Wood Pension Plan

Trustee's report
and financial statements

Year ended 31 March 2020

Registered number 10093871

Contents

Trustee and advisers

Principal employer
Amec Foster Wheeler Limited
Booths Park
Chelford Road
Knutsford
Cheshire
WA16 8QZ

Trustee
Wood Pensions Trustee Limited

Trustee Directors:	M A S Walker	Company Nominated Director - Independent
	W G Setter	Company Nominated Director
	C N Yule	Company Nominated Director
	I Johnson	Company Nominated Director (to 31 August 2020)
	G W Lloyd	Company Nominated Director (from 1 September 2020)
	C Dobson	Company Nominated Director – Independent
	A Lamerton	Member Nominated Director (to 26 June 2020)
	R Thetford	Member Nominated Director
	S C Bubb	Member Nominated Director
	P J F Gladman	Member Nominated Director
	M A T Reading	Member Nominated Director (from 17 July 2020)

Company Secretary
I A Jones

Actuary
S Jones, FIA
Mercer Limited

Independent Auditors
PricewaterhouseCoopers LLP

Solicitors
Gowling WLG (UK) LLP

Investment managers – DB Legal section
Magellan Asset Management Ltd
LaSalle Investment Management
Legal & General Investment Management (until 1 May 2019)
Goldman Sachs Asset Management (until 10 May 2019)
Royal London Asset Management
Barings (UK) Limited (formerly Babson Capital Europe Ltd)
Dunedin Capital Partners Ltd
Coller Capital
Brandes Investment Partners (Europe) Limited (until 28 August 2020)
Veritas Asset Management
PGIM Limited
Blackrock Life Limited

Investment Platform – DC Legal Section
Scottish Widows Limited

Custodian
State Street Bank & Trust Company

Investment adviser

Mercer Limited (DB and DC investments)

AVC providers

Scottish Widows Limited
FIL Limited (Fidelity)
Prudential Assurance Company Limited
Utmost Life and Pensions (formerly Equitable Life Assurance Society)
London Life Limited (now part of Phoenix Life Limited)
Standard Life Assurance Limited
Friends Life (now part of Aviva)
Aviva Life & Pensions UK Limited

Bankers

Barclays Bank plc

Administrator and Enquiries

Wood Pensions is headed by Ms E Hanna (Senior Retirement Manager) and is supported by an experienced administration team. The address for all correspondence relating to the Plan, together with the telephone number and email address are set out below:

Wood Pensions
Booths Park
Chelford Road
Knutsford
CHESHIRE
WA16 8QZ
United Kingdom

Tel No: 01565 683295
Email: pensions@woodplc.com

Trustee's report

Introduction

This report and the financial statements for the year ended 31 March 2020 have been prepared and audited in accordance with Section 41(1) and (6) of the Pensions Act 1995.

The current structure of the Wood Pension Plan (the "Plan") was established on 1 April 2016 and comprises three legal sections: the DB Legal Section, the DC Legal Section and the Ex-Serco Protected Persons Legal Section. Each of the sections is a ring-fenced entity and the assets and liabilities of each section are recorded and held separately. Prior to 1 April 2016, the Plan held only assets and liabilities for the AMEC Staff Pension Scheme and, during 2016, assets and liabilities were transferred into the relevant legal sections as a result of various scheme mergers. The Plan changed its name with effect from 31 December 2018 from the Amec Foster Wheeler Pension Plan to the Wood Pension Plan.

The DB Legal Section comprises salary-related Defined Benefit (DB) entitlements and Additional Voluntary Contribution (AVC) balances for former members of the AMEC Staff and Executive Pension Schemes, which closed to future accrual on 31 March 2016; the AMEC Focus Pension Plan which also closed to future accrual on 31 March 2016; and the Foster Wheeler Pension Plan which closed to future accrual in 2010. On 26 March 2019, the assets and liabilities of the John Wood Group plc Retirement Benefits Scheme were transferred in to the DB Legal Section.

The DC Legal Section is an open Defined Contribution (DC) pension arrangement to which members and their employers contribute in accordance with the Plan rules and which also holds legacy DC accounts that were previously accrued under the AMEC Focus Pension Plan, the Foster Wheeler Pension Plan and the Foster Wheeler Group Pension Scheme.

The Ex-Serco Protected Persons Legal Section is a contributory, salary-related DB arrangement that is open to accrual for a small number of employees with 'Protected Person' status under the Electricity Act 1989. Although the assets and liabilities for this section are held separately from the main DB Legal Section, for the purposes of the Annual Report and Financial Statements, they are included in the figures reported for the DB Legal Section.

The Plan is a registered pension scheme under Chapter 2 Part 4 of the Finance Act 2004.

The Trustee has considered the impact of the Covid-19 pandemic on the Plan. The administration function was switched to remote working on 22 March 2020 and has continued to operate effectively with minimal disruption. The Trustee continue to seek advice and guidance from its investment managers and their investment consultant has examined asset valuations in the current environment and has concluded that values can be considered reliable for the purpose of the Financial Statements. The Trustee has also concluded that no change is required to the classification of the investments in the fair value hierarchy with the exception of the DC Legal Section's Active Property Fund where trading is currently suspended. With respect to the covenant considerations and any impact on the Plan's sponsoring employer, the Trustee reviewed its covenant assessment of the sponsor in April and July 2020 and was satisfied with Wood's continued ability to meet its obligation under the Plan. Importantly, the Trustee considers that the Covid-19 pandemic does not make it inappropriate to presume that the Plan will continue as a going concern.

Management of the Plan

Responsibility for the management of the Plan is held by a corporate trustee, Wood Pensions Trustee Limited (the "Trustee"). The power of appointment and removal of the Trustee is held by the Principal Employer. The name of the Trustee changed from Amec Staff Pensions Trustee Limited to Wood Pensions Trustee Limited with effect from 5 February 2019. The Trustee's board of directors comprises nine individuals who are named on page 3, five of whom are nominated by the Principal Employer (the "Company Nominated Directors") and four of whom are drawn from the membership following a selection process conducted by the Trustee Board (the "Member Nominated Directors"). The Company Nominated Directors are appointed for an unspecified term and two of their number, including the Board's chair, are independent from the Company. The Member Nominated Directors are appointed normally for a period of six years. The process for appointing the Member Nominated Directors has been approved by the Board and complies with the regulations introduced under the Pensions Act 2004.

The Trustee has overall responsibility for all aspects of the Plan's management and administration and decisions are passed on a simple majority of those voting. The Trustee has delegated part of its role to four Committees, as set out in the Trustee's operational guidelines:

- Investment Committee
- Benefits Committee
- Governance Committee
- DC Committee

Financial development of the Plan

A summary of the Plan's Financial Statements is set out in the table below.

	DB 2020 £'000	**DC 2020 £'000**	**Total 2020 £'000**	Total 2019 **£'000**
Member related income	9,730	130,387	140,117	231,841
Member related payments	(129,152)	(21,577)	(150,729)	(152,209)
Net (withdrawals)/additions	(119,422)	108,810	(10,612)	79,632
Net returns on investments	131,213	(34,749)	96,464	225,607
Transfers between sections	2,064	(2,064)	-	-
Net increase in fund	13,855	71,997	85,852	305,239
Net assets at start of year	3,101,144	287,435	3,388,579	3,083,340
Net assets at end of year	3,114,999	359,432	3,474,431	3,388,579

DB Legal Section (including Ex-Serco Protected Persons Legal Section)

During the year, member related payments exceeded income by £119.4 million (2019: income exceeded payments by £63.4 million). The member related income in 2019 included £192.9m in relation to the assets transferred in from the John Wood Group plc Retirement Benefits Scheme as a result of its merger with the Wood Pension Plan.

The net returns on investments were made up of an increase in the market value of investments of £82.5 million (2019: increase of £162.1 million) and investment income of £54.8 million (2019: £53.0 million) while investment management expenses were £6.0 million (2019: £8.5 million).

The net assets of the Section amounted to £3,115.0 million at 31 March 2020 (2019: £3,101.0 million).

DC Legal Section

During the year, member related income exceeded payments by £108.8 million (2019: £16.2 million). The net returns on investments were made up of a decrease in the market value of investments of £34.8 million (2019: increase of £19.0 million) and investment income (bank interest) of £22,000 (2019: £16,000). Investment Management expenses are reflected in the unit price of the DC funds and are consequently included in the change in market value of investments.

The net assets of the Section amounted to £359.4 million at 31 March 2020 (2019: £287.4 million).

Actuarial review

The Financial Statements do not take account of the liabilities to provide pension benefits which fall due after the year end. In respect of the DB Legal Section and Ex-Serco Protected Persons Legal Section, 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 sections and the level of contributions payable.

A full valuation of the DB Legal Section and the Ex-Serco Protected Persons Legal Section was completed as at 31 March 2017 and the results were published in the Plan Actuary's report dated 31 July 2018.

Details of the latest valuation results are as follows:

DB Legal Section

(a) Past Service Position

		£m	£m
Assets			2,899
Liabilities			
-	In Service Members	(389)	
-	Deferred Pensioners	(998)	
-	Pensioners	(1,460)	
-	Additional reserve	(43)	
Total			(2,890)
Net Surplus			9
Funding level			100%

(b) Past Service Position – Other Bases

The Actuary is required to test the Plan against a statutory Pension Protection Fund (PPF) measure, which shows the degree to which the Plan's assets compared with the amount that would be provided by the PPF if the sponsoring employer became insolvent. He also carries out a further test to estimate the solvency of the Plan as if it had been discontinued at the valuation date and the benefits were secured with an insurance company. Against these tests the positions were as follows:

Pension Protection Fund coverage	94%
Solvency	71%

(c) Future contributions

As the DB Legal Section is closed to future accrual, no employer contributions are required to fund future benefit provision. Wood has agreed, however, to make additional payments of £6 million per annum until July 2023. The terms are included in the DB Legal Section's Schedule of Contributions dated 24 July 2018.

Ex-Serco Protected Persons Legal Section

(a) Past Service Position

		£000
Assets		281
Liabilities		
-	In Service Members	(535)
Net Shortfall		(254)
Funding level		53%

(b) Past Service Position – Other Bases

Pension Protection Fund coverage	47%
Solvency	31%

(c) Future contributions

As this section remains open to future accrual the employer contribution rate (after allowing for member contributions of 6% of pensionable salaries) to fund future benefit provision is 38.1% of pensionable salaries. The Past Service shortfall reported above is being paid off by annual payments of £60,000 per annum until July 2026. The terms are included in the Ex-Serco Protected Person's Legal Section's Schedule of Contributions dated 31 July 2018. After the year-end, a new Schedule of Contributions dated 14 July 2020 was approved by the Trustee and Principal Employer.

The formal actuarial certificates required by statute to be included in this Annual Report from the Plan Actuary appears in Appendix 1. In addition, as required by FRS 102, the Trustee has included a Report on Actuarial Liabilities in Appendix 2, which forms part of the Trustee's report.

Actuarial Update:

The latest actuarial update of the DB Legal Section as at 31 March 2019 indicated that the net surplus had increased to £36m, representing a funding level of 101%. A further full valuation of the DB Legal Section and the Ex-Serco Protected Persons Legal Section as at 31 March 2020 is currently ongoing and is not expected to be completed before the annual report and financial statements are signed.

Membership

The membership of the Plan at the beginning and end of the year and changes during the year are set out below.

	Active	Deferred	Pensioner	Total
Defined Benefit Section				
As at 01/04/2019	15	9,203	10,141	19,359
Adjustments	-	(14)	4	(10)
New	-	507	417	924
Deaths	-	(15)	(348)	(363)
Retirements	-	(261)	-	(261)
Leavers	(14)	(628)	(65)	(707)
As at 31/03/2020	1	8,792	10,149	18,942
Defined Contribution Section				
As at 01/04/2019	3,895	7,770	-	11,665
Adjustment	(15)	11	-	(4)
New	7,313	4,783	-	12,096
Deaths	(10)	(10)	-	(20)
Leavers	(5,251)	(802)	-	(6,053)
As at 31/03/2020	5,932	11,752	-	17,684

The only Active members in the Defined Benefit Section are the contributing members of the Ex-Serco Protected Persons Legal Section.

Pensioners include 1,950 (2019: 1,945) beneficiaries receiving a pension.

Employees who were auto-enrolled into the Defined Contribution Section of the Plan and who opted-out within a month of their first contribution being deducted are not included in the membership statistics as they are treated as never having been members of the Plan.

Included in the DB legal section are 95 pensioners (2019: 112) for whom the Plan receives annuities in respect of part or all of their pension. There are also 33 beneficiaries (2019: 35) not included in the statistics where annuities were bought in the name of the Trustee and payment is being made directly to the individual by the insurer.

Transfers

Transfers in

The Trustee does not accept individual transfers into the DB Legal Section or Ex-Serco Protected Persons Legal Section of the Plan. Bulk transfers into the Plan may still take place, however, as a consequence of business restructuring and acquisitions. Transfers into the DC Legal Section of the Plan are permitted and are added to members' individual DC records.

Transfers out

Transfers out are calculated and verified in the manner required by the regulations made under section 97 of the Pensions Schemes Act 1993 and in accordance with the advice of the Plan Actuary. No discretionary benefits are included in the calculation of transfer values.

Pension increases

Pensions in respect of a member's Guaranteed Minimum Pension are increased in line with statutory requirements in April each year.

Former AMEC Staff members

Pensions in payment and deferred pensions are increased annually in January based on the review year to the end of the previous September. The guaranteed rate of increase is in line with the rate of the rise in the Retail Prices Index ("RPI"), up to a maximum of 5 per cent for pensionable service up to 31 December 2007 and 2.5 per cent for service from 1 January 2008.

At 6 January 2020 the Trustee agreed pension increases of:

- 2.4% in respect of pre-2008 pensionable service
- 2.4% in respect of post-2007 pensionable service

Former Foster Wheeler Pension Plan pensioners

Pension increases are applied with effect from 1 April each year. The rate of increase is set by reference to the Consumer Prices Index (CPI) for the 12 months ending in December each year. For pensions accrued between 6 April 1997 and 5 April 2005, the increase is subject to a maximum of 5% each year and for pension accrued after 5 April 2005, the maximum is 2.5% each year.

At 1 April 2019 and 1 April 2020, the Trustee agreed pension increases of:-

	2019	2020
- In respect of pension between 6 April 1997 and 5 April 2005	2.1%	1.3%
- In respect of pension after 5 April 2005	2.1%	1.3%

No discretionary increases were applied during the year under review.

Former John Wood Group PLC Retirement Benefits Scheme pensioners

Pension increases for are applied with effect from 1 April each year. The rate of increase is set by reference to the Retail Prices Index (RPI) for the 12 months ending in September each year. For pensions accrued between 6 April 1997 and 30 June 2005, the increase is subject to a maximum of 5% each year and for pension accrued after 30 June 2005, the maximum is 2.5% each year.

At 1 April 2019 and 1 April 2020, the Trustee agreed pension increases of:-

	2019	2020
- In respect of pension between 6 April 1997 and 30 June 2005	3.3%	2.4%
- In respect of pension after 30 June 2005	2.5%	2.4%

No discretionary increases were applied during the year under review.

GMP Equalisation

Following a legal test case judgement in 2018, the Trustee has considered the impact of “GMP (Guaranteed Minimum Pension) Equalisation” on the Plan. Based on an initial assessment of likely backdated amounts and related interest, the Trustee does not consider the expected effect to be material to the financial statements and no liability in respect of this matter has been included at the year end. A full review is underway and any liability, once established, will be accounted for in the year in which it is determined.

Custody

Custodian services are provided by State Street Bank & Trust Company. In accordance with normal practice, the Plan’s investments are registered in the name of the custodian’s own nominee company with designation for the Plan. The Trustee reviews the internal control reports produced by the custodian and regularly reconciles the custodian’s records of securities and cash to the investment managers’ records.

The Trustee has implemented mandates ensuring that rights attaching to Plan investments are acted upon. This includes active voting participation and a requirement to consider social, ethical and environmental issues when formulating the Plan’s investment strategy.

Investments

Investment advice
The Trustee has appointed Mercer Limited as investment adviser to the Plan.

Statement of Investment Principles
In accordance with the requirements of the Pensions Act 1995, the Trustee has adopted a formal Statement of Investment Principles (“SIP”). Compliance with the SIP is monitored continually and reviewed at least annually. Where changes to Trustee’s investment policy arise, the changes are approved formally by the Trustee before implementation, with the SIP being changed retrospectively to reflect the changes made to the policy. The latest version of the SIP, which incorporate the latest changes to the investment manager structure outlined below, is included in Appendix 4.

DB Legal Section (including Ex-Serco Protected Persons Legal Section) Investment management

The Trustee has delegated management of the Plan’s investments to specialist investment managers, (excluding AVC) as part of long-term strategy. Each investment manager has a formal investment management agreement, setting out the terms of the appointment and the investment brief.

As at the year end, the names of the investment managers and the type of assets they managed during the year are summarised in the following table.

Global Equities (Active)	Magellan Asset Management Limited
Global Equities (Active)	Brandes Investment Partners (Europe) Limited
Global Equities (Active)	Veritas Asset Management
Core & Inflation-Linked Property (Active)	LaSalle Investment Management
Liability Driven Investments (Government Bonds, Derivatives and Cash)	BlackRock Investment Management (UK) Limited
Corporate Bonds (Buy and Hold)	PGIM Limited
Corporate Bonds (Buy and Hold)	Royal London Asset Management
Mezzanine debt Fund	Barings (UK) Limited
Private Equity	Dunedin Capital Partners Limited

Private Equity	Coller Capital

During the year the Trustee terminated the Legal & General and Goldman Sachs mandates in May 2019. The proceeds were transferred to a Liability Driven Investment mandate managed by BlackRock. . Following the year-end, the Trustee also terminated the Brandes mandate in August 2020 and transferred the proceeds to a passive global equities mandate managed by BlackRock.

All the investment managers provide monthly transaction statements for administration purposes and also formal quarterly reports for the use of the Trustee.

Benchmarks and performance targets

The investment managers manage the assets allocated to them in accordance with their formal investment management agreements. The benchmarks and performance targets for the Plan and for each investment manager are included in the SIP.

Investment performance

The performance of the Plan's investments, excluding AVC, is measured on a time-weighted basis by Mercer Limited. Every three months, Mercer Limited produce a summary report for the Trustee analysing the overall and individual investment manager performance.

The overall performance of the Plan investments, net of fees, for periods ended 31 March 2020, was as follows:

	Year to 31 March 2020	3 years to 31 March 2020
Plan	4.3%	4.6% p.a.
Benchmark	4.0%	4.4% p.a.

AVC Investments

Additional Voluntary Contributions ("AVC") that were paid by members are held separately from the main Plan assets and are invested with one or more of the AVC providers made available to members through the Plan. A wide range of investment options is made available to members.

Details of the total AVC funds held with each of the providers are set out in note 18 to the financial statements. The Trustee regularly reviews the performance of the AVC funds and providers in conjunction with Mercer.

AVC contributors receive annual benefit statements from each of the providers with whom they have AVC invested.

DC Legal section
Investment Management

The day to day management of the Plan's investments has been delegated by the Trustee to Mercer Limited. The remuneration of the investment manager in respect of the DC Legal Section of the Plan is reflected in the calculation of unit prices and is related to the value of the portfolio. The investments are held in a designated nominee account.

Members of the Plan invest in the following range of pooled funds. The funds are held on an investment platform operated by Scottish Widows Limited. The value of the units held under the pooled funds at the end of the year on a bid price basis was £352.2 million (2019: £282.7 million). Further detail on breakdown of the pooled funds is included in note 16.

The performance of the funds is regularly measured and reviewed by the Trustee. Over the year to 31 March 2020, the returns achieved by those funds that have been in place for the full year, net of fees, have been as follows:-

Fund	Return (%)	Benchmark (%)	Fund	Return (%)
Multi Asset Growth	-9.3	4.8	Target Drawdown 2020 Retirement*	-4.9
Drawdown Retirement	-2.5	0.7	Target Drawdown 2021 Retirement*	-2.7
Annuity Retirement	4.4	4.5	Target Drawdown 2022 Retirement*	-3.7
Cash Retirement	0.7	0.5	Target Drawdown 2023 Retirement*	-4.9
Active UK Equity	-18.1	-18.4	Target Drawdown 2024 Retirement*	-5.7
Active Global Equity	-6.4	-5.8	Target Drawdown 2025 Retirement*	-6.4
Active Emerging Markets Equity	-15.5	-13.4	Target Drawdown 2026 Retirement*	-7.1
Active UK Corporate Bonds	5.9	5.7	Target Drawdown 2027 Retirement*	-7.9
Diversified Growth	-9.3	0.7	Target Annuity 2020 Retirement *	7.8
Active Property	-6.8	0.0	Target Annuity 2021 Retirement *	5.1
Active Cash	0.7	0.5	Target Annuity 2022 Retirement *	3.7
Passive UK Equity	-19.5	-19.5	Target Annuity 2023 Retirement *	2.0
Passive Overseas Equity	-2.8	-3.2	Target Annuity 2024 Retirement *	-0.1
Passive Ethical Global Equity	-1.8	-1.6	Target Annuity 2025 Retirement *	-2.2
Passive Emerging Markets	-11.8	-11.6	Target Annuity 2026 Retirement *	-4.4
Passive Shariah	6.1	6.4	Target Annuity 2027 Retirement *	-6.5
Fixed Interest Gilts	19.1	19.5	Target Cash 2020 Retirement *	1.5
UK Corporate Bonds	0.2	1.4	Target Cash 2021 Retirement *	1.3
Inflation Linked Gilts	5.4	5.9	Target Cash 2022 Retirement *	0.5
Historic Mercer Defensive	0.1	0.7	Target Cash 2023 Retirement *	-0.5
Historic Mercer Moderate Growth	-5.4	4.3	Target Cash 2024 Retirement *	-2.2
Historic Mercer High Growth	-11.4	5.3	Target Cash 2025 Retirement *	-4.0
Historic BlackRock Diversified Growth	-4.6	4.3	Target Cash 2026 Retirement *	-5.5
Historic - Passive Global Equity (50	-12.7	-12.6	Target Cash 2027 Retirement *	-6.9
Historic - Passive Global Equity (30	-12.6	-12.8		
Historic - Annuity Pre-Retirement	5.6	5.9		

Note: Due to the lifestyle nature of the target retirement funds (marked with a *), there is not a benchmark assigned for any of these investments so comparative benchmark performance cannot be shown. The benchmark shown for the Diversified Growth fund (DGF) is linked to returns on cash so is not representative of returns on the constituent investments held in the DGF. Performance is shown over 12 months for all funds (excluding those initiated part way through the year) even if the fund has only had Plan assets invested for part of the 12-month period.

Further information about the Plan's investment income, asset allocation and transactions during the Plan year is set out in notes 12-13 and 15-18 to the Financial Statements.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 Regulation 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 these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Plan will continue as a going concern.

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 accounting records are kept and for taking such steps as are reasonably open to it 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 also responsible for the maintenance and integrity of the UK pension section of Wood's corporate website, www.woodplc.com/ukpensions. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Plan by or on behalf of employers 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 that fall due to be paid are paid into the Plan 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 to members.

Approval of Trustee's report

The Trustee's report on pages 5 – 13 which includes the Report on Actuarial Liabilities on pages 44 and 45 and the Statement of Trustee's responsibilities was approved by the Trustee and signed for on its behalf by:

M A S Walker
Trustee Director

Date: 15 October 2020

Independent auditors' report to the Trustee of the Wood Pension Plan

Report on the audit of the financial statements

Opinion

In our opinion, Wood Pension Plan's financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Trustee's report and financial statements, which comprise: the statement of net assets available for benefits as at 31 March 2020; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Plan's ability to continue as a going concern.

Reporting on other information

The other information comprises all the information in the Trustee's report and financial statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether

Reporting on other information (continued)

there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
Date 16/10/2020

Trustee's Summary of Contributions payable in respect of the Plan year ended 31 March 2020

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and employee contributions payable to the Plan in accordance with the Schedules of Contributions dated 24 July 2018 and 31 July 2018. It also sets out the DC employer and employee contributions payable to the Plan under the Payment Schedule dated 11 September 2019 in respect of the period from 30 September 2019 to 31 March 2020 and any Additional Voluntary Contributions (AVC) in respect of the full Plan year.

Contributions payable under the Schedules of Contributions (DB Legal Section and Ex-Serco Section)	£'000s
Employer: Normal contributions	374
Employer: Special funding contributions	6,000
Employer: Shortfall correction contributions deficit	60
Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditors)	**6,434**
Contributions payable under the Payment Schedule dated 11 September 2019 in respect of the period from 1 October 2019 to 31 March 2020 (DC Section)	**£'000s**
Employer: Normal contributions	30,592
Contributions payable under the Payment Schedule (as reported on by the Plan Auditors)	**30,592**
Other contributions received and not reported on by the Plan Auditors	**£'000s**
Employer: Normal contributions (DC Legal section from 1 April 2019 to 30 September 2019)	31,540
Employee: Additional voluntary contributions (AVC)	350
Employer: Shortfall correction contribution deficit	1,000
Other Contributions received and not reported on by the Plan Auditors	**32,890**

Reconciliation of Contributions Payable under the Schedules of Contributions and Payment Schedule to Total Contributions reported in the Financial Statements

	£'000s
Contributions payable under the Schedules of Contributions (as above)	6,434
Contributions payable under the Payment Schedule (as above)	30,592
Other contributions received and not reported on by the Plan Auditors (as above)	32,890
Total contributions reported in the Financial Statements	**69,916**

Signed on behalf of the Trustee of the Wood Pension Plan on 15 October 2020.

M A S Walker
Trustee Director

C N Yule
Trustee Director

Independent auditors' statement about contributions to the Trustee of the Wood Pension Plan

Statement about contributions

Opinion

In our opinion, the contributions payable under the Schedules of Contributions for the Plan year ended 31 March 2020 as reported in the Wood Pension Plan's Summary of Contributions have, in all material respects, been paid in accordance with the Schedules of Contributions certified by the Plan actuary on 24 July 2018 and on 31 July 2018; and the Payment Schedule dated 11 September 2019.

We have examined Wood Pension Plan's Summary of Contributions for the Plan year ended 31 March 2020 which is set out on the previous page.

Basis for opinion

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 in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan under the Schedules of Contributions and Payment Schedule and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Plan's 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 employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
Date 16/10/20

Fund account

for the year ended 31 March 2020	Note	DB	DC	Total 2020	DB	DC	Total 2019
		£'000	£'000	£'000	£'000	£'000	£'000
Contributions and benefits							
Contributions	4						
Employer		**7,430**	**62,482**	**69,912**	5,386	27,695	33,081
Employee		**4**	**-**	**4**	4	1,100	1,104
Transfers in	5	**2,296**	**64,970**	**67,266**	192,925	2,708	195,633
Other income	6	**-**	**2,935**	**2,935**	-	2,023	2,023
		9,730	**130,387**	**140,117**	198,315	33,526	231,841
Benefits paid or payable	7	**(96,214)**	**(5,933)**	**(102,147)**	(91,264)	(3,473)	(94,737)
Payments to and on account of leavers	8	**(29,154)**	**(15,310)**	**(44,464)**	(40,445)	(12,209)	(52,654)
Other expenses	9	**-**	**-**	**-**	-	(1,272)	(1,272)
Administrative expenses	10	**(3,784)**	**(334)**	**(4,118)**	(3,160)	(386)	(3,546)
		(129,152)	**(21,577)**	**(150,729)**	(134,869)	(17,340)	(152,209)
Net (withdrawals)/additions from dealings with members		**(119,422)**	**108,810**	**(10,612)**	63,446	16,186	79,632
Returns on investments							
Investment income	11	**54,752**	**22**	**54,774**	52,984	16	53,000
Change in market value of investments	14	**82,458**	**(34,771)**	**47,687**	162,113	18,985	181,098
Investment management expenses	12	**(5,997)**	**-**	**(5,997)**	(8,491)	-	(8,491)
Net returns on investments		**131,213**	**(34,749)**	**96,464**	206,606	19,001	225,607
Transfers Between Sections	18	**2,064**	**(2,064)**	**-**	1,208	(1,208)	-
Net increase in the fund during the year		**13,855**	**71,997**	**85,852**	271,260	33,979	305,239
Net assets of the Plan at start of year		**3,101,144**	**287,435**	**3,388,579**	2,829,884	253,456	3,083,340
Net assets of the Plan at end of year		**3,114,999**	**359,432**	**3,474,431**	3,101,144	287,435	3,388,579

The notes on pages 21 to 41 form part of these Financial Statements.

Statement of Net Assets available for benefits

At 31 March 2020	Note	2020	2019
		£'000	£'000
DB Legal Section			
Investment assets:			
Bonds	14	**2,324,285**	676,195
Equities	14	**385,371**	379,398
Property	14	**235,980**	236,550
Pooled investment vehicles	15	**61,888**	1,530,657
Derivatives	16	**5,641**	9,666
Cash	14	**59,641**	51,792
Other investment assets	14	**33,128**	11,120
AVC investments	17	**9,366**	10,376
		3,115,300	2,905,754
Investment liabilities:			
Derivatives	16	**(15,408)**	(6,234)
Other investment liabilities	14	**(2,502)**	(3,169)
Total investments		**3,097,390**	2,896,351
Current assets	21	**21,948**	207,052
Current liabilities	21	**(4,339)**	(2,259)
Total net assets of the DB Legal Section		**3,114,999**	3,101,144
DC Legal Section			
Investment assets:			
Pooled investment vehicles	15	**352,181**	282,678
Current assets	21	**9,171**	5,215
Current liabilities	21	**(1,920)**	(458)
Total net assets of the DC Legal Section		**359,432**	287,435
Total net assets available for benefits		**3,474,431**	3,388,579

The notes on pages 21 to 41 form part of these Financial Statements.

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 Plan, which takes account of such obligations for the defined benefit sections, is dealt with in the Report on Actuarial Liabilities on page 44 included in Appendix 2 and these Financial Statements should be read in conjunction with this Report.

These financial statements on pages 18 to 41 were approved by the Trustee and signed on their behalf on 15 October 2020.

M A S Walker
Trustee Director

C N Yule
Trustee Director

Date: 15 October 2020

Notes (forming part of the Financial Statements)

1. Identification of the Financial Statements

The Wood Pension Plan (the "Plan") is an occupational pension scheme established as a trust under English law. The Plan is a pension scheme registered in the United Kingdom under Chapter 2, Part 4 of the Finance Act 2004. The Plan is a hybrid scheme composed of three legal sections: a defined contribution section open to new members; a legacy defined benefit section closed to accrual; and a further small defined benefit section closed to new members but open to accrual for current contributors. The address of the Plan's principal office is Booths Park, Chelford Road, Knutsford, Cheshire WA16 8QZ.

2. 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 Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) (revised June 2018).

Annuity policies were previously allowed to be included in the Statement of Net Assets at nil value. Under FRS102 annuity policies are reported at the value of the related obligation to pay future benefits funded by the annuity policy. After investigation the value of annuity policies that are held are immaterial so are not included in the Net Assets. At the date of the last actuarial valuation in 2017, these were valued at £6.4 million.

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

3. Accounting policies

The principal accounting policies of the Plan which have been applied consistently are as follows:

a) Investments

i. Investments are included at fair value.

ii. The listed investments are stated at the bid price at the date of the Statement of Net Assets.

iii. Bonds are stated at their clean prices. Accrued income is accounted for within investment income.

iv. Unquoted securities are included at fair value estimated by the Trustee based on advice from the investment manager.

v. Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.

vi. Properties are included at open market value as at 31 March 2020 determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein. The properties have been valued by Colliers CRE or LaSalle Investment Management Limited, Chartered Surveyors, who have experience in the locations and class of the investment properties held by the Plan.

vii. AVC investments are valued as being the surrender values at the year end, as advised by the AVC providers.

viii. Derivatives are stated at fair value.

- Exchange traded futures are stated at fair market value which is the unrealised profit or loss at the current bid or offer quoted market price of the contract.
- Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

- Over the counter (OTC) options are stated at fair value using pricing models and relevant market data as at the year end date
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

ix. Accrued income

- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

x. Other investment balances are accounted for at fair value and are made up of:

- accrued income on fixed interest bonds, dividend income on equities, outstanding rental income, cash that has not settled and cash held at brokers;
- rental income paid in advance and money due to brokers.

b) Investment income

i. Dividends from quoted securities are accounted for when the security is declared ex-div.

ii. Rents are earned in accordance with the terms of the lease.

iii. Interest is accrued on a daily basis.

iv. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

v. Investment income arising from the underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in Market Value'.

c) Foreign currencies

The functional and presentational currency of the Plan is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Gains and losses arising on investment balance translation are accounted for in the change in market value of investments during the year.

d) Contributions

i. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due in accordance with the Schedule of Contributions under which they are being paid.

ii. Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

iii. Employer deficit funding and special funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

iv. Employer s75 debt contributions are accounted for when a reasonable estimate of the amount due can be determined.

e) Payments to members

i. Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.

ii. Opt outs are accounted for when the Plan is notified of the opt out.

iii. Individual transfers in or out are accounted for when member liability is accepted/discharged.

iv. Group transfers in or out are accounted for in accordance with the terms of the transfer agreement.

v. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits payable.

f) Expenses

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

g) Benefit payments and investments in relation to the Ex-Serco Protected Persons Legal Section are immaterial and included in the values shown for the DB Legal Section for reporting purposes, although they are separately identifiable to the specific sections of the Plan.

h) Critical accounting judgments and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. For the Plan, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Plan's investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (a) and (b) above and within notes 20 and 21.

4. Contributions receivable

	DB	DC	2020
	£'000	**£'000**	**£'000**
Employer:			
Normal	**370**	**62,132**	**62,502**
Augmentation	**-**	**-**	**-**
Deficit Funding	**1,060**	**-**	**1,060**
Special Funding	**6,000**	**-**	**6,000**
Other: Additional AVC	**-**	**350**	**350**
	7,430	**62,482**	**69,912**
Employee:			
Normal	**4**	**-**	**4**
Additional Voluntary Contributions	**-**	**-**	-
	4	-	**4**
Total Contributions	**7,434**	**62,482**	**69,916**

	DB	DC	2019
	£'000	**£'000**	**£'000**
Employer:			
Normal	328	27,489	27,817
Augmentation	-	-	-
Deficit Funding	1,023	-	1,023
Special Funding	4,035	-	4,035
Other: Additional AVC	-	206	206
	5,386	27,695	33,081
Employee:			
Normal	4	1,023	1,027
Additional Voluntary Contributions	-	77	77
	4	1,100	1,104
Total Contributions	5,390	28,795	34,185

Shortfall Correction and Special Funding contributions are being paid by the Employer into the Plan to improve its funding position. The amounts to be paid are set out in the Schedules of Contributions that were agreed in July 2018. Under the Schedules, shortfall correction contributions of £60,000 per annum, in respect of the Ex-Serco Protected Person Legal Section, are payable until July 2026 and special funding contributions of £6m per annum, in respect of the Defined Benefit Legal Section, are payable until July 2023.In addition, following the Nuclear sale the company agreed to pay an addition shortfall correction contribution of £1m.

Employer normal contributions include £31.142m (DC) and £0.046m (DB) (2019: £12.624m DC and £0.050m - DB) of contributions payable to the Plan under salary sacrifice arrangements made available to all members by the Employer. Contributions noted as Employer Other: Additional AVC represent AVC contribution payments to the Plan under salary sacrifice arrangements.

The DB contribution entries for Employer Normal, Employer Other: Additional AVC and Members Normal contributions relate to the Ex-Serco Protected Person Legal Section members.

5. Transfers in

	DB	DC	2020
	£'000	£'000	£'000
Individual Transfers in	**-**	**64,970**	**64,970**
Group Transfers in	**2,296**	**-**	**2,296**
	2,296	**64,970**	**67,266**

	DB	DC	2019
	£'000	£'000	£'000
Individual Transfers in	-	2,708	2,708
Group Transfers in	192,925	-	192,925
	192,925	2,708	195,633

Group Transfers in for 2019 represent the assets due to the Wood Pension Plan from the John Wood Group plc Retirement Benefits Scheme as part of the scheme merger process. These were affected by encashment of the investment in advance of the merger and a transfer of cash into the Plan after the year-end.

6. Other income

	DB	DC	2020
	£'000	£'000	£'000
Claims on insurance policies	-	**2,935**	**2,935**
Risk benefit levy (life assurance, income protection)	-	-	-
	-	**2,935**	**2,935**

	DB	DC	2019
	£'000	£'000	£'000
Claims on insurance policies	-	321	321
Risk benefit levy (life assurance, income protection)	-	1,702	1,702
	-	2,023	2,023

7. Benefits paid or payable

	DB	DC	2020
	£'000	£'000	£'000
Pensions	**85,302**	**-**	**85,302**
Commutations and lump sum retirement benefits	**10,470**	**1,674**	**12,144**
Purchase of annuities	**-**	**781**	**781**
Balance of 5 year guarantee on deaths of pensioners	**416**	**480**	**896**
Return of members' DC account balances on death	**-**	**-**	**-**
Lump sum death benefits	**-**	**2,936**	**2,936**
Taxation where lifetime or annual allowance exceeded	**26**	**62**	**88**
	96,214	**5,933**	**102,147**

	DB	DC	2019
	£'000	£'000	£'000
Pensions	79,953	-	79,953
Commutations and lump sum retirement benefits	10,639	2,357	12,996
Purchase of annuities	-	468	468
Balance of 5 year guarantee on deaths of pensioners	197	-	197
Return of members' DC account balances on death	-	313	313
Lump sum death benefits	-	321	321
Taxation where lifetime or annual allowance exceeded	475	14	489
	91,264	3,473	94,737

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime allowance or who elected to take lower benefits from the Plan in exchange for the Plan settling a tax liability that arose in respect of pension saving in excess of the annual allowance.

8. Payments to and on account of leavers

	DB	DC	2020
	£'000	£'000	£'000
State scheme premiums	**(131)**	**-**	**(131)**
Individual transfers out	**29,285**	**15,310**	**44,595**
	29,154	**15,310**	**44,464**

	DB	DC	2019
	£'000	£'000	£'000
State scheme premiums	-	-	-
Individual transfers out	40,445	12,209	52,654
	40,445	12,209	52,654

State scheme premiums relate to premiums previously paid to HMRC that were repaid to the Plan following a reconciliation exercise on Guaranteed Minimum Pensions undertaken by HMRC and the Plan administrators.

9. Other Expenses

	DB	DC	2020
	£'000	£'000	£'000
Life insurance premiums	**-**	**-**	**-**
	-	**-**	**-**

	DB	DC	2019
	£'000	£'000	£'000
Life insurance premiums	-	1,272	1,272
	-	1,272	1,272

10. Administrative expenses

	DB	DC	2020
	£'000	£'000	£'000
Wood management charge	**1,098**	**272**	**1,370**
Audit and professional fees	**1,192**	**37**	**1,229**
Other administrative expenses	**128**	**9**	**137**
Pension Protection Fund levy	**1,366**	**16**	**1,382**
	3,784	**334**	**4,118**

	DB	DC	2019
	£'000	£'000	£'000
Wood management charge	864	327	1,191
Audit and professional fees	1,497	36	1,533
Other administrative expenses	14	8	22
Pension Protection Fund levy	785	15	800
	3,160	386	3,546

The Wood management charge comprises the Plan's share of the Wood Pensions team's operating costs for all the schemes administered by the department, allocated between schemes as a flat monthly fee until December 2019 and thereafter based on actual costs incurred. Other costs that are Plan specific are allocated separately under the heading of 'Audit and professional fees' or 'Other administrative expenses'.

11. Investment income

	DB	DC	2020
	£'000	£'000	£'000
Dividends from equities	**8,975**	-	**8,975**
Income from bonds	**34,674**	-	**34,674**
Net rental income	**9,457**	-	**9,457**
Interest on cash deposits	**995**	**22**	**1,017**
Annuity income	**651**	-	**651**
	54,752	**22**	**54,774**

	DB	DC	2019
	£'000	£'000	£'000
Dividends from equities	17,434	-	17,434
Income from bonds	21,286	-	21,286
Net rental income	11,620	-	11,620
Interest on cash deposits	1,019	16	1,035
Annuity income	1,625	-	1,625
	52,984	16	53,000

Investment income shown above reflects income earned by investments within the Plan. All income earned on pooled investment units are accounted for within the value of those funds.

12. Investment Management expenses

	DB	DC	2020
	£'000	£'000	£'000
Investment, administration, management and custody fees (including performance related fees where applicable)	**5,997**	**-**	**5,997**

	DB	DC	2019
	£'000	£'000	£'000
Investment, administration, management and custody fees (including performance related fees where applicable)	8,491	-	8,491

13. Tax

The Wood Pension Plan is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

14. Investment reconciliation

Reconciliation of investments held at the beginning and the end of the year

DB Legal Section

	Value at 1 April 2019	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Market Value	Value at 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Bonds	676,195	1,974,770	(330,466)	3,786	2,324,285
Equities	379,398	164,525	(132,049)	(26,503)	385,371
Property	236,550	-	-	(570)	235,980
Pooled Investment vehicles	1,530,657	285,623	(1,870,650)	116,258	61,888
Derivative net assets					
- Swaps	2,314	698	(698)	(2,314)	-
- Futures	615	1,714	(1,016)	(1,313)	-
- FX	340	22,148	(21,468)	(10,787)	(9,767)
- Options	163	109	(235)	(37)	-
Other net investment assets	11,120	22,008	-	-	33,128
Other net investment liabilities	(3,169)	667	-	-	(2,502)
Plan Net Assets	**2,834,183**	**2,472,262**	**(2,356,582)**	**78,520**	**3,028,383**
Cash deposits	51,792	-	-	3,740	59,641
AVC investments	10,376	323	(1,531)	198	9,366
Total net investments	2,896,351	2,472,585	(2,358,113)	82,458	3,097,390

Included within the Plan purchases and sales are direct transaction costs of £61,000 (2019: £278,000) comprising commissions and stamp duty. These costs are attributable to the key asset classes as follows:

	Commission	Stamp Duty	Total
	£'000	£'000	£'000
2020			
Equities	61	-	61
2019			
Equities	182	96	278

Indirect transaction costs are also borne by the Plan in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

DC Legal Section

	Value at 1 April 2019	Purchases	Sales	Change in Market Value	Value at 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	282,678	183,708	(79,434)	(34,771)	352,181

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.

15. Pooled Investment Vehicles

The Plan's holdings of PIVs are analysed below:

	2020	2019
	£'000	£'000
DB Legal Section		
Bonds	-	1,502,632
Cash	42,636	-
Property	8	2,741
Private Equity	19,244	25,284
	61,888	1,530,657

	2020	2019
	£'000	£'000
DC Legal Section		
Equities	30,689	31,940
Annuities	28,997	30,143
Cash	129	18
Multi Asset Drawdown	62,639	36,363
Multi Asset Growth	218,232	173,550

Property	472	436
Money Market	3,071	2,287
Bonds	3,008	2,700
Index Linked Gilts	4,905	3,689
Multi Asset Defensive	39	1,552
	352,181	282,678

16. Derivatives

The Trustee has authorised the use of derivatives by their investment managers as part of the investment strategy for the Plan. These are principally used by the active bond managers.
The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Futures
Futures are used for duration management purposes, buying futures in markets where the manager wishes to add duration and selling futures where the aim is to hedge the duration of the underlying assets.

Forward foreign exchange
A significant proportion of the bond portfolio is invested in overseas assets, such as US credit. However, the default position is to be fully hedged back to sterling. To achieve this, foreign exchange forward contracts are established, purchasing sterling against the overseas currencies where the fund is invested, for delivery at an agreed date in the future.

Credit default swaps (CDS)
Credit default swaps are used either to achieve exposure to individual credit issuers or indices, or to reduce it. For example, the manager has 'sold protection' on certain bank debt. The fund receives periodic payments from the counterparty, the protection buyer, but would be obliged to compensate them at par in the event of a credit event such as default. This is a way to achieve a synthetic long exposure to that issuer in line with normal investment policy.

Interest rate swaps
Interest rate swaps are used to manage the Plan's duration and yield curve exposures. For example, the manager has elected to receive a fixed rate for a period of 10 years, whilst paying a floating rate, 6 months LIBOR, to the counterparty. This will give a benefit to the plan should 10 year rates fall. Further out on the yield curve, the manager entered into a 30 year payer swap where the fund pays a fixed rate and receives a floating rate, and so should benefit if 30 year yields rise.

Summarised details of the derivatives held at the year-end are set out below (note: totals shown may not match the sum of the different instruments due to rounding).

Total derivatives				
	2020		**2019**	
DB Legal Section				
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£'000	**£'000**	**£'000**	**£'000**
Swaps	-	-	5,506	(3,192)
Futures	-	-	1,042	(428)
FX	5,641	(15,408)	2,670	(2,329)
Options	-	-	448	(285)
	5,641	**(15,408)**	9,666	(6,234)

(i) Forward Foreign Exchange (FX)

The Plan had open FX contracts at the year-end relating to its currency hedging strategy as follows:

Contract	Currency bought	Currency sold	Asset value at year end	Liability value at year end
			£'000	£'000
GBP/EUR	154,966	(177,636)	15	(430)
GBP/USD	189,978	(236,949)	103	(576)
USD/GBP	127,260	(112,739)	3,414	(7,649)
EUR/GBP	103,481	(94,369)	2,109	(6,753)
Total 2020			**5,641**	**(15,408)**
Total 2019			2,670	(2,329)

All the outstanding FX contracts were settled within three months of the year end.

At the year end, £10,798,686 (2019: £698,768) was held and £1,002,583 (2019: £766,858) was pledged as collateral in respect of counterparties. This collateral is not reported within the Plan's net liabilities.

17. AVC Investments

The Trustee holds assets invested separately from the main Plan fund to secure additional benefits on a money purchase basis for those Plan members who elected historically to pay AVCs. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2020	2019
	£'000	£'000
DB Legal Section		
Zurich	**1,734**	1,834
Fidelity	**3,135**	3,735
Prudential	**486**	316
Equitable Life	**864**	760
London Life	**22**	21
Standard Life	**1,888**	2,322
Friends Life	**1,237**	1,387
Aviva	**-**	1
	9,366	10,376

18. Transfers between Sections

Transfers between sections can occur when members have benefits in both DB and DC sections and, on retirement, these are consolidated to allow, for instance, for tax free cash in relation to both sections to be drawn from a member's DC account in the first instance. Transfers from the DB to DC section can occur where an ex-spouse becomes entitled to a share of the member's DB entitlement on divorce (with that share being secured as a DC credit); or where AVCs held in the DB section are transferred into a member's DC account to be paid as an Uncrystallised funds pension lump sum.

	DB	DC	2020
	£'000	£'000	£'000
DC to DB transfers			
- Commutations and lump sum retirement benefits	2,935	(2,935)	-
DB to DC transfers			
- Pension sharing payments for ex-spouses	(759)	759	-
- Commutations and lump sum retirement benefits	-	-	-
- Additional voluntary DB contributions transferred to DC	(112)	112	-
	2,064	(2,064)	-

	DB	DC	2019
	£'000	£'000	£'000
DC to DB transfers			
- Commutations and lump sum retirement benefits	2,589	(2,589)	-
DB to DC transfers			
- Pension sharing payments for ex-spouses	(1,056)	1,056	-
- Commutations and lump sum retirement benefits	(325)	325	-
	1,208	(1,208)	-

19. Investment Fair Value Hierarchy

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

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

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

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

The Plan's investment assets and liabilities have been assigned a fair value using the above hierarchy levels as follows:

	Level 1	Level 2	Level 3	2020
DB Legal Section	**£'000**	**£'000**	**£'000**	**£'000**
At 31 March 2020				
Equities	**384,128**	**1,243**	**-**	**385,371**
Bonds	**-**	**2,324,285**	**-**	**2,324,285**
Property	**-**	**-**	**235,980**	**235,980**
Pooled investment vehicles	**-**	**42,636**	**19,252**	**61,888**
Derivatives	**-**	**(9,767)**	**-**	**(9,767)**
Cash	**59,641**	**-**	**-**	**59,641**
Other investment balances	**30,626**	**-**	**-**	**30,626**
AVC investments	**-**	**6,970**	**2,396**	**9,366**
Total	**474,395**	**2,365,367**	**257,628**	**3,097,390**
DC Legal Section				
Pooled Investment Vehicles	**-**	**351,709**	**472**	**352,181**
	474,395	**2,717,076**	**258,100**	**3,449,571**

	Level 1	Level 2	Level 3	2019
DB Legal Section	**£'000**	**£'000**	**£'000**	**£'000**
At 31 March 2019				
Equities	377,470	1,928	-	379,398
Bonds	-	676,195	-	676,195
Property	-	-	236,550	236,550
Pooled investment vehicles	-	1,502,642	28,015	1,530,657
Derivatives	778	2,654	-	3,432
Cash	51,792	-	-	51,792
Other investment balances	7,951	-	-	7,951
AVC investments	-	6,956	3,420	10,376
	437,991	2,190,375	267,985	2,896,351
DC Legal Section				
Pooled Investment Vehicles	-	282,678	-	282,678
	437,991	2,473,053	267,985	3,179,029

The value of pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the asset is primarily driven by fair value of its underlying assets, the net asset value advised by the valuer is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 5 April 2020 or 5 April 2019. The property holdings are valued by valuation experts on an open market basis. There are no legal restrictions on the realisability of these properties. Following the suspension in trading in the Active Property Fund, this element of the DC Pooled Investment Vehicles has been re-classified as Level 3 in 2020.

20. Investment Risks

Types of risk relating to investments

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

1. **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.

2. **Market risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk (currency risk, interest rate risk and other price risk), each of which is further detailed as follows:

    - **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 risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee is responsible for determining the Plan's investment strategy. The Trustee has set the investment strategy outlined below for the Plan after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the Plan which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Plan, including the full discretion for stock selection, is the responsibility of investment managers.

The Plan has exposure to the above risks as a result of the investments it makes to implement its investment strategy. The Trustee manages its investment risks within agreed risk limits which are set taking into account the Plan's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and are monitored by the Trustee via regular reviews of the investment portfolios. The investment objectives and risk limits of the Plan are further detailed in the Statement of Investment Principles ("SIP") and Investment Policy Implementation Document ("IPID").

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the AVC investments, as these are not considered significant in relation to the overall investments of the Plan.

The Plan's net assets as at 31 March 2020 and 31 March 2019 are detailed in the Statement of Net Assets.

Defined Benefit Section

Investment Strategy

The Trustee's investment objective is to invest the Plan's assets in the best interests of the members and beneficiaries, and in the case of a potential conflict of interest between members and beneficiaries and the Sponsoring Company, in the sole interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of objectives to help guide it in its strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustee's primary strategic objectives are as follows:

- Hold sufficient assets to make all benefit payments in full.
- To reach full funding on a gilts re-investment basis and de-risk the Plan's assets accordingly.
- To reduce the Plan's reliance on the covenant of AMEC Foster Wheeler Limited and John Wood Group plc.

The Trustee set an investment strategy based on the underlying asset allocation following the merger of the AMEC Staff Pension Scheme, the AMEC Executive Pension Scheme, the Foster Wheeler Pension Plan and the AMEC Focus Pension Plan in 2016, and merger with the John Wood Group Retirement and Benefits Scheme in 2019. Since then, further changes have been made to the investment strategy, resulting in the strategy outlined below as at 31 March 2020. The strategy also takes into account considerations such as the strength of the Sponsoring Company covenant, the long term liabilities of the Plan and the funding agreed with the Sponsoring Company.

The Plan's investment strategy as at 31 March 2020 is set out as follows:

- 15.0% in return seeking assets comprising global listed equities, a buyout private equity fund and a secondaries private equity fund.
- 29.0% in mid-risk/cashflow matching assets, comprising UK inflation-linked and Core property, corporate bonds (both UK and overseas) and a mezzanine debt fund.
- 56.0% in investments that share characteristics with the liabilities of the Plan ("liability matching" assets), comprising of fixed and index-linked UK government bonds in a Liability Driven Investment ("LDI") mandate.
- There is no specific currency hedging policy in place.

The Trustee reviews the allocation regularly and the Investment Committee ("IC") will make changes to move the allocation closer to the strategy as set out above when appropriate. The Trustee is able to take advantage of market opportunities and reflect any views they may decide upon, based on the advice of their Investment Adviser.

1. Credit Risk

The Plan is exposed to direct credit risk arising from direct investments in bonds (including both UK and overseas government and corporate bonds). The below table summarises the amounts detailed per credit rating of the Plan's direct bond holdings:

Credit Rating	31 March 2020 (£m)	31 March 2019 (£m)
Investment Grade	2,341.2	656.8
Non-Investment Grade	3.1	10.6
Unrated	12.1	11.7
Total exposure	**2,356.4**	**679.1**

Figures may not sum due to rounding. Excludes accrued income where this is reported by the investment manager on an asset by asset basis.

The Plan is also exposed to direct credit risk via its investments in pooled investment vehicles (investment in an Undertakings for the Collective Investment in Transferable Securities ("UCITS") Fund and shares in limited partnerships ("LPs")) (2020: £61.8m; 2019: £1,718.3m). The significant decrease in direct credit risk exposure, from both direct investments in bonds and via pooled investment vehicles, reflects the following changes during the year under review:

- Full disinvestment from the Legal & General Investment Management ("LGIM") pooled gilt funds (c. £1,690m) with proceeds transferred to the BlackRock LDI mandate.
- Full disinvestment from the Goldman Sachs Asset Management ("GSAM") Aggregate Bond fund (c. £340.7m) with proceeds also transferred to the BlackRock LDI mandate.
- Full disinvestment from the LGIM Sterling Liquidity Fund (c. £105m) with a portion of the proceeds transferred to the PGIM (c. £41.9m) and Royal London Asset Management ("RLAM") (£39.8m) buy and maintain credit portfolios.

The Plan is subject to indirect credit risk from the underlying investments held in several pooled investment vehicles.

The Plan is also exposed to credit risk via the cash balances it holds in the Trustee bank account and within the custodial cash accounts associated with the segregated mandates. Both the Trustee bank account and custodian account assets are held in accounts provided by banks that have an investment grade credit rating. The values as at 31 March 2020 and 31 March 2019 are disclosed in the Statement of Net Assets.

Excess cash held within the Plan's portfolios managed by PGIM, RLAM, LaSalle, Coller, Barings and Dunedin is distributed to the Trustee bank account. Credit risk is also mitigated by the use of GBP and USD cash sweeps into liquidity funds, which are investment grade credit rated, on a daily basis for the segregated equity portfolios and the RLAM Buy and Maintain Credit portfolio. Cash held in the Plan's portfolios accounted for £113.3m as at 31 March 2020 (2019: £219.0m). The reduction in cash holdings reflect the assets disinvested from the LGIM Sterling Liquidity Fund (2020: £0; 2019: £168.7m).

Stock lending did not pose as an additional credit risk to the Plan during the year under review as none of the Plan's investment managers had the ability do so as at 31 March 2020. However, since 31 March 2020 the Plan has implemented a stock-lending programme within the BlackRock LDI portfolio. The first stock lending trade under this programme took place on 23 April 2020.

Credit risk within UK gilt portfolios is considered minimal and credit risk within bond portfolios is managed by predominantly investing in investment grade corporate bonds, though RLAM has the ability to hold assets in sub-investment grade credit at their discretion (up to 15% of portfolio assets). In addition, RLAM have the option to purchase up to 5% of sub-investment grade credit. PGIM do not have the ability to purchase sub-investment grade credit, however they have the option to hold up to 10% in sub-investment grade credit, if investment grade securities purchased within the portfolio have been subsequently downgraded to sub-investment grade. The amount of corporate bond exposure at year end was £439.4m (2019: £532.6m).

The Plan also invests in mezzanine private debt (2020: £3.6m; 2019: £7.6m) which poses increased credit risk. The Trustee is comfortable with the credit risk taken given the expected return premium, diversification benefits and the long term investment horizon of the Plan.

The Plan is also exposed to credit risk from the contractual rental payments that are due within the property portfolios. This is managed by investing across a diversified range of tenants and the structure of the contractual arrangements.

Pooled Investment Arrangements

Pooled investment arrangements used by the Plan comprise a UCITS Fund and shares in LPs. The Plan's holdings in the BlackRock pooled investment vehicle (the cash fund held within the LDI portfolio) is rated AAA by Fitch and Aaa-mf by Moody's. The Plan's shares in LPs are not rated by credit rating agencies. Credit risk is mitigated within the UCITS fund as the Company is structured as an umbrella fund with segregated liability between its Funds and also the Company mitigates much of its credit risk to its counterparties by receiving collateral with a value at least equal to the exposure to each counterparty. The Trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

The Plan has interests in a number of LPs which invest in portfolios of private equity assets, managed by Dunedin and Coller (2020: £15.6m; 2019: £17.7m), and an LP which invests in a portfolio of mezzanine debt assets managed by Barings (2020: £3.6m; 2019: £7.6m). As such the Plan is exposed to the direct credit risk of the LPs themselves, and indirect credit risk of the underlying mezzanine debt investments within the LP managed by Barings. Direct credit risk arising from the LPs is mitigated by the underlying assets being ring-fenced from the pooled managers, the regulatory environments in which the managers operate and diversification of investments amongst a number of pooled arrangements.

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

	2020 (£m)	2019 (£m)
Shares in Limited Partnerships	19.2	25.3
Unit Linked Insurance Contracts	-	1,505.4
Undertaking for Collective Investment in Transferrable Securities	42.6	-
Total	**61.8**	**1,530.7**

Source: Investment Managers. Figures may not sum to total due to rounding.

The Trustee carries out due diligence checks on the appointment of any new pooled investment managers. The Trustee, in conjunction with their investment advisor, periodically reviews the investment managers.

Credit risk within the pooled funds is mitigated by the use of cash sweeps into liquidity funds.

2. Market Risk

a) Currency Risk

The Plan is subject to currency risk because some of the Plan's investments are denominated in foreign currency. The Plan's global equity managers, Magellan, Veritas and Brandes, are permitted to invest up to 100% of assets under management in securities denominated in foreign currency, (equating to 15.0% of total Plan assets). Investments in Coller, Private Equity manager, and Barings, Mezzanine Debt manager, are fully denominated in US Dollars and Euros respectively (both together represent 0.5% of total Plan assets based on actual allocation as at 31 March 2020); none of this overseas currency exposure is hedged.

The PGIM global buy and maintain portfolio is able to invest up to 100% of assets under management (10.0% of total Plan assets) in securities denominated in foreign currency, however PGIM do not take any active currency views within the portfolio and are required to hedge any non-GBP exposure back to GBP. The currency hedge ratio is permitted to vary in the band of 95% to 105% (on an aggregate portfolio basis) in order to allow for efficient management of the hedge.

The above positions can result in up to 25.5% of total Plan assets having direct unhedged exposure to currency risk. As at year-end, the total Plan exposure to non-GBP assets was £586.6m (2019: £573.6m) and GBP hedged exposure amounted to £194.7m (2019: £191.5m), equal to PGIM's non-GBP exposure which is fully hedged to GBP.

Currency	31 March 2020 (£m)	31 March 2019 (£m)
USD	408.3	404.9
EUR	95.6	97.8
Other	82.7	70.9
Total non-GBP exposure	**586.6**	**573.6**

Figures may not sum due to rounding.

The Trustee is comfortable with the level of currency hedging in place as it views the Plan as a long term investor and believes the Plan can tolerate the currency risks involved with the current investment strategy. A full breakdown of the foreign currency exposure as at 31 March 2020 and 31 March 2019 and hedging is outlined in the table below. This is based on actual (rather than strategic) allocations for each manager and total:

Manager and Asset Class	31 March 2020			31 March 2019		
	GBP exposure (%)	Non-GBP exposure (%)	GBP Hedged exposure (%)	GBP exposure (%)	Non-GBP exposure (%)	GBP Hedged exposure (%)
Magellan Global Equity	4.2	95.8	-	3.5	96.5	-
Brandes Global Equity	17.4	82.7	-	20.6	79.4	-
Veritas Global Equity	11.1	88.9	-	20.5	79.5	-
Dunedin Private Equity	100.0	-	-	100.0	-	-
Coller Private Equity	-	100.0	-	-	100.0	-
LaSalle Property & Mezzanine Debt	100.0	-	-	100.0	-	-
Barings Mezzanine Debt	5.8	94.2	-	3.5	96.5	-
RLAM Corporate Bonds	100.0	-	-	100.0	-	-
PGIM Corporate Bonds	16.4	83.6	100.0	16.4	83.6	100.0
GSAM Bonds	-	-	-	89.4	10.7	100.0
L&G Gilts & Cash	-	-	-	100.0	-	-
BlackRock LDI	100.0	-	-	-	-	-
Total Plan assets	**81.0**	**19.0**	**6.3**	**81.4**	**18.6**	**6.2**

Figures may not sum due to rounding.

b) Interest Rate Risk

The Plan is subject to interest rate risk as a result of some of the Plan's investments being held in bonds and cash, both directly and through underlying investments in pooled investment vehicles. The Plan is also subject to interest rate risk via the use of swaps by PGIM (2020: -£9.8m; 2019: -£443.9k).

The Trustee has set a benchmark of 56% (2019: 56%) for investment in liability matching assets, which, together with a portion of the cashflow matching assets (the UK and overseas corporate bonds, totalling 20% (2019: 20%), share characteristics with the Plan's liabilities. The overall actual allocation to these investments as at 31 March 2020 was 78.1% (2019: 77.6%). If interest rates fall, the value of these assets is expected to rise to help offset some of the expected increase in actuarial liabilities resulting from a fall in the discount rate. Similarly, if interest rates rise, these assets are expected to fall in value, as are the actuarial liabilities, due to the increase in the discount rate. There is no target hedge ratio in place.

c) Other Price Risk

During the year, the Plan's investments in the assets below were exposed to the following risks:

	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equities		✔		✔
Bonds	✔	✔	✔	✔
Property	✔			✔
Pooled Investment Vehicles	✔	✔	✔	✔
Limited Partnerships	✔	✔	✔	✔
Derivatives	✔	✔	✔	✔
Cash	✔	✔	✔	

Other price risk arises principally in relation to the Plan's return seeking assets and a portion of the cashflow matching portfolio (UK inflation-linked and Core property and mezzanine debt). The Plan has set a target asset allocation of 24.0% (2019: 24.0%) to these assets; the actual allocation as at 31 March 2020 was 21.8% (2019: 22.4%). The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

The Plan's DB section invests in segregated property portfolios managed by LaSalle. Colliers International UK & Ireland ("Colliers"), as independent valuers of the LaSalle property assets, adopted the following MVUC on the 18th March 2020 in respect of valuations reports dated thereafter.

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the report date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value.

Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property under frequent review."

Colliers have confirmed that RICS recommended the MVUC was released from certain sectors over the following months. As at 16 September 2020, the RICS recommendation is that MVUC may no longer be appropriate for all UK real estate, with the exception of some assets valued with reference to trading potential.

LaSalle note that if the portfolios were to be revalued now, they would not expect to see a dramatic change from the previous figures. One of the Plan's properties has been sold since the 31 March 2020 valuation date and a price exactly in line with the valuation was achieved.

Having considered information provided by LaSalle and Colliers, the Trustee is satisfied that the valuation of the Plan's DB property assets at 31 March 2020 are appropriate.

Defined Contribution Section

Investment Strategy

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. It also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty to be to make available a range of investment options sufficient to enable members to tailor, to their own needs, their investment strategy.

Specifically, the Trustees have chosen a range of funds designed to enable members to achieve the following individual investment objectives:

- Positive long-term real rates of return
- Increasing protection for members' accumulated assets in the years approaching retirement against:
  a. Sudden (downward) volatility in capital values;
  b. Fluctuations in the cost of taking retirement benefits in the member's chosen form.

The Trustee also provides members with a default investment option for those who do not wish to implement their own investment strategy.

Credit Risk

The investment funds offered to members within the Defined Contribution Section are provided through an investment platform managed by Scottish Widows Limited ("Scottish Widows"). Note that in October 2017 it was announced that Scottish Widows had reached agreement with Zurich Assurance Limited ("Zurich", which was the platform provider the Trustee had appointed historically), to acquire their corporate savings business, including the investment platform used by the Plan. The formal legal transfer of the business (known as "Part VII transfer") was approved on 12 June 2019.

The pooled investment vehicles invested in within the Defined Contribution Section are all unit linked insurance funds. The Defined Contribution Section is subject to direct credit risk in relation to Scottish Widows through its holding in unit linked insurance funds provided by Scottish Widows.

Direct credit risk arising from these arrangements is mitigated by the underlying assets being ring-fenced from the pooled investment fund investment manager and platform provider, the regulatory environments in which these entities operate, and diversification of investments across a number of pooled arrangements.

Scottish Widows is regulated by the Financial Conduct Authority and the Prudential Regulation Authority and maintains separate funds for its policyholders. The Trustee monitors the creditworthiness of Scottish Widows by reviewing its "Security of Assets" report, which includes published credit ratings. Scottish Widows invests the Plan's assets in its unit-linked funds. In the event of default by Scottish Widows, the Plan is protected by the Financial Services Compensation Scheme and may be able to make a claim for up to 100% of its policy value, although compensation is not guaranteed.

The Defined Contribution Section is also subject to indirect credit and market risk arising from the underlying investments held in the pooled funds.

The risks disclosed here relate to the Defined Contribution Section's 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 invested in by members.

Market Risk

The Plan's Defined Contribution Section is subject to indirect currency, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by Scottish Widows as shown in the following table.

Fund Type	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equities		✔		✔
Bonds	✔	✔	✔	✔
Multi-Asset	✔	✔	✔	✔
Property	✔			✔
Pooled Investment Vehicles	✔	✔	✔	✔
Cash	✔	✔	✔	

Members of the Plan with DC benefits are able to select their own investment funds, allowing them to tailor their investments to their own risk and return preferences.

One of the self-select options available to members, the Active Property Fund, invests in UK commercial property. As the Covid-19 pandemic unfolded, the underlying investment manager suspended dealing in this Fund due to uncertainties in valuing the properties held (as assessed by an independent valuer). Members with holdings in this Fund received communications to inform them of the position and confirm that contributions could be redirected into a fund of their choice. For those members who did not make a choice, contributions were re-directed into the Active Cash Fund.

Notwithstanding this, the underlying manager of the Active Property Fund, Threadneedle, did not adjust the valuations published in relation to the Fund. Having considered the response from Threadneedle, one of the largest UK commercial property investment managers in the UK pensions market, the Trustee is satisfied that the valuation of the fund at 31 March 2020 is appropriate for inclusion in the financial statements.

In early September 2020, Threadneedle confirmed an intention to lift the suspension on the Fund with effect from the valuation point on 17 September 2020. This followed consultation between Threadneedle and the independent valuer, CBRE.

21. Net Current assets

DB Legal Section

	2020	2019
	£'000	£'000
Current Assets		
Contributions due*	**1,002**	2
Group transfers-in / other debtors	**50**	191,972
Cash balance held in bank**	**20,896**	15,045
Cash balance held by Principal Employer	**-**	33
	21,948	207,052
Current liabilities		
Unpaid benefits	**(1,773)**	(289)
Other creditors and accruals	**(2,566)**	(1,970)
	(4,339)	(2,259)
Net current assets	**17,609**	204,793

* including £2k (2019: £2k) of contributions due

** £1,172k (2019: £849k) of cash balances relating to Ex-Serco Legal Section members

DC Legal Section

	2020	2019
	£'000	£'000
Current Assets		
Contributions due	**3,654**	918
Other debtors	**10**	1,121
Cash balances held in bank	**5,507**	3,176
	9,171	5,215
Current liabilities		
Unpaid benefits	**(1,912)**	(437)
Other creditors and accruals	**(8)**	(21)
	(1,920)	(458)
Net current assets	**7,251**	4,757

All contributions due as at 31 March 2020 were paid into the Plan after the year end in line with the Schedules of Contributions dated 24 July 2018 and 31 July 2018.

At the year-end, there were no undesignated assets held in the DC Legal Section (2019: Nil).

22. Employer related investments

There was no direct self-investment in John Wood Group plc or any related company, including Amec Foster Wheeler Limited. From time to time investments in John Wood Group plc may be possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, the Trustees estimate that, at 31 March 2020, any indirect exposure to shares in John Wood Group plc was 0.001% (2019: 0.001%) of the net assets of the Plan.

23. Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme were:

	2020		2019	
DB Legal Section				
	Value £'000	**%**	**Value £'000**	**%**
Legal & General Over 5 Year Index Linked Gilt Fund	-		1,152,126	34.0
Legal & General Over 15 Year Fixed Gilts Fund	-		320,645	9.5
DC Legal Section				
	Value £'000	**%**	**Value £'000**	**%**
Multi Asset Growth Fund	216,135	6.2	157,888	**4.6**

24. Related party transactions

Employer related parties

The Plan is administered by Wood Pensions, the personnel of which are employed by Wood Group UK Limited. Fees payable in respect of administration (management charge) are disclosed in note 10. At the year end, there were no administration expenses outstanding (2019: £Nil).

<u>Key management personnel</u>

At the year-end, two of the Trustee directors are active members of the Plan (2019: 3); two are deferred members (2019: 1); and three are pensioner members (2019: 3). Contributions receivable (Note 4) and Contributions due (Note 22) include amounts in respect of Trustee directors who are active members of the Plan. Benefits payable (Note 7) include pension amounts in respect of Trustee Directors who are pensioner members of the Plan.

The independent, deferred and pensioner Trustee directors receive a fee for services as a Trustee director. The total fees paid to Trustee directors amounted to £133,417 (2019: £118,729).

Two of the Trustee directors have acted as trustee directors of other Wood pension schemes, namely William Press Supplementary Retirement Benefits Plan and the John Wood Group Plc Retirement Benefits Scheme.

25. Capital commitments

The Plan has capital commitments with Barings (UK) Limited to the value of €132,903, Dunedin Capital Partners Limited to the value of £684,716 and Coller Capital to the value of $13,917,622. These commitments relate to investment where capital is only transferred to the manager once suitable investment opportunities are identified, up to the maximum investment allocation awarded to the manager.

26. GMP Equalisation

Following a legal test case judgement in 2018, the Trustee has considered the impact of "GMP (Guaranteed Minimum Pension) Equalisation" on the Plan. Based on an initial assessment of likely backdated amounts and related interest, the Trustee does not consider the expected effect to be material to the financial statements and no liability in respect of this matter has been included at the year end. A full review is underway and any liability, once established, will be accounted for in the year in which it is determined.

In the opinion of the Trustee, the Plan had no other contingent liabilities at 31 March 2020 (2019: Nil).

Appendix 1

Actuary's Certification of Schedule of Contributions

MERCER

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Plan	Amec Foster Wheeler 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 can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 24 July 2018.

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

Signature	
Name	Steve Jones
Date of signing	24 July 2018
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	Belvedere, 12 Booth Street, Manchester, M2 4AW

MERCER

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Plan	Wood Pension Plan Ex-Serco Protected Persons Legal Section

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 can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 31 July 2018.

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

Signature	
Name	Steve Jones
Date of signing	14 July 2020
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	Belvedere, 12 Booth Street, Manchester, M2 4AW

Appendix 2

Report on Actuarial Liabilities (forming part of the Trustee's report)

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

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2017. This showed:

	Valuation 31 March 2017
The value of technical provisions was	£2,890 million
The value of assets was	£2,899 million

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

Method

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

Significant actuarial assumptions

Principal actuarial assumptions for valuation as at 31 March 2017

Discount interest rate	Pre-retirement 3.88% p.a.
	Post-retirement 2.13% p.a.
Future Retail Price inflation:	3.31% p.a.
Future Consumer Price inflation:	2.31% p.a.
Salary increases	3.31% p.a.
Pension increases in payment	
RPI subject to maximum of 5% p.a.	3.10% p.a.
RPI subject to a maximum of 2.5% p.a.	2.11% p.a.
Mortality	S2PxA tables with CMI 2016_1.75% improvements

The derivation of these key assumptions and an explanation of the other assumptions to be used in the calculation of the technical provisions are set out below.

Derivation of actuarial assumptions for valuation as at 31 March 2017

Discount interest rate: An estimate of the yield available on a notional portfolio of UK Government conventional gilt stocks whose cashflows approximately match the Plan's estimated benefit cashflows plus an additional 2.25% (pre-retirement)/0.5% (post-retirement) per annum to reflect the prudent allowance the Trustee have agreed for additional investment returns.

Future Retail Price inflation: The investment market's expectation for inflation as indicated by the different between an estimate of the yields available on notional portfolios of conventional and index-linked UK Government bonds whose cashflows approximately match the Plan's estimated benefit cashflows with an inflation risk premium deduction of 0.1% per annum.

Future Consumer Price inflation: RPI inflation assumption with a deduction of 1.0% to recognise the different between expectations of future RPI increases and future CPI increases.

Report on actuarial liabilities (continued)

Salary increases: Real salary increases of Nil per annum. Allowance for promotional increases is also made.

Pension increases in payment: In line with the relevant inflation assumption, subject to any caps and collars.

Mortality: The mortality assumptions will be based on up-to-date information published by the Continuous Mortality Investment (CMI) and National Statistics, making allowance for future improvements in longevity and the experience of the Fund. A margin of 1% of Plan liabilities is also included as a prudent reserve for unanticipated mortality experience.

Next valuation: The date of the next scheduled triennial valuation is as at 31 March 2020.

Appendix 3

DC Governance Statement for the Year ended 31 March 2020

1. Introduction

1.1 This statement describes how the Trustee has governed the DC Section of the Plan during the year.

1.2 The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report. This statement covers the period from 1 April 2019 to 31 March 2020.

1.3 The Trustee Board delegates certain matters relating to the DC Section to its DC Committee which is chaired by the Chair of the Trustee Board. The Trustee Board has agreed appropriate terms of reference for the DC Committee, which meets at least four times per year to consider matters relating to the DC Section. The DC Committee reports to the Trustee Board.

1.4 The statement covers four principal areas:

1. Investment, focusing on the Plan's default investment arrangements.
2. Internal controls, including the processing of core financial transactions.
3. Value, with particular focus on charges and transaction costs deducted from members' funds.
4. The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Plan and how these help the Trustee to ensure that the Plan is governed effectively.

2. Investment Arrangements

2.1 A copy of the Plan's latest Statement of Investment Principles (SIP), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is attached and is available to view online at https://www.woodplc.com/. The SIP covers our aims and objectives in relation to the default investment arrangement as well as our policies in relation to matters such as risk and diversification. It also states why we believe the default investment arrangement to be designed in members' best interests.

2.2 The SIP was revised during the Plan year (agreed and dated January 2020) to reflect updates to the Trustee's polices in relation to environmental, social and governance considerations, including climate change. The SIP was also revised in September 2020 to incorporate additional policies required by the Investment Regulations.

Default Investment Arrangement

2.3 The Plan's default investment arrangement during the period covered by this statement has been the Target Drawdown strategy. This strategy was put in place during February and March 2019.

2.4 In summary, the Target Drawdown default investment arrangement is a target date fund approach designed to help members planning to withdraw their benefits in a flexible way, typically through staying invested in retirement and drawing down on their savings over time (at the current time, this needs to be outside of the Plan). The default investment arrangement invests in equities and other growth-seeking assets during the 'growth' phase of the strategy. Eight years prior to each member's selected retirement year (or the Plan's normal retirement year where none is selected), investments are transferred to a Target Drawdown Retirement Fund based on the targeted retirement year. The Target Drawdown Retirement Fund gradually switches members into a balanced mix of instruments at the point of retirement, including cash, corporate and government bonds, equities and alternative asset classes such as property and infrastructure investments.

2.5 The default investment arrangement has been adopted in light of the Plan's current demographic profile and is kept under regular review. Members are also able to access alternative strategies and a range of self-select funds, and are supported by clear communications.

2.6 The last detailed strategic review of the default investment arrangement commenced in 2017, continuing into 2018. KPMG (now re-named as Isio) supported us with the review.

2.7 The review included consideration of the demographic profile of our membership, which was particularly relevant in the context of mergers over the last few years. In considering the membership profile, we reviewed the size of average savings pots (and the range of pot sizes), the age profile and the projected size of members' benefits at retirement. Further, a review of the asset allocation and performance of the default investment arrangement, and the alternative fund choices available to members, formed part of the project.

2.8 As a consequence of the review, we made a change to the default investment arrangement in February and March 2019. This involved moving from a cash-targeted default to a flexible income ("drawdown") targeted default. As summarised in the Chair's Statement last year, when the Trustee considered the Plan's membership profile and emerging retirement experience, it was clear that our members' DC savings values are growing, and it now seems more likely that many members will look to access their funds via an income drawdown arrangement (currently, this would need to be outside of the Plan) when they draw their benefits. Accordingly, we took the decision to move to a default strategy designed for more flexible withdrawal of benefits.

2.9 We further note that Mercer, to whom the Trustee has delegated the investment management of the default investment strategy, carries out an annual strategy review of the asset allocation of the strategy. During the year covered by this Statement, Mercer's investment review took place in the second quarter of 2019 and was discussed at the DC Committee meeting held on 11 September 2019. The review encompassed consideration of the asset allocation of the growth phase of the strategy and the target retirement funds, which are used as members approach retirement. The changes implemented following this annual review were:

- Changes to the operational structure of the Mercer Growth Fund, which is used as the Plan's default growth phase. This involved moving to an "open architecture" approach to managing the underlying investments rather than taking a "fund of funds" approach, and resulted in a 0.02% p.a. reduction in charges for members invested in this Fund.
- A change to the index-tracking method used within a portion of the equity allocation of the strategy, designed to improve the expected risk and return characteristics of the portfolio.

- The introduction of an allocation to listed infrastructure investments, to enhance the level of diversification.
- The introduction of an allocation to sustainable global equities which invests in companies expected to be positioned for the transition to a low carbon world.

2.10 The changes noted above were implemented across a series of dates, concluding on 30 September 2019.

2.11

Performance and risk-based reviews were also undertaken each quarter. These reviews incorporate quarterly reports from our DC adviser. In these reviews, the following issues are considered:

- Performance (net of fees) relative to fund benchmarks, objectives and also relative to inflation measures and peer groups for the default arrangement.
- The investment manager research ratings published by the Trustees' DC adviser. These ratings include an assessment of each manager's environmental, social and governance capabilities and the extent to which these issues are integrated into investment processes.
- Analysis of member experience throughout the de-risking path.
- Risk analysis, including the volatility and experience of capital loss ("drawdowns") within the strategy.

2.12 The DC Committee discusses the reports at each of its quarterly meetings.

2.13 A strategic review of the default investment arrangement is scheduled for the second half of 2020, and the Trustee looks forward to sharing the conclusions of this review with members.

Other "Technical" Default Investment Arrangements

2.14 One of the self-select options available to members, the Active Property - Property Fund, invests in UK commercial property. In March 2020, As the COVID-19 pandemic unfolded, the underlying investment manager suspended trading in this Fund due to uncertainties in valuing the properties held. Those members with holdings in this Fund received communications to inform them of the position and to confirm that contributions could be redirected into a fund of their choice. For those members who did not make a choice, contributions were re-directed into the Plan's Active Cash – Cash Fund.

2.15 The Trustee's process was to ask members affected by the suspension of the Active Property - Property Fund to choose an alternative from the Plan's range of funds. However, as noted above, as a fall-back position, the Active Cash – Cash Fund has been used and as such may be deemed a technical default investment arrangement. We are pleased to confirm that the Trustee governs this fund individually as technically constituting a default investment arrangement, in line with appropriate governance requirements, including the annual cap on charges (excluding transaction costs) of 0.75% of assets and the duty to review this Fund at least every three years.

3. Internal Controls and Core Financial Transactions

Introduction

3.1 The requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately.

3.2 The Trustee has received assurance from the Plan's appointed in-house administrator, and has taken steps to seek to ensure, that there were adequate internal controls to ensure that core financial transactions relating to the Plan were processed promptly and accurately during the year. This includes the investment of contributions, processing of transfers in and out of the Plan, transfers of assets between different investments within the Plan, and payment of benefits to members.

3.3 Our processes in this regard are documented below.

Administration

3.4 The Trustee has established Service Level Agreements (SLAs) with the Plan's in-house administrator. These include target timescales for processing core financial functions relating to contribution handling, quoting and paying benefits, and the target timescales are all well within applicable statutory timescales. Performance against the SLAs is monitored each quarter by the Trustee.

3.5 There were no administration issues identified during the Plan year. From time to time, higher than average work volumes were experienced. During these periods, clear priorities are established for working through queries and requests (for example, completing retirement estimates for forthcoming retirements by "date of retirement" order).

3.6 The administrator uses high quality third-party pensions administration software in record-keeping and calculation activities.

Broader Controls

3.7 The Trustee has ensured that disaster recovery plans are in place with the in-house administrator, other relevant third parties, and within the sponsoring employer.

3.8 The Trustee maintains a Risk Register which outlines the risks to members and the Plan, including those in relation to financial transactions, and considers the impact, likelihood, controls and mitigation steps for each risk. The Risk Register also confirms any actions required and the due date for such actions, along with documentation of the last risk review date and the assigned owner of each risk.

3.9 In order to focus attention on key risks, during the Plan year the DC Committee adopted an improved approach to reviewing the Risk Register whereby the DC Committee will now consider the "top five" DC risks (as assessed by scoring on the Risk Register) at each DC Committee meeting. The remaining DC risks are reviewed as part of the overall risk review conducted at the Plan's Governance Meeting, on a half-yearly basis. Additionally, all DC risks are formally reviewed by the DC Committee annually. This approach was agreed at the DC Committee meeting held on 23 May 2019.

3.10 The Trustee reviews the output from the annual external audit and periodic internal audits.

3.11 The Plan uses a third party investment platform operated by Scottish Widows Limited ("Scottish Widows"), who were selected (following professional advice) for their efficient unit price administration systems, their ability to process investment switches efficiently and their rigorous risk management processes, amongst other factors.

3.12 Note that in October 2017 it was announced that Scottish Widows had reached agreement with Zurich Assurance Limited ("Zurich") to acquire their corporate savings business, including the investment platform used by the Plan. The formal legal transfer of the business (known as "Part VII transfer") took place in July 2019, and followed UK court approval.

3.13 The Trustee has engaged Mercer to provide ongoing governance support by way of monitoring the performance of Scottish Widows in delivering investment platform services (e.g. unit pricing, transaction processing and performance reporting). As part of its appointment, Mercer has negotiated exclusive SLAs with Scottish Widows, including financial penalties for the Plan in the event of breaches above agreed thresholds. This further helps the Trustee to ensure the prompt and accurate processing of core financial transactions.

3.14 The Trustee also ensures that all third party providers share their data security and cyber risk policies with the Trustee. These policies are reviewed and the parties are questioned on any areas requiring clarity.

Experience during the Plan Year

3.15 We are pleased that in the last Plan year there have been no material administration service issues which need to be reported here by the Trustee. We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

3.16 In March 2019 the Covid-19 pandemic required the Trustee, the in-house administration team and the various advisers and providers to use their previously prepared business continuity measures, as a UK lockdown commenced in March 2020.

3.17 We are pleased to confirm that the Plan's operations have been maintained successfully. The Trustee Board and its Committees continued with their 2020 meeting schedule via remote working. All monthly contributions have been paid on time. Important administration functions such as preparing benefit quotations, paying benefits, investing monthly contributions and updating member records continue to be processed promptly by the administrator.

4. Value, Charges and Transaction Costs

4.1 The range of the levels of charges and transaction costs applicable to the default arrangement during the period are detailed in this section.

Charges

4.2 The tables in this section show the total expense ratios on the funds available through the Plan. The "total expense ratio" reflects the total costs associated with managing and operating a fund, including investment management fees, fund legal fees, investment platform fees and any other expenses.

Transaction Costs

4.3 When buying and selling investments, transaction costs can be incurred.

4.4 Transaction costs are not explicitly deducted from a fund but are captured in its performance (that is, the higher the transaction costs, the lower the returns produced, all else being equal). The Financial Conduct Authority has provided guidance in Policy Statement 17/20 to investment managers regarding calculation and disclosure of transaction costs. Due to the way in which costs are required to be calculated, they can be negative or positive; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

4.5 The following tables below show the transaction costs incurred in the Plan's default investment arrangement and other investment funds held as at 31 March 2020.

Fund	Total Expense Ratio % p.a.	Transaction Costs %
Funds used in Default		

Fund	Total Expense Ratio % p.a.	Transaction Costs %
Multi Asset - Growth	0.227	0.20
Target Drawdown 2020	0.288	0.11
Target Drawdown 2021	0.291	0.13
Target Drawdown 2022	0.292	0.14
Target Drawdown 2023	0.293	0.14
Target Drawdown 2024	0.290	0.15
Target Drawdown 2025	0.277	0.15
Target Drawdown 2026	0.265	0.16
Target Drawdown 2027	0.252	0.16
Target Drawdown 2028	0.240	0.17
Drawdown Retirement	0.288	0.10
Active Cash – Cash (technical default, see paragraph 2.13)	0.136	0.01
Other Multi-Asset		
Multi Asset - Diversified Growth	0.336	0.22
Historic - Mercer Defensive	0.196	0.08
Historic - Mercer Moderate Growth	0.233	0.13
Historic - Mercer High Growth	0.231	0.20
Historic - BlackRock Diversified Growth	0.716	0.28
Equity		
Passive Equity - UK Equity	0.074	-0.07
Passive Equity - Overseas Equity	0.081	-0.02
Passive Equity - Global Equity	0.086	N/A*
Passive Equity - Ethical Global Equity	0.246	0.00
Passive Equity - Emerging Markets Equity	0.286	-0.18
Passive Equity - Shariah	0.346	0.05
Active Equity - UK Equity	0.756	0.14
Active Equity - Global Equity	0.726	0.29
Active Equity - Emerging Markets Equity	0.977	0.52
Historic - Passive Global Equity (50 UK/50 Overseas)	0.079	-0.03
Historic - Passive Global Equity (30 UK/70 Overseas)	0.149	-0.06
Bond		
Active Bonds - UK Corporate Bonds	0.400	0.03
Passive Bonds - Fixed Interest Government Bonds	0.075	-0.04
Passive Bonds - UK Corporate Bonds	0.087	-0.05
Passive Bonds - Inflation-Linked Government Bonds	0.075	0.02
Historic - Annuity Pre-Retirement	0.111	0.02
Property		
Active Property - Property	0.696	0.23
Alternative Target Retirement Funds		
Target Cash 2022	0.177	0.04
Target Cash 2024	0.180	0.06
Target Cash 2026	0.203	0.11
Target Cash 2027	0.217	0.14
Target Cash 2028	0.230	0.16
Cash Retirement	0.166	0.14

Fund	Total Expense Ratio % p.a.	Transaction Costs %
Target Annuity 2020	0.148	0.01
Target Annuity 2021	0.155	0.02
Target Annuity 2022	0.165	0.04
Target Annuity 2023	0.174	0.06
Target Annuity 2024	0.192	0.08
Target Annuity 2025	0.203	0.10
Target Annuity 2026	0.213	0.12
Target Annuity 2027	0.224	0.14
Target Annuity 2028	0.235	0.17
Annuity Retirement	0.148	0.01

Source: Scottish Widows, as at 31 March 2020.
*The Passive Equity – Global Equity Fund was launched within the Plan's range during the first quarter of 2020. As a result, annual transaction costs for this Fund are not yet available from the investment platform provider.

Impact of Costs and Charges

4.6 Using the charges and transaction cost data provided Scottish Widows and in accordance with Regulation 23(1)(ca) of the Administration 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 savings pot. Statutory guidance provided has been considered when providing these examples.

4.7 The Regulations require the Trustee to provide a disclosure of costs and charges for a range of funds:

- Default option (or most popular)
- Highest cost fund
- Lowest cost fund
- The fund with the lowest assumed growth, according to assumptions made in the Plan's Statutory Money Purchase Illustrations (SMPIs). Note that no allowance is made for outperformance in respect of actively managed funds.
- The fund with the highest assumed growth, again according to assumptions made in the Plan's SMPIs. No allowance is made for outperformance in respect of actively managed funds.

4.8 The illustrations have taken into account the following elements:

- Contribution levels
- Real terms investment returns gross of costs and charges
- Adjustment for the effect of costs and charges
- Time period of investment.

4.9 To make this analysis representative of the membership, the Trustee has based this on a typical member joining the Plan at age 21, with a normal retirement age of 65, using a starting pot size of £0 (i.e., a new joiner) and a salary in line with the average salary at that age, based on data sourced from the administrator. It also assumes an overall contribution level in line with the average active member contribution rate, which is a total contribution of 15%.

Projected Pot Sizes in Today's Money					
		Default Arrangement: Target Drawdown		Highest Cost Fund: Active Equity - Emerging Markets Equity	
Age	Year	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
21	0	£0	£0	£0	£0

Projected Pot Sizes in Today's Money					
		Default Arrangement: Target Drawdown		Highest Cost Fund: Active Equity - Emerging Markets Equity	
22	1	£3,310	£3,299	£3,319	£3,270
23	2	£6,633	£6,601	£6,671	£6,525
24	3	£9,970	£9,905	£10,055	£9,763
25	4	£13,319	£13,211	£13,474	£12,986
26	5	£16,682	£16,520	£16,926	£16,193
27	6	£20,059	£19,831	£20,413	£19,385
28	7	£23,449	£23,144	£23,933	£22,561
29	8	£26,853	£26,460	£27,489	£25,721
30	9	£30,270	£29,778	£31,080	£28,867
31	10	£33,701	£33,099	£34,707	£31,997
36	15	£51,062	£49,738	£53,385	£47,419
41	20	£68,772	£66,437	£73,006	£62,470
46	25	£86,839	£83,197	£93,617	£77,158
51	30	£105,269	£100,017	£115,269	£91,492
56	35	£124,070	£116,897	£138,014	£105,480
61	40	£139,954	£130,416	£161,907	£119,132
65	44	£144,801	£133,745	£181,887	£129,816

Projected Pot Sizes in Today's Money					
		Lowest Cost & Highest Assumed Return Fund (**net of costs**): Passive Equity - UK Equity		Lowest Assumed Return Fund (**net of costs**): Cash Retirement	
Age	Year	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
21	0	£0	£0	£0	£0
22	1	£3,311	£3,309	£3,251	£3,245
23	2	£6,640	£6,632	£6,388	£6,371
24	3	£9,984	£9,969	£9,416	£9,383
25	4	£13,346	£13,321	£12,339	£12,284
26	5	£16,724	£16,687	£15,159	£15,080
27	6	£20,119	£20,067	£17,881	£17,773
28	7	£23,531	£23,461	£20,509	£20,367
29	8	£26,960	£26,870	£23,044	£22,866
30	9	£30,406	£30,293	£25,492	£25,274
31	10	£33,870	£33,731	£27,854	£27,594
36	15	£51,449	£51,142	£38,484	£37,980
41	20	£69,472	£68,926	£47,386	£46,600
46	25	£87,950	£87,092	£54,840	£53,753
51	30	£106,895	£105,648	£61,083	£59,689
56	35	£126,318	£124,602	£66,310	£64,616
61	40	£146,231	£143,963	£70,687	£68,705
65	44	£162,523	£159,751	£73,671	£71,469

Notes:

i. The way that inflation has been included in the illustrations has changed relative to 2019, in order to rebase the projected values into today's terms adjusted for inflation. This means the projected values appear lower than last year, but they are based on "today's money" to assist with understanding and to align with regulatory guidance.

ii. The starting pot size is assumed to be £0, and contributions in line with the average contribution rate across all active members are assumed to be paid.

iii. Values are estimates and are not guaranteed.

iv. The projected growth rates use the same underlying assumptions as the SMPI assumptions plus any transaction costs.

v. Salaries are assumed to increase in line with inflation.

Value for Members

4.10 The Trustee has assessed the extent to which the charges and transaction costs set out above represent good value for members and has concluded, following receipt of a report from its DC adviser, that the Plan offers good value for money relative to peers including other pension schemes of a similar size and nature (using data from Mercer, investment manager peer groups and other public surveys) and relative to options available to the Trustee with alternative investment managers and providers.

4.11 The Trustee conducts an annual Value for Money assessment in order to arrive at the "good value" conclusion, incorporating consideration of:

- Total expense ratio costs borne by members
- Transaction costs
- Net of cost performance
- Investment risk measures
- Governance arrangements
- Fund range available to members
- Investment manager and platform provider ratings
- Additional services available to members, including at retirement options, services and member tools.

4.12 The Trustee is also pleased to confirm that in June 2019 the charges for the Mercer Growth Fund (used in the default investment arrangement) were reduced by 0.02% p.a. This followed a previous reduction in January 2019 (briefly, in 2018 the Trustee negotiated lower charges across the fund range, and these changes were implemented on 21 January 2019). The level of the fee reductions varied by fund, but the reduction was at least 0.004% p.a. and, in some cases, up to 0.024% p.a.

4.13 For the Mercer Growth Fund used as the Plan's default "growth phase" Fund, the reductions noted above mean that over a three-year period Fund charges have reduced from 0.284% p.a. to 0.227% p.a., a reduction of approximately 20%.

4.14 The Trustee also has in place an agreement for an additional reduction to be implemented once the Plan's level of assets reaches an agreed trigger level.

5. Trustee Knowledge and Understanding

5.1 The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Plan year by the Trustee as a body in dealing with the whole Plan (not just the DC Section).

5.2 The Trustee has put in place arrangements for ensuring its Trustee Directors take personal responsibility for keeping up to date with relevant developments and each quarter consider training requirements. Training logs are maintained for each Director and training for the full board and its various Committees is provided regularly during quarterly meetings. Training plans are bespoke and tailored to issues that arise on the Trustee's business plan.

5.3 The Trustee has adopted a robust training programme in place for newly appointed Trustee Directors. For the Plan, upon appointment, a Trustee Director is required to undertake an induction process. This includes a training session with the in house pension department and completion of the Pensions Regulator's online toolkit. One new Trustee Director was appointed over the Plan year and we are pleased to confirm that he has completed the required induction training and the Pensions Regulator's Trustee toolkit.

5.4 During the course of the year, the training topics considered by the DC Committee were delivered, for example, through the DC adviser's "current topics" training material.

5.5 Specific DC training topics discussed during the Plan year included:

- Environmental, social and governance risks and opportunities. This was a dedicated training session for the full Trustee Board and included consideration of climate change risks to investments, as well as the legal and regulatory framework surrounding these risks.
- Changes to the investment regulations that will require amendments to the Plan's Statement of Investment Principles and, in due course, the preparation of an Implementation Statement.
- The Pension and Lifetime Savings Association's launch of "retirement living standards" and how such rules of thumb could form part of a DC communications strategy.
- Consideration of new digital tools for engaging with members on pension matters, incorporating use of "open banking" to help individuals view their savings holistically.

5.6 The Trustee also periodically conducts assessments of its effectiveness as a Trustee Board. These assessments include candid feedback on the Trustee's operating framework and performance generally. The results are collated and discussed openly at Trustee meetings. This was last carried out in Q4 2019 and will be carried out triennially.

5.7 The Trustee is conversant with, and has a working knowledge of, the Statement of Investment Principles, including the requirements that will apply from October 2020 in relation to our arrangements with the appointed investment managers and the Trustee's engagement activities.

5.8 Two independent professional Trustee Directors have been appointed, one of whom Chairs the overall Trustee Board and the DC Committee. The independent professional Trustee Directors bring a wide range of experience and skills to complement the knowledge and understanding of the Employer and Member-nominated Trustees.

5.9 In addition, the Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.

5.10 All of the Trustee Directors in office during the period have undertaken the Pension Regulator's Trustee Toolkit.

5.11 Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.

6. Trustee Statement of DC Governance

6.1 The Trustee considers that its systems, processes and controls across key governance functions are consistent with those set out in The Pensions Regulator's DC Code of Practice.

Signed for and on behalf of the Wood Pension Plan

Date: 15 October 2020

By

Chair of Trustee

Appendix 4

Wood Pension Plan

Statement of Investment Principles – September 2020 (replaces January 2020)

1. Introduction

The Trustee of the Wood Pension Plan (the "Plan") has drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of:

- The Pensions Act 1995, as amended by the Pensions Act 2004;
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- Subsequent legislation.

The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. A separate document (the Investment Policy Implementation Document, "IPID") detailing the specifics of the Plan's investment arrangements is available upon request.

In preparing this Statement, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In addition, the Trustee has consulted the Sponsoring Company, Amec Foster Wheeler Limited and its parent company John Wood Group plc (together, referred to in this document as "Wood"), to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Plan's investment arrangements and, in particular on the Trustee's objectives.

The investment responsibilities of the Trustee are governed by the Plan's Trust Deed and Rules (a copy of which is available for inspection on request) and relevant legislation. According to the law, the Trustee has ultimate power and responsibility for the Plan's investment arrangements.

The Plan provides two types of benefit; one linked to final salary (Defined Benefit Section) and the other of a money purchase type (Defined Contribution Section). These are covered separately in Sections 2 and 3 respectively.

In respect of the Defined Benefit Section (which includes the benefits held under both the DB Legal Section and the Ex-Serco Protected Persons Legal Section), the Trustee has established an Investment Committee ("IC") to focus on investment matters. While the Trustee retains direct responsibility for setting investment objectives, establishing risk and return targets and setting the Plan's strategic benchmark and manager structure, it makes these decisions after considering recommendations from the IC. The IC implements them under delegated powers by retaining and monitoring investment managers, custodians and other service providers.

In respect of the Defined Contribution (DC) Section, the Trustee has established a DC Sub-Committee to focus on DC issues, including DC investment matters along with other areas of DC governance. The DC Sub-Committee operates under a Terms of Reference which sets out its powers and duties.

2. Defined Benefit Section

2.1 Process For Choosing Investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives
- Consider the broad level of risk consistent with meeting the objectives set
- Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the Trustee's risk tolerance, liquidity requirements and expected cashflow needs

In considering the appropriate investments for the Plan, the Trustee has obtained and considered the written advice of Mercer Limited (the "Investment Consultant"), whom the Trustee believes to be suitably qualified to provide such advice. Where matters described in this Statement may affect the Plan's funding policy, input has also been obtained from the Plan Actuary. 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).

2.2 Investment Objectives

The Trustee's primary objective is to invest the Plan's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest between them and Wood, in the sole interest of the members and beneficiaries.

The Trustee believes that an appropriate strategic objective is to achieve full funding on a gilts re-investment basis. Whilst certain demographic and uninsurable investment risks will remain, a fully funded basis on a gilt re-investment yield would enable the Trustee to take most of the investment risk out of the Plan, thereby reducing its reliance on Wood's covenant.

The Trustee pays due regard to Wood's views with regard to the potential size and incidence of contribution payments, and the degree to which Wood accepts variation in the Plan's surplus or deficit as a consequence of the investment policy adopted.

The objectives set out above and the risks and other factors referenced in this Statement are those the Trustee determines to be financially material considerations in relation to the Defined Benefit Section of the Plan over the time horizon appropriate to the Plan. Given the nature of the Plan's liabilities, the appropriate time horizon is potentially long-term although the potential to transfer liabilities out of the Plan for example through bulk annuities could reduce the time horizon substantially.

2.3 Portfolio Construction

The Trustee has adopted the following control framework in structuring the Plan's investments:

- There is a role for both active and passive management. Passive management will be used for one of several reasons, namely:

- To diversify risk;
- To invest in markets deemed efficient where the scope for active management to add value is limited;
- As a temporary home pending investment with an active manager.

- To help diversify manager specific risk, multiple manager appointments, within a single asset class are preferred where practical.
- At the total Plan level and within individual manager appointments investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer.
- Investment in illiquid assets, such as private equity and debt investments and property or pooled property funds, may be held in limited quantities. The proportion of such investments will be monitored at the individual manager and at the total Plan level.
- Investment in derivatives is permitted as agreed on a manager-by-manager basis if they contribute to a reduction in risk or facilitate efficient portfolio management.
- Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure), the Trustee will look to ensure that the assets of the Plan are predominantly invested in regulated markets.
- Stock lending of Government bonds (gilts) is permitted provided arrangements are in place to ensure security and sufficient liquidity.
- No investment in securities issued by Wood, or affiliated companies will be made (other than any such securities held within a pooled fund in which the Trustee invests), unless posted by a third party as collateral as part of a diversified stock lending programme.
- Borrowing is not permitted except to cover short-term liquidity requirements.

2.4 Investment Strategy

The Trustee has defined a strategic objective to reach full funding on a gilts re-investment basis and de-risk the Plan's assets accordingly. However, it recognises that at current funding levels, a degree of investment risk will need to remain for the foreseeable future. The current investment strategy is set out in this and related documents.
Given the on-going commitment of Wood to the Plan, a degree of mismatching risk can be accepted for the time being on the basis that it is also acceptable to the Wood. It is recognised that, as the Plan is closed to new entrants and future accrual, it will gradually mature over the coming years.

The Trustee has decided to set a Plan Specific Benchmark which will be expected over the long-term to produce investment returns in excess of the liabilities as required to meet the investment objectives as set out in Section 2.2, while limiting the risk inherent in the mismatch between assets and liabilities to a level acceptable to the Plan and to Wood. The Trustee will review the Plan Specific Benchmark from time to time and will seek advice from the Investment Consultant on the appropriateness of the Plan Specific Benchmark with input from the Plan Actuary and Wood on the acceptable degree of mismatch.

The broad investment strategy is currently as shown in the following table. Further detail is included in a separate document produced by the Trustee, entitled Investment Policy Implementation Document ("IPID"), which is available to members upon request.

Asset Class	Benchmark Allocation (%)
Return-Seeking Assets (Equities)	**15.0**
Global Listed Equities	*15.0*
Private Equity	*-* [1]
Mid-Risk / Cashflow Matching Assets	**29.0**
Core Property	*5.0* [2]
Inflation-Linked Property	*4.0* [2]
Corporate Bonds - buy & maintain	*20.0*
Private Debt	*-* [1]
Liability Matching Assets	**56.0**
Liability-Driven Investment	*56.0*
Total	**100.0**

1 *Committed capital of £10m to a buyout private equity fund, £30m to a secondaries private equity fund and £30m to a mezzanine debt fund. These positions are intended to be held to maturity and will therefore represent a varying portion of total Plan assets. As such, they are held outside the Plan's strategic benchmark allocation.*

2 *The Plan is currently in the process of selling down these assets over time, as opportunities in the market arise, given the illiquid nature of the asset class. Proceeds will be used to remove underweight allocations or increase LDI exposure.*

2.5 Financially Material Considerations, Risk Management and Measurement

There are various risks to which any pension scheme is exposed. The Trustee's policy on the factors they consider to be financially material when making decisions relating to selection, retention and realisation of investments over the Plan's anticipated lifetime including the Trustee's policy on risk management, is as follows:

- The primary risk upon which the Trustee focuses is that arising through a mismatch between the Plan's assets and liabilities. The Trustee manages this risk by allocating a portion of the Plan's assets to assets that possess similar characteristics to the Plan's liabilities, referred to as Liability Matching Assets. The current strategic allocation to Liability Matching Assets is 56%. The allocation to Liability Matching Assets results in a "hedge ratio" of around 75% of the Scheme's liabilities, as measured on the Technical Provisions basis, in relation to changes in interest rates and inflation, although the precise hedge ratio will vary due to market conditions. The Trustee's willingness to take this level of mismatch is dependent on the continuing financial strength and support of Wood. The Trustee receives regular business updates from Wood and formally assesses the support at least every three years as part of the actuarial valuation.

- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's accruing liabilities as well as producing more short-term volatility in the Plan's funding position. A deterioration in the Plan's funding level could lead to a requirement for higher than expected contributions from Wood. The Trustee overlays the current strategy with a framework which will allow the Trustee to reduce the overall level of risk when suitable opportunities arise.

- The Trustee recognises the "covenant" risk associated with Wood's potential inability or unwillingness to support the Plan and any associated deficit going forward. As mentioned earlier, the Trustee pays due regard to Wood's views with regard to the potential size and incidence of contribution payments, and the degree to which Wood accepts variation in the Plan's surplus or deficit as a consequence of the investment policy adopted.

- The Trustee believes that environmental, social and corporate governance ("ESG") issues, including climate change and stewardship, may present financially material considerations. Section 5 provides dedicated comments on the Trustee's approach.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure that the asset allocation and manager structure policies in place result in an adequately diversified portfolio. The Trustee invests predominantly in directly held assets (via segregated accounts) but also holds investments in collective investment vehicles (i.e. pooled funds).

- The documents governing the investment manager appointments include several guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The investment managers are prevented from investing in asset classes or investments outside of their mandate without the Trustee's prior consent.

- The Trustee recognises the risks of underperformance introduced by using active managers. Arrangements are in place to monitor the continuing suitability of the current investments. The Trustee regularly reviews the continuing suitability of the Plan's investments including the appointed managers and the balance between active and passive management. The Trustee receives regular reports from the investment managers and Investment Consultant.

- The Trustee recognises that investments in illiquid asset classes, for example property, private debt and private equity, may not be readily realisable. The Trustee intends to withdraw from these assets as they mature or through orderly sales. In addition, the majority of the Plan's assets are liquid and readily realisable in the event of funds being required to meet benefit payments.

- The Trustee recognises that returns from investment in private equity may be negative in the early years of such an investment. The Trustee also recognises that it is difficult to measure performance of private equity, and that it may be several years before the investment will generate any return of capital or distribution of gains. In addition, the Trustee recognises that investment in private assets is illiquid and involves commitment of funds for many years. The Trustee limits the allocations to such assets to what are felt to be acceptable levels, and is in the process of allowing these assets to mature, but is comfortable to take the additional risk, given the expected returns.

- The Trustee recognises the risk of holding assets denominated in foreign currencies and a portion of this exposure is hedged to sterling.

- The Trustee permits stock lending of Government gilts and recognises the associated risks. Safeguards are in place to minimise the risk of financial loss to the Plan should the borrower default on repayment, including indemnification against losses provided by the lending agent, BlackRock, receiving liquid collateral in excess of the value of any loans, and regular reviews of the credit-worthiness of potential borrowers by the lending agent. Limits on the amount of stock lending are also in place to ensure suitable liquidity.

- The safe custody of the Plan's assets is delegated to a professional custodian. The custodian is responsible for the prompt reclaim of withholding taxes and other taxes on income due to the Plan.

In considering the selection, retention and realisation of investments, the Trustee does not currently take account of non-financially material considerations in considering the selection, retention and realisation of investments. It does however welcome the views from members, who have a variety of methods by which they can make these views known to the Trustee; this position is reviewed periodically.

Should there be a material change in the Plan's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered; whether the current risk profile remains appropriate.

2.6 Day–to-Day Management of the Assets

Day to day management of the assets is delegated to professional investment managers who are all regulated by the Financial Conduct Authority ("FCA") or the relevant authority in the domicile country. The investment managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations and each manages investments for the Plan to a specific mandate which includes performance objectives, risk parameters and timescales over which their performance will be measured.
Management of the Plan's gilt lending programme is delegated to a lending agent, BlackRock, who have discretion to agree loans subject to agreed constraints. These constraints are agreed by the Trustee to ensure security and that sufficient liquidity is maintained across the Plan's asset portfolio.

Section 6 sets out how the Trustee incentivises investment managers, where applicable, to operate in line with the objectives set out in Section 2.2.

Details of the Plan's current benchmark, the appointed managers and the gilt lending programme can be found in the IPID.

2.7 Realisation of Investments

The Investment Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.

2.8 Cash flow and cash flow management

Any cashflows into or out of the Plan are, in the normal course of events, directed to maintain the Plan's asset allocation as close as possible to that shown in Section 2.4. Again, however, there is discretion in relation to this if the IC believes an alternative approach is in the best interest of members. Further details on both the rebalancing and cashflow policies are set out in the IPID.

2.9 Rebalancing

In order to control the Plan's target level of investment risk, the IC monitors the allocation between the investment managers and asset classes relative to the benchmark allocations set out in Section 2.4 and in the IPID. A decision as to whether to rebalance is not a mechanistic process but is taken on a discretionary basis.

2.10 Expected return

The Trustee expects to generate a return, over the long-term, of c. 1.3% per annum* (after expenses) above that which would have been achieved had no investment risk been taken within the portfolio i.e. had the asset portfolio been invested solely in a portfolio of long dated government bonds which broadly match the Plan liabilities (and with no stock lending). It is recognised that over the short-term, performance may deviate significantly from the long-term target and there are no guarantees that an excess return above the liabilities will be generated.

** Expected return calculation is based on the strategic asset allocation and asset class assumptions as at 31 March 2020.*

3. Defined Contribution Section

3.1 Process for Choosing Investments

The Trustee considers the characteristics of a range of members and their associated investment needs when choosing which types of investment to make available. The range of funds offered include those which offer the prospect of growth which exceeds the rate of inflation in the long term, as well as funds that provide greater protection against changes in the cost of securing retirement benefits or volatile nominal market values.

3.2 Investment Objectives

The Trustee recognises that members have differing investment needs and that these may change during members' working lives. It also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty to be to make available a range of investment options sufficient to enable members to tailor, to their own needs, their investment strategy.

Specifically, the Trustee has chosen a range of funds designed to enable members to achieve the following individual investment objectives:

- Positive long-term real rates of return
- Increasing protection for members' accumulated assets in the years approaching retirement against:
    a. Sudden (downward) volatility in capital values;
    b. Fluctuations in the cost of taking retirement benefits in the member's chosen form.

The Trustee also provides members with a default investment option for those who do not wish to implement their own investment strategy.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee determines to be financially material considerations in relation to the Defined Contribution Section of the Plan.

3.3 Risk Management and Measurement

There are various risks to which any pension scheme is exposed, which the Trustee believes may be financially material to the Plan. The Trustee has considered risk from several perspectives over the Plan's anticipated lifetime. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to take their benefits from the Plan.

The primary risks considered are:

Market risk – The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure inadequate retirement benefits.

Benefit conversion risk – The risk that a member's fund value does not change in line with the cost of securing their selected retirement benefit type.

Inflation risk – The risk that investments do not keep pace with inflation, and thus the purchasing power of a member's accumulated wealth is eroded.

Expectation risk – The risk that a member's retirement benefits fall short of the amount expected or required, whether this is due to lower than expected investment returns or insufficient contributions being paid.

Manager risk – The risk that the Investment Managers do not meet their objectives. The Trustee monitors the managers' performance on a regular basis and compares the investment returns with the agreed performance objectives to ensure acceptable performance is being achieved. The Trustee has chosen to appoint both active and passive managers. The core funds offered to members are largely passively managed to reduce active manager risk for the majority of members. However, whilst the use of active management increases manager risk, the Trustee considers that it is appropriate to offer members the choice.

Liquidity risk – The risk that arises from being unable to sell an asset in a timely manner. The pooled funds in which the Trustee allows members to invest are expected to provide a suitable level of liquidity. The Plan invests in daily dealt and daily priced pooled funds.

Concentration risk – The Trustee has adopted a default investment option for members who choose not to make their own investment decision that ensures that the risk of an adverse influence on investment values from the poor performance of a small number of individual investments is reduced by diversification of the assets:

- *by asset class (equity, bonds, etc.)*
- *by region (UK, overseas, etc.)*
- *within each asset class, by the use of diversified pooled funds.*

Default investment risk – The risk that the investment profile of the default investment option is unsuitable for the requirements of some members.

3.4 Investment Strategy

Default investment option

The Target Drawdown strategy is the default investment option for the Plan.

The aims of the default investment option, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

  The default investment option's growth phase invests in the Mercer Growth Fund which consists of equities and other growth-seeking assets. These investments are expected to provide equity-like growth over the long term with some downside protection and some protection against inflation erosion.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate.

  Hence, eight years before their target retirement date (or normal retirement date, if no target is specified), members in the default investment option will have their holdings transferred into a target date fund ("Target Drawdown Retirement 20XY Fund", based on the expected date of retirement in year 20XY). These target date funds aim to gradually move investments from higher-risk growth-seeking assets to assets aiming for income and less volatile growth, along with an allowance for tax-free cash benefits through an allocation to money market investments.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to take 25% cash at retirement (reflecting current tax-free cash rules) and to use the balance to stay invested post-retirement (albeit outside of the Plan).

  By the start of the year of their expected retirement, members' accumulated savings in the default investment option will be moved to the Target Drawdown Retirement Fund, which aims to broadly match these benefits through investment of 25% of the portfolio in a mix of high quality short-term sterling denominated money market instruments and 75% in a Diversified Retirement Fund, which aims to generate income and maintain the purchasing power of members' savings until they retire from the Scheme. The assets in this multi-asset fund include equities, bonds and alternative assets.

The Trustee's policies in relation to the default investment option are detailed below:

- Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee considers analysis of the Plan's membership in order to inform decisions regarding the default investment option. Based on this understanding of the membership, a default investment option that targets a drawdown-focused asset allocation at retirement is considered appropriate.

- Members are supported by clear communications regarding the aims of the default investment option and the access to alternative investment approaches. If members wish to, they can opt to choose their own funds or an alternative lifestyle strategy. Moreover, members do not have to take their retirement benefits in line with those targeted by the default investment option; the target benefits are merely used to determine the investment strategy held pre-retirement.

- The default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee considers risk qualitatively in the context of the variability of expected retirement outcomes and quantitatively in the context of the variability of investment returns. Investment risk levels are monitored by the Trustee on a quarterly basis. In designing the default investment option, the Trustee has explicitly considered the trade-off between risk and expected returns and has taken advice from an independent investment adviser on the suitability of the Plan's arrangements.

- Assets in the default investment option are invested in daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various Investment Managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective Investment Managers in line with the mandates of the funds.

- Likewise, the Investment Managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental and governance considerations are taken into account in the selection, retention and realisation of investments. However, the Trustee has in place a policy regarding such issues, which is detailed in Section 5 of this Statement. Currently, no additional policies in this regard have been applied to the default arrangement, and the core policy in section 5 applies.

Taking into account the nature of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default investment option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Plan's demographic, if sooner.

Additional Technical Default Arrangements

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustee has identified a further investment option to be treated as a default arrangement (as defined by these regulations) in addition to the current default investment option (as detailed above). This fund has been identified as a default arrangement as member contributions have been automatically directed without members having instructed the Trustee where their savings and future contributions are to be invested.

This additional default arrangement is the **Active Cash – Cash Fund**. In March 2020, the underlying investment manager for the Active Property – Property Fund suspended trading due to uncertainties in valuing the properties held. Those members with holdings in this Fund received communications to inform them of the position and confirm that contributions could be redirected into a fund of their choice. However, for members who did not make a choice, contributions were re-directed into the Active Cash – Cash Fund (an existing self-select fund choice that is also used within the Plan's main default investment arrangement).

The Trustee governs this fund as technically constituting a default investment arrangement, in line with appropriate governance requirements, including the annual cap on charges of 0.75% p.a. and the duty to review this Fund at least every three years.

Other Investment Arrangements

The Plan offers alternative lifestyle investment options which target different retirement benefits than that targeted by the default investment option, namely full cash withdrawal and annuity purchase (which includes an allowance for tax-free cash benefits of 25%).

In addition, a range of self-select funds are offered to members. Details of the alternatives to the default option are provided in the IPID.

3.5 Day–to-Day Management of the Assets

The Trustee delegates day to day management of the Plan's assets to professional investment management firms who are regulated by the FCA.

The fund range offered to members of the Defined Contribution Section is accessed through Mercer Workplace Savings on the platform provided by Scottish Widows Limited ("Scottish Widows"). The platform is accessed via a long-term insurance contract with Scottish Widows.

The Trustee will ensure that the performance of each Investment Manager is assessed on a regular basis against a measurable objective, consistent with the objectives of the Plan, and an acceptable risk level.

3.6 Realisation of Assets

The Plan's investment managers have discretion in the timing of realisation of investments within funds and have responsibility for generating cash as and when required for benefit payments.

4. Additional Assets

Under the terms of the trust deed the Trustee is responsible for the investment of Additional Voluntary Contributions ("AVCs") paid by members and various immediate annuity contracts. The Trustee reviews the investment performance of the chosen AVC providers on a regular basis and takes advice as to the providers' continued suitability. Details of the current providers can be found in the IPID.

5. ESG, Stewardship (including Engagement Activities) and Climate Change Considerations

Defined Benefit and Defined Contribution

The Trustee believes that ESG issues may have an impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The Trustee accordingly considers these issues in the context of anticipated time horizon over which the assets will be held.

The Trustee does not directly manage its investments and Investment Managers have full discretion to buy and sell investments within the various portfolios, within the guidelines of their mandates. ESG considerations are however taken into account in the selection, retention and realisation of investments in the following ways:

- The Trustee considers the ESG research ratings published by their Investment Consultant when monitoring the Plan's Investment Managers' capabilities. These ratings are also considered as part of any new selection of investment funds.

- In meetings with the Plan's Investment Managers, where relevant, ESG issues are discussed and the manager is expected to discuss voting and engagement activities carried out on behalf of the Trustee for mandates where this is appropriate.

- Whilst members' views are not currently explicitly taken into account in the selection, retention and realisation of investments, the Trustee welcomes views from members. Members have a variety of methods by which they can make views known to the Trustee. This position is reviewed periodically.

Defined Benefit Section

The Trustee has given its investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Plan's investments, taking account of current best practice, including the UK Corporate Governance Code, and the UK Stewardship Code. 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, environmental and social impact and corporate governance.

The Trustee encourages their managers who are regulated in the UK to comply with the UK Stewardship Code.

The Plan's investment managers exercise voting rights and undertake engagement (collaborative or other) in accordance with their own corporate governance policy including escalation procedures to protect investment value. Each manager's policy is expected to be provided to the Trustee.

In the case of active managers, where the manager believes that these issues will impact on performance or risk, the manager will be expected to take them into account in their decision making.

The Trustee reviews these policies through a review of stewardship compliance. The Trustee will, where it is deemed necessary, engage the managers in discussion on their policies. It will however be made clear to the managers that any decisions taken by the managers should be in the best long-term financial interest of the Plan and its members.

To enable ongoing monitoring by the Trustee of manager activity, reporting on voting and engagement activities should be provided to the Trustee by the managers on a regular basis.

Defined Contribution Section

The Trustee has delegated day to day management of the majority of the assets of the Defined Contribution Section to Mercer who in turn delegates responsibility for the investment of the assets to a range of underlying Investment Managers.

Mercer has in place a Sustainable Investment Policy which the Trustee has considered and adopted as part of the delegation of investment management. This Policy encompasses, for example:

- A commitment to appoint only underlying investment strategies at or above an agreed ESG ratings level.

- Taking a broader and longer-term perspective on risk, including identifying sustainability themes and trends for risk management and new opportunity allocations within the funds, where appropriate within the risk / return and asset allocation guidelines of the relevant funds.

- Recognition that climate change is a systemic risk given the transition to a low-carbon economy and the potential physical impact risks; actions in this respect will be taken in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In particular, the Trustee receives Mercer's climate change management statement covering investments managed on behalf of Mercer Workplace Savings clients. The statement is produced in line with the recommendations of the TCFD, which Mercer, as the Plan's delegated investment manager for the Defined Contribution Section, signed up to following the release of its voluntary framework in 2017.

- Stewardship monitoring on investment manager voting and engagement activity and monitoring of adherence to the UK Stewardship Code.

The underlying investment managers are expected to evaluate ESG factors, including climate change considerations, and to exercise 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.

For delegated investment funds, Mercer is expected to provide reporting to the Trustee on a regular basis, at least annually, on ESG integration progresses, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

In the context of non-financial factors and members' views and beliefs, in the Defined Contribution Section the Trustee has also made available to Plan members an ethical investment fund and a Sharia-compliant investment fund for those members with beliefs in this regard. The ethical fund is passively managed against an index which explicitly incorporates ethical considerations in the selection of its constituents. The Sharia-compliant fund is passively managed against an index of global companies engaged in Sharia compliant activities.

6. Investment Manager Arrangements

6.1 Overview

Investment managers are appointed based on their perceived capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics for the asset class or specific investment strategy they are selected to manage over a suitable time horizon.
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 strategy/fund(s) that the Plan invests in.
For passively managed mandates, or those where outperformance is not the primary goal, the Trustee will seek guidance from the Investment Consultant in relation to

their forward-looking assessment of the manager's ability to achieve the stated mandate objectives.

Where the Trustee makes segregated appointments, the Trustee specifies the investment objectives and guidelines in an investment management agreement ("IMA") and sets these so that they are in line with the Trustee's specific investment requirements.

Where the Trustee invests in pooled investment vehicles it accepts that it has no ability to specify the risk profile and return targets of the manager other than through the choice of specific vehicles. The Trustee will therefore select vehicles that best align with its own policy in terms of investment objectives and guidelines as set out in this Statement. Once appointed, the Trustee will review the appointment, should there be any material changes in these terms.

The Trustee makes appointments with the view to them being long term (to the extent this is consistent with the Trustee's overall investment time horizon) and there is typically no set duration for the manager appointments. However, the Plan invests in closed-ended funds in respect of the private equity and private debt mandates. The Plan is invested in these funds for the lifetime of the funds. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetimes of the funds in line with the IMAs.

For each appointment, retention is dependent upon the Trustee having ongoing confidence that the investment manager will achieve its investment objective. The Trustee makes this assessment taking into account various factors, which includes performance to date as well as an assessment of future prospects.

Investment managers are therefore incentivised both to achieve the objectives set for them, which are consistent with the Trustee's policies and objectives, and to ensure that they remain capable of doing so on a rolling basis. This encourages investment managers to take a suitably long-term view when assessing the performance prospects of, and engaging with, the equity and debt issuers in which they invest or seek to invest.

6.2 Investment Manager Evaluation and Remuneration

The Trustee receives reporting on asset class and investment manager performance on a quarterly basis, via a combination of investment monitoring reports from the appointed Investment Consultant, and presentations from the investment managers. The Trustee meets with its investment managers as deemed appropriate. During such meetings the Trustee is able to review the decisions made by the managers, including investment decisions, voting history (in respect of equities) and engagement activity with investee companies, and can question such activities.

Investment returns (and volatility) are measured on both an absolute basis and relative to one or more suitable benchmarks and targets. Returns are considered net of all fees. The Trustee's focus is on long-term performance but it will consider a review if there are significant short-term performance concerns.

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

- Personnel and business change
- Portfolio characteristics (including risk and compatibility with objectives) and turnover
- Voting and engagement activity
- Service standards
- The adviser's assessment of ongoing prospects based on their research ratings, including ESG ratings.

The majority of investment managers are remunerated by way of a fee calculated as a percentage of assets under management.
For liability hedging a fee is typically calculated based on a combination of physical and hedged exposures. In each case, the principal incentive is for the investment manager to retain their appointment (in full), by achieving their objectives, in order to continue to receive their fee in full. The Trustee has agreed performance related fees for some mandates and carries out regular reviews of manager fee arrangements.
Investment managers are not remunerated based on portfolio turnover.
Fees on stock lending within the Defined Benefit Section in respect of assets managed by BlackRock are based on the share of revenue generated.
As part of the annual Value for Money assessment, the Trustee reviews the investment manager fees within the Plan's Defined Contribution arrangements, including benchmarking against appropriate peer groups.

6.3 Portfolio Turnover Costs

The Trustee does not monitor portfolio turnover costs in respect of the Defined Benefit Section and has no set portfolio turnover targets; rather the Trustee assesses investment performance net of the impact of the costs of such activities.

For the Defined Contribution Section, transaction costs, which include portfolio turnover costs, are monitored and assessed within the annual Value for Money assessment. The Trustee has not set portfolio turnover targets; again the Trustee instead assesses investment performance net of the impact of the costs of such activities.
Turnover costs arise from a) "ongoing" transactions within an investment manager's portfolio and b) "cashflow" costs incurred when investing in, or realising assets from, a mandate.
The Trustee seeks to minimise cashflow costs by receiving income from mandates where possible and consistent with overall policy. The Trustee monitors the costs of implementing strategic change via their Investment Consultant.
The Trustee will seek periodic reporting on turnover and ongoing costs for all appointed managers.

7. Compliance with this Statement

The Trustee will monitor compliance with this Statement at least annually and will review this Statement at least once every three years and without delay after any significant change in investment policy. The Investment Consultant will provide the advice needed to allow the Trustee to review and update this Statement as required. In addition, no change will be made to the Statement unless the proposed changes to investment policy have been approved by the Trustee and recorded in the minutes of a Trustee meeting.

Appendix 5

WOOD PENSION PLAN – ANNUAL IMPLEMENTATION STATEMENT

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 31 March 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator. The table later in the document sets out how, and the extent to which, the policies in the DB and DC Sections of the SIP have been followed.

Review of the SIP

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

- How the Trustee takes account of financially material considerations, including Environmental, Social and Governance ("ESG") considerations, and explicitly climate change.
- The approach to the stewardship of the investments, including engagement with investee firms and the exercise of voting rights.
- How the Trustee takes account (if at all) of member views on 'non-financial matters'. "Non-financial matters" include members' ethical views, their views in relation to social and environmental impact and about quality of life of the Plan's members and beneficiaries.

This SIP also reflected changes to the Plan's DB investment arrangements during the year, whereby an LDI portfolio was implemented with BlackRock to replace the previous aggregate strategic allocation of 56% to fixed interest gilts and index-linked gilts. The changes also reflected the removal of the 5% strategic allocation to traditional corporate bonds and a corresponding 5% increase in the strategic allocation to buy & maintain credit, from 15% to 20%.

A further revision to the SIP was agreed and dated January 2020 to reflect the Plan allowing BlackRock to lend gilts within their LDI portfolio within the DB Section, with the objective of generating income and improving the returns of this portfolio.

Assessment of how the policies in the SIP have been followed for the year to 31 March 2020

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's voting and engagement policies in the SIP, relating to both DB and DC Sections of the Plan.

	Requirement	Policy (Relevant SIP Section)	In the year to 31 March 2020
1	Securing compliance with the legal requirements about choosing investments	*DB Section (2.1)* *In considering the appropriate investments for the Plan, the Trustee has obtained and considered the written advice of Mercer Limited (the "Investment Consultant"), whom the Trustee believes to be suitably qualified to provide such advice. Where matters described in this Statement may affect the Plan's funding policy, input has also been obtained from the Plan Actuary. 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).* *DC Section (3.1)* *The Trustee considers the characteristics of a range of members and their associated investment needs when choosing which types of investment to make available. The range of funds offered include those which offer the prospect of growth which exceeds the rate of inflation in the long term, as well as funds that provide greater protection against changes in the cost of securing retirement benefits or volatile nominal market values.*	DB Section During the year, the Trustee received investment advice regarding the changes to the Plan's investment arrangements and reflected in the changes to the SIP, specifically the addition of the segregated BlackRock LDI mandate to replace the previous 56% allocation to fixed and index-linked gilts and a 5% increase in the allocation to buy & maintain credit funded from traditional corporate bonds. These changes were implemented in the third quarter of 2019. DC Section At the 11 September 2019 DC Committee meeting the Trustee considered the potential addition of the Mercer Passive Global Equity fund to the self-select fund range, in order to provide a globally diversified passive equity option for members seeking such a strategy. The fund was added to the available range during the first quarter of 2020.
2	Kinds of investments to be held	*DB Section (2.1 & 2.3)* *Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the Trustee's risk tolerance, liquidity requirements and expected cashflow needs* *Investment in illiquid assets, such as private equity and debt investments and property or pooled property funds, may be held in limited quantities. The proportion of such investments*	DB Section For the DB section of the Plan, the Trustee reviewed its investment strategy over the year. It did so after considering the Plan's liability profile and the requirements of the Statutory Funding Objective, its own appetite for risk (including financially material risks such as Environmental, Social and Governance risks, including climate change), the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's

		will be monitored at the individual manager and at the total Plan level. *Investment in derivatives is permitted as agreed on a manager-by-manager basis if they contribute to a reduction in risk or facilitate efficient portfolio management.* *Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure), the Trustee will look to ensure that the assets of the Plan are predominantly invested in regulated markets.* *No investment in securities issued by Wood, or affiliated companies will be made (other than any such securities held within a pooled fund in which the Trustee invests), unless posted by a third party as collateral as part of a diversified stock lending programme.* *Borrowing is not permitted except to cover short term liquidity requirements.* *DC Section (3.2)* Specifically, the Trustee has chosen a range of funds designed to enable members to achieve the following individual investment objectives: • Positive long-term real rates of return • Increasing protection for members' accumulated assets in the years approaching retirement against: a. Sudden (downward) volatility in capital values; b. Fluctuations in the cost of taking retirement benefits in	appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustee also received written advice from its Investment Adviser. The basis of the Trustee's strategy is to divide the Plan's assets between an "equity" portfolio, a "mid-risk and cashflow matching" portfolio and a "liability matching" portfolio. The Trustee regards the basic distribution of the assets to be appropriate for the Plan's objectives and liability profile. Investments in illiquid assets were held during the year, including a material property allocation which is now in the course of being wound down. The Trustee is comfortable that the proportion held was appropriate given the Plan's liquidity objectives. The Trustee is comfortable that the Plan's DB assets were predominantly invested in regulated markets during the year and that the policy on investment in securities issued by Wood was followed. The Trustee is comfortable that borrowing for any purpose other than short-term liquidity requirements did not take place during the year. <u>DC Section</u> The Mercer Workplace Savings ("MWS") review of the default investment strategy, target retirement funds and self-select fund range was discussed at the 11 September DC Committee meeting. Some underlying structural changes were made to the Mercer Growth fund. No additions outside of the range of asset classes mentioned in the current SIP were made. As noted above, the Mercer Passive Global Equity fund was added to the

		the member's chosen form. The Trustee also provides members with a default investment option for those who do not wish to implement their own investment strategy.	fund range. It was seen to fill a gap in the range of passive funds available which previously only provided overseas and UK equity exposure separately.
3	The balance between different kinds of investments	*DB Section (2.4 & 2.9)* *The Trustee has decided to set a Plan Specific Benchmark which will be expected over the long term to produce investment returns in excess of the liabilities as required to meet the investment objectives.* *Within the DB Section, there are no rebalancing ranges in place however, in order to control the Plan's target level of investment risk, the Trustee monitors the allocation between the investment managers and asset classes relative to the benchmark allocations.* *DC Section (3.4)* *Default Arrangement* In summary, the default Target Drawdown default investment arrangement is a target date fund approach designed to help members planning to withdraw their benefits in a flexible way. The default investment arrangement invests in equities and other growth-seeking assets during the 'growth' phase of the strategy. Eight years prior to each member's selected retirement year (or the Plan's normal retirement year where none is selected), investments are transferred to a Target Drawdown Retirement Fund based on the targeted retirement year. This Fund gradually switches members into a balanced mix of instruments at the point of retirement, including cash, corporate and government	<u>DB Section</u> The Plan's asset allocation is allowed to deviate relative to the benchmark allocation set, as a result of market movements. The Trustee is comfortable that the allocation, where it deviated from the benchmark over the year (such as the overweight position to liability matching assets during the second half of the year under review), remained appropriate during the Plan year. However, the Trustee did implement a switch of cash from BlackRock to its global Buy & Maintain credit manager PGIM in Q1 2020 to enable currency losses to be settled without a forced sale of credit at depressed prices. <u>DC Section</u> The underlying structural changes applied to the Mercer Growth fund (as part of the default investment strategy) were reflected in the target retirement funds and other risk profiled funds available as part of the self-select fund range. Mercer, as the Delegated Investment Manager, confirmed that all changes were made with the consideration of the risk-adjusted returns. As part of the self-select fund range the Trustee considers on an ongoing basis the spread of assets across both growth and defensive assets. The range offers options across the risk and return spectrum, allowing members to build their own diversified portfolio should they choose to.

		bonds, equities and alternative asset classes such as property and infrastructure investments. *Alternative Target Retirement and Self-Select Arrangements* The Plan offers alternative lifestyle investment options which target different retirement benefits than that targeted by the default investment option, namely full cash withdrawal and annuity purchase. In addition, a range of self-select funds are offered to members across the risk / return spectrum.	The Trustee monitors the performance of the funds against their stated objectives. This is done on a quarterly basis, with an investment performance report presented at each DC Committee meeting. The performance report also includes changes to the investment adviser's manager research rating and notes any other relevant developments at the underlying investment managers. Part of the rating process is to consider risk management.
4	Risks, including the ways in which risks are to be measured and managed	*DB Section (2.5)* *The Trustee recognise the various risks to which any pension scheme is exposed. The Trustee has considered these and adopted a policy on the factors they consider to be financially material when making decisions relating to selection, retention and realisation of investments over the Plan's anticipated lifetime, including the Trustee's policy on risk management.* *The risks considered are documented in the SIP.* *DC Section (3.3)* *There are various risks to which any pension scheme is exposed, which the Trustee believes may be financially material to the Plan. The Trustee has considered risk from several perspectives over the Plan's anticipated lifetime. The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they*	<u>Both Sections</u> As detailed in the respective DB and DC risk sections of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, and the choice of fund managers / funds / asset classes. All monitoring activity detailed in the SIP was undertaken during the Plan year, and there were no issues to report back. No changes were made to the investment arrangements as a result of these considerations, beyond those already detailed above. When the Covid-19 virus was declared a global pandemic in March 2020, the Trustee reviewed the risks within the Plan using a risk checklist that covered funding, covenant, investment, business continuity, communications and governance considerations. No investment changes were required as a result of the risk review. In respect of the DB Section, the Trustee agreed not to implement any significant changes to the investment strategy until markets were considered more stable, and

		expect to take their benefits from the Plan. *The primary risks considered are documented in the SIP.*	hence not to rebalance into “risk” assets which had become underweight.
5	Expected return on investments	*DB Section (2.10)* *The Trustee expects to generate a return, over the long term, of c. 1.3% per annum (after expenses) above that which would have been achieved had no investment risk been taken within the portfolio i.e. had the asset portfolio been invested solely in a portfolio of long dated government bonds which broadly match the Plan liabilities (and with no stock lending). It is recognised that over the short term, performance may deviate significantly from the long-term target and there are no guarantees that an excess return above the liabilities will be generated.* *The Trustee utilises a combination of passive and actively managed portfolios, therefore the Plan’s assets are expected to outperform the benchmark over long term periods.* *DC Section (3.4)* *The Trustee has put in place return expectations for each fund used within the Plan through the use of agreed performance objectives and benchmarks.*	<u>DB Section</u> The investment performance report is reviewed by the Trustee on a quarterly basis – alongside an assessment of funding level progress. The investment performance report includes how each investment manager is delivering against their specific mandates. Over the 3 years to 31 March 2020, the Plan has returned 4.6% p.a., net of fees, relative to a benchmark of 4.4% p.a and target of 4.9% p.a. <u>DC Section</u> The Trustee monitors the performance of the funds against the stated objectives and benchmarks. This is done on a quarterly basis, with an investment performance report presented at each DC Committee meeting. The performance report also includes changes to the investment adviser’s manager research rating. Highly rated active managers are considered to have an above average prospect of outperformance. The selection of the underlying investment managers is the responsibility of the Delegated Investment Manager.The performance in the growth phase of the target retirement funds (including the main default arrangement) is reviewed against inflation and also against equity volatility, and the de-risking phase of the default strategy is reviewed against inflation as a means of assessing the impact relative to member buying power.

6	Realisation of investments	*DB Section (2.7/2.8)* *The Investment Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.* *Any cashflows into or out of the Plan are, in the normal course of events, directed to maintain the Plan's asset allocation as close as possible to [the target allocation]. There is discretion in relation to this if the Investment Committee believes an alternative approach is in the best interest of members* *DC Section (3.6)* *The Plan's investment managers have discretion in the timing of realisation of investments within funds and have responsibility for generating cash as and when required for benefit payments.*	<u>DB Section</u> Over the year to 31 March 2020, the Plan held a combination of segregated portfolios, which allow the Trustee daily access to trade (excepting illiquid holdings such as property, and also pooled investment vehicles comprising a UCITS fund and shares in Limited Partnerships). Income is distributed to the Trustee bank account from a number of portfolios in order to help meet benefit payments, with disinvestments made where income is insufficient to meet the Plan's cashflow requirements. These disinvestments were made in such a way as to help maintain the Plan's overall asset allocation. For example, £30m was disinvested from the LDI portfolio in September 2019, which at the time was overweight relative to the target allocation. <u>DC Section</u> All funds are daily dealt pooled investment vehicles, accessed through an insurance contract. In March 2020, the property fund used by the Plan was suspended. The Trustee obtained advice from its investment adviser in relation to the suspension of this fund and members' contributions were redirected to a money market based fund. Members were notified of this change. The Trustee receives administration reports on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines.

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	*Both Sections (5.0)* *The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.* *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	DB Section The principal change over the year was the appointment of BlackRock to manage LDI. This was implemented after considering the long-term consequences for overall risk and return. The investment performance report is reviewed by the Trustee on a quarterly basis – this includes investment manager ratings (both general and specific ESG) from the investment advisers. The Trustee is comfortable with the ratings applied to the managers, and continues to closely monitor these ratings and any significant developments at each of the investment managers. In considering ESG ratings the Trustee considered the manager's absolute rating and also how this compares with other managers in the same asset class noting that fixed income managers have not had high ESG ratings assigned by the investment consultant due to the nature of the asset class where there is less scope to engage with the issuer of debt. No changes to manager appointments were made as a result of the Trustee's ongoing assessment, apart from the appointment of BlackRock, funded from assets previously held by Legal & General and GSAM. DC Section The investment performance reports received by the Trustee and discussed at each quarterly DC Committee meeting include monitoring of financially materially considerations ratings (both general and specific ESG matters). The Plan's underlying investment managers remained highly rated (from an investment research perspective) by the investment

			adviser during the year and no mandates were terminated. Where managers were not highly rated on ESG issues by the investment adviser, the Delegated Investment Manager will engage with those managers to improve ESG practices, or replace these managers with more highly rated managers. This is in line with their Sustainable Investment Policy. If ratings, either general or ESG, are downgraded, the Delegated Investment Manager will look to find a suitable alternative.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*DB Section (2.5)* *In considering the selection, retention and realisation of investments, the Trustee does not currently take account of non-financially material considerations in considering the selection, retention and realisation of investments. It does however welcome the views from members, who have a variety of methods by which they can make these views known to the Trustee; this position is reviewed periodically.* *DC Section (5.0)* *In the context of non-financial factors and members' views and beliefs, in the DC Section the Trustee has also made available to Plan members an ethical investment fund and a Sharia-compliant investment fund for those members with beliefs in this regard.* *Whilst members' views are not currently explicitly taken into account in the selection, retention and realisation of investments, the Trustee welcomes views from members. Members have a variety of methods by they can make*	No member views related to investments were received during the Plan year. In light of the Covid-19 pandemic, additional member communications were put in place (via the Plan website) in order to confirm to members that the Plan continued to operate effectively, and (in the context of the DC Section, where members are able to make their own investment choices) to highlight the need for members to review their choices over time. As part of these communications, members were able to contact the in-house team with any queries or views. No views in relation to investments have been received since this communication has been in place on the site.

		views known to the Trustee. This position is reviewed periodically.	
9	The exercise of the rights (including voting rights) attaching to the investments	*Both Sections (5.0)* *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.* *DC - For delegated investment funds, Mercer is expected to provide reporting to the Trustee on a regular basis, at least annually, on ESG integration progresses, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.*	<u>DB Section</u> The Trustee has delegated its voting rights to the investment managers, either directly or indirectly through owning units in a pooled fund. All equity managers were active shareholders over the year and have reported on their voting activity. <u>DC Section</u> The Trustee reviewed the annual Stewardship Report produced by the Delegated Investment Manager. This report assesses each underlying equity manager's record of executing and disclosing voting activity, and the extent to which they are engaging with the underlying companies in which they invest. The report covered the year to 30 June 2019. Where underlying investment managers are not meeting expectations as regards engagement, the Delegated Investment Manager is expected to engage with these managers. No additional engagement activity occurs outside of this relationship. Additional information is provided following this table.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about	*Both Sections (5.0)* *Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.* *Where deemed appropriate the Trustee will engage with investment managers regarding undertaking of activities in respect of investments if they are deemed to be falling behind*	<u>DB Section</u> No specific activity took place. <u>DC Section</u> Additional information is provided following this table.

	relevant matters)	*wider peers or not meeting the responsibilities expected of them.*	

Additional Information on Voting and Engagement Activity by the Plan's DB Investment Managers

The Trustee has delegated the exercise of voting rights to its respective investment managers. The Trustee does not use the direct services of a proxy voter, however individual investment managers may choose to appoint proxy voters to discharge their responsibilities.

The section below highlights key points as to how each of the Plan's equity managers have exercised the voting rights and engagement activity on behalf of the Trustee during the year, based on information provided by them. At the time of writing and given the retrospective nature of new reporting requirements the nature and quantity of information received from the managers in time for this year's Statement has been mixed.

Magellan

Magellan states that it recognises its fiduciary obligation to act in the best interests of all clients. One way Magellan represents its clients in matters of corporate governance is through the proxy voting process. The objective of Magellan's Proxy Voting Policy is to promote the economic interests of its clients.

Over the 12 months to 31 March 2020 Magellan voted on 282 company resolutions on behalf of the Plan accordingly, of which 95% were voted with management and 5% were voted against management.

Magellan also adheres to a set of core Corporate Governance Principles. From time to time Magellan may actively engage with companies in areas that it deems their behaviour to be inconsistent with Magellan's core principles. For example, since 2015, Magellan has voted against a US financial services company's executive remuneration proposals due to the extensive use of stock options employed in the company's executive compensation framework. Following numerous interactions with the company, in 2020 the company amended its compensation framework to reduce the extent of stock options used. Its remuneration structure now sits within Magellan's threshold for acceptability and the fund manager was able to support the company's 2020 proposals.

Veritas

Veritas states that it has a commitment to evaluate and vote proxy resolutions in the best interests of its clients. It will vote on all proxy proposals, amendments, consents or resolutions relating to client securities and will vote against management where it strongly believes that to do so is in the best interests of the client. This will primarily occur where the matter to be voted upon will materially affect shareholder value.

Veritas believes that governance of a company is key to environmental and social risk factors. A well-run business with management focused on long term risks and challenges that deploys its capital accordingly, is most likely to meet the Veritas quality characteristics sought from each investment. Where a company deviates once an investment is made, voting is one method that can be used to challenge management. It is often utilised alongside engagement.

Over the 12 months to 31 March 2020 Veritas voted on 480 company resolutions on behalf of the Plan, of which 90% were voted with management and 9.6% were voted against management. Veritas abstained from voting on the remaining 0.4%.

During the year, Veritas voted for a number of resolutions at a multinational conglomerate that were aimed at improving corporate governance and business practices, including establishing an environmental and social issue board committee, and assessing the feasibility of including sustainability as a performance measure for senior executive compensation. The majority of shareholders rejected these proposals however.

Brandes

Brandes' policy is to vote proxies with a view to enhancing the value of the shares held in client accounts, and in a way that serves the best interests of its clients as long-term shareholders. The financial interest of Brandes' clients is the primary consideration in determining how proxies should be voted. When making proxy-voting decisions, Brandes generally adheres to its Proxy Voting Guidelines (the "Guidelines"), as revised from time to time by Brandes' ESG Oversight Committee. The Guidelines, which have been developed with reference to the positions of certain proxy service providers such as ISS and Glass Lewis, set out Brandes' positions on recurring issues and criteria for addressing non-recurring issues. For example, Brandes typically votes with the recommendations of a company's Board of Directors on routine or non-controversial issues, and in general opposes anti-takeover proposals and supports the elimination of anti-takeover policies, unless unusual circumstances dictate otherwise.

Brandes believes that sound corporate governance is a global concept. Accordingly, to the extent possible, Brandes applies a voting standard that is consistent around the world for all of the markets in which it invests.

Brandes believes its research analysts are in the best position to evaluate the impact of proxy proposals on the long-term value of the companies they cover. Therefore, analysts are responsible for providing recommendations on all proxy proposals voted on behalf of clients. Brandes recognise that individual investors will have different ESG preferences that may not accord with a single ESG voting policy. Accordingly, Brandes evaluate ESG-related proposals on a case-by-case basis and vote in a way that it believes has the best chance to enhance the long-term value of clients' shareholdings overall.

Brandes has not confirmed at the time of writing the number of votes cast and how these were cast. Brandes is no longer a manager of the Plan's assets, following a decision to remove the manager that was implemented after the year-end.

Additional Information on Voting and Engagement Activity by the Delegated DC Investment Manager

The Trustee has delegated the exercise of voting rights to the Delegated Investment Manager who in turn delegates this to external investment managers. The Trustee does not use the direct services of a proxy voter.

The Delegated Investment Manager includes stewardship within their Sustainable Investment Policy. In particular, the Delegated Investment Manager expects all shares to be voted on by external investment managers in a manner deemed most likely to protect and enhance long-term value for investors.

Voting and engagement activities of external investment managers are reviewed regularly, this includes: voting execution, voting rationale and engagement examples. Monitoring is provided to the Trustee in the form of an annual Stewardship Monitoring Report. The report summarises and comments on the stewardship activities and disclosure of the external investment managers appointed within the self-select fund range and within the Mercer Growth fund, for the period 1 July 2018 to 30 June 2019.

The Stewardship Monitoring Report provides voting statistics, together with commentary, based on manager disclosed information. It covers votes cast in four parts: a) votes against management; b) votes against proxy adviser policy (where applicable); c) abstentions; and d) no votes. The report also provides summary reporting on engagement activities undertaken by managers to capture the level of disclosure and examples given by the managers for insights into where the manager has exchanged views with companies on a range of strategic and governance issues, together with environmental and social topics.

For the 2020 reporting cycle, vote reporting will include a general description of voting behaviour, an explanation of the most significant votes taken, information on the use, if any, of the services of proxy advisors, and information on how votes have been cast in the general meetings of companies in which the external investment managers hold shares across equity portfolios. Engagement reporting will include examples where investment managers have engaged with companies, relating to the number of companies engaged, engagement examples by topic, engagement examples that are collaborative and any voting activity / engagement activities impacting investment decisions, where available. These engagement reviews will extend across equities as well as other asset classes (e.g. fixed income and real estate) in light of the 2020 UK Stewardship Code which calls for engagement across additional asset classes as well as equities.

2019 Summary

The overall results for this reporting period are summarised below.

Vote execution:

- Vote execution continues to be good overall (i.e. >90% of available votes). Where votes have not been cast the vast majority of managers provide a rationale (typically this relates to market-specific barriers or restrictions).

Vote disclosure:

- The level of disclosure continues to vary considerably across managers. While in some cases managers have improved in not only disclosing voting rationale at a resolution level, but including summary reporting across categories (e.g. board-related, compensation-related, environmental etc.) there are managers who have not disclosed rationale across all resolutions. It is likely that managers do have this information but have not proactively disclosed it and we will follow-up with these managers to confirm.

Engagement:

- The results on engagement activities has been relatively consistent and the Delegated Investment Manager noted an improvement in the quality of engagement disclosure from a number of managers.
- Some managers continue to provide market leading engagement reporting – typically those with an established approach to engagement and internal resources dedicated to stewardship.
- The Delegated Investment Manager found that there is still room for improvement on engagement from quantitative managers who could focus on calling for greater disclosure of ESG metrics and this will again be communicated. The Delegated Investment Manager also noted an improvement from a number of quant managers in this regard since the previous review.

The Delegated Investment Manager will follow up with all external investment managers where improvements are expected in future.