off between risk and expected returns.*	The investment performance report is reviewed by the Trustee on a quarterly basis – this includes the return characteristics of the default and additional investment fund choices. The investment performance report includes how each investment manager is delivering against their specific benchmarks.
6	Realisation of investments	*The Trustee's administrators will realise assets following member requests on retirement or earlier where required.* *The Trustee considers the liquidity of the investment in the context of the likely needs of members.*	The Trustee receives administration reports on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair Statement, the Trustee is satisfied that all requirements were met throughout the year and 76% of SLAs were met as at 5 April 2020. All funds are daily dealt pooled investment vehicles.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.* *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	The investment performance report is reviewed by the Trustee on a quarterly basis. This includes the fund ratings from the investment consultant. All of the managers remained generally highly rated during the year. The Environmental, Social and Governance ('ESG') ratings are also reviewed at least annually and are included in the annual value for members assessment. Where managers are not highly rated from an ESG perspective the Trustee continues to monitor them. When implementing a new manager the Trustee considers the ESG rating of the manager. The Plan's SIP includes the Trustee's policy on ESG, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*Non-financial matters, such as member views, are not taken into consideration.*	No proof required.
9	The exercise of the rights (including voting rights) attaching to the investments	*Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	The Trustee has delegated the exercise of voting rights to the underlying investment managers, on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Trustee expects the investment managers to have produced written guidelines of their process and practice in regard to the LGIM Global Equity and LGIM Ethical UK Equity Funds. Over the last 12 months, the voting activity on behalf of the Trustee is as follows: **LGIM – Various Passive Mandates** In 2019, LGIM engaged with 493 companies, voted on 50,900 resolutions, opposed the election of more than 4,000 company directors globally and opposed 35% of pay packages globally. They also co-filed their first shareholder resolution, which led to oil major BP adopting industry- leading climate Targets. Furthermore, they took sanctions again 11 companies named as laggards under our Climate Impact Pledge. LGIM also opposed 15% of director-related shareholder resolutions globally over concerns over the suitability of directors. Over the period of this statement, the Trustee has not actively challenged managers on voting activity.

10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	*Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.* *Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.*	As the Plan invests solely in pooled funds, the Trustee requires its investment manager to engage with the investee companies on its behalf. The Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes. The Trustee requested that L&G confirm compliance with the principles of the UK Stewardship Code. They confirmed that they are signatories of the current UK Stewardship Code and plan to submit the required reporting to the Financial Reporting Council by 31 March 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2020. Over the year to date, the Trustee did not consider the voting activity in detail but will do so going forwards. It is working with its advisers to be able to report this in a more meaningful way in the next Implementation Statement.

LGIM use ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM who do not outsource any part of the strategic decisions. Additionally, being seen to identify, manage and mitigate both actual and perceived conflicts is essential to LGIM's activities, so that clients understand their interests are always put first. The management of conflicts is important in building long-term relationships with the companies in which they invest, as in order to drive change and have an impact on the market they need to be seen as a trusted, fair and transparent investor. It is therefore important for LGIM to have a robust conflicts of interest policy in place.

Their direct engagement with companies is a way they seek to identify ESG risks and opportunities. On-going dialogue with companies is a fundamental aspect of LGIM's responsible investment commitment. LGIM aims to raise the performance of the whole market through our ESG capability and engagement of companies globally. LGIM tackle difficult and inter-connected ESG issues that materially impact the value of our clients' assets. Regular monitoring of companies assists us in identifying change. In the case of unsuccessful engagements, the team will assess where problems arose and what new approach can be employed. As a large and long-term investor, LGIM can maintain the pressure on companies over many years, and apply a multi-layered escalation strategy. Progress on engagement activity is peer reviewed at weekly team meetings and monthly individual meetings with the Director of Corporate Governance. The regular review process ensures engagement is progressing as expected or requires escalation. The voting process we have established works alongside this engagement process, as voting action is taken where engagement does not produce satisfactory results, and the results are publicly disclosed.

LGIM defines significant voting as:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

MILLENNIUM & COPTHORNE DB PENSION PLAN
STATEMENT OF INVESTMENT PRINCIPLES – 2020 EDITION

SEPTEMBER 2020

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1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustee of the Millennium & Copthorne Pension Plan ("the Plan") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Plan and the activities undertaken by the Trustee to ensure the effective implementation of these principles.

In preparing the Statement, the Trustee has:

- obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer Ltd ("Mercer"), whom it believes to have a degree of knowledge and experience that is appropriate for the management of its investments; and
- consulted with the Sponsoring Employer, although it affirms that no aspect of its strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustee's investment policy for the Plan.

The Trustee will review the Statement formally at least every three years to coincide with the triennial Actuarial Valuation or other actuarial advice relating to the statutory funding requirements. Furthermore, the Trustee will review the Statement without delay after any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Sponsoring Employer.

2 INVESTMENT OBJECTIVES

The Trustee's primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

The Trustee has also received confirmation from the Scheme Actuary during the process of revising the investment strategy that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

3 INVESTMENT RESPONSIBILITIES

3.1 TRUSTEE'S DUTIES AND RESPONSIBILITIES

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives. It carries out its duties and fulfils its responsibilities as a single body.

The duties and responsibilities of the Trustee includes, but are not limited to, the following tasks and activities:

- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment adviser
- The assessment and review of the performance of each investment manager
- The setting and review of the investment parameters within which the investment managers can operate
- The assessment of the risks assumed by the Plan at total Plan level and manager by manager
- The approval and review of the asset allocation benchmark for the Plan
- The compliance of the investment arrangements with the principles set out in the Statement

3.2 INVESTMENT ADVISER'S DUTIES AND RESPONSIBILITIES

The Trustee has appointed Mercer as the independent investment adviser to the Plan. Mercer provides advice as and when the Trustee requires it, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which Mercer expects to provide advice to the Trustee include the following:

- Setting of investment objectives
- Determining investment strategy and asset allocation
- Determining an appropriate investment structure
- Liaising with JLT Investment Management ("JLT IM") to determine funds and investment managers that are suitable to meet the Trustee's objectives
- Setting cashflow management (investment and withdrawal) policies (see Appendix 2)

The Trustee may seek advice from Mercer with regard to both strategic and tactical investment decisions (see Section 4 - Investment Strategy); however, it recognises that it retains responsibility for all such decisions, including those that concern investments and disinvestments relating to cashflows (see Appendix 2). Mercer may be proactive in advising the Trustee regarding tactical investment decisions; however, there is no responsibility placed on Mercer to be proactive in all circumstances.

The Trustee monitors the performance of the Plan's investment managers against their benchmarks.

Section 3.3 describes the responsibilities of JLT IM as investment manager to the Plan.

Mercer makes a fund-based charge. This charge covers the services of both JLT IM and Mercer as specified within the Investment Management Agreement ("IMA") and the Implemented Investment Consultancy Services Agreement ("ICA").Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

In particular, Mercer does not receive commission or any other payments in respect of the Plan that might affect the impartiality of their advice, and as noted below, any discounts negotiated by JLT IM with the underlying managers and these discounts are passed on in full to the Plan.

The Trustee is satisfied that this is the most appropriate adviser remuneration structure for the Plan.

Mercer is authorised and regulated by the Financial Conduct Authority ("FCA").

3.3 INVESTMENT MANAGERS' DUTIES AND RESPONSIBILITIES

The Trustee is a long term investor and does not look to change the investment arrangements on a frequent basis.

The Trustee, after considering appropriate investment advice, has appointed JLT IM as investment manager to the Plan.

The key duty of JLT IM is to select investment managers suitable to each mandate within the Trustee's agreed asset allocation.

Investment managers are selected by JLT IM based on their capabilities and, therefore, their perceived likelihood of achieving the expect return and risk characteristics required for the asset class being selected.

JLT IM will only invest in pooled investment vehicles. The Trustee therefore cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

If a manager is significantly downgraded by Mercer's Manager Research Team, JLT IM will replace that manager with a suitable alternative.

JLT IM is also responsible for appointing a suitable Platform provider, which will provide the infrastructure to support the Plan's investments and host the underlying investment managers' funds. The current Platform provider is Mobius Life Limited, whose appointment forgoes the need for a Custodian, Mobius Life Limited is authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and PRA.

JLT IM will also manage the asset allocation to ensure it is in line with the allocation defined in the IMA, and its tolerances, which will be dependent on the required rate of return.

JLT IM will monitor the underlying investment managers to ensure their continuing appropriateness to the mandates given.

The details of investment managers selected by JLT IM are set out in Appendix 3, together with the details of each manager's mandate.

In particular, the underlying investment managers are responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage.

In the case of multi-asset mandates, the underlying investment managers are responsible for all decisions concerning the allocation to individual asset classes and changes in the allocations to individual asset classes.

All of the investment managers selected by JLT IM will be authorised and regulated by the PRA, the FCA or both.

Incentivising investment managers

The Trustee, with the assistance of JLT IM, incentivises its underlying investment managers to align their investment strategies with the Trustee's policies mentioned in this SIP.

The fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the Trustee's policies.

The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Plan. Where possible, discounts have been negotiated by JLT IM with the underlying managers on their standard charges and the Plan benefits directly from these discounts.

None of the underlying managers in which the Plan's assets are invested have performance-based fees which could encourage the manager to make short term investment decisions to hit their targets.

The Trustee therefore considers the method of remunerating fund managers to be consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee cannot influence the charging structure of the pooled funds in which the Plan is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustee is therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee's policies as set out in this SIP.

JLT IM makes a fund-based charge for the services it provides. This charge is specified in the contractual agreement between the Trustee and JLT IM.

JLT IM does not receive commission or any other payments in respect of the Scheme that might affect the impartiality of its actions and any discounts negotiated by JLT IM with the underlying managers are passed on in full to the Plan.

JLT IM is authorised and regulated by the FCA.

The Trustee believes that this is the most appropriate basis for remunerating managers and is consistent with the Trustee's policies as set out in this SIP.

Assessing medium-to-long term performance of investments

Performance in the medium to long term can be improved where investment managers (i) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and (ii) engage with issuers of debt or equity.

The Trustee, with the assistance of Mercer and JLT IM, monitors how the underlying investment managers make decisions based on the long-term sustainability of investee companies, their own ESG policies and their approach to climate related risks and disclosures. Where the Trustee has concerns, it will raise these will the investment manager.

Duration of arrangements with investment managers

The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis; therefore, there is no set duration for the manager appointments. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager
- The manager appointment has been reviewed and the Trustees have decided to terminate.

3.4 SUMMARY OF RESPONSIBILITIES

A summary of the responsibilities of all relevant parties, including the Plan Actuary and the Plan administrators, so far as they relate to the Plan's investments, is set out at Appendix 4.

4 INVESTMENT STRATEGY

4.1 SETTING INVESTMENT STRATEGY

The Trustee has determined the investment strategy after considering the Plan's liability profile and requirements of the Statutory Funding Objective, the Trustee's own appetite for risk, the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee has also received written advice from its Investment Adviser.

The basis of the Trustee's strategy is to divide the Plan's assets between a "growth" portfolio, comprising assets such as diversified growth funds (DGFs), equities and property, and a "stabilising" portfolio, comprising assets such as bonds and liability driven investments ("LDI"). The growth/stabilising allocation is set with regard to the overall expected return objective of the Plan's assets, which is determined by the funding objective and current funding level, as well as the Trustee's and Sponsoring Employer's risk tolerance. The Trustee regards the basic distribution of the assets to be appropriate for the Plan's objectives and liability profile. The strategic asset allocation and guideline ranges around it are set out in Appendix 1.

The Trustee has established a benchmark allocation to each asset class within each strategic asset allocation, which is set out in Appendix 1.

The Trustee recognises the benefits of diversification across growth asset classes, as well as within them, in reducing the risk that results from investing in any one particular market. Where it considers it advisable to do so, the Trustee has appointed investment managers to select and manage the allocations across growth asset classes, in particular where it would not be practical (or appropriate) for the Trustee to commit the resources necessary to make these decisions themselves.

In respect of the investment of contributions and any disinvestments to meet member benefit payments, the Trustee has decided on a structured approach to rebalance the assets in accordance with its overall strategy. This approach is set out in Appendix 2.

4.2 INVESTMENT DECISIONS

The Trustee distinguishes between three types of investment decision: strategic, tactical and stock-level.

Strategic Investment Decisions

These decisions are long-term in nature and are driven by an understanding of the objectives, needs and liabilities of the Plan.

The Trustee takes all such decisions themselves. The Trustee does so after receiving written advice from its investment adviser and consulting with the Sponsoring Employer. Examples of such decisions and of tasks relating to the implementation of these decisions include the following:

- Setting investment objectives
- Determining the split between the growth and the stabilising portfolios
- Determining the allocation to asset classes within the growth and stabilising portfolios
- Determining the Plan benchmark
- Reviewing the investment objectives and strategic asset allocation

Tactical Investment Decisions

These decisions are short-term and based on expectations of near-term market movements. Such decisions may involve deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market or asset class.

These decisions are the responsibility of the Trustee. However, where such decisions are made within a pooled fund, they are the responsibility of the investment manager of the fund.

Stock Selection Decisions

All such decisions are the responsibility of the investment managers of the pooled funds in which the Plan is invested.

1.1. TYPES OF INVESTMENTS TO BE HELD

The Trustee is permitted to invest across a wide range of asset classes, including, but not limited to, the following:

- UK and overseas equities
- UK and overseas government bonds, fixed and inflation-linked
- UK and overseas corporate bonds
- Convertible bonds
- Property
- Commodities
- Hedge Funds
- Private equity
- High yield bonds
- Emerging Market debt
- Diversified growth
- Liability driven investment products
- Cash

All the funds in which the Plan invests are pooled and unitised. The use of derivatives is permitted by the guidelines that apply to the pooled funds. Details relating to the pooled funds can be found in Appendix 3.

4.3 FINANCIALLY MATERIAL CONSIDERATIONS

In setting the investment strategy, this Trustee has prioritised assets which provide protection against movements in the Plan's liability value and also assets which provide diversification across a wide range of investment markets. The Trustee considers the financially significant benefits of these factors to be paramount.

However, the Trustee understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate investment and funding time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors (including but not limited to climate change).

The Trustee recognises that ESG factors, including climate change, can influence the investment performance of the Plan's portfolio and it is therefore in members' and the Plan's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as well as possible.

The Plan's assets are invested in pooled funds. The Trustee accepts the fact that it has very limited influence over the ESG policies and practices of the companies in which its managers invest. The Trustee will therefore rely on the policies and judgement of its investment managers and the Trustee will review those policies with the assistance of Mercer (the Trustee's investment adviser) annually at its quarterly trustee meetings.

JLT IM, on behalf of the Trustee, will take ESG considerations into account in the selection, retention and realisation of investments for the Plan. The Trustee understands that, when selecting, monitoring and realising investments, JLT IM reviews how managers integrate ESG risks into their investing decision making, their engagement with ESG, the diversity of the manager's team, how transparent the manager is, and their alignment with other investment managers researched, along with reviewing the specific manager's voting policies and documented policies.

4.3 NON-FINANCIAL CONSIDERATIONS

The Trustee has determined that the financial interests of the Plan members are its foremost priority when choosing investments.

The Trustee only considers factors that are expected to have a financial impact on the Plan's investments. Non-financial matters are not taken into account in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Plan.

4.4 CORPORATE GOVERNANCE, VOTING POLICY AND STEWARDSHIP

Stewardship and Voting

The Trustee (or agents on its behalf) exercises its ownership rights, including voting and engagement with investee companies on matters including performance, strategy, risks, social and environmental impact and corporate governance, in order to safeguard sustainable returns in the long-term.

In relation to the exercise of the rights (including voting rights) attaching to the investments, the Trustee has delegated the decision on how to exercise voting rights to its investment managers. This includes decisions around the selection, retention and realisation of investments within their mandates. The Trustee expects the investment managers to exercise these rights in accordance with their respective published corporate governance policies. This applies to both equity and debt investments, as appropriate, and covers a range of matters including the issuers' performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. These policies, which are available to the Trustee on request, take into account the financial interests of shareholders and should be for the Plan's benefit.

The Trustee will consider ESG factors as part of the selection of any new investment based on information and advice provided by their investment advisors. The relative importance of these factors compared to other factors will depend on the asset class being considered. Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee (having sought advice) will exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's membership.

Engagement

The Investment Regulations require the Trustee to set out how they undertake engagement activities in respect of their investments, including how they monitor and engage "relevant persons" (i.e. including (but not limited to) an issuer of debt or equity, an investment manager, another stakeholder or another holder of debt or equity)) about "relevant matters" (i.e. including (but not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risk, social and environmental impact and corporate governance).

The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that the investment managers are best placed to engage with investee companies on their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee has delegated to JLT IM and Mercer, under the terms of their engagements, the monitoring of the performance, strategy, risks, ESG policies and corporate governance of the investment managers on behalf of the Trustee. The Trustee expects and encourages JLT IM and Mercer to exercise these rights and undertake monitoring and engagement. JLT IM and Mercer will update the Trustee periodically on the activities undertaken in this regard. If the Trustee has any concerns, it will raise them with JLT IM or Mercer, verbally or in writing.

5 RISK

The Trustee is aware, and seeks to take account of a number of risks in relation to the Plan's investments, including the following:

Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. These are set out below.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a Plan-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing JLT IM to monitor and replace any managers where concerns exist over their continued ability to deliver the investment mandate.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Plan over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Plan's assets are invested in pooled funds which are readily realisable.

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Corporate Governance Risk

- This is assessed by reviewing the Plan's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustee from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Plan's advantage.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Plan and to make good any current or future deficit.
- It is managed by assessing the interaction between the Plan and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor. Regular updates on employer covenant are provided to the Trustee by senior staff of the sponsor.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This 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.
- The Trustee acknowledges that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustee will however ensure that it are comfortable with the amount of risk that the Plan's investment manager takes.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension Plan, the Plan may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.

Interest rate risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustee acknowledges that the interest rate risk related to individual debt instruments, and particularly liability driven instruments (LDI), is managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

Other Price risk

- This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.
- The Trustee acknowledges that a Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.

ESG risk

- This is the risk that ESG concerns, including climate change, have a financially material impact on the return on the Plan's assets.
- The Trustee manages this risk by investing in well-respected investment managers where ESG principles are appropriately included in the investment decision making process.
- The Trustee is aware that Responsible Investing is one of the core beliefs of JLT IM and the Investment Advisor. As a result, part of the rating process of the Investment Adviser and decision-making process of the Investment Manager in relation to the underlying investment managers is based on its financial stewardship and how well the investment manager integrated governance and sustainability into its investment process.

6 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 INVESTMENT ADVISER

The Trustee continually assesses and reviews the performance of its adviser in a qualitative way. The Trustee reviews the performance of its investment adviser at least every three years.

6.2 INVESTMENT MANAGERS

The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from Mercer. These reports present performance information over 3 months, 1 year and 3 years. The reports show the absolute performance, and the performance of the funds relative to the manager's stated target (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance. The reporting reviews the performance of the Plan's individual funds against their benchmarks, of the Plan's assets in aggregate against the Plan's strategic benchmark and also of the development of the Plan's assets relative to its liabilities.

The Trustee carries out formal reviews of each of the Plan's investment managers and JLT IM [annually].

As well as assessing investment returns, the Trustee will consider a range of other factors, with the assistance of their investment consultant, when assessing the performance of investment managers, which may include:

- How well the investment manager is aligned with the SIP and the Trustee's investment policies;
- Personnel and business change;
- Portfolio characteristics (including risk and compatibility with objectives) and turnover;
- Voting and engagement;
- The quality of the service provided by the investment manager, including the quality of reporting and climate-related disclosure to the Trustee; and
- The investment consultant's assessment of ongoing prospects based on the research ratings.

Any investment manager which is considered to be performing poorly may be required to account for their performance, and exceptionally the mandate may be terminated.

6.3 PORTFOLIO TURNOVER COSTS

The Trustee does not currently monitor portfolio turnover costs for the funds in which the Plan is invested, although notes that the performance monitoring which it receives is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustee is also aware of the requirement to define and monitor targeted portfolio turnover and turnover range. Targeted portfolio turnover is the frequency within which the assets of the Plan are expected to be bought and sold. Turnover range is the minimum and maximum frequency within which the assets of the Plan are expected to be brought or sold.

Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Plan.

The investment managers are expected to report on the turnover of their portfolios at least annually. The Trustee reviews this information and, with the help of its investment advisor, compares the turnover of the manager portfolios with the different market norms and expectations that apply to the various types of strategies in which it invests.

7 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

It is the view of the Trustee that the AVC facilities available to members should include access to the following types of investment strategy.

- An asset mix which allows members to obtain access to real returns which will offset the adverse effects of inflation. This is achieved through a high exposure to equities, and is particularly appropriate for young members, whose long-term perspective allows for acceptance of volatility in relation to investment returns (e.g. changes in market values, or variations in rates of bonus declarations) over the period of investment.
- A suitably diversified asset mix to protect members from poor investment returns from any one particular asset category.
- A fund with capital guarantees, to enable members to protect their AVCs from downside volatility, for example in the years immediately prior to expected retirement.
- A fund whose value is expected to vary with the price of annuities, for members who wish to protect the annuity purchasing power of their AVCs prior to retirement.

The Plan provides a facility for members to pay for Additional Voluntary Contributions ("AVCs") to enhance their benefits at retirement. DB members are offered a range of funds with Friends Provident in which to invest their AVCs.

8 COMPLIANCE

The Plan's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Plan's current Statement plus Appendices is also supplied to the Sponsoring Employer, the Plan's investment managers, the Plan's auditors and the Scheme Actuary.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee on 10 September 2020

Signed on behalf of the Trustee by		
On	30 September 2020	
Full Name	Jonathan Grech	
Position	Director	

APPENDIX 1: ASSET ALLOCATION BENCHMARK

The Plan's current strategic asset allocation benchmark is set out below.

Asset Class	Strategic Allocation
Growth Assets	**70.0%**
Baillie Gifford Diversified Growth Pension Fund	35.0%
Threadneedle Multi-Asset	17.5%
Invesco Global Targeted Returns Fund	17.5%
Stabilising Assets	**30.0%**
BMO Real Dynamic LDI	19.5%
BMO Nominal Dynamic LDI	10.5%
Total	**100.0%**

The asset allocation will be monitored by JLT IM so as to maintain it within the guideline ranges.

The policy for rebalancing and investment / disinvestment of cashflows is set out in Appendix 2.

Appendix 3 provides information about the funds in which the assets are invested.

APPENDIX 2: CASHFLOW AND REBALANCING POLICY

Where possible, cash outflows will be met from cash balances held by the Plan and from income from the Plan's investments in order to minimise transaction costs.

Investments or disinvestments should be applied in such a way as to bring the actual asset allocation back towards the Plan's central benchmark asset allocation, as set out in Appendix 1.

The Trustee will review the cashflow policy from time to time to ensure that it remains appropriate taking into account changes in the Plan's cashflow requirements.

For avoidance of doubt, this Statement will not be revised purely in relation to a change in cashflow policy.

APPENDIX 3: INVESTMENT MANAGER INFORMATION

The Plan invests with JLT IM, whose key responsibility is to appoint suitable investment managers to each of the mandates within the Trustee's agreed investment strategy as set out in Appendix 1.
The tables below show the details of the mandate(s) with each manager.

GROWTH ASSETS

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
Diversified Growth				
Baillie Gifford Diversified Growth Pension Fund	UK Bank Base Rate	To outperform UK Bank Base Rate by 3.5% p.a., net of gees, over the long term	Daily	(b) / 2
Threadneedle Multi-Asset	Bank of England Base Rate +3.5% p.a.	To outperform the target over a 5 to 7 year-cycle (net of fees)	Daily	(b) / 2
Invesco Global Targeted Returns Fund	3 Month LIBOR	To target a gross return of 5% p.a. above UK 3 Month LIBOR with less than half the volatility of global equities over the same rolling 3 year period	Daily	(b) / 2

STABILISING ASSETS

Manager / Fund	Benchmark	Objective	Dealing Frequency	SORP / IFRS Class
Liability Driven Investments				
BMO Real Dynamic LDI	The liability benchmark is not scheme specific but represents the liability profile of a "typical" UK defined benefit pension scheme	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme	Weekly	(b) / 2
BMO Nominal Dynamic LDI	The liability benchmark is not scheme specific but represents the liability profile of a "typical" UK defined benefit pension scheme	To provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme	Weekly	(b) / 2

The assets for the underlying managers are hosted on an investment platform provided by Mobius Life Limited.

JLT IM will monitor the investment managers. If one of the managers is significantly downgraded by Mercer, that manager will automatically be replaced by JLT IM with a suitable alternative manager.

For avoidance of doubt, this statement will not be updated solely in response to a replacement of one of the underlying investment managers.

APPENDIX 4: RESPONSIBILITIES OF PARTIES

TRUSTEE

The Trustee's responsibilities include the following:

- Reviewing at least triennially, and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Reviewing the investment strategy following the results of each actuarial review, in consultation with the Investment Adviser and Scheme Actuary
- Appointing the Investment Manager(s) and custodian (if required)
- Assessing the quality of the performance and processes of the Investment Manager(s) by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the sponsoring employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis

INVESTMENT ADVISER

The Investment Adviser's responsibilities include the following:

- Participating with the Trustee in reviews of this Statement of Investment Principles
- Production of performance monitoring reports
- Advising the Trustee, at its request, on the following matters:
  - Through consultation with the Scheme Actuary, how any changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested
  - How any significant changes in the Investment Managers' organisation could affect the interests of the Plan
  - How any changes in the investment environment could present either opportunities or problems for the Plan
- Undertaking project work, as requested, including:
  - Reviews of asset allocation policy
  - Research into and reviews of Investment Managers
- Advising on the selection of new managers and/or custodians

INVESTMENT MANAGERS

As noted in this statement, JLT IM has been appointed as Investment Manager and will select underlying investment managers on behalf of the Trustee.

JLT IM's responsibilities include the following:

- Providing the Trustee on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios
- Informing the Trustee of any changes in the internal performance objectives and guidelines of any pooled fund used by the Plan as and when they occur
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Replacing a manager that is significantly downgraded by Mercer's Manager Research Team with a suitable alternative
- Managing the Plan's cashflows in line with the IMA
- Rebalancing the Plan's assets in line with the IMA

- Appointing a suitable Platform provider

The underlying investment managers are selected by JLT IM and therefore do not have any direct responsibility to the Trustee.

SCHEME ACTUARY

The Scheme Actuary's responsibilities include the following:

- Liaising with the Investment Adviser regarding the suitability of the Plan's investment strategy given the financial characteristics of the Plan
- Assessing the funding position of the Plan and advising on the appropriate response to any shortfall
- Performing the triennial (or more frequent, as required) valuations and advising on the appropriate contribution levels

ADMINISTRATOR

The Administrator's responsibilities include the following:

- Ensuring there is sufficient cash available to meet benefit payments as and when they fall due
- Paying benefits and making transfer payments
- Investing contributions not required to meet benefit payments with the Investment Managers according to the Trustee's instructions.

APPENDIX 5: GOVERNANCE – MYNERS PRINCIPLES

MILLENNIUM & COPTHORNE DC PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES – 2020 EDITION

SEPTEMBER 2020

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For members who were within 5 years of their retirement age shown on Equitable Life's records on 1 January 2020, the Secure Cash Fund investments will transition over the final 6 months of 2020 to Utmost's Money Market Fund. 26

For members who were more than 5 years of their retirement age shown on Equitable Life's records on 1 January 2020, the Secure Cash Fund will transition over the final 6 months of 2020 to Utmost's "Investing by Age Journey". The underlying funds will be managed according to the allocations below. 27

1 INTRODUCTION

This Statement of Investment Principles ("the Statement") has been prepared by the Trustee of the Millennium & Copthorne DC Pension Plan ("the Plan") in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Plan and the activities undertaken by the Trustee to ensure the effective implementation of these principles.

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer Limited, whom it believes to have a degree of knowledge and experience that is appropriate for the management of the Plan's investments; and
- Consulted with the Principal Employer, although the Trustee affirms that no aspect of this strategy is restricted by any requirement to obtain the consent of the Sponsoring Employer.

The advice and the consultation process considered the suitability of the Trustee's investment policy for the Plan.

The Trustee will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustee will review the Statement following any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Principal Employer.

2 INVESTMENT RESPONSIBILITIES

2.1 Trustee's duties and responsibilities

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives.

The Trustee carries out its duties and fulfils its responsibilities as a single body. The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- Setting of investment objectives and formulating investment strategy
- Selecting funds for member choices
- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment advisers
- The compliance of the investment arrangements with the principles set out in the Statement

2.2 Investment adviser's duties and responsibilities

The Trustee has appointed Mercer Limited ("Mercer") as the independent investment adviser to the Plan. Mercer provides investment advice as required by the Trustee, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which Mercer expects to provide advice to the Trustee include the following:

- Setting of investment objectives
- Determining investment strategy and structure of the default strategy
- Advising on appropriate member fund choices
- Selecting and replacing investment managers

Mercer monitors the performance of the Plan's investment managers against their benchmarks.

Mercer will also advise the Trustee of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Plan is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet their long-term objectives. If the investment manager and fund are not covered by Mercer's manager research process, Mercer will advise the Trustee accordingly.

Mercer is remunerated on a fee basis for the investment advice it provides and does not receive any commission in relation to the Scheme. The Trustee is satisfied that the investment arrangements, including the charging structure, are clear and transparent. Any additional services provided by Mercer will be remunerated primarily on a time-cost basis.

Both Mercer and the individual investment consultants who advise the Trustee are authorised and regulated by the Financial Conduct Authority (FCA).

2.3 Investment manager's duties and responsibilities

The Trustee, after considering appropriate investment advice, has appointed a professional, authorised investment manager to manage the assets of the Plan.

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for asset classes being selected.

The Plan invests solely in pooled investment vehicles. The Trustee therefore accepts that it cannot specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.

The Trustee receives advice from its investment consultant in relation to forward-looking assessments of a manager's ability to outperform over a full market cycle, for mandates where outperformance is the objective. This view will be based on the investment consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment portfolio(s) that the Fund invests in. The consultant's manager research ratings assist with due diligence and the questioning of managers during presentations to the Trustee. The Trustee also uses the ratings when making decisions around selection, retention and realisation of manager appointments.

Details of the manager's mandates and annual management charges applied by the investment manager are set out in Appendix 1. Mercer monitor the Plan's investment manager to ensure its continuing appropriateness to the mandates given and notify the Trustee if the manager is downgraded by Mercer's Manager Research Team.

The Trustee considered a range of active and passive approaches to investment management and assessed these against their investment objectives. The Trustee selected an investment manager having regard to its ability to provide one or more of the identified fund types and their potential to meet the investment objectives of the Scheme. Before selecting any investment manager, the Trustee ensures that appropriate due diligence is carried out.

The investment manager is responsible for all decisions concerning the selection and de-selection of the individual securities within the portfolios they manage. However, if the investment objective for a particular investment manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The investment manager engaged by the Trustee is authorised and regulated by the FCA.

Incentivising investment managers

The Trustee incentivises its investment managers to align their investment strategies with the Trustee's policies mentioned in this SIP.

The fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the Trustee's policies.

The investment manager is remunerated by ad valorem charges based on the value of the assets that it manages on behalf of the Plan. These charges are set out in Appendix 1. None of the underlying managers in which the Plan's assets are invested have performance-based fees which could encourage the manager to make short term investment decisions to hit their targets.

The Trustee therefore considers the method of remunerating fund managers to be consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee accepts that they cannot influence the charging structure of the pooled funds in which the Plan is invested, but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each fund's stated characteristics. The Trustee is therefore satisfied that this is the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee's policies as set out in this SIP.

Assessing medium-to-long term performance of investments

Performance in the medium to long term can be improved where investment managers (i) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and (ii) engage with issuers of debt or equity.

The Trustee, with the assistance of Mercer, monitors how the investment managers make decisions based on the long-term sustainability of investee companies, their own ESG policies and their approach to climate related risks and disclosures. Where the Trustee has concerns, it will raise these with the investment manager.

Duration of arrangements with investment managers

The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis; therefore, there is no set duration for the manager appointments. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager

- The manager appointment has been reviewed and the Trustees have decided to terminate.

2.4 Summary of responsibilities

A summary of the responsibilities of all relevant parties, insofar as they relate to the Plan's investments, is set out in Appendix 2.

3 INVESTMENT OBJECTIVES

The Trustee's objectives is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

3.1 Risks Considered

The Trustee recognises that in a defined contribution arrangement, members assume the investment risks themselves. The Trustee further recognises that members are exposed to different types of risk at different stages of their working lifetimes. Broadly speaking, seven main types of financially significant investment risk can be identified, as noted below:

- **Investment Return Risk**: the risk that a member is not invested in those asset classes that are expected to generate the highest returns over the long run.
- **Volatility risk**: the risk that the value of a member's pot will fluctuate substantially over the investment term.
- **Market Switching Risk**: the risk that arises if there is to be switching between investment vehicles. The risk is that large investment switches are made at one point in time, thereby unnecessarily exposing members to unfavourable market pricing on a particular day.
- **Environmental, social and governance (ESG) risks**: these risk factors can have a significant effect on the long-term performance of the assets the Plan holds. Where applicable these factors will be considered in the investment process.
- **Inflation Risk**: the risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).
- **Liquidity Risk**: as far as is practicable and necessary, the Trustee invests in liquid assets that can be quickly realised as required.
- **Pension Conversion Risk**: the Trustee increases the proportion of assets that more closely match how they expect members to use their pots at retirement.

The Trustee has determined its investment policy in such a way as to address the above risks.

The Trustee is mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.

Details of the approach the Trustee has taken to meet these investment objectives are set out in Section 4.

To help mitigate the most significant of these risks, the Trustee has:

- Made a lifestyle strategy available as a default solution, which transitions members' investments from higher risk investments to lower risk investments as members approach retirement, and
- Offered a range of self-select funds across various asset classes.

When deciding on the investment options available to members, the Trustee took into account the expected return on such investments and was mindful to offer a range of funds with varying levels of expected returns for members to choose from.

When it comes to realisation of investments, the Trustee considers the impact of transaction costs before making any changes.

The Trustee will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

3.2 Fund choices

To balance the investment needs of members, the Trustee offers a range of self-select funds alongside the default investment strategy. Members can opt out of the default strategy as they have the option to invest in self-select funds. The range of investment options cover multiple asset classes and this balance will determine the expected return on members' assets and should be related to the members' own risk appetites and tolerances.

The Trustee has made six funds available for self-selecting, details of which can be found in Appendix 1.

The Trustee will continue to keep the fund range under review, and will make changes if appropriate.

3.3 Types of investments to be held

The Trustee is permitted to invest across a wide range of asset classes, both active and passive.

Actively managed funds will only be included to the extent that the Trustee has a high level of confidence in the investment manager achieving its performance objectives, net of active investment management fees.

All of the funds in which the Plan invests are pooled and unitised. Details of each fund can be found in Appendix 1.

3.4 Additional voluntary contributions

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year. This arrangement is held with Utmost , Royal London and Zurich Assurance Ltd.

4 DEFAULT INVESTMENT STRATEGY

4.1 Aims and Objectives

The lifestyle strategy operates as a default if a member does not wish to make their own selection of funds, and is designed to be appropriate for a typical member of the Plan.

The default strategy for the Plan is comprised of three funds managed by L&G which reduces investment risk as members get closer to retirement. The asset allocation at retirement is suitable for members who wish to take their 25% tax free cash lump sum and buy an annuity with the remainder of their pot.

In determining the investment strategy, the Trustee undertook extensive investigations and has received formal written investment advice from their investment consultants.

The default funds available within the main DC section of the Plan are described in detail below. In relation to the AVC investments that are available to members, when the Equitable Life With Profits Fund was closed and members mapped to a new investment strategy, the Trustee created a new default arrangement, as per the broader definition of a default in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("the Charges and Governance Regulations 2015"), effective from 6 April 2018. Details of the funds used within the arrangement: the Utmost Life Secure Cash Fund, and then subsequently the Money Market Fund and Investing by Age funds, are set out in Appendix 3.

4.2 The Default Lifestyle Strategy

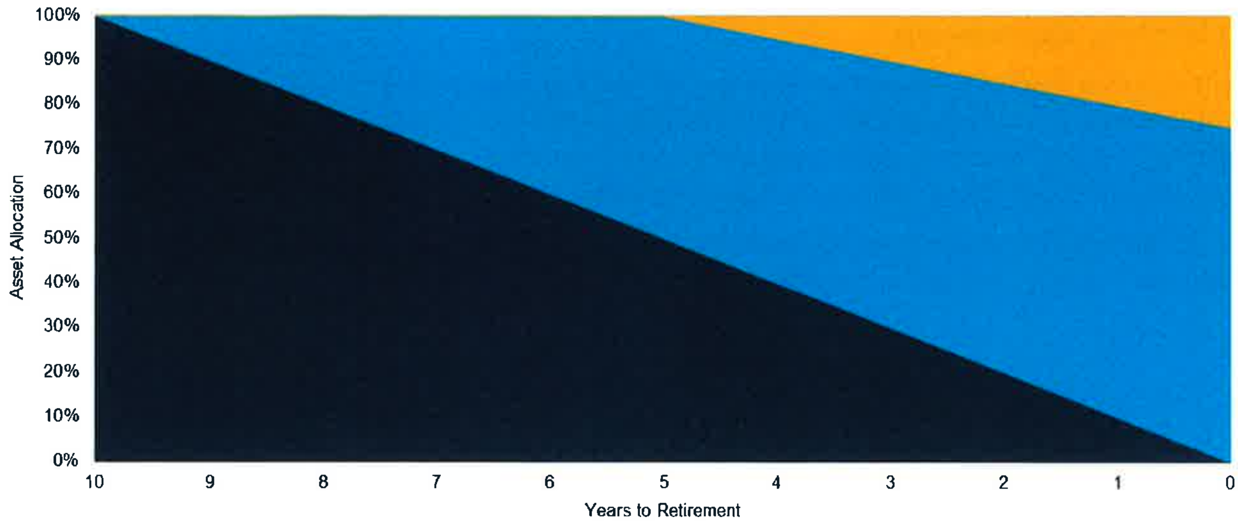
The Trustee has assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified in Section 3. This is achieved by using a Lifestyle Strategy.

The default strategy is designed after careful analysis of the membership demographics and other characteristics in order to offer a suitable approach that is tailored to the needs of the Plan's members.

The default lifestyle strategy can be separated into two distinct phases. Initially, the lifestyle option aims to generate long-term growth by investing in the **L&G Global Equity Fixed Weights 60:40 Index Fund**; a passively-managed equity fund which invests around 60% of funds in the UK and the remaining 40% overseas. 10 years prior to a member reaching their selected retirement age, the Strategy enters a de-risking phase. This involves a gradual switch of assets out of the global equity fund into the **L&G AAA-AA Fixed Interest Over 15 Year Fund** and then the **L&G Cash Fund**. When a member reaches retirement they will have 75% of their savings in the fixed interest fund and 25% in the cash fund.

This higher to lower risk lifestyle strategy provides a balance between the different kind of investments and will determine the expected return.

The default lifestyle strategy can be illustrated with the following chart:



Further details relating to these Funds can be found in Appendix 1.

All funds are daily-priced pooled investment arrangements, with assets invested in regulated markets, therefore should be realisable at short notice, based on members' demand.

A range of asset classes are included within the default arrangement, including developed market equities, corporate bonds and cash. Both active and passive funds are utilised depending on the asset class.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the default investment strategy. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the membership level. This will be dependent on the members' age and when they expect to retire.

The Trustee will, in particular, review the extent to which the return on investments relating to the default arrangement (after fees) is consistent with the aims and objectives of the Trustee or managers in respect of the default arrangement.

4.2 The Trustee's Policy to Risk in relation to the Default Strategy

In addition to the Trustee's Policy to risk monitoring and management set out in Section 6, the Trustee has considered the following items to monitor and manage the risk in relation to the default investment option. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option. The Trustee has considered how to monitor risks from a number of perspectives in the default investment option. The list below is not exhaustive but covers the additional risks that the Trustee considers specifically with regards to the default and how they are managed.

Volatility risk, Liquidity risk and Pension Conversion Risk – The default option is a lifestyle strategy which automatically switches member assets into investments whose value is expected to be less volatile relative to the growth phase approaching retirement age and is appropriate for members taking their tax free cash lump and buying an annuity sum at retirement. The Trustee regularly reviews the default investment strategy to ensure the outcome remains appropriate.

4.3 Members' Best Interests

The Trustee will continue to review the default strategy (a) at least every 3 years; and (b) without delay after any significant change in investment policy or the demographic profile of relevant members. This is in addition to more regular performance monitoring, which takes place quarterly. Member views are not explicitly taken into account in the selection, retention and realisation of investments within the default strategy.

The Trustee strives to ensure the strategy evolves in line with the Plan's membership characteristics in order to ensure that assets are invested in the best interests of the members in the default investment strategy.

5 RESPONSIBLE INVESTING

This section below sets out the Trustee's policy in relation to responsible investment issues for the Plan (including the Default Strategy).

5.1 Financial Considerations

The Trustee understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate investment and funding time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors (including but not limited to climate change).

The Trustee recognises that ESG factors, including climate change, can influence the investment performance of the Plan's portfolio and it is therefore in members' and the Plan's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Trustee, with the assistance of Mercer (the Trustee's investment adviser), will take into account ESG factors (including climate change) in the selection, retention and realisation of investments.

The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk-adjusted performance as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

When appointing a new investment manager, the Trustee will work with Mercer to help select the investment managers that have passed the initial ESG screening. ESG screening will involve some of the following activities, but is not limited to:

- Ensuring the managers are signatories to UNPRI;
- Reviewing the managers' own ESG policies;
- The ESG ratings assigned by Mercer;
- Investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis etc.

The Plan's assets are currently invested in pooled funds. The Trustee accepts the fact that it has very limited ability to exert direct influence on the ESG policies and practices of the companies in which its manager invests. The Trustee will therefore rely on the policies and judgement of its investment manager and the Trustee will review those policies with the assistance of Mercer annually at its quarterly trustee meetings, where they will be provided in advance of the meeting and there will be an item within the agenda for discussion of the policies.

The Trustee will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

5.2 Non-Financial Considerations

The Trustee's objective is that the financial interests of the Plan members are its foremost priority when choosing investments.

The Trustees only consider factors that are expected to have a financial impact on the Plan's investments. Non-financial matters are not taken into account in the selection, retention and realisation of investments. For this purpose, non-financial matters mean the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Plan.

5.3 Corporate Governance, Stewardship and Voting Policy

Stewardship

The Plan's stewardship approach focuses on selection, monitoring and, where necessary, switching of underlying investment managers. The Trustee believes that choosing the right managers who fully engage with issuers of equity or debt instruments in their portfolios (including in respect of ESG factors, including climate change considerations) will lead to better financial results for members. Mercer assist the Trustee in the selection and monitoring of managers to ensure that appropriate managers are selected and to monitor the performance of appointed managers.

The Trustee is supportive of the UK Stewardship Code published by the Financial Reporting Council and encourages the Plan's underlying managers who are regulated by the Financial Conduct Authority to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. Mercer check that these reports have been issued on the Trustee's behalf.

Voting

The Trustee expects the Plan's investment managers to use their influence as major institutional investors to pursue the Trustee's rights and duties as an investor in the pooled fund including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good governance, accountability, and positive change.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee (having sought advice) will exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's membership.

Engagement

The Investment Regulations require the Trustee to set out how they undertake engagement activities in respect of their investments, including how they monitor and engage "relevant persons" (i.e. including (but not limited to) an issuer of debt or equity, an investment manager, another stakeholder or another holder of debt or equity)) about "relevant matters" (i.e. including (but not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risk, social and environmental impact and corporate governance).

The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes that the investment managers are best placed to engage with investee companies on their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. But on occasions, the Trustee may deem it necessary to engage directly with companies on particular ESG-related issues.

There may be occasions when engagement topics identified by the Trustee overlap with engagement efforts of their investment managers, in which case the Trustee will seek to undertake joint engagement with their investment managers.

The Trustee requests details of its investment managers' activities and policy on stewardship and engagement and reviews these annually with input from Mercer at its quarterly trustee meetings. Where the Trustee is concerned about an investment manager's approach to stewardship and engagement, Mercer will engage with the manager on behalf of the Trustee as necessary by communicating with the investment manager to express these concerns and/or request an explanation. 5.4 Member Views

As explained above the Trustee does not explicitly take account of member views when selecting investments for the Plan, however, the Trustee believes that it has an understanding of membership demographics, behaviours and preferences and strives to provide a fund range that meets both financial and non-financially relevant member needs. To that end, an "Ethical" equity fund is available to members to provide them with an opportunity to invest in line with their beliefs and principles. The Trustee is committed to reviewing this policy on a biennial basis.

6 RISK

The Trustee is aware, and seeks to take account, of a number of risks in relation to the Plan's investments, including those set out below. Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. These are also set out below.

Manager risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the manager's investment process through the quarterly performance updates provided by Mercer.

Liquidity risk

- The risk that the Scheme's assets cannot be realised at short notice in line with member demand.
- It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.

Political risk

- This is measured by the level of concentration of any one market, leading to the risk of an adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Corporate governance risk

- This is assessed by reviewing the Plan's investment manager's policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the manager, who exercise this right in accordance with their published corporate governance policies. Summaries of voting records are reviewed by the Trustee annually. Further information on how we measure ESG and corporate governance risk is highlighted in section 5.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

Credit Risk

- This 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.
- The Trustee acknowledges that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustee will however ensure that it is comfortable with the amount of risk that the Plan's investment manager takes.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk:

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the Plan may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- For currency hedged funds, the Trustee acknowledges that currency risk related to overseas investments is hedged appropriately by the underlying investment managers.

Interest rate risk

- This is the risk that an investment's value will change due to a change in the level of interest rates. This affects debt instruments more directly than growth instruments.
- The Trustee acknowledges that the interest rate risk related to individual debt instruments is managed by the underlying investment managers.

Other Price risk

- This is the risk that principally arises in relation to the return seeking portfolio, which invests in equities, equities in pooled funds, equity futures, hedge funds, private equity and property.
- The Trustee acknowledges that the Plan can manage its exposure to price risk by investing in a diverse portfolio across various markets.

ESG risk

- This is the risk that ESG concerns, including climate change, have a financially material impact on the return on the Plan's assets.
- The Trustee manages this risk by investing in well-respected investment managers where ESG principles are appropriately included in the investment decision making process.
- The Trustee is aware that Responsible Investing is one of the core beliefs of Investment Managers and the Investment Advisor. As a result, part of the rating process of the Investment Adviser and decision-making process of the Investment Manager in relation to the underlying investment managers is based on its financial stewardship and how well the investment manager integrated governance and sustainability into its investment process.

7 MONITORING OF INVESTMENT ADVISER AND MANAGERS

6.1 Investment adviser

The Trustee continually assesses and reviews the performance of its adviser in a qualitative way. The Trustee reviews the performance of its investment adviser at least every three years.

6.2 Investment managers

The Trustee receives quarterly information from the Plan's investment manager to assess whether the Scheme's investments are performing in line with expectations. These reports present performance information over 3 months, 1 year and 3 years. The reports show the absolute performance, performance against the manager's stated target performance (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.

The Trustee also receives quarterly monitoring reports on the performance of the investment manager from Mercer as an independent check on the performance of the funds that the Scheme invests in.

Mercer will advise the Trustee of any significant developments of which it is aware relating to the investment manager, or funds managed by the investment manager in which the assets of the Scheme are invested, such that in Mercer's view there exists a significant concern that these funds will not be able to meet their long-term objectives. The Trustee's focus is on long-term performance but may put a manager 'on watch' if there are short-term performance concerns.

The Trustee carries out formal reviews of each of the Plan's investment managers at least every three years.

As well as assessing investment returns, the Trustee will consider a range of other factors, with the assistance of their investment consultant, when assessing the performance of investment managers, which may include:

- How well the investment manager is aligned with the SIP and the Trustee's investment policies;
- Personnel and business change;
- Portfolio characteristics (including risk and compatibility with objectives) and turnover;
- Voting and engagement;
- The quality of the service provided by the investment manager, including the quality of reporting and climate-related disclosure to the Trustee;
- The investment consultant's assessment of ongoing prospects based on the research ratings.

If a manager is not meeting its performance objectives over a sustained period of time and after consideration of all relevant factors, the Trustees may take the decision to terminate the appointment.

The Trustees are long-term investors. Accordingly, the Trustees do not seek to change the investment arrangements on a frequent basis.

6.3 Portfolio Turnover Costs

The Trustee does not currently monitor portfolio turnover costs for the funds in which the Plan is invested, although notes that the performance monitoring which it receives is net of all charges, including such costs. Portfolio turnover costs means the costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustee is also aware of the requirement to define and monitor targeted portfolio turnover and turnover range. Targeted portfolio turnover is the frequency within which the assets of the Plan are expected to be bought and sold. Turnover range is the minimum and maximum frequency within which the assets of the Plan are expected to be brought or sold.

Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan.

The investment managers are expected to report on the turnover of their portfolios at least annually. The Trustee reviews this information and, with the help of its investment advisor, compares the turnover of the manager portfolios with the different market norms and expectations that apply to the various types of strategies in which it invests. Information regarding this is included in the annual Chair's Statement and Value for Money assessment.

8 CODE OF BEST PRACTICE

The Pensions Regulator has published a new code on standards for DC schemes and this came into effect in November 2013 as part of a wider initiative to get DC right. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places bigger than ever emphasis on good quality investment arrangements and stricter requirements for reviewing these on the Trustee. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for the Plan's membership. The Code can be found here:

https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase

When formulating their investment policy, the Trustee has acted in line with the Code of Practice 13.

9 COMPLIANCE

The Plan's Statement of Investment Principles is available to members.

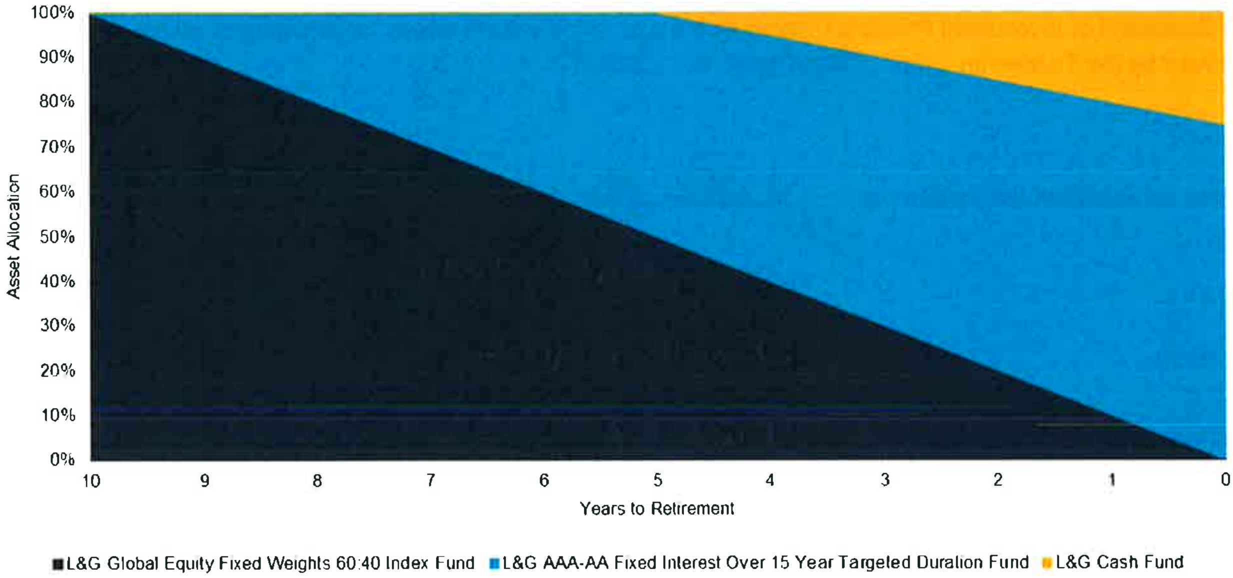
A copy of the Plan's current Statement plus Appendices is also supplied to the Principle Employer, the Plan's investment managers, auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices, supersedes all others and was approved by the Trustee on ...10 September 2020

Signed on behalf of the Trustee by	[signature]	
On	30 September 2020	
Full Name	Jonathon Grech	
Position	Director	

APPENDIX 1: INVESTMENT MANAGER INFORMATION AND DEFAULT LIFESTYLE STRATEGY

For members who are invested in the default lifestyle strategy the following table sets out the switches between the funds that will be carried out on a member's behalf up to their retirement date:



15 Year Lifestyle			
Years to retirement	L&G Global Equity Fixed Weights 60:40 Index Fund	L&G AAA-AA Fixed Interest Over 15 Year Fund	L&G Cash Fund
0	0%	75%	25%
1	10%	70%	20%
2	20%	65%	15%
3	30%	60%	10%
4	40%	55%	5%
5	50%	50%	-
6	60%	40%	-
7	70%	30%	-
8	80%	20%	-
9	90%	10%	-
10	100%	-	-

The Trustee will monitor the suitability of the funds used on an ongoing basis and make changes as they consider appropriate. The table below shows the details of the current mandates with each manager.

Default Strategy Funds

Fund	Asset Class	Annual Management Charge	Fund Benchmark / Objective
L&G Global Equity Fixed Weights 60:40 Index Fund	Global Equity	0.16% p.a.	To track a composite benchmark with a 60/40 splits between the FTSE All-Share and Overseas equity indices
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	Corporate Bonds	0.15% p.a.	To produce a return in line with a subset of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index
L&G Cash Fund	Cash	0.125% p.a.	To perform in line with the 7 Day GBP LIBID

Self-Select Funds

Fund	Asset Class	Annual Management Charge	Fund Benchmark / Objective
L&G Global Equity Fixed Weights 60:40 Index Fund	Global Equity	0.16% p.a.	To track a composite benchmark with a 60/40 splits between the FTSE All-Share and Overseas equity indices
L&G Ethical UK Equity Index Fund	UK Equity	0.20% p.a.	To track the performance of the FTSE4Good UK Equity Index to within +/-0.5% p.a. for two years out of three
L&G Managed Property Fund	Property	0.735% p.a.	To outperform the BNY Mellon CAPS Property Survey Median over three and five year periods
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	Corporate Bonds	0.15% p.a.	To produce a return in line with a subset of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index
L&G Over 5 Year Index-Linked Gilts Index Fund	Index-Linked Government Bonds	0.10% p.a.	To track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index to within +/-0.25% p.a. for two years out of three
L&G Cash Fund	Cash	0.125% p.a.	To perform in line with the 7 Day GBP LIBID

APPENDIX 2: RESPONSIBILITIES OF PARTIES

Trustee

The Trustee's responsibilities include the following:

- Reviewing at least triennially and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Selecting the Investment Managers
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the Principal Employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis
- Publishing this Statement on a publically available website and informing members of the location

Investment adviser

The Investment Adviser's responsibilities include the following:

- Participating with the Trustee in reviews of the Statement of Investment Principles
- Production of quarterly independent performance monitoring reports
- Advising of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Plan is invested, such that in its view there is a significant concern that any of these funds will not be able to meet its long term objectives.
- Updating the Trustee on changes in the investment environment, and advising the Trustee, at its request, on how such changes could present either opportunities or problems for the Plan
- Undertaking project work, as requested, including:
  - Reviews of the default strategy and fund range; and
  - Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or custodians

Investment managers

The Investment Manager's responsibilities include the following:

- Informing the Trustee of any changes in the internal performance objectives and guidelines of their funds
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Managing their funds in accordance with their stated mandates

Appendix 3: Utmost Life Investments

As the Equitable Life With Profits Fund was closed. Members were given the opportunity to select their own new investments, or, if they did not do so, they were mapped to a new investment strategy. Therefore, the Trustee has created a new default arrangement, as per the broader definition of a default in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("the Charges and Governance Regulations 2015"), effective from 6 April 2018. Details of the funds used within the Utmost Life Secure Cash Fund, and then subsequently the Money Market Fund and the Investment by Age, the new default arrangements, are set out in this Appendix.

The investment strategy of the Utmost Life Secure Cash Fund is being used as a temporary measure following the transfer from Equitable Life to Utmost Life until funds are transferred to the Utmost Money Market Fund or Investing by Age strategy over the second half of 2020.

Trustee policies that are not explicitly mentioned in this Appendix are as outlined in the main SIP. In line with regulatory requirements, the Trustee will continue to review the following over time.

Aims, Objectives and Policies:

The aims, objectives and policies of each fund utilised within the default investment strategy are considered in more detail in following pages. The Trustee has focussed on what it considers to be 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

Funds Provided by Utmost Life :

1. <u>Secure Cash Fund</u>

The Trustee sees the Secure Cash Fund as an appropriate interim investment whilst arrangements are made for the transfer of assets to the Money Market Fund at Utmost Life. The main objectives of the Utmost Life Secure Cash Fund are capital preservation, liquidity and yield; in that order.

The Trustee notes that the Secure Cash Fund's value is unlikely to keep pace with inflation. Utmost has guaranteed that the unit price (net of fees) will not decrease, after accounting for charges. The Secure Cash Fund will cease to exist on 31 December 2020.

The Secure Cash Fund will predominately be invested in UK Treasury Bills, short term gilts and overnight bank deposits. On occasions other high quality money market investments such as commercial paper or repurchase agreements may be purchased. The investment manager is responsible for determining the balance between these different kinds of investments.

Fund Risks

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in UK Treasury Bills, short term gilts and overnight bank deposits. On occasions, other high quality money market investments such as Commercial Paper or Repurchase Agreements may be purchased. There is a guarantee in place for the first six months of investment that the value of the fund will not decrease, after the adjustment of fees.	The Trustees will monitor the performance of this fund, in line with the guarantee provided.
Inflation Risk	The fund is a short term investment, and as such inflation is not expected to have a large impact on the fund.	The Trustees will monitor the performance of this fund.
Counterparty Risk	The Trustees have taken comfort from the High Court ruling in 2019 which considered the status of Utmost Life in the initial status of monitoring this investment. Underlying investments are considered in line with the main DC Section.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Currency Risk	In line with the main DC Section.	In line with the main DC Section.
Operational Risk	In line with the main DC Section.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Liquidity Risk	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk	In line with the main DC Section.	In line with the main DC Section.
Environmental, Social and Governance Risk	In line with the main DC Section.	In line with the main DC Section.
Manager Skill / Alpha Risk	In line with the main DC Section.	In line with the main DC Section.

The Secure Cash Fund is designed to meet its objective as outlined above. This fund will cease to exist in December 2020.

2. Money Market Fund

For members who were within 5 years of their retirement age shown on Equitable Life's records on 1 January 2020, the Secure Cash Fund investments will transition over the final 6 months of 2020 to Utmost's Money Market Fund.

The Trustee sees the Money Market Fund as an appropriate investment following the temporary holding in the Secure Cash fund, as detailed above. The main objective of the Utmost Life Money Market Fund is to preserve capital whilst aiming to provide a return in line with prevailing short term money market rates. The Money Market Fund will predominantly be invested in short term deposits. The investment manager is responsible for determining the balance between the different kinds of investments.

Other policies are in line with the main DC Scheme.

Fund Risks

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in short term deposits.	The Trustees will monitor the performance of this fund.
Inflation Risk	The fund is not aiming to keep pace with inflation.	The Trustees will monitor the performance of this fund, and will ensure members are aware of the fund's objectives.
Counterparty Risk	The Trustees have taken comfort from the High Court ruling in 2019 which considered the status of Utmost Life in the initial status of monitoring this investment. Underlying investments are considered in line with the main DC Section.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Currency Risk	In line with the main DC Section.	In line with the main DC Section.
Operational Risk	In line with the main DC Section.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Liquidity Risk	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk	In line with the main DC Section.	In line with the main DC Section.
Environmental, Social and Governance Risk	In line with the main DC Section.	In line with the main DC Section.
Manager Skill / Alpha Risk	In line with the main DC Section.	In line with the main DC Section.

The Money Market Fund is designed to meet its objective as outlined above. In line with regulation requirements, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic profile, if sooner.

3. Investing by Age Strategy

For members who were more than 5 years of their retirement age shown on Equitable Life's records on 1 January 2020, the Secure Cash Fund will transition over the final 6 months of 2020 to Utmost's "Investing by Age Journey". The underlying funds will be managed according to the allocations below.

The Trustee sees the Investment by Age Strategy as an appropriate investment for members who are more than 5 years from their retirement age. The main objectives of the Utmost Life Investment by Age Strategy is the growth of assets while the Scheme's member is far from retirement decreasing these as the member retires.

J.P. Morgan Asset Management are the asset managers for the funds which make up the Investing by Age Strategy. These funds are predominantly equity based meaning they may be of higher risk for members at a younger age and gradually move through the described below funds in order to de-risk the member's assets as they get closer to retirement. The members are given regular updates to actively manage their funds and ensure that the funds are in line with the individual retirement intentions.

The Investment by Age Strategy consists of three underlying investment funds managed by J.P. Morgan. The fund choice for a member's is set default by the investment manager, however the member may contact the manager directly to change their investment choice.

	TO AGE 55	AGE 55 TO 65	AGE 65 TO 75	AGE 75 TO 85	OVER 85
GROWTH PHASE: MULTI-ASSET MODERATE	100%	From 100% to 0%	0%	0%	0%
DEFENSIVE PHASE: MULTI-ASSET CAUTIOUS	0%	From 0% to 100%	100%	From 100% to 0%	0%
CASH PHASE: MONEY MARKET	0%	0%	0%	From 0% to 100%	100%

Fund Risks

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in international equities with some diversification to fixed interest and money market funds.	The Trustees will monitor the performance of these funds.
Inflation Risk	Derivatives and other hedged assets are used in the actively managed funds in order to de-risk against high market volatility during peaks of high inflation.	The Trustees will monitor the performance of this fund, and will ensure members are aware of the fund's objectives.
Counterparty Risk	The Trustees have taken comfort from the High Court ruling in 2019 which considered the status of Utmost Life in the initial status of monitoring this investment. Underlying investments are considered in line with the main DC Section.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Currency Risk	In line with the main DC Section.	In line with the main DC Section.
Operational Risk	In line with the main DC Section.	Monitor developments at Utmost, taking advice from the Investment Consultant.
Liquidity Risk	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk	In line with the main DC Section.	In line with the main DC Section.

Risk	How it is managed	How it is measured
Market Risk	The fund will predominantly be invested in international equities with some diversification to fixed interest and money market funds.	The Trustees will monitor the performance of these funds.
Environmental, Social and Governance Risk	In line with the main DC Section.	In line with the main DC Section.
Manager Skill / Alpha Risk	In line with the main DC Section.	In line with the main DC Section.

Other policies are in line with the main DC Scheme.

The Investing by Age strategy is designed to meet its objective as outlined above. In line with regulation requirements, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic profile, if sooner.