THE MILLENNIUM & COPTHORNE PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2021

Registration Number: 10194947

THE MILLENNIUM & COPTHORNE PENSION PLAN

YEAR ENDED 5 APRIL 2021

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TRUSTEE AND ADVISERS

Principal Employer

Millennium & Copthorne Hotels Limited
(previously Millennium & Copthorne Hotels plc)

Corporate Trustee

Millennium & Copthorne Pension Trustee Limited

Trustee Directors

Valerie Simpson – Chair (appointed 1 January 2021)
Jonathon Grech – Chair (resigned 11 December 2020)
David Cook (Member nominated)
Stuart Gunning (appointed 14 September 2021)
David Hassan (appointed 11 December 2020, resigned 14 September 2021)
Natalie Pinnington
Ruraigh Whitehead (Member nominated)

Plan Actuary

Mike Lane FIA
of Mercer Limited

Independent Auditor

Grant Thornton UK LLP

Plan Administrators and Pension Consultant

Mercer Limited

Solicitors

Pinsent Masons LLP

Bankers

The Royal Bank of Scotland plc

Address for enquiries

Trustee of The Millennium & Copthorne Pension Plan
c/o Mercer Limited
Post Handling Centre
St James's Tower
7 Charlotte Street
Manchester
M1 4DZ

Email: manchester-core@mercer.com

Investment Managers

Final Salary Section

JLT Investment Management Limited (until date 31 March 2021)

Money Purchase Section

Legal & General Investment Management Limited
Prudential
Utmost Life and Pensions Limited

Platform Provider – Final Salary Section

Mobius Life Limited

AVC Providers

Utmost Life and Pensions Limited
Aviva (formerly Friends Provident Life and Pensions Ltd)
Zurich Assurance Ltd

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 2021. 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 2021.

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.

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.

Financial Development of the Plan

The Fund Account on page 26 shows that the net withdrawals arising from dealings with members for the year were £2,258,438 (2020: £2,198,474). The net return on the Plan's investments for the year was an increase of £4,697,112 (2020: £400,449). The total net movement in the Plan's assets for the year was an increase of £2,438,674 (2020: net decrease of £1,798,025), giving net assets of the Plan at the year-end of £63,271,957 (2020: £60,833,283). Further details of the financial development of the Plan may be found in the audited financial statements on pages 26 to 42.

Actuarial Review

The Financial Statements set out on pages 26 to 42 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 2020.

The formal actuarial certificate required by statute to be included in this Annual Report from the Plan Actuary appears on page 46.

The next triennial valuation of the Plan is due to be performed as at 5 April 2023.

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 2020 showed that the accumulated assets of the Plan were £60,620,000 which represented 89% of the Plan's technical provisions in respect of past service benefits; this corresponds to a deficit of £7,399,000 at the valuation date.

If the Plan had been discontinued and wound up at 5 April 2020 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 65%, corresponding to a shortfall of £33,474,000.

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 0.8% 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 0.8% 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 3.2% 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 until 2030 and RPI inflation thereafter. The rate adopted at the valuation was 2.5% 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 3.2% 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 2.5% 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:
Pension increases will be calculated using the Black-Scholes stochastic model applying any applicable maximum and/or minimum rates, the RPI/CPI inflation assumption and an assumed inflation volatility of 1.75%. The model is applied to the RPI/CPI inflation for each term in the curve.

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

For post-retirement mortality 100% of 2019 Vita Curves projected to the valuation date using a life expectancy of 86.25 for males and 87.6 for females .

Allowance for the future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement (CMI 2019 1.5%), using a year of birth approach.

GMP Equalisation
An allowance of 1.88% of the liabilities for the Final Salary section and 1.09% for the Money Purchase section in respect of GMP equalisation as at the valuation date.

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.

Schedule of Contributions

Following the completion of the Actuarial Valuation as at 5 April 2020 a revised Schedule of Contributions was agreed by the Trustee and Employer and certified by the Plan Actuary on 22 June 2021. A copy of this Schedule of Contributions is included on pages 43 to 45.

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. In the actuarial valuation as at 5 April 2020 the Plan Actuary included an allowance of 1.88% of the liabilities for the Final Salary section and 1.09% for the Money Purchase section in respect of GMP equalisation.

The High Court made a further ruling in November 2020 concerning GMP equalisation on past transfers and the Trustee will be considering the implication of this latest ruling on the Plan in due course.

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; the Final Salary and Money Purchase SIPs were revised in September 2020 and December 2020 respectively.

The Trustee considers that the asset allocation at 5 April 2021 was not materially out of line with the SIP. Variances are reviewed periodically and addressed at the discretion of the Trustee. Subsequent to the end of the year, the Trustee has been reviewing the Plan's investment strategy and will update the SIP as required in due course.

The SIP and Implementation Statement for each section is attached as an appendix to the Annual Report but can also be viewed online at https://www.millenniumhotels.com/en/corporate/uk-pension-plan/.

Employer Related Investment

Other than the underpaid contributions as reported on page 21 which remain outstanding at the date of approval of the financial statements, 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 2021.

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	**2021 (%)**	**2020 (%)**
Bond Funds (stabilising assets)	24.40	29.35
Diversified Growth Funds (growth assets)	75.60	70.65
	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 Diversified Fund
g) Legal & General Emerging Markets Equity Index Fund
h) Legal & General Sterling Liquidity 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, Aviva (formerly 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, 3 and 5 years to 31 March 2021 being the nearest reporting quarter to the Plan's year end.

Performance Review for the Final Salary Section (at 31 March 2021)

	Fund 1 Year %	Benchmark 1 Year %	Fund 3 Years % p.a.	Benchmark 3 Years % p.a.	Fund 5 Years % p.a.	Benchmark 5 Years % p.a.
Final Salary Section						
Baillie Gifford Diversified Growth Pension Fund	17.5	3.6	2.4	4.0	4.4	3.9
Invesco Perpetual Global Targeted Returns Pension Fund	-1.7	4.5	-0.8	5.0	-	-
Columbia Threadneedle Multi-Asset Fund	23.9	3.6	7.8	4.0	-	-
BMO Real Dynamic LDI Fund	0.8	6.6	5.3	6.9	11.6	13.9
BMO Nominal Dynamic LDI Fund	-27.9	-27.3	7.2	8.2	11.0	13.1
Total Plan	**6.0**	**0.5**	**4.2**	**5.8**	**4.9**	**7.1**

Performance Review for Money Purchase Section (at 31 March 2021)

	Fund 1 Year %	Benchmark 1 Year %	Fund 3 Years % p.a.	Benchmark 3 Years % p.a.	Fund 5 Years % p.a.	Benchmark 5 Years % p.a.
Money Purchase Section						
Global Equity 60:40 Index	31.3	31.4	6.6	6.7	9.3	9.4
Ethical UK Equity Index	24.1	24.3	3.4	3.6	6.3	6.4
AAA-AA Fixed Interest Over 15 Yrs[1]	-3.5	-2.7	3.5	3.9	5.0	4.9
Over 5 Year Index-Linked Gilts Index	2.5	2.6	3.5	3.5	6.3	6.4
Property Fund	1.8	2.5	1.5	2.4	3.0	4.1
All World Equity Index[2]	39.2	39.5	13.0	13.1	-	-
World Emerging Markets Equity Index[2]	39.9	40.5	7.0	7.5	12.3	12.7
Sterling Liquidity[2]	0.1	0.0	0.4	0.4	0.4	0.3
Diversified Fund[2]	20.8	44.9	6.6	13.1	8.1	13.9

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

[2] The Plan invested into these funds during Q4 2020 hence, returns are not shown.

TRUSTEE'S REPORT (CONTINUED)

Membership

Details of the membership of the combined Plan as at 5 April 2021 are given below:

FINAL SALARY SECTION	2021	2020
ACTIVE MEMBERS		
Opening balance – active members	**7**	9
Adjustments to active members**	**1**	-
Members retiring during the year	**(1)**	(2)
Leavers during the year with preserved benefits	**(6)**	-
ACTIVE MEMBERS AT THE END OF THE YEAR	**1**	7
PENSIONERS		
Opening balance	**257**	250
Adjustments to pensioners**	**2**	2
Members retiring during the year	**8**	5
Deaths	**(5)**	(7)
Commutation	**(1)**	(1)
New beneficiaries	**2**	6
Inter-section transfers	**5**	2
Cessation	**(1)**	-
PENSIONERS AT THE END OF THE YEAR	**267**	257
MEMBERS WITH DEFERRED BENEFITS		
Opening balance	**90**	96
Adjustments to members with deferred benefits**	**-**	(2)
Leavers during the year with preserved benefits	**6**	-
Retirements	**(7)**	(3)
Death	**-**	(1)
MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR	**89**	90
TOTAL MEMBERSHIP FINAL SALARY SECTION	**357**	354

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

The above statistics do not take account of 27 annuitant pensioners (2020: 27) 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	2021	2020
ACTIVE MEMBERS		
Opening balance – active members	**36**	37
Leavers with deferred benefits	**(23)**	(1)
ACTIVE MEMBERS AT THE END OF THE YEAR	**13**	36
PENSIONERS AND ANNUITANTS		
Opening balance	**8**	8
Adjustments to annuitants*	**(4)**	-
Members retiring during the year	**14**	9
Full commutation	**(8)**	(7)
Inter-section transfers	**(5)**	(2)
Purchase of annuity	**(1)**	-
PENSIONERS AND ANNUITANTS AT THE END OF THE YEAR	**4** †	8
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS		
Opening balance	**449**	460
Adjustments to members with deferred benefits**	**(3)**	-
Leavers with deferred benefits	**23**	1
Retirements	**(14)**	(9)
Transfers out	**(2)**	(3)
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR	**453**	449
TOTAL MEMBERSHIP MONEY PURCHASE SECTION	**470**	493
TOTAL MEMBERSHIP AT THE END OF THE YEAR	**827**	847

† The pensioners and annuitants form part of the 27 annuitant pensioners reported on the previous page.

* The adjustments relate to annuitants where policies were bought out in the members' own name and so are not annuitants of the Plan.

**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 on the Scheme

Since early 2020 a new coronavirus, COVID-19, has impacted a significant number of countries globally. Effective controls and procedures are in place for the administration and management of the Scheme. The Trustee has received confirmation from all its service providers of the robust contingency plans they have in place to deal with resourcing issues to enable all staff to have secure remote access to their IT systems. Additionally, the Trustee has received confirmation and assurance of which activities would be prioritised in the event of under-resourcing.

Going concern

The Trustee believes that the Scheme can continue as a going concern. There has been no decision to wind up the Scheme by the Trustee or the Employer. No trigger events have occurred to cause the wind up of the Scheme under the Trust Deed and Rules. To the Trustee's knowledge, there have been no notifiable events or insolvency events during the period. The Scheme retains its dependency on the Employer to makes contributions to the Scheme. The Trustee has a good collaborative relationship with the Employer both through meeting attendance and the representation in the Trustee Board. Through this mechanism, the Trustee is able to take an informed view of the risk of the sponsor withdrawing its support from the Scheme. The current assessment is that this risk is minimal which leads the Trustee to conclude that these financial statements should 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 47 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, Members' Information on pages 47 and 48 and the Implementation Statements included in the appendix were approved by the Trustee Directors on 1/12/2021 and signed on the Trustee's behalf by:

....

Director

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021

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).

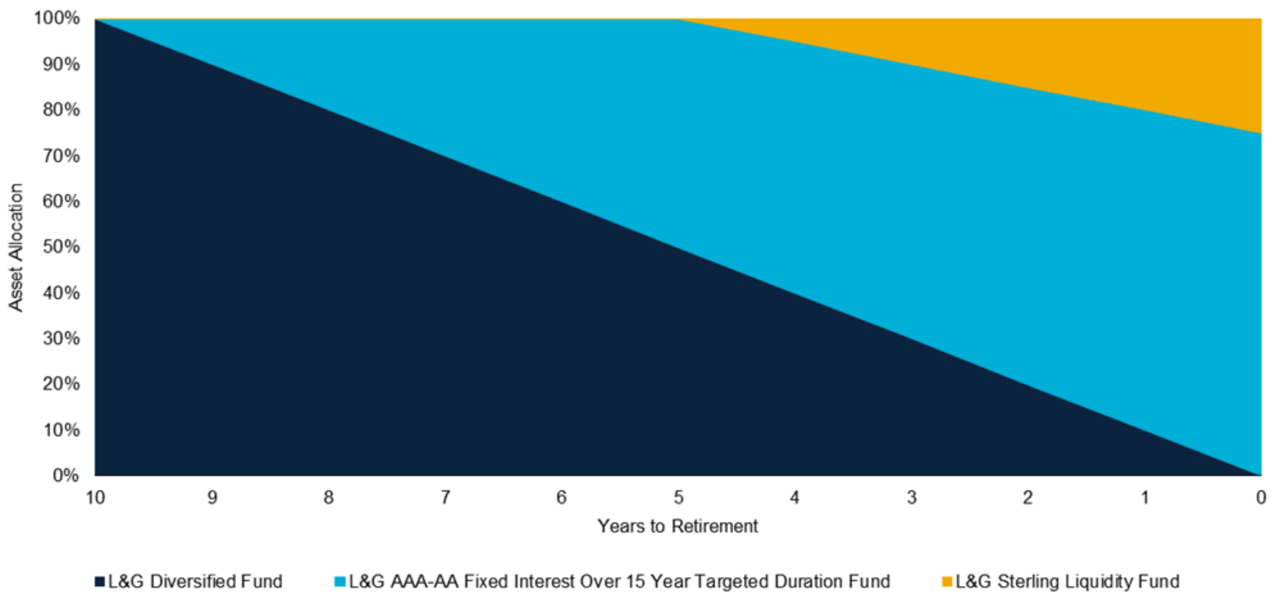
Default arrangement

Members of the Plan who do not wish to make their own selection of funds will be invested in the default strategy arrangement chosen by the Trustee with the advice of their Investment Consultant. This arrangement is designed to be appropriate for the typical member of the Plan.

The default investment strategy was last reviewed by the Trustee along with its investment consultants on 12th October 2018, with the new strategy being implemented with effect from November 2020. 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 lifestyle strategy can be separated into two distinct phases. Initially, the lifestyle option aims to generate investment growth by investing in the L&G Diversified 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 L&G Diversified Fund into the L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund and then the L&G Sterling Liquidity Fund. When a member reaches their TRA they will have 75% and 25% of their savings invested in each of these funds respectively. The default continues to target annuity purchase given the existence of a Defined Benefit ("DB") underpin.

The default arrangement targets long-term growth whilst diversifying risks. The L&G Diversified Fund is a multi-asset fund which invests in a diverse array of passively-managed asset classes including equities, corporate bonds, government bonds, and alternatives and aims to produce an equity-like return but with reduced volatility over a full market cycle. The 10 years leading up to the TRA 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 CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (CONTINUED)

The Trustee continually monitors the performance of the Plan's investments throughout the year and receives quarterly performance reports from their advisers. The Trustee is happy with the performance of the default strategy over the period covered by this statement and is comfortable that the performance is still consistent with the aims and objectives of the default strategy.

As well as the changes to the default strategy, the Trustee also added some further funds to the list of self-select options to give members greater choice when self-selecting. These included the L&G All World Equity Index Fund, the L&G World Emerging Market Equity Index Fund, L&G Diversified Fund and the L&G Sterling Liquidity Fund.

The current default arrangement is described in further detail in the Plan's Statement of Investment Principles (SIP) dated December 2020, a copy of which is submitted alongside this governance statement. As outlined in the SIP (available here: https://www.millenniumhotels.com/en/corporate/uk-pension-plan), the Trustee's default lifestyle strategy, comprised of three funds managed by L&G, operates with the main objective 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 and the SIP will be reviewed as a minimum every three years (i.e. by October 2021 and December 2023 respectively) or as soon as any significant developments in investment policy or the demographic profile of relevant members take place.

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 (but are not limited to) 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 timeliness of all core transactions and receive regular 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 peer review of investment and banking transactions.

During the period covered by this statement, approximately 90% of work was completed within the agreed service, an improvement on previous years. There were no further issues during the Scheme Year relating to the processing of Plan transactions. The Trustee will continue to monitor the performance of the administrator closely.

We continue to monitor performance against the SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer. The Trustee reviews the quarterly administration reports in detail at quarterly Trustee meetings. These routine reports include a detailed breakdown of the tasks that the administrators have carried out over the previous quarter and the performance for each type of task against individual SLAs. The reports also include reference to any complaints and status updates on any ongoing project work. The Trustees then consider whether performance against the service levels and other criteria is acceptable and discuss any outstanding issues with Mercer, as required. .

We will also perform periodic assessments of methods and efficiency of the Plan's administrators and will challenge them in terms of efficiency.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (CONTINUED)

Subject to the matters discussed above, all core financial transactions have been processed promptly and accurately during the Scheme Year. 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 Diversified Fund	0.32	0.001
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	0.15	-0.061
L&G Sterling Liquidity Fund	0.14	-0.149

Source: L&G. Transaction Costs cover the year to 31 March 2021.

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 All World Equity Index Fund	0.20	-0.007
L&G Ethical UK Equity Index Fund	0.21	0.024
L&G World Emerging Markets Equity Index Fund	0.46	0.019
L&G Diversified Fund	0.32	0.001
L&G Managed Property Fund	0.86	0.187
L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	0.15	-0.061
L&G Over 5 Year Index-Linked Gilts Index Fund	0.10	0.025
L&G Sterling Liquidity Fund	0.14	-0.149

Source: L&G. Transaction Costs cover the year to 31 March 2021.

It is recognised that one of the funds above exceeds the 0.75% charge cap, however this cap only applies to the default arrangements under legislation. This fund has a higher TER as it is actively managed and invested in illiquid direct property, whereas most other funds in the Plan are passively managed and invest in listed securities.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (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. The Trustee's assessment of value for members is discussed further in a later section of this statement.

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 (*the 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 All World Equity Index Fund*)
- The fund with the lowest expected return (*L&G Sterling Liquidity 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 Managed Property Fund *(most expensive fund)***		**L&G Over 5 Year Index-Linked Gilts Index *(least expensive fund)***		**L&G All World Equity Index Fund *(highest expected return fund)***		**L&G Sterling Liquidity Fund *(lowest expected return 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	£49,281	£49,125	£48,927	£48,506	£47,301	£47,226	£49,517	£49,418	£47,273	£47,208
3	£54,872	£54,376	£53,898	£52,561	£48,853	£48,628	£55,815	£55,489	£48,770	£48,574
5	£59,980	£59,144	£59,045	£56,687	£50,353	£49,978	£62,497	£61,904	£50,215	£49,890
7	£64,451	£63,294	£64,374	£60,885	£51,802	£51,279	£69,585	£68,682	£51,610	£51,156
10	£69,475	£67,915	£72,721	£67,321	£53,886	£53,142	£81,035	£79,577	£53,612	£52,967
12 (retirement)	£71,513	£69,762	£78,533	£71,707	£55,217	£54,327	£89,253	£87,356	£54,889	£54,118

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (CONTINUED)

"Youngest" member illustrations										
	Default Strategy (most popular)		L&G Managed Property Fund (most expensive fund)		L&G Over 5 Year Index-Linked Gilts Index (least expensive fund)		L&G All World Equity Index Fund (highest expected return fund)		L&G Sterling Liquidity Fund (lowest expected return 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	£49,281	£49,125	£48,927	£48,506	£47,301	£47,226	£49,517	£49,417	£47,273	£47,208
3	£55,044	£54,537	£53,898	£52,561	£48,853	£48,627	£55,815	£55,489	£48,770	£48,574
5	£61,099	£60,188	£59,045	£56,686	£50,353	£49,978	£62,497	£61,904	£50,215	£49,890
10	£77,611	£75,425	£72,721	£67,321	£53,886	£53,142	£81,035	£79,576	£53,612	£52,967
15	£96,294	£92,394	£87,636	£78,429	£57,130	£56,023	£102,526	£99,858	£56,721	£55,765
20	£115,249	£109,330	£103,903	£90,032	£60,108	£58,649	£127,441	£123,135	£59,568	£58,308
25	£126,108	£118,786	£121,644	£102,151	£62,844	£61,040	£156,323	£149,849	£62,174	£60,621
27 (retire ment)	£127,230	£119,653	£129,183	£107,148	£63,874	£61,936	£169,125	£161,609	£63,154	£61,486

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.

Age • "Average" member • "Youngest" member	 *53 (the average age of the Plan's active membership)* 38 *(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	£18,766 *(the median salary of the Plan's active membership)*

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (CONTINUED)

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 Diversified Fund	2.5% above inflation
○ L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund	0.75% below inflation
○ L&G Sterling Liquidity Fund	1.75% below inflation
• L&G World Emerging Markets Equity Index Fund	3.0% above inflation
• L&G Over 5 Year Index-Linked Gilts Index	1.75% below inflation
• L&G Managed Property	1.75% above inflation

Value for members

The Trustee monitors value for members on an ongoing basis and has a good understanding of the membership demographics of the Plan and what good member outcomes should look like for the Plan's members in aggregate. We understand that value for money does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for money we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of scheme governance, fund management and performance of the funds.

All of the funds used by the Plan are approved by our investment advisers as having good prospects of achieving their objectives, and the performance of funds is reviewed and discussed at least quarterly. The Trustee also takes into account forward looking considerations such as market outlook and the adviser's expectations of manager performance. The same applies with the efficiency of administration services, which are also discussed quarterly.

Bearing all this in mind, the Trustee carried out a formal value for members assessment for the 12-month period covered by this statement. The law requires trustees to calculate at least annually all member-borne charges and, where possible, transaction costs, and to assess the extent to which they represent good value for members. A scheme offers value where the costs and charges deducted from members' pots or contributions provide good value in relation to the benefits and services provided, when compared to other options in the market. It does not necessarily mean low cost. The statutory requirements focus only on charges and costs borne by members. For the Plan, this covers investment management costs which are the most prominent part of our analysis. The governance and administration costs of the Plan are met by the Sponsoring Employer.

The assessment considered three key areas: Price, Performance and Productivity, covering factors such as investment fees, investment performance and non-investment items such as administration, governance and communications with members. The assessment concluded that overall the Scheme was offering good value to members across all three of the areas considered.

- In relation to the Price Assessment area, charges are competitive relative to peers and alternative investment platforms and investment manager fees are challenged by the Trustee where necessary.
- Regarding the Performance Assessment area, most funds have met their long term objectives, and any manager performance issues are given due attention by the Trustee, with action taken as deemed necessary.
- Lastly, in relation to Productivity, softer elements of value remain strong. In particular, the Plan has a strong governance structure in place and administration and governance costs are met by the Sponsoring Employer.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (CONTINUED)

In addition, the Plan has a GMP underpin, meaning that members will receive the higher of their DC pot or their GMP. This is a valuable benefit for members and gives a further boost to the value the Plan offers to members.

The Trustee Directors will formally assess value for members again next year.

The Trustee Directors have set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds 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 Fund	-	-
Utmost Life Managed Fund	0.75	0.021
Utmost Life Multi-Asset Cautious	0.75	0.000
Utmost Life Multi-Asset Moderate	0.75	0.000
Utmost Life Multi-Asset Growth	0.75	0.000
Zurich 90:10 With-Profits Fund	0.50	-
Aviva Pension Cash	0.65	0.000
Aviva Pension Global Equity	0.65	0.135
Aviva Pension Pacific Basin	0.65	0.066
Aviva Pension Pre-retirement Fixed Interest	0.65	0.000
Aviva Pension UK Equity	0.65	0.193

Source: AVC providers. Transaction Costs cover the year to 31 March 2021.

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.

Trustee's knowledge and understanding

The Plan's Trustee Directors are required to maintain appropriate levels of knowledge and understanding. The Trustee Directors have measures in place to secure compliance with the legal and regulatory requirements regarding their knowledge and understanding including funding and investment matters, pensions and trust law. This, together with the professional advice available, enables the Trustee Directors to exercise their functions and run the Plan properly and effectively.

The Chair of the Trustee is a qualified actuary and three of the Trustee Directors are experienced and long serving trustees, with backgrounds in finance and HR.

All the Trustee Directors have a working knowledge of the Plan's trust deed and rules, the Statement of Investment Principles (SIP) and other documents setting out the Trustee's current polices. Regular reference is made to these documents in managing the Plan and at trustee meetings. Trustee meetings are attended by advisers and the Trustee directors consult advisers (such as legal and investment advisers) where appropriate on technical issues.

The Trustee Directors 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, two new Trustee Directors were appointed each of whom completed the Regulator's Trustee Toolkit.

THE CHAIRMAN'S STATEMENT REGARDING DEFINED CONTRIBUTION (DC) GOVERNANCE: 6 APRIL 2020 – 5 APRIL 2021 (CONTINUED)

During 2020/21, areas of training and development have included:

- Detailed consideration of covenant matters at four out of the five Trustee meetings in 2020 and engagement with an independent covenant adviser culminating in a report delivered in March 2021
- Guaranteed Minimum Pension training (15 June 2021)
- Investment Asset Class training (22 June 2021)
- Multi-Asset Credit portfolio training (22 June 2021)
- Management of the Plan's risks and maintenance of the Risk Register (at each meeting)
- The provisions of the Rules and legislation with respect to implementing a Flexible Apportionment Arrangement (at each meeting)
- Current issues within the pension industry (at each meeting).

In order to ensure that they keep up to date with relevant developments, the Trustee Directors consider their training needs at every meeting and identify any knowledge gaps. As a result of these assessments, they have scheduled cyber risk training for Q1 2022 as part of a dedicated governance meeting. No other knowledge gaps were identified during the Scheme Year. The Trustee Directors are due to carry out an assessment of their effectiveness in 2022 and have added this to their business plan. The intention is that each of the Trustee Directors will complete a questionnaire which will be analysed by Mercer for further discussion and action where appropriate.

During the year covered by this statement, the Trustee updated the Plan's Statement of Investment Principles (SIP) to reflect its 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 and 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 at their trustee meetings in detail the provisions of the Rules in connection with the ongoing Flexible Apportionment arrangement negotiations with the sponsor. The Trustee Directors have also considered the operation of the DB underpin as part of discussions about the future of the Plan.

The Trustee Directors receive professional advice from Mercer as their actuarial and investment consultant and Pinsent Masons as their appointed legal advisers, both of whom attend every regular Trustee's meeting. As a result of the above, the Trustee Directors feel 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, and combined with advice from their professional advisers, the Trustee Directors consider that they have sufficient knowledge and understanding of the trust deed and rules and governing policies of the Plan, 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 and signed on their behalf by:

Val Simpson
Chair of the Trustee Board
2 November 2021

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 2021

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	83,267
Employee:	Normal contributions	18,215
Total contributions payable under the Schedule (as reported on by the Plan auditor)		**101,482**

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

Contributions payable under the Schedule		101,482
Employee:	Additional Voluntary Contributions	1,560
Contributions reported in the financial statements		**103,042**

An incorrect application of the pensionable salary in the year has resulted in Employer and Employee normal contributions being underpaid for the whole year to 5 April 2021. Initial calculations have noted contributions have been underpaid by c.£477 for Employee normal contributions and c.£2,238 for Employer normal contributions. The contributions remained unpaid at the year end and at the date of approval of the financial statements.

Signed on behalf of the Trustee on 1/12/2021

……………………………………

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 2021 which is set out on page 21.

Qualified statement about contributions payable under the Schedule of contributions

In our opinion, except for the effects of the departure from the Schedule of Contributions described in the Basis for qualified statement about contributions paragraph, contributions for the Plan year ended 5 April 2021 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of contributions certified by the Plan Actuary on 29 June 2018.

Basis for qualified statement about contributions

As described on page 21, the incorrect application of the pensionable salary has resulted in Employer and Employee normal contributions being underpaid for the whole year to 5 April 2021. Initial calculations have noted contributions have been underpaid by c.£477 for Employee normal contributions and c.£2,238 for Employer normal contributions. The contributions remained unpaid at the year end and at the date of approval of the financial statements.

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: 1/12/2021 ....

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 The Millennium and Copthorne Pension Plan (the 'Plan') for the year ended 5 April 2021, 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 2021, 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Plan including effects arising from macro-economic uncertainties such as Brexit and Covid-19 we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the Trustee with respect to going concern are described in the 'Responsibilities of Trustee for the financial statements' section of this report.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

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, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Plan and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice “Financial Reports of Pension Schemes” 2018 (“the SORP”).

- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator’s Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Plan operates.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with management and the Trustee, and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee.
- We assessed the susceptibility of the Plan's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results for the year and the valuation of annuity policy assets using a method not permitted under the SORP.

Our audit procedures involved:

- Evaluation of the design effectiveness of controls that the Trustee has in place to prevent fraud
- Journal entry testing, with a focus on large journals, manual journals, those journal entries with unusual account combinations, and entries posted to suspense accounts; and
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and Financial Statements with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team is required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and of the sector the underlying applicable legislation and related guidance.

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 1/12/2021

FUND ACCOUNT FOR THE YEAR ENDED 5 APRIL 2021

	Note	Final Salary Section for the year ended 5 April 2021 £	Money Purchase Section for the year ended 5 April 2021 £	Total for the year ended 5 April 2021 £	Total for the year ended 5 April 2020 £
CONTRIBUTIONS AND BENEFITS					
Employer contributions		**45,658**	**37,609**	**83,267**	132,120
Employee contributions		**5,768**	**14,007**	**19,775**	29,138
	5	**51,426**	**51,616**	**103,042**	161,258
Other income	6	**4,700**	**-**	**4,700**	-
		56,126	**51,616**	**107,742**	161,258
Benefits paid or payable	7	**(1,752,661)**	**(345,161)**	**(2,097,822)**	(2,193,973)
Payments to and on account of leavers	8	**(210,826)**	**(57,498)**	**(268,324)**	(165,716)
Administrative expenses	9	**(34)**	**-**	**(34)**	(43)
		(1,963,521)	**(402,659)**	**(2,366,180)**	(2,359,732)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		**(1,907,395)**	**(351,043)**	**(2,258,438)**	(2,198,474)
INVESTMENT RETURNS					
Investment income	10	**21,000**	**-**	**21,000**	24,052
Investment management expenses	11	**(77,168)**	**-**	**(77,168)**	(76,866)
Change in market value of investments	12.1	**2,855,177**	**1,898,103**	**4,753,280**	453,263
NET RETURNS ON INVESTMENTS		**2,799,009**	**1,898,103**	**4,697,112**	400,449
NET INCREASE / (DECREASE) IN THE FUND DURING THE YEAR		**891,614**	**1,547,060**	**2,438,674**	(1,798,025)
TRANSFERS BETWEEN SECTIONS	13	**11,949**	**(11,949)**	**-**	-
NET ASSETS OF THE PLAN AT 6 APRIL		**49,860,185**	**10,973,098**	**60,833,283**	62,631,308
NET ASSETS OF THE PLAN AT 5 APRIL		**50,763,748**	**12,508,209**	**63,271,957**	60,833,283

The notes on pages 28 to 42 form an integral part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 5 APRIL 2021

	Note	**5 April 2021** £	5 April 2020 £
FINAL SALARY SECTION			
INVESTMENT ASSETS	12		
Pooled investment vehicles	12.4	**50,421,235**	49,785,751
TOTAL FINAL SALARY SECTION INVESTMENTS		**50,421,235**	49,785,751
CURRENT ASSETS	15	**382,670**	155,270
CURRENT LIABILITIES	16	**(40,157)**	(80,836)
TOTAL NET ASSETS OF THE FINAL SALARY SECTION		**50,763,748**	49,860,185
MONEY PURCHASE SECTION			
INVESTMENT ASSETS	12		
Pooled investment vehicles	12.4	**11,834,782**	10,414,354
Insurance policies	12.5	**199,967**	212,681
AVC investments	12.6	**364,531**	279,402
Other investment balances	12.1	**26,484**	23
TOTAL MONEY PURCHASE SECTION INVESTMENTS		**12,425,764**	10,906,460
CURRENT ASSETS	15	**218,004**	80,055
CURRENT LIABILITIES	16	**(135,559)**	(13,417)
TOTAL NET ASSETS OF THE MONEY PURCHASE SECTION		**12,508,209**	10,973,098
TOTAL NET ASSETS AT 5 APRIL		**63,271,957**	60,833,283

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 28 to 42 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 1/12/2021 and were signed on its behalf by:

……………………………………

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).

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.

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 2020 £	Money Purchase Section for the year ended 5 April 2020 £	Total for the year ended 5 April 2020 £
CONTRIBUTIONS AND BENEFITS				
Employer contributions		84,261	47,859	132,120
Employee contributions		10,674	18,464	29,138
Total Contributions	5	94,935	66,323	161,258
Other income	6	-	-	-
		94,935	66,323	161,258
Benefits paid or payable	7	(2,125,327)	(68,646)	(2,193,973)
Payments to and on account of leavers	8	(63,683)	(102,033)	(165,716)
Administrative expenses	9	(43)	-	(43)
Other payments		-	-	-
		(2,189,053)	(170,679)	(2,359,732)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(2,094,118)	(104,356)	(2,198,474)
INVESTMENT RETURNS				
Investment income	10	24,032	20	24,052
Investment management expenses	11	(76,866)	-	(76,866)
Change in market value of investments	12.1	1,879,320	(1,426,057)	453,263
NET RETURNS ON INVESTMENTS		1,826,486	(1,426,037)	400,449
NET INCREASE IN THE FUND DURING THE YEAR		(267,632)	(1,530,393)	(1,798,025)
TRANSFERS BETWEEN SECTIONS	13	(237,359)	237,359	-
NET ASSETS OF THE PLAN AT 6 APRIL		50,365,176	12,266,132	62,631,308
NET ASSETS OF THE PLAN AT 5 APRIL		49,860,185	10,973,098	60,833,283

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 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.

4.2 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.

4.3 Expenses

In accordance with the Schedule of Contributions in force during the year, 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.

4.4 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.

4.5 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.

4.6 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. Where funds are valued weekly the value is taken as at the week ending immediately before or after the year end date.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 ACCOUNTING POLICIES (CONTINUED)

4.7 Valuation of investments (continued)

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.

The Plan has in place annuity contracts for 27 members. The Trustee, after taking advice from the Plan Actuary, has concluded that the value of these policies is immaterial for accounts purposes and therefore has not included them in the Plan's financial statements as at 5 April 2021. The value attributed to them as at 5 April 2020 was approximately 0.4% of the Plan's net assets at that date and was arrived at using the s179 valuation as at that date. The Plan Actuary has confirmed that the position since that date has not materially changed.

4.8 Currency

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

5 CONTRIBUTIONS

	Final Salary Section 2021	**Money Purchase Section 2021**	**Total 2021**
	£	**£**	**£**
Employer's Contributions			
Normal contributions	**45,658**	**37,609**	**83,267**
Employees' Contributions			
Normal contributions	**5,768**	**12,447**	**18,215**
Additional voluntary contributions	**-**	**1,560**	**1,560**
	51,426	**51,616**	**103,042**

	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

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 Schedule of Contributions certified by the Scheme Actuary on 22 June 2021 deficit funding contributions of £2,606,000 and £5,212,000 are due to be paid to the Plan by 5 April 2022 and 5 April 2023 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 OTHER INCOME

	Final Salary Section 2021	Money Purchase Section 2021	Total 2021
	£	£	£
Other income	**4,700**	**-**	**4,700**

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

7 BENEFITS PAID OR PAYABLE

	Final Salary Section 2021	Money Purchase Section 2021	Total 2021
	£	£	£
Pension payments	**1,501,731**	**-**	**1,501,731**
Commutations and lump sum retirement benefits	**249,220**	**309,219**	**558,439**
Purchase of annuities	**-**	**35,942**	**35,942**
Lump sum death benefits	**1,710**	**-**	**1,710**
	1,752,661	**345,161**	**2,097,822**

	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

8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Final Salary Section 2021	Money Purchase Section 2021	Total 2021
	£	£	£
Individual transfers out to other schemes	**210,826**	**57,498**	**268,324**

	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 ADMINISTRATIVE EXPENSES

	Final Salary Section 2021	**Money Purchase Section 2021**	**Total 2021**
	£	**£**	**£**
Other expenses	**34**	**-**	**34**

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

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

10 INVESTMENT INCOME

	Final Salary Section 2021	**Money Purchase Section 2021**	**Total 2021**
	£	**£**	**£**
Annuity income	**21,000**	**-**	**21,000**

	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

11 INVESTMENT MANAGEMENT EXPENSES

	Final Salary Section 2021	**Money Purchase Section 2021**	**Total 2021**
	£	**£**	**£**
Investment management & custody	**77,168**	**-**	**77,168**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 RECONCILIATION OF INVESTMENTS

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

	Value at 6 April 2020 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 5 April 2021 £
Final Salary Section					
Pooled investment vehicles	**49,785,751**	**-**	**(2,219,693)**	**2,855,177**	**50,421,235**
Money Purchase Section					
Pooled investment vehicles	**10,414,354**	**9,435,626**	**(9,823,097)**	**1,807,899**	**11,834,782**
Insurance policies	**212,681**	**-**	**(14,581)**	**1,867**	**199,967**
AVCs	**279,402**	**180**	**(3,388)**	**88,337**	**364,531**
	10,906,437	**9,435,806**	**(9,841,066)**	**1,898,103**	**12,399,280**
Other investment balances	**23**				**26,484**
Total	**10,906,460**				**12,425,764**

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 2021 £	Value at 5 April 2020 £
Allocated to members	**12,425,764**	10,906,460
Not allocated to members	**-**	-
	12,425,764	10,906,460

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 (2020: nil) Trustee units held at year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.2 CONCENTRATION OF INVESTMENTS

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

	2021	**2021**	2020	2020
	£	**%**	£	%
Final Salary Section				
Baillie Gifford Diversified Growth	**19,042,458**	**30.1**	16,930,656	27.8
Thread Life Multi Asset	**10,234,174**	**16.2**	8,892,388	14.6
Invesco Global Targeted Returns	**8,842,371**	**14.0**	9,350,247	15.4
BMO Real Dynamic LDI	**7,240,284**	**11.4**	7,472,894	12.3
BMO Nominal Dynamic LDI	**5,061,948**	**8.0**	7,139,565	11.7
Money Purchase Section				
L&G Diversified Fund	**8,942,576**	**14.1**	-	-
L&G Global Equity 60:40 Index	**-**	**-**	7,440,091	12.2
	59,363,811	**93.8**	57,225,841	81.8

The Final Salary Section investments are held on the Mobius Life Platform.

12.3 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 (2020: nil).

12.4 POOLED INVESTMENT VEHICLES

	Final Salary Section 2021	**Money Purchase Section 2021**	**Total 2021**
	£	**£**	**£**
Equity	**-**	**248,770**	**248,770**
Bonds	**12,302,232**	**2,225,516**	**14,527,748**
Diversified Growth	**38,119,003**	**8,942,576**	**47,061,579**
Managed Property	**-**	**29,730**	**29,730**
Cash	**-**	**388,190**	**388,190**
	50,421,235	**11,834,782**	**62,256,017**

	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)

12.5 INSURANCE POLICIES

	Final Salary Section 2021	**Money Purchase Section 2021**	**Total 2021**
Insurance policies	**£**	**£**	**£**
Utmost Life and Pensions Limited	**-**	**34,673**	**34,673**
Prudential	**-**	**165,294**	**165,294**
	-	**199,967**	**199,967**

	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

12.6 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 2021	**Money Purchase Section 2021**	**Total 2021**
	£	**£**	**£**
Utmost Life and Pensions Limited	**-**	**259,422**	**259,422**
Aviva	**-**	**80,514**	**80,514**
Zurich Assurance Ltd	**-**	**24,595**	**24,595**
		364,531	**364,531**

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.7 FAIR VALUE HIERARCHY

For the purposes of this most of the pooled investment vehicles have all been included in level 2 as the pooled funds themselves are not exchange traded. The exception to this is the PIV property that has been included in level 3 since it makes direct property investments (expected to be valued using observable market data) and is dealt quarterly for redemptions.

The funds are all single priced. The Scheme's investments can therefore be categorised as follows:

	Level 1	Level 2	Level 3	Total 2021
	£	£	£	£
Final Salary Section				
Pooled investment vehicles	-	50,421,235	-	50,421,235
Money Purchase Section				
Pooled investment vehicles	-	11,805,052	29,730	11,834,782
Insurance policies	-	34,673	165,294	199,967
AVC investments	-	339,936	24,595	364,531
Other investment balances	26,484	-	-	26,484
	26,484	12,179,661	219,619	12,425,764

(as restated)	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	-	32,971	179,710	212,681
AVC investments	-	256,292	23,110	279,402
Other investment balances	23	-	-	23
	23	10,703,617	202,820	10,906,460

Please note:

A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.8 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.

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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.

Market risk: this comprises the following elements:

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

The Trustee determines its investment strategy after taking advice from a professional investment advisor. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed parameters which are set taking into account the Plan's strategic investment objectives.

For Defined Benefit assets, these investment objectives are implemented through the Mobius Platform and monitored by the Trustee via regular review of the investment portfolio. As they are not considered significant, the Plan's AVC holdings and Trustee Bank Account balance are not included in these disclosures.

For Defined Contribution assets, the Trustee objective is to make available to members of the Plan an appropriate range of investment options. To do so, they have entered into an investment management agreement with Legal & General Investment Management ("LGIM") that sets out the underlying investments held by each investment option, which the Trustee review on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.8 INVESTMENT RISKS (continued)

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

Defined Benefit Section

(i) Investment Strategy

The investment objective of the Defined Benefit Section ("DB Section") is to invest the Plan's assets in the below allocation:

Asset Class	Allocation (%)
Growth Assets	**70.0**
Baillie Gifford Diversified Growth Fund	35.0
Thread Life Multi Asset Fund MAC	17.5
Invesco Global Targeted Returns Fund	17.5
Stabilising Assets	**30.0**
BMO Real Dynamic LDI Fund	19.5
BMO Nominal Dynamic LDI fund	10.5
Total	**100.0**

The Trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the DB Section and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles ("SIP") with details of any changes during the year included in the Trustees' report.

(i) Credit Risk

To gain exposure to certain asset classes in a cost effective way (in both monetary and governance terms), the Plan invests in pooled investment vehicles. Therefore, the Plan is directly exposed to credit risk of these pooled investment vehicles. The value of assets invested in pooled funds and therefore directly exposed to credit risk as a result of this at year end was £50.4m (2020: £49.8m).

The Plan is subject to indirect credit risk due to bonds, OTC derivatives, repurchase agreements and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was £50.4m (2020: £49.8m). This value includes pooled investment vehicles that have only a partial allocation to these asset classes.

In respect of the Trustee's approach to managing credit risk arising from the various asset classes, we note the following positions at year end:

- The credit risk from Sovereign Government bonds held directly or indirectly is considered to be minimal. These assets are primarily held for risk management purposes.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.
- A summary of the pooled investment vehicles by type of arrangement is shown below.

Investment Type	2021 (£m)	2020 (£m)
Unit Linked Insurance Contracts	50.4	49.8
Total	**50.4**	**49.8**

- *Source: Mobius Life, Mercer.*
- *Figures may not sum to total due to rounding.*
- *Valuations are based on bid prices where available otherwise mid/single price values are used.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.8 INVESTMENT RISKS (continued)

- 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 environment in which the pooled fund manager operates and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks before appointing new pooled investment managers.

(ii) Currency risk

The Plan is subject to indirect currency risk because the underlying holdings of the pooled investment vehicles held may be denominated in a non-sterling currency and are not fully currency hedged by the investment manager. The value of holdings subject to this risk total £38.1m (2020: £35.2m). This value includes pooled investment vehicles that have only a partial exposure to currency risk.

The Trustee does not currently have a currency hedging policy in place. Note that the Diversified Growth Fund managers may from time to time take unhedged overseas investment positions in pursuit of growth opportunities or to reduce overall fund risk.

(iii) Interest rate risk

The Plan is subject to interest rate risk via its Liability Driven Investment ("LDI") via pooled investment vehicles.

The Trustee have set a benchmark allocation of 30% to LDI. If interest rates fall, the value of these assets will rise to help match a proportion of the increase in actuarial liabilities arising from a fall in the discount rate used to place a value on the Plan's liabilities. Similarly, if interest rates rise, these assets will fall in value (as will the actuarial liabilities) due to an increase in the discount rate.

The Plan also has exposure to interest rate risk via its holdings in Diversified Growth funds ("DGFs"). The interest rate risk they introduce is expected to be low and/or taken by the investment manager as part of its investment process to add value.

The value of assets invested in pooled funds and therefore directly exposed to interest rate risk as a result of this at year end was £50.4m (2020: £49.8m).

(iv) Other price risk

Other price risk arises principally in relation to the Plan's non-bond assets, which includes DGFs.

The Plan has set a target allocation of 70% to non-bond assets. The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

	2021 (£m)	2020 (£m)
Diversified Growth Funds	38.1	35.2
Total	**38.1**	**35.2**

Source: Mobius Life, Mercer.
Figures may not sum to total due to rounding.
Valuations are based on bid prices where available otherwise mid/single price values are used.

Money Purchase Section

(i) Credit Risk

The Plan's DC Section is subject to direct credit risk in relation to LGIM as the options available to members are accessed via unit linked insurance funds provided by them. LGIM is regulated by the Financial Conduct Authority and/or authorised by the Prudential Regulation Authority and maintains separate funds for its policyholders.

LGIM invests all of the Plan's DC Section assets in their own insurance linked funds, the majority of which invest in pooled investment funds managed by other investment firms or in reinsurance arrangements with other life insurance companies.

The value of assets exposed directly to credit risk as a result of this at year end was £11.9m (2020: £10.4m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.8 INVESTMENT RISKS (continued)

(ii) Indirect Credit and Market Risks

The DC Section is also subject to indirect credit risk arising from underlying bond investments held in the unit-linked pooled insurance funds. The value of assets exposed indirectly to credit risk as a result of this at year end was £11.9m (2020: £2.9m).

- The credit risk from Sovereign Government bonds is considered to be minimal. These assets are primarily held for risk management purposes.
- The credit risk from corporate (investment grade) bonds is mitigated by investing in a diversified mix of (predominantly) investment grade rated bonds.
- The credit risk from corporate (sub-investment grade) and other bonds held directly or indirectly is mitigated via diversification to minimise the impact of default by any one issuer.

Indirect market risk arises where the underlying investments of a pooled investment vehicle are exposed to interest rate, currency or other price risks.

- Indirect currency risk arises from the sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies. The value of assets exposed indirectly to currency risk as a result of this at year end was £9.2m (2020: £7.5m).
- Indirect interest rate risk arises from underlying bond and money market investments held in the pooled investment vehicles. The value of assets exposed indirectly to interest rate risk as a result of this at year end was £11.6m (2020: £2.9m).
- Indirect other price risk arises on the majority of underlying assets held in the pooled investment vehicles where market or investment specific factors, beyond interest rate risk and currency risk, cause value fluctuations. The value of assets exposed indirectly to other price risk as a result of this at year end was £9.2m (2020: £7.5m).

These values include pooled investment vehicles that have only a partial exposure to these risks.

The Trustee has considered indirect risks in the context of the investment strategy.

The risks disclosed here relate to the Plan's DC investments as a whole. As members are able to choose their own investments from the range of funds offered by the Trustee, it should be noted that member level risk exposures will be dependent on the funds chosen by members.

13 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.

14 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 CURRENT ASSETS

	2021	2020
	£	£
Final Salary Section		
Bank balance	**146,798**	29,946
Contributions due		
- from Employer	**2,069**	621
- from employees	**79**	79
Due from DC section	**81,573**	-
Other debtors	**152,151**	124,624
	382,670	155,270

	2021	2020
	£	£
Money Purchase Section		
Bank balance	**197,684**	73,691
Contributions due		
- from Employer	**2,802**	132
- from employees	**512**	44
Due from DB section	**17,006**	6,188
	218,004	80,055

Included in the bank balance of the Money Purchase Section is £72,330 (2020: £72,330) which is not allocated to members. Final Salary current assets are not allocated to members.

16 CURRENT LIABILITIES

	2021	2020
	£	£
Final Salary Section		
Unpaid benefits	**6,242**	56,214
Accrued investment fees	**16,909**	18,434
Due to DC section	**17,006**	6,188
	40,157	80,836

	2021	2020
	£	£
Money Purchase Section		
Unpaid benefits	**52,530**	12,899
Other creditors	**1,456**	518
Due to DB section	**81,573**	-
	135,559	13,417

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 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 other than the underpaid contributions as reported on page 21 which remain outstanding at the date of approval of the financial statements (2020: none).

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities as at 5 April 2021 (2020: none).

19 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. In the actuarial valuation as at 5 April 2020 the Plan Actuary included an allowance of 1.88% of the liabilities for the Final Salary section and 1.09% for the Money Purchase section in respect of GMP equalisation.

The High Court made a further ruling in November 2020 concerning GMP equalisation on past transfers and the Trustee will be considering the implication of this latest ruling on the Plan in due course.

20 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 (2020: two) are pensioner members of the Plan and the benefits payable are in line with the Plan Rules and non-Trustee members.

During the year no amounts were reimbursed by the Employer to the Trustee Directors for expenses incurred in the provision of Trustee services (2020: £713). The Independent Trustee is entitled to charge reasonable costs in respect of their services as a professional trustee. The fees payable by the Employer for the year ended 5 April 2021 in respect of the Independent Trustee amounted to £7,000 (2020: £nil) and no amounts remained payable at the year end (2020: £nil).

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 29 June 2018.

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 on five years after the date it is certified by the Scheme Actuary.

Final Salary Section

Contributions by active members
5.0% 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 of the calendar month following deduction.

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses
36.3% of Pensionable Salaries payable monthly by the 19th of the calendar month after 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 2020 actuarial valuation, the employer will pay a contribution of £2,606,000 to the scheme by 5 April 2022 and a further contribution of £5,212,000 to the scheme by 5 April 2023.

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".

SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Money Purchase 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 deduction.

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 after 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".

SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Signatures

This schedule of contributions has been agreed by the Trustee.

Signed on behalf of Millennium and Copthorne Pension Trustee Limited:

Signature: VJS

Name: Valerie J Simpson

Position: Trustee Chair

Date: 22 June 2021

This schedule of contributions has been agreed by the Employer.

Signed on behalf of Millennium and Copthorne Hotels Limited:

Signature:

Name: Kwek Eik Sheng

Position: Executive Director

Date: 22 June 2021

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

Signature: M J Lane

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

Position: Scheme Actuary

Date: 22 June 2021

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 2020 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustees on) 22 June 2021.

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) 22 June 2021.

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:	22 June 2021
Name:	Michael J Lane	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Tower Place London EC3R 5BU	Name of Employer:	Mercer 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
10 South Colonnade
Canary Wharf
London
E14 4PU

✉ enquiries@pensions-ombudsman.org.uk
☎ 0800 917 4487
www.pensions-ombudsman.org.uk

(iii) The Money & Pensions Service ("MAPS") brings together three respected providers of financial guidance: Pensions Wise, the Money Advice Service and the Pensions Advisory Service. MAPS 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. The contact details are:

Money and Pensions Service ("MAPS")
Holborn Centre
120 Holborn
London
EC1N 2TD

www.moneyandpensionsservice.org.uk

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 welcome to brighter

Annual Implementation Statement

THE MILLENNIUM & COPTHORNE DB PENSION PLAN

6 April 2020 to 5 April 2021 (the "Plan Year")

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 from 6 April 2020 to 5 April 2021 (the "Plan Year"). 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 2019 and the guidance published by the Pensions Regulator.

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

This statement also describes the voting behaviour [carried out by the Plan's investment managers on the Trustee's behalf] during the Plan Year (including the most significant votes cast by the Trustee or on its behalf) and describes any use of the services of a proxy during the Plan Year.

A copy of this implementation statement is available via the link below:

https://www.millenniumhotels.com/en/corporate/uk-pension-plan/

This statement flows directly from and should be read in conjunction the Plan's SIP (in place at the Plan Year end signed on September 2020) and which is available via the link below:

https://www.millenniumhotels.com/en/corporate/uk-pension-plan/

Review of the SIP

The SIP dated September 2019 applied from the start of the Plan Year until the Trustee put in place the revised SIP dated September 2020, which applied for the rest of the Plan Year. The revised SIP added further details to the Plan's policies regarding the assessment, duration of arrangements, and incentivising of investment managers. The review also expanded the Plan's policies on stewardship, voting and engagement. The Trustee considered both of these SIPs when preparing the implementation statement.

Investment Objectives of the Plan:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have 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.

Assessment of how the policies in the SIP have been followed for the Plan Year

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, following the review carried out as part of preparing this statement, the SIP has been followed during the Plan Year. We explain in the statement the Trustee's reasoning for this conclusion.

On 31 March 2021 the Trustee's agreement with JLT Investment Management ("JLT IM") was terminated and a new agreement was subsequently negotiated with Mercer to provide investment consultancy services to the Trustee on an advisory basis. Responsibilities previously carried out by JLT IM are now being undertaken by Mercer or the Trustee. A revised SIP is being produced at the time of writing, which explains how the new arrangements are implemented.

	Requirement	Policy	Summary description and evaluation of work undertaken in the Plan Year
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.* SIP section 3.2	No new investments were implemented over the Plan Year.
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*	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 line with their policies during the year.

		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 themselves.* SIP section 4.1 *The use of derivatives is permitted by the guidelines that apply to the pooled funds* SIP section 4.3	
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	From time to time, the Plan's investment managers 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.

		Stabilising Assets (liability driven investments). SIP Appendix 1	
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 they believe 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. The Trustee reviews the investment performance report provided by its investment advisor on a quarterly basis, which includes the investment adviser's research rating on the pooled funds' investment strategy and ESG incorporation. The reports also provide investment performance of the funds compared to benchmark and details of the Plan's asset allocation. .
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 and how the overall Plan assets are performing compared to the benchmark. Over the year to 31 March 2021, the overall Plan returns were ahead of the benchmark.
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 *Mercer, on behalf of the Trustee, will take ESG considerations into account in*	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.

		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	
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*	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 via quarterly reports provided by its investment advisor. The Plan's SIP includes the Trustee' 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 their 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.

		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	
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	*In relation to the exercise of the rights (including voting rights) attaching to the investments, the Trustee has*	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

	voting rights) attaching to the investments	*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	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 Voting activity carried out over the Plan year on behalf of the Trustee is shown in the Appendix of this Statement. Over the period covered by this Statement, the Trustee has not directly challenged managers on voting activity. During the year under review, the Trustee did not actively challenge the investment managers 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	*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.*	As the Plan invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. The Trustee wishes to encourage best practice in terms of corporate activism. They therefore encourage their investment managers 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

	relevant persons about relevant matters)	*The Trustee has delegated to 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 Mercer to exercise these rights and undertake monitoring and engagement. Mercer will update the Trustee periodically on the activities undertaken in this regard. If the Trustee has any concerns, it will raise them with Mercer, verbally or in writing.* SIP section 4.4	investment managers' policies and engagement activities (where applicable) on an annual basis. The Trustee received details of relevant engagement activity for the Plan Year 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 policies on effective corporate governance, executive remuneration, capital allocation, company culture, carbon-intensity and greenhouse emissions reduction, among others. • **Invesco** engaged with companies on ESG issues centered on sustainability, climate change, corporate governance and social equity. • **Columbia Threadneedle** engaged with companies on a number of issues, including, sustainability, climate change and corporate governance. • **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. Over the Plan Year they have also been involved in improving the green bond framework and reporting.

Appendix: Investment Manager Voting Summary

As previously stated in the table above, 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

The Trustee accepts that each investment manager has its own process for determining a "most significant vote", however the Trustee believes the rationales provided by the managers appear reasonable and are not out of line with the Trustee's understanding.

Overview of Baillie Gifford's approach to voting and engagement (provided by the manager)

Baillie Gifford's policy on consulting with clients before voting

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. The firm does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then Baillie Gifford will engage with them on this. If a vote is particularly contentious, the firm may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Baillie Gifford's process for deciding how to vote

Baillie Gifford's Governance & Sustainability team oversees the voting analysis and execution in conjunction with the firm's investment managers. The firm does not outsource any part of the responsibility for voting to third-party suppliers. Baillie Gifford analyses all meetings in-house in line with its Governance & Sustainability Principles and Guidelines and endeavour to vote every one of its clients' holdings in all markets.

Use of proxy voting services

While Baillie Gifford is cognisant of proxy advisors' voting recommendations (Institutional Shareholder Services ("ISS") 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

Processes for determining the most significant votes

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.

Overview of Invesco's approach to voting and engagement (provided by the manager)

Invesco's policy on consulting with clients before voting

Invesco has adopted a clear and considered stewardship policy aligned with its responsibility as a shareholder on behalf of all its investors. The proxy voting process at Invesco, which is driven by investment professionals, focuses on maximizing long-term value for its clients, protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. All of Invesco's activities are aimed at enhancing and protecting the value of its investments for its clients. Invesco takes a nuanced approach to voting, therefore, many matters to be voted upon are reviewed on a case by case basis as each investment team makes independent voting decisions based on criteria that may be important to their investment approach. Invesco's proxy voting process is designed to ensure that proxy votes are cast in accordance with the best interests of all clients.

Invesco's process for deciding how to vote

Voting matters are assessed on a case-by-case basis by Invesco's respective investment professionals considering the unique circumstances affecting companies, regional best practices and our goal of maximizing long-term value creation for our clients. The voting decision lies with the firm's asset managers with input and support from the Global ESG team and Proxy Operations functions. Invesco's portfolio managers review voting items based on their individual merits and retain full discretion on vote execution conducted through the firm's proprietary proxy voting platform. The proprietary voting platform facilitates implementation of voting decisions and rationales across global investment teams.

Use of proxy voting services

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The proxy voting philosophy, governance structure and process are designed to ensure that proxy votes are cast in accordance with clients' best interests.

Processes for determining the most significant votes

Invesco's investor-led proxy voting approach ensures that each meeting is voted in the firm's clients' best interests and each proposal, both management and shareholder, is considered in light of the risk and materiality to the portfolios. As part of the firm's Shareholder Rights Directive II implementation, the following criteria are used when determining whether a voting item is significant;

(i) materiality of the position,
(ii) the content of the resolution and,
(iii) inclusion on Invesco's ESG watchlist.

Overview of Columbia Threadneedle's approach to voting and engagement (provided by the manager)

Columbia Threadneedle's policy on consulting with clients before voting

The firm does not have a policy on consulting with clients before voting for their pooled vehicles.

Columbia Threadneedle's process for deciding how to vote

In voting proxies on behalf of its clients, the firm votes in consideration of all relevant factors to support the best economic outcome in the long-run. As an organisation, Columbia Threadneedle's approach is driven by a focus on promoting and protecting its clients' long-term interests; while the firm are generally supportive of company management, it can and does frequently take dissenting voting positions. While final voting decisions are made under a process informed by the firm's RI team working in collaboration with portfolio managers and analysts, the Global Proxy Team serves as the central point of proxy administration with oversight over all votes cast and ultimate responsibility for the implementation of our Proxy Voting Policy. Voting is conducted in a controlled environment to protect against undue influence from individuals or outside groups.

Use of proxy voting services

Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and the firm's proxy voting practices are implemented through its Proxy Voting Policy. Columbia Threadneedle utilise the proxy voting research of ISS and Glass Lewis & Co., which is made available to its investment professionals, and the RI team will also consult on many voting decisions.

Processes for determining the most significant votes

The firm consider a significant vote to be any dissenting vote i.e. where a vote is cast against (or where the firm abstains/withholds from voting) a management-tabled proposal, or where the firm supports a shareholder-tabled proposal not endorsed by management. Columbia Threadneelde report annually on its reasons for applying dissenting votes via the company website.

Voting summary for the 12 months period to 31 March 2021

Fund	Votes cast						Most significant votes
	Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
Baillie Gifford Diversified Growth Fund	103	935	96%	94%	5%	1%	**Vote example 1** **Company**: **Covivio REIT** **Date of Vote:** 22 April 2010 **Summary of the resolution:** Remuneration - Policy **Voting decision:** Against **Rationale for voting decision** At the meeting, Baillie Gifford opposed five resolutions regarding the in-flight and proposed long term incentive scheme because it could lead to rewarding under-performance. Following the AGM in 2020, the firm informed the company of its voting decision and advised that Baillie Gifford expects more stretching performance criteria to apply to long term incentives going forward. Baillie Gifford is yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action. **Vote example 2** **Company**: Cardinal Heath **Date of Vote:** 23 February 2021 **Summary of the resolution:** Remuneration - Policy **Voting decision:** Against **Rationale for voting decision**

Fund	Votes cast						Most significant votes
	Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
							Baillie Gifford opposed the resolution to approve the remuneration policy because we are concerned that an additional fee proposed for the Senior Independent Director could impact his independence. The firm engaged with the company on the issue and will continue to take voting action in relation to the vote if concerns remain.
Invesco Perpetual Global Targeted Returns Pension Fund	365	5,332	98%	94%	6%	1%	**Vote example 1** **Company**: Citigroup, Inc. **Date of Vote**: 21 April 2020 **Summary of the resolution**: Report on Lobbying Payments and Policy **Voting decision**: Against (in line with management recommendation) **Rationale for voting decision**: Invesco voted against this resolution, as the company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks. **Vote example 2** **Company**: EasyJet Plc **Date of Vote**: 14 July 2020 **Summary of the resolution**: Approve Capital Raising **Voting decision**: For **Rationale for voting decision**: Invesco voted for this resolution, as the capital raise will strengthen the Company's balance sheet as part of the Company's response to the impact of COVID-19, helping the Company in its recovery and long-term growth.
Columbia Threadneedle Multi-Asset Fund	601	6,988	99%	90%	6%	4%	**Vote example 1** **Company**: Amazon.com, Inc. **Date of Vote**: 27 May 2020 **Summary of the resolution:** Elect Director Thomas O. Ryder

Fund	Votes cast						Most significant votes
	Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
							Voting decision: Against **Rationale for voting decision:** Columbia Threadneedle voted against this nomination, as Director is an affiliate serving on a key committee. **Vote example 2** **Company**: Facebook, Inc. **Date of Vote**: 27 May 2020 **Summary of the resolution**: Report on Median Gender/Racial Pay Gap **Voting decision**: For **Rationale for voting decision**: Columbia Threadneedle voted for this proposal, as it is a material risk for business and in the best interest of its shareholders.

Annual Implementation Statement

The Millennium & Copthorne DC Section Plan

6 April 2020 to 5 April 2021 (the "Plan Year")

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 from 6 April 2020 to 5 April 2021 (the "Plan Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator.

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

The statement also describes the voting behaviour carried out by the Plan's investment managers on the Trustee's behalf during the Plan Year (including the most significant votes cast by the Trustee or on its behalf) and describes any use of the services of a proxy voter during the Plan Year.

A copy of this implementation statement is available via the link below:

https://media.millenniumhotels.com/Live/8/E/4/8E44A561-EBDB-4D96-8325-49BD52703C86/Millennium%20%20Copthorne%20DC%20SIP%20December%202020%20final.pdf?r=201211041900

The Statement flows directly from and should be read in conjunction with the Plan's SIP (in place at the Plan Year end signed on December 2020) which is available via the link below:

https://media.millenniumhotels.com/Live/8/E/4/8E44A561-EBDB-4D96-8325-49BD52703C86/Millennium%20%20Copthorne%20DC%20SIP%20December%202020%20final.pdf?r=201211041900

The SIP dated September 2020 applied from the start of the Plan Year until the Trustee put in place the revised SIP dated December 2020, which applied for the rest of the Plan Year. The Trustee considered both of these SIPs when preparing this implementation statement.

Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are set out below, along with actions taken by the Trustee to meet each objective:

Objective	Action over the Plan Year to meet objective
To provide members with an investment strategy aligned to their needs that will optimise the return on investments in order to build up a savings pot, which will be used in retirement.	The Trustee implemented a new default investment strategy for the Plan following the most recent triennial strategy review, which it believes will be in the best interests of members. The Trustee also added additional funds to the self-select fund range in order to give members greater choice of how their savings are invested.
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 to be appropriate.	
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. The Trustee has determined its investment policy in such a way as to address the identified risks.	The Trustee considered risk and return metrics when deciding on a new default investment strategy for the Plan. The Trustee continues to use a lifestyle for the default arrangement, whereby investments are moved into less risky funds as retirement approaches

The policies set out in the SIP are intended to help meet the overall investment objectives of the Plan. Detail on the Trustee's objectives with respect to the default investment strategy and the self-select fund range are outlined in the SIP.

Review of the SIP

During the year to 5 April 2021, the Trustee reviewed and updated the Plan's SIP on two occasions. On both occasions, the process of review involved obtaining formal advice from the Trustee's advisers in relation to any revisions and due consultation with the Principal Employer. In the first update, the SIP was updated in September 2020 to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee's policies as set out in the SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset manager's' performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

In addition, the SIP was updated following the changes made to the Plan's investment strategy in November 2020 following the triennial investment strategy review of October 2021, as outlined below. The revised SIP was signed on 3 December 2020.

The SIP is reviewed (and if necessary revised) at least every three years and following any significant changes in investment policy.

Investment Strategy Review

The default investment strategy was reviewed by the Trustee in 2018 and formal advice was received from the Plan's investment consultant on 12 October 2018. 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 changes that the Trustee agreed to following this review were:

- The L&G Global Equity Fixed Weights 60:40 Index Fund allocation in the default was replaced with the L&G Diversified Fund, a diversified growth fund ("DGF").
- 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 Trustee completed the implementation of the new default and self-select funds by the end of 2020.

Assessment of how the policies in the SIP have been followed for the year to 5 April 2021

The information provided in the following table 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. The Trustee considers that, following the review carried out as part of preparing this statement, it has adhered to all of its policies as set out in the SIP over the course of the Plan Year. We explain in the statement the Trustee's reasoning for this conclusion. The Trustee did not materially deviate from any of the SIP's policies over the Plan Year.

	Requirement	Summary of Trustee Policy	Summary description and evaluation of work undertaken to 5 April 2021
1	Securing compliance with the legal requirements about choosing investments	*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.* *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.* *SIP Section 1*	Over the Plan year to 5 April 2021, there were 3 changes made to the default strategy. The new default strategy replaced the L&G Global Equity Fixed Weights 60:40 Index Fund allocation with the L&G Diversified Fund, a diversified growth fund ("DGF"). This change was made to reduce UK-bias and because the LGIM Diversified Fund is expected to produce a similar return to investing in equities over the long-term while exposing investments to less risk. The Trustee also agreed to replace the L&G Cash Fund with the L&G Sterling Liquidity Fund. This change was made as the Sterling Liquidity fund is more diversified and can offer greater potential return than the L&G Cash Fund. In addition, some further funds were added to the list of self-select options to give members greater choice when self-selecting. The Trustee received formal advice from their investment consultant on 12 October 2018 and completed the implementation of the new default and self-select funds in November 2020. 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.* *Actively managed funds will only be included to the extent that the Trustee*	During the period covered by this statement, changes were made to the Plan's default strategy and self-select fund range. The LGIM All World Equity Fund, The L&G Diversified Fund and the L&G World Emerging Markets Equity Index Fund were added to the self-select range to offer members different kinds of investments to choose from.

		has a high level of confidence in the investment manager achieving its performance objectives, net of active investment management fees. *SIP Section 3*	The Trustee continues to offer a range of self-select fund options to members which cover both actively and passively managed funds across a range of asset classes. 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.
3	The balance between different kinds of investments	*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.* *Section 3*	The Trustee receives a quarterly monitoring report that monitors the risk and return of all investment options within the Plan. The asset allocation of the default investment strategy is reviewed on a triennial basis. 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. Changes were made to the default and self-select fund range over the Plan Year, as mentioned above. The Trustee is satisfied that the spread of funds available, and the investment managers' policies on investing in individual securities within each asset type or fund, provides adequate diversification of investments.
4	Risks, including the ways in which risks are to be measured and managed	*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 detailed in Section 3.1 of the SIP, the Trustee considers both quantitative and qualitative measures of 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 Trustee regularly monitors these risks and the appropriateness of the investments in light of the risks described on Section 6 of the SIP.

		Investment Return Risk, Volatility risk, Market Switching Risk, Environmental, social and governance (ESG) risks, Inflation Risk, Liquidity Risk and Pension Conversion Risk. *SIP Section 3*	For example, the Trustee keeps a risk register which is reviewed at each quarterly Trustee meeting. All risks outlined in the SIP were considered when the Trustee selected a new default investment strategy for the Plan.
5	Expected return on investments	*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.* *In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns.* *SIP Sections 3 and 4*	The investment performance report is reviewed by the Trustee on a quarterly basis; this includes performance figures for the default investment strategy and additional self-select fund choices. The investment performance report includes how each investment manager is delivering against their specific benchmark and target. The value for members assessment of 31 March 2021 concluded that there were no major issues with the performance of any of the Plan's funds. The portfolio components of the default investment strategy are monitored against their respective aims and objectives. The trade-off between risk and return was considered in detail during the triennial investment strategy review of 2018.
6	Realisation of investments	*When it comes to realisation of investments, the Trustee considers the impact of transaction costs before making any changes.* *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.* *SIP Sections 3 and 4*	All the funds used by the DC Section of the Plan continue to be daily dealt pooled investment vehicles. The Trustee is therefore confident that these assets can be realised at short notice as required and do not have any major concerns surrounding the liquidity of the Plan's investments.

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 recognises that ESG factors, including climate change as financially material considerations. The Trustee's view is that considerations such as these 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 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.* *SIP Section 5*	The investment performance report is reviewed by the Trustee on a quarterly basis; this includes the fund ratings from the Investment Consultant, including ESG fund ratings. All of the managers remained highly rated by Mercer during the year. The ESG ratings of managers are formally reviewed at least annually and are included in the annual value for members assessment. Where managers were not highly rated from an ESG perspective the Trustee continues to monitor these managers. When implementing a new manager the Trustee considers the ESG rating of the manager. The SIP includes the Trustee's policy on ESG factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG, including 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 are not taken into account in the selection, retention and realisation of investments.* *SIP Section 5*	Non-financial considerations were not taken into account in the selection, retention and realisation of investments, in line with the SIP.
9	The exercise of the rights (including voting	*The Trustee expects the Plan's investment managers to use their*	The Trustee has delegated the exercise of voting rights to the underlying investment managers, on the basis that voting power will

	rights) attaching to the investments	*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.* *SIP Section 5*	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 this regard. L&G provide this information on their webste along with annual reports on voting activity: https://www.lgim.com/uk/en/capabilities/investment-stewardship/ Voting activity carried out over the Plan year on behalf of the Trustee is shown in the Appendix of this Statement. Over the period covered by this Statement, the Trustee has not directly challenged managers on 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. But on occasions, the Trustee may deem it necessary to engage directly with companies on particular ESG-related issues.*	As the Plan invests in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. Over the Plan Year, the Trustee did not carry out any engagement activities with its investment managers or underlying investee companies.

		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. *SIP Sections 5*	
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005	*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 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.* *SIP Section 2*	Over the Plan Year, the Trustee made changes to the Plan's investments as outlined on page 2 of this statement. The Trustee believes that the appointments with their investment managers are consistent with their long-term objectives. The Trustee is comfortable that the contractual arrangements in place with investment manager incentivises the managers as no performance fees are awarded and the investment manager knows that it will be replaced if performance is consistently below expectations.
12	How the arrangement incentivises the asset manager to make decisions based on	*The Trustee is a long-term investor. Accordingly, the Trustee does not seek to*	The Trustee receives quarterly information from the Plan's investment manager to assess whether the Plan'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

	assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	*change the investment arrangements on a frequent basis.* *The Trustee's focus is on long-term performance but may put a manager 'on watch' if there are short-term performance concerns* *SIP Section 6*	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 and reviews quarterly performance reports from its investment consultant. The Trustee's responsibilities include 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 Consultant.
13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement].	*The investment manager is remunerated by ad valorem charges based on the value of the assets that it manages on behalf of the Plan. 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*	The Trustee has considered the long term investment performance of the investment managers on a quarterly basis, as well as their Investment Consultant's views of the investment manager, and is comfortable that the longer term performance and forward-looking capabilities remained suitable. The Trustee is satisfied that the investment fund managers' short term performance will not impact long-term goals. In particular, none of the funds have performance fees in place.

		order to improve their performance in the medium to long-term. *SIP Sections 2*	
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*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.* *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.* *SIP Section 6*	Over the year covered by this Statement, the Trustee considered the levels of transaction costs as part of their annual Chair's Statement and value for member's assessment. The Trustee found that the transaction costs reported were reasonable, but note the challenges in assessing these costs due to the lack of an industry-wide benchmarks for such transaction costs.
15	The duration of the arrangement with the asset manager.	*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 Trustee has decided to terminate.*	The investment performance of all funds is reviewed by the Trustee on a quarterly basis; this includes how each investment fund manager is delivering against their specific targets. The Trustee continues to use L&G as the sole investment manager of the Plan.

		SIP Section 2.3	

Appendix: Investment Manager Voting Summary

The Plan is invested solely in pooled investment vehicles and therefore the Trustee cannot directly exercise its voting rights. The Trustee has therefore delegated the exercising of voting rights to its investment managers.

As stated in the SIP: "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 in the best interests of the majority of the Plan's membership".

The following funds that were available to members of the Plan (either as self-select funds or within the default) over the Plan Year hold equities:

- LGIM Global Equity Fixed Weights (60:40) Index Fund
- LGIM Diversified Fund
- LGIM Ethical UK Equity Index Fund
- LGIM World Emerging Markets Equity Index Fund
- LGIM All World Equity Index Fund

The Trustee is comfortable that the stewardship and engagement carried out on behalf of the Plan over the Plan Year was sufficient.

Overview of Legal & General Investment Management's (LGIM) approach to voting and engagement (provided by the manager)

<u>LGIM's policy on consulting with clients before voting</u>

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries."

<u>LGIM's process for deciding how to vote</u>

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

<u>Use of proxy voting services</u>

LGIM's Investment Stewardship team uses Institutional Shareholder Services, Inc. (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

<u>Processes for determining the most significant votes</u>

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- 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.

The Trustee believes its own understanding of a "most significant" vote is aligned with the information provided by LGIM

Voting summary for the 12 months period to 31 March 2021

A summary of the voting behaviour over the one year period to 31 March 2021 of the Plan's funds in the default and self-select fund range is provided in the table below.

Manager	Fund	Votes cast						Most significant votes
		Total Meetings	Total Resolutions	% Voted on	% votes with management	% votes against management	% abstained votes	
LGIM	Global Equity Fixed Weights (60:40) Index Fund	3,641	44,680	100%	83.6%	16.3%	0.2%	**Vote example 1** **Company**: Barclays **Date**: 07/05/2020 **Resolution**: Barclays' Commitment in Tackling Climate Change **Vote**: For **Rational**: Resolution has the backing of ShareAction **Outcome**: Pass **Vote example 2** **Company**: Procter & Gamble **Date**: 13/10/2020 **Resolution**: Report on effort to eliminate deforestation. **Vote**: For **Rational**: Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that investee companies are not contributing to deforestation **Outcome**: Pass

							Vote example 3 **Company**: Cardinal Heath **Date**: 04/11/2020 **Resolution**: Ratify Executive Officer's compensation **Vote**: Against **Rational**: Bonus was excessive as The Compensation Committee excluded a large settlement cost from the earnings calculations, which resulted in executive pay being boosted. **Outcome**: Pass
Diversified Fund	11,362	115,604	99.0%	81.7%	17.7%	0.6%	**Vote example 1** **Company**: Lagardére **Date**: 05/05/2020 **Resolution**: Activist Amber Capital proposed 8 new directors to the Supervisory Board, as well as to remove all the incumbent directors. **Vote:** For of five of the Amber-proposed candidates and Against five of the incumbent Lagardère SB directors. **Rational**: Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. LGIM engaged with both Amber Capital, and also Lagardère, where they spoke to the incumbent SB Chair. **Outcome**: Did not pass **Vote example 2** **Company**: Imperial Brands **Date**: 03/02/2021 **Resolution**: Approve Remuneration Report and Approve Remuneration Policy. **Vote**: Against **Rational**: New CEO appointed with significantly higher base salary than predecessor despite having no previous experience in this sector or at a FTSE100 company **Outcome**: Pass **Vote example 3** **Company**: Procter & Gamble **Date**: 13/10/2020

							Resolution: Report on effort to eliminate deforestation. **Vote**: For **Rational**: Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that investee companies are not contributing to deforestation **Outcome**: Pass
Ethical UK Equity	336	5,109	100%	93.8%	6.2%	0.0%	**Vote example** **Company**: Barclays **Date**: 07/05/2020 **Resolution**: Barclays' Commitment in Tackling Climate Change **Vote**: For **Rational**: Resolution has the backing of ShareAction **Outcome**: Pass
World Emerging Market Equity	3,998	36,036	99.9%	85.2%	13.4%	1.4%	According to LGIM, there were no significant votes made in relation to the securities held by this fund during the reporting period.
All World Equity Fund	6,779	70,672	99.9%	83.3%	16.0%	0.8%	**Vote example** **Company**: Procter & Gamble **Date**: 13/10/2020 **Resolution**: Report on effort to eliminate deforestation. **Vote**: For **Rational**: Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that investee companies are not contributing to deforestation **Outcome**: Pass

MILLENNIUM & COPTHORNE DC PENSION PLAN

STATEMENT OF INVESTMENT PRINCIPLES – 2020 EDITION

DECEMBER 2020

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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

In considering appropriate investments for the Scheme, the Trustee will obtain and consider written advice from Mercer, whom the Trustee believes to be suitability qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995, as amended.

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 Plan. 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 Plan. 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 Trustee's 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 Trustee has 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 objective is to provide members with an investment strategy aligned to their needs 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 eight 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. In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns.

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.

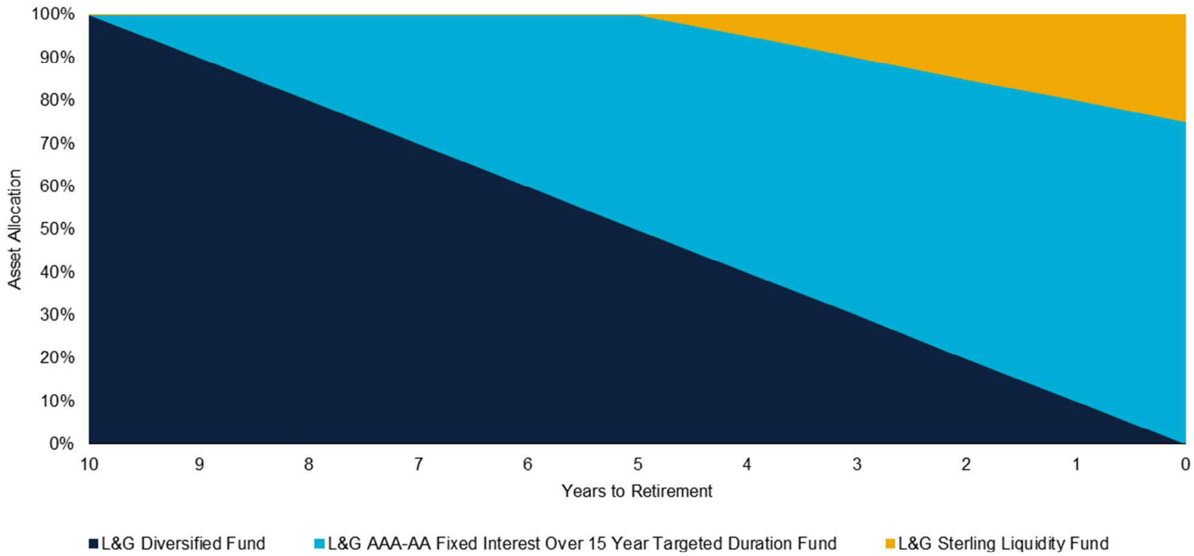
The default strategy is designed after careful analysis of the membership demographics and other characteristics in order to offer a suitable approach that is tailored to the needs of the Plan’s members.

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 Diversified Fund**; an actively-managed multi-asset fund which invests in a diverse array of asset classes including equities, corporate bonds, government bonds, and alternatives and aims to produce an equity-like return but with reduced volatility over a full market cycle.

10 years prior to a member reaching their target retirement age, the strategy enters a de-risking phase. This involves a gradual switch of assets out of the L&G Diversified Fund into the **L&G AAA-AA Fixed Interest Over 15 Year Targeted Duration Fund** and then the **L&G Sterling Liquidity Fund**. When a member reaches retirement they will have 75% and 25% of their savings invested in each of these funds respectively.

This lifestyle strategy will reduce risk as members approach retirement and should therefore protect against any sharp falls in value that might result from an equity market crash. The strategy is also designed to give members a broad level of protection against changes in annuity prices following a change in bond yields.

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



Further details relating to these funds used in the strategy 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 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 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.

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 Plan'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 Plan'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 Plan 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 Plan 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 Trustee may take the decision to terminate the appointment.

The Trustee is a long-term investor. Accordingly, the Trustee does 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 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. 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.

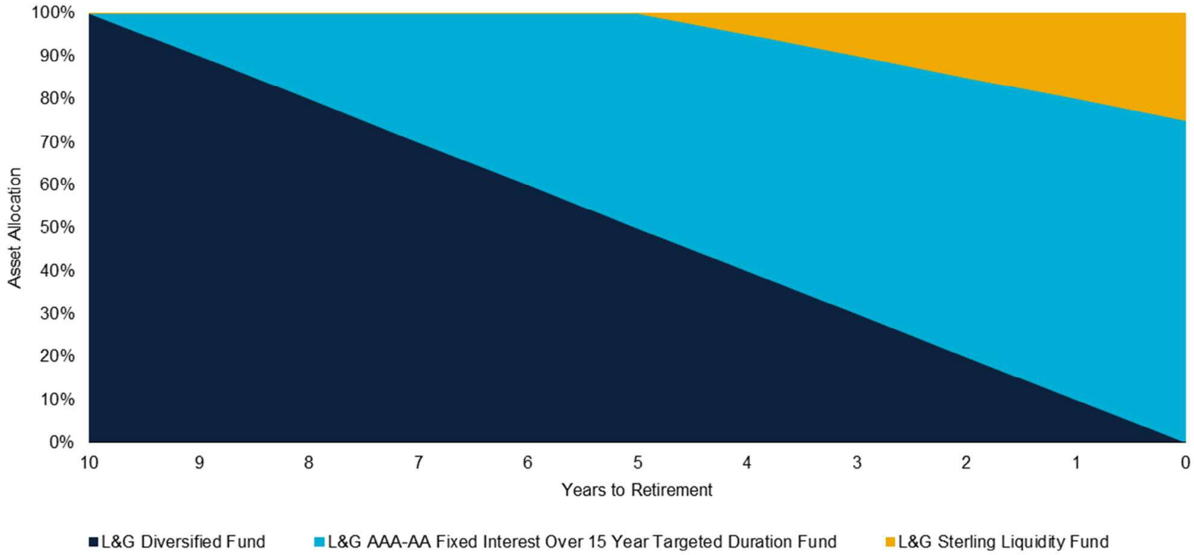
A copy of the Plan's current Statement plus Appendices is also supplied to the Principle Employer, the Plan's investment managers, auditors and administrators.

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

Signed on behalf of the Trustee by	Jonathon Grech
On	3 December 2020
Full Name	Jonathon Grech
Position	Chairman of Trustees

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 Diversified Fund	L&G AAA-AA Fixed Interest Over 15 Year Fund	L&G Sterling Liquidity 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 Diversified Fund	Multi-Asset	0.30% p.a.	To provide long-term investment growth through exposure to a diversified range of asset classes.
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 Sterling Liquidity Fund	Cash	0.125% p.a.	To provide capital stability, liquidity and diversification while providing a competitive level of return in line with the Sterling Overnight Index Average

Self-Select Funds

Fund	Asset Class	Annual Management Charge	Fund Benchmark / Objective
L&G All World Equity Index Fund	Global Equity	0.20% p.a.	To track the performance of the FTSE All-World Index to within +/- 0.5% per annum for two years out of three.
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 World Emerging Markets Equity Index Fund	Emerging Market Equity	0.45% p.a.	To track the performance of the FTSE Emerging Index to within +/-1.5% p.a. for two years out of three.
LGIM Diversified Fund	Multi-Asset	0.30% p.a.	To provide long-term investment growth through exposure to a diversified range of asset classes.
L&G Managed Property Fund	Property	0.70% p.a.	To outperform the AREF/IPD UK Quarterly All Balanced Property Fund Index 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 Sterling Liquidity Fund	Cash	0.125% p.a.	To provide capital stability, liquidity and diversification while providing a competitive level of return in line with the Sterling Overnight Index Average

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. **Secure Cash Fund**

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 Trustee 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 Trustee will monitor the performance of this fund.
Counterparty Risk	The Trustee has 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 Plan.

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 Trustee will monitor the performance of this fund.
Inflation Risk	The fund is not aiming to keep pace with inflation.	The Trustee will monitor the performance of this fund, and will ensure members are aware of the fund's objectives.
Counterparty Risk	The Trustee has 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 Plan'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 Plan'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 Trustee 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 Trustee will monitor the performance of this fund, and will ensure members are aware of the fund's objectives.
Counterparty Risk	The Trustee has 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 Trustee 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 Plan.

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 Plan's demographic profile, if sooner.