

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

ANNUAL REPORT

For the year ended 31 October 2024

**The Sir Robert M'Alpine Limited
Staff Pension and Life Assurance Scheme
Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR**

Registration Number: 10118733

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

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**THE SIR ROBERT M'ALPINE LIMITED
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TRUSTEES, EXECUTIVES AND PROFESSIONAL ADVISERS

Trustees

Cullum M'Alpine (Company nominated trustee) (c)
Michael B Anderson (member-nominated) (p) (Resigned 31 December 2023)
Andrew R Bolt (member-nominated) (d)
Gillian Bush (member-nominated) (a)
Katherine A Jarvis (i)
Miles C Shelley (Company nominated trustee) (c)
Joseph P Duddy (member-nominated) (p) (Appointed 1 March 2024)

(a) Active Member
(c) Company Nominated Trustee
(d) Deferred Member
(p) Pensioner
(i) Independent Trustee

Scheme Secretary

Kevin J Pearson BSc, ACA (Resigned 30 April 2025)
Lauren Haworth BSc (Appointed 28 April 2025)

Principal employer

Sir Robert McAlpine Ltd

Scheme Actuary

Shireen Anisuddin (FIA) of Hymans Robertson LLP

Independent Auditor

Deloitte LLP (Resigned 24 September 2024)
JW Hinks LLP (Appointed 21 October 2024)

Investment Managers

FIL Life Insurance Limited
Schroders Investment Solutions Ltd
Patrizia Peripheral Europe Limited Partnership

Independent Financial Advisor

Broadstone Risk & Healthcare Ltd (life assurance arrangements only)

Banker

Lloyds Bank plc

Custodians

KAS Bank N.V.

Administrator

FIL Life Investments Limited (Defined Contribution section)
Hymans Robertson LLP (Defined Benefit section)

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

TRUSTEES' REPORT

The Trustees of the Sir Robert M'Alpine Limited Staff Pension and Life Assurance Scheme (the "Scheme") present the Annual Report together with the audited financial statements for the year ended 31 October 2024.

The Scheme was established by a trust deed dated 21 October 1946. The Scheme aims to provide pensions related to members' earnings and contributions before retirement and pensions and lump sum benefits for widows and dependants. Employees of group companies can apply to become pension scheme members for admittance to the Scheme at monthly intervals.

The Scheme is run by Trustees who are responsible for its affairs. The Trustees meet regularly to discuss the affairs of the Scheme and deal with any discretionary matters regarding benefits, such as early retirement and payment of death benefits. The power of appointment and removal of Trustees is invested in Sir Robert M'Alpine Limited, the principal employer. Three of the six Trustees are nominated by the members in accordance with the Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006.

An independent Trustee was appointed in 2016. The remaining Trustees are drawn from the employees and former employees of Sir Robert M'Alpine Limited and the Scheme members. The Trustees who served during the year and to the date of this report are listed on page 1.

There were 6 Trustee Meetings during the year and the Trustees' attendance is as:

Cullum M'Alpine	5
Michael B Anderson	1
Andrew R Bolt	6
Gillian Bush	6
Joseph P Duddy	4
Katherine A Jarvis	4
Miles C Shelley	6

Each Trustee is expected to ensure that he or she meets the Trustee knowledge and understanding requirements, including a working knowledge of the Scheme Rules, the Statement of Investment Principles ("SIP"), documents setting out the Trustees' policies, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relating to funding and investment. Where there is uncertainty, relevant advisors are referred to when necessary. A Skills and Training Log has been developed and is maintained by the Secretary to the Pension Trustees. General training is made available as part of, or in addition to, Trustee Meetings.

Membership

A statement showing the number of Scheme members appears below.

The Defined Benefit ("DB") section was closed to new members in 2002 and thereafter new members joined the Defined Contribution ("DC") section of the Scheme. The DB section ceased accruing future benefits as at 30 November 2017 and all remaining active members were transferred to the DC section.

The same member may be included within both the DB and DC sections of the Scheme, and some may have more than one period of service and so are included more than once.

Members retiring from the DC section of the Scheme have to transfer their funds out of the Scheme in order to access their benefits.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

TRUSTEES' REPORT (continued)

Membership (continued)

Membership Statistics

	Defined Benefit	Defined Contribution
<u>Active Members</u>		
At the beginning of the year	-	1,690
Adjustments*	-	6
	<hr/>	<hr/>
Revised at the beginning of the year	-	1,696
New members joining	-	299
Members retiring	-	(6)
Members leaving - retaining an entitlement	-	(395)
Members leaving - not retaining an entitlement	-	(45)
	<hr/>	<hr/>
At the end of the year	-	1,549
	<hr/>	<hr/>
<u>Deferred Members</u>		
At the beginning of the year	681	1,237
Members retiring	(39)	(3)
Members leaving - retaining an entitlement	-	395
Members leaving - not retaining an entitlement	(3)	(119)
	<hr/>	<hr/>
At the end of the year	639	1,510
	<hr/>	<hr/>
<u>Pensioners</u>		
At the beginning of the year	810	-
Members retiring	39	-
Deaths	(32)	-
	<hr/>	<hr/>
At the end of the year	817	-
	<hr/>	<hr/>
<u>Pension Beneficiaries</u>		
At the beginning of the year	301	-
Adjustments*	(1)	-
	<hr/>	<hr/>
Revised at the beginning of the year	300	-
	<hr/>	<hr/>
New spouse and dependents' pension	18	-
Death of dependents' pension	(20)	-
	<hr/>	<hr/>
At the end of the year	298	-
	<hr/>	<hr/>
Total membership	1,754	3,059
	<hr/>	<hr/>

* These are late adjustments due to timing.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

TRUSTEES' REPORT (continued)

Actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102), the financial statements do not include liabilities in respect of promised retirement benefits.

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 to which members are entitled, based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, as noted below.

The 2021 valuation and related Recovery Plan were completed and submitted to the Pensions Regulator ("TPR") in July 2023. An initial, minor delay in concluding the Valuation was agreed with TPR and a six-month extension period was sought.

Shireen Anisuddin (FIA) of Hymans Robertson LLP, conducted his actuarial valuation based on the value of the Scheme at 31 October 2021. The report revealed that the Scheme's assets covered 77.8% of the future liabilities and a Recovery Plan was implemented (see below). The actuarial statement as at 31 October 2021 and the actuary's certificate in relation to the Schedule of Contributions are attached at the end of these Financial Statements.

2021

Pre-retirement rate and Post-retirement rate - Market implied gilt yield curve plus 1.5% tapering to 0.5% p.a. by 2035

Pensionable salary increases
Price inflation (RPI)
Price inflation (CPI)

CPI
Market implied gilt yield curve
Market implied gilt yield curve - 1.0%

Deferred pension increases
Pension in payment increases

CPI
2.5% - 5.0%

Summary funding statement

	£m
Value of assets per 31 October 2021 valuation	530.9
Value of future liabilities per 31 October 2021 valuation	682.1
Deficit as at 31 October 2021	(151.2)
Funding level	77.8%

Recovery plan

A Recovery Plan was implemented following the 2021 valuation and this resulted in the employers paying £41m for the period 1 November 2022 to 31 October 2023 (£3m payable by 31 January and 30 April 2023; £35m payable by 31 July 2023). The Recovery Plan provides no further contributions up to 31 July 2025 after which they resume. The contributions are expected to eliminate the shortfall by 31 May 2030, which represents a 9 year Recovery Plan.

A further £1.25m p.a. is payable by the employers to cover expenses and the Pension Protection Fund (PPF) levy.

In addition to the contributions, the employers also agreed to a distribution sharing mechanism, whereby any dividends (or other forms of distributions) above an agreed limit will require a matching additional payment into the Scheme up to a predetermined cap. This is continuing from the 2018 Recovery plan. RES has now reached its cap.

The 2021 valuation was due on the 31 January 2023 and a six month extension was requested from TPR, which they accepted. The Recovery Plan was signed off on 28 July 2023.

**THE SIR ROBERT M'ALPINE LIMITED
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TRUSTEES' REPORT (continued)

Pension increases

The table below provides the recent increases applied to both Pensions in Payment and Deferred Pensions.

Pensions in Payment

Increases to Pensions in Payment are dependent upon when the benefits were accrued and are defined in the Scheme Rules. Some Pensions in Payment continue to include a discretionary increase of 2.5%.

	Minimum %	Maximum %	Average %
2022	2.5	4.9	3.1
2023	2.5	4.9	3.1
2024	2.5	5.0	2.9

Deferred Pensions

Deferred pensions are increased in one of two ways, dependent upon the levels of contributions chosen by the Member before the Section of the Scheme closed to future accrual in November 2017. Members who chose the lower level of contributions have their pensions increased in line with statutory requirements.

During an individual year, Members can receive an increase below CPI. This is reviewed at the point of taking benefits to ensure that the total increases over the period of deferment are not below the equivalent statutory increases – in which case, they will be matched with the statutory minimum increase. The CPI increase is capped by statutory regulations at 5.0%.

Those who chose the higher level and remain as employees, are noted below:

	CPI %	Minimum %	Maximum %	Average %
2022	3.1	3.1	4.9	4.2
2023	5.0	2.7	5.0	2.7
2024	5.0	3.9	5.0	4.8

Transfer values

Transfer values are determined by the Trustees having taken the advice of the Actuary. All transfer values were offered at the full cash equivalent of early leavers' non-discretionary rights in the Scheme and did not take account of discretionary benefits. Transfers out of the Scheme are shown in the membership statistics above and the monetary values are included in note six of the financial statements.

A discount of 2.0% was applied with effect from 1 November 2023 (PY 14%).

Compliance statement

A statement containing additional information about the Scheme is attached on page 7.

Financial review

The 31 October 2024 audited financial statements, set out on pages 13 to 29, provide an overview of the Scheme's contributions and benefits, and its net assets statement at that date. They have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

TRUSTEES' REPORT (continued)

Investment policy and performance

Schroders Investment Solutions Ltd (Schroders Solutions) acts as investment manager within guidelines set out by the Trustees. Patrizia Peripheral Europe Limited Partnership act as investment managers on a non-discretionary basis. FIL Life Insurance Limited manage the assets of the DC section on a passive basis. The Trustees review these guidelines from time to time.

The Trustees receive quarterly reports from their investment advisors, for both the DB and DC sections and these are compared to pre-determined benchmarks.

The DB investment managers reports at least quarterly to the Trustee Board. A copy of the investment report prepared by Schroders Solutions is included at the end of this Report. This includes the breakdown of the different asset classes of the Scheme, the risks attached to these investments and investment performance.

The DC investment manager reports on a regular basis to the Trustee Board, dependent on the performance of the investments. Details of the investment returns over 1, 3 and 5 years are included in the "Investment Report for the year to 31 October 2024" included at the end of this Report.

The Trustees have delegated management of investments to professional investment managers, as noted above. These managers are regulated by the Financial Conduct Authority in the U.K. and manage the investments within the parameters set out in Investment Management Agreements, which are designed to ensure compliance with the objectives and policies set out in the respective SIPs. The mandates put in place by the Trustees specify how rights attaching to the Scheme's investments are acted upon and include a requirement to consider social, ethical and environmental factors.

The Trustees have issued a SIP as required by Section 35 of the Pensions Act 1995 and copies are available online at <https://www.srm.com/pensions/>

The DB investments have, on occasion, moved outside of the parameters set within the Statement of Investment Principles. These deviations were fully explained by the Investment Manager to the Trustees, who were satisfied that the departures were due to timing and were not considered sufficiently material to require immediate action.

Summary of contributions

The Summary of Contributions is detailed in Note 4 to the Financial Statements.

Required by the Schedule of Contributions

	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Contributions:						
Members' - ordinary	-	108	108	-	104	104
Employers' - ordinary	-	18,343	18,343	-	18,385	18,385
- deficit	-	-	-	41,000	-	41,000
Expenses contributions	1,250	-	1,250	1,625	-	1,625
Augmentations	278	-	278	286	-	286
Total contribution required by the Schedule of Contributions and reported on by the Scheme auditor	1,528	18,451	19,979	42,911	18,489	61,400
Members' additional voluntary contributions	-	2,896	2,896	-	2,538	2,538
Total contributions received as shown in the financial statements	1,528	21,347	22,875	42,911	21,027	63,938

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

TRUSTEES' REPORT (continued)

Custody of assets

The assets of the Scheme are placed for safe-keeping with custodians and legal representatives as appointed by the Trustees. Details of these are disclosed in Note 11 of the Financial Statements on page 20.

Employer-related investments

Details of Employer-related investments are disclosed in Note 11 to these Financial Statements on page 22.

GMP Equalisation

The Trustees are aware that GMP Equalisation will have an impact on the Scheme's liability and the Scheme Actuary has been engaged to assess the extent of the impact. A final calculation of the adjustment to future benefits and payment arrears remains ongoing. This has however progressed in the year, and a payment was made in September 2023. A follow up payment was made in April 2025 for circa £2.1m.

Further information

Further information about the Scheme in general, or about entitlement to benefits, may be obtained from the Secretary to the Trustees at the address shown at the front of this report.

Compliance Statement

Tax Status of Scheme

The Scheme is a registered scheme under the Finance Act 2004, and therefore certain of the Scheme's income and gains are free from taxation. Members of the DB section of the Scheme were, until 5 April 2016, contracted out of the State Second Pension whereas members of the DC section are not. From 6 April 2016, members of the DB section were no longer contracted out.

Complaint Resolution

Most formal complaints are expected to be resolved under the Disputes Resolution Procedure. Complainants may wish to contact the Pension Ombudsman to assist in the process and they can be contacted at 10 South Colonnade, Canary Wharf, London, E14 4PU (tel: 0800 917 4487) or at enquiries@pensions-ombudsman.org.uk or www.pensions-ombudsman.org.uk.

In addition, the Pensions Regulator can become involved if the Trustees, Employer or any of the Scheme's advisors are considered not to be correctly carrying out their duties. They can be contacted at Telecom House, 125-135 Preston Road, Brighton, BN1 6AF (tel: 0345 600 7060) or at customersupport@tpr.gov.uk or www.thepensionsregulator.gov.uk.

Change of Auditors

There has been a change of auditors in the year after Deloitte LLP resigned as auditors on 24 September 2024. On their resignation they stated, There are no circumstances connected with our resignation which we consider significantly affect the interests of the members of, or beneficiaries under, the Scheme. JW Hinks LLP were appointed on 21 October 2024.

Signed on behalf of the Trustees

CULLUM M'ALPINE

Date: 22 May 2025.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Trustees' 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 ("FRS 102"), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- 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 the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

This Report will be available on the Employer's website. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Responsibilities in Respect of Contributions

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

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

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SIR ROBERT MCALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Sir Robert McAlpine Staff Pension and Life Assurance Scheme ("the scheme") for the year ended 31 October 2024 which comprise the Fund Account, the Statement of Net Assets available for Benefits and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 October 2024 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SIR ROBERT MCALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME (CONTINUED)**

Report on the audit of the financial statements (Continued)

Responsibilities of Trustees

As explained more fully in the Statement of Trustee's Responsibilities set out on page 8, the scheme's Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. The specific principal procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud, are detailed below.

Specific areas considered were as follows:

- Enquire of management and others to gain an understanding of the organisation including operations and financial reporting; review activities susceptible to fraud or error.
- Obtain an understanding of and evaluate the internal control system including an assessment of the adequacy of arrangements for segregation of duties and responsibilities.
- Confirm investment valuations (and related investment income) directly with investment managers.
- Test to ensure that contributions due to the scheme have been received in full accordance with the Schedule of Contributions.
- Test benefits payable to members for completeness, accuracy and authorisation.
- Perform analytical procedures of account balances and classes of transactions to enable variances to be identified and investigated.

Owing to the inherent limitations of an audit, there is a risk that we may not detect all irregularities including those leading to material misstatements in the financial statements or non-compliance with regulation.

This risk increases the more that the compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**THE SIR ROBERT M'ALPINE LIMITED
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**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SIR ROBERT MCALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME (CONTINUED)**

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

Use of our report

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

J W Hinks LLP
Statutory Auditor
19 Highfield Road
Edgbaston
Birmingham
B15 3BH
[Date] 22 May 2025

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

INDEPENDENT AUDITOR'S REPORT

Independent auditor's statement about contributions to the trustees of the Sir Robert M'Alpine Limited Staff Pension and Life Assurance Scheme

We have examined the Summary of Contributions to the Sir Robert McAlpine Staff Pension and Life Assurance Scheme for the year ended 31 October 2024, set out on page 6.

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

Statement about contributions payable under the schedule of contributions

In our opinion contributions payable for the year ended 31 October 2024 as reported in the Summary of Contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the scheme actuary on 28 July 2023.

Scope of work on statement about contributions

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

Respective responsibilities of trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

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

J W Hinks LLP
Statutory Auditor
19 Highfield Road
Edgbaston
Birmingham
B15 3BH
[Date] 22 May 2025

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

FUND ACCOUNT

For the year ended 31 October 2024

	Notes	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
CONTRIBUTIONS AND BENEFITS							
Contributions:	3(d), 4						
Employers - normal		-	18,343	18,343	-	18,385	18,385
- deficit		-	-	-	41,000	-	41,000
Additional contributions		1,528	-	1,528	1,911	-	1,911
Members - normal		-	108	108	-	104	104
- additional voluntary		-	2,896	2,896	-	2,538	2,538
Total Contributions		1,528	21,347	22,875	42,911	21,027	63,938
Transfers in		-	1,233	1,233	-	939	939
Other income		-	391	391	-	-	-
		1,528	22,971	24,499	42,911	21,966	64,877
Benefits paid and payable	5	22,475	1,189	23,664	24,315	365	24,680
Payments to and on account of leavers	6	877	13,730	14,607	230	5,817	6,047
Reversal of Provision back payments	14	(2,800)	-	(2,800)	-	-	-
Life assurance premiums		-	75	75	-	81	81
Administration expenses	7	840	37	877	1,430	34	1,464
		21,392	15,031	36,423	25,975	6,297	32,272
Net additions/(withdrawals) from dealings with members		(19,864)	7,940	(11,924)	16,936	15,669	32,605
NET RETURNS ON INVESTMENTS							
Investment income	3(a), 9	19,004	52	19,056	16,595	36	16,631
Change in market value of investments	11	17,929	31,984	49,913	(50,725)	4,047	(46,678)
Foreign exchange differences on cash		53	-	53	791	-	791
Investment management expenses	10	(776)	-	(776)	(674)	-	(674)
Net Returns on Investments		36,210	32,036	68,246	(34,013)	4,083	(29,930)
Net increase/(decrease) in the fund during the year		16,346	39,976	56,322	(17,077)	19,752	2,675
NET ASSETS OF THE SCHEME							
At Beginning of Year		322,399	167,344	489,743	339,476	147,592	487,068
At End of Year		338,745	207,320	546,065	322,399	167,344	489,743

The accompanying notes on pages 15 to 29 are an integral part of these financial statements.

THE SIR ROBERT M^CALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NET ASSETS STATEMENT (AVAILABLE FOR BENEFITS)

As at 31 October 2024

	Notes	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Investment Assets	11						
Equities		24,432	-	24,432	26,222	-	26,222
Bonds		171,726	-	171,726	167,381	-	167,381
Pooled investment vehicles							
- designated to members		8,110	204,350	212,460	7,216	164,183	171,399
- not designated to members		143,622	-	143,622	140,496	-	140,496
Property		-	-	-	5,800	-	5,800
Derivatives – gross assets		15,944	-	15,944	15,318	-	15,318
Funds with brokers		7,054	-	7,054	3,172	-	3,172
		<u>370,888</u>	<u>204,350</u>	<u>575,238</u>	<u>365,605</u>	<u>164,183</u>	<u>529,788</u>
Investment Liabilities	11						
Derivatives - gross liability		(36,592)	-	(36,592)	(41,240)	-	(41,240)
Total Investments	11	<u>334,296</u>	<u>204,350</u>	<u>538,646</u>	<u>324,365</u>	<u>164,183</u>	<u>488,548</u>
Current assets	13	8,204	3,027	11,231	4,542	3,192	7,734
Current liabilities	14	(3,755)	(57)	(3,812)	(6,508)	(31)	(6,539)
Net assets (available for benefits)		<u>338,745</u>	<u>207,320</u>	<u>546,065</u>	<u>322,399</u>	<u>167,344</u>	<u>489,743</u>

The accompanying notes on pages 15 to 29 are an integral part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme period. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Actuarial Liabilities disclosed in the Trustees' Report on page 4 and these financial statements should be read in conjunction with it. DC assets are allocated to provide benefits to the individuals on whose behalf the contributions were paid.

The financial statements on pages 13 to 29 were approved by the Trustees on **22 May 2025**

Signed on behalf of the Trustees

CULLUM M^CALPINE
(Trustee)

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**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

1. IDENTIFICATION OF FINANCIAL STATEMENTS

The Scheme is established under English Trust Law. The address for any enquiries is:

The Secretary to the Trustees, Sir Robert McAlpine Limited Staff and Life Assurance Scheme, Eaton Court, Maylands Avenue, Hemel Hempstead, Herts, HP2 7TR

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004 and therefore contributions made by the employers and employees are normally eligible for tax relief, and any income or capital gains earned by the Scheme receive preferential tax treatment.

There are two sections within the Scheme – a DB section, which is closed to both new entrants and any future accrual (other than those applicable to deferred members) and a DC section, which is open to new members.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

The financial statements have been prepared on an accruals basis. The following accounting policies have been applied consistently in the current and preceding years:

(a) Investment income

Investment income is recognised on the following bases:

- Interest and dividends on securities declared on or before 31 October 2024;
- Interest on deposits on a day-to-day basis;
- Investment income is recognised in the accounts net of associated tax credits which are not recoverable by the Scheme and;
- Any overseas withholding tax is recognised as income, but where this is not recoverable by the Scheme, it is shown separately as a tax charge.

(b) Investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price, or most recent transaction price is used.

The methods of determining fair value for the principal classes of investments are:

- Pooled investment vehicles are included at the closing bid price or, if single priced, at the closing single price as advised by the investment managers;
- Equities are included at the closing bid price. Bonds are included at clean price excluding interest;
- Accrued interest is shown separately;
- Forward foreign currency contracts have been put in place by the Trustees to reduce the currency exposure of overseas investments to a targeted level. These are over the counter contracts and 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. They are shown at their fair value in the Net Assets Statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

3. ACCOUNTING POLICIES (continued)

(b) Investments (continued)

The Trustees have implemented a bespoke liability hedging strategy, via interest and inflation rate swaps, which aims to reduce the sensitivity to changes in interest and inflation rates by reducing the impact of any movements. The current value of future cash flows arising from such swaps is determined using discounted cash flows and market data at the reporting date.

The unquoted investments relate to Public-Private Partnership (PPP) investments held in the year. One of these is an employer-related investment as noted in Note 11 on page 22. The PPP investments are valued at an appropriate fair value based on discounted cash flows, taking into account any changes to anticipated returns on investment (including distributions and assumed RPI) and the discount rate used. The unwinding of the discount is taken as investment income.

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.

Investment properties have been valued at least every three years at open market value by an appropriately qualified professional valuer. The only investment property held was valued as at 31 October 2022 internally. A sale of the property was agreed and completed on 27 February 2024. The property was sold at the market value of £5,800,000.

(c) Presentation currency

The Scheme functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

(d) Contributions receivable

Contributions are accounted for on an accruals basis. Contributions are paid in accordance with the relevant Schedule of Contributions in force.

(e) Benefits payable

Benefits payable are payable monthly in advance and include all valid benefit claims notified to the Trustees during the Scheme year. A Member may choose to take part of their pension benefits as a lump sum (current legislation allows up to 25% to be taken tax free) at the commencement of the benefits being paid.

(f) Scheme administrative, investment expenses, property income and management fees

These are all accounted for on an accruals basis.

(g) Death benefits

Death benefits are paid out of the Scheme assets and include all valid claims notified to the Trustees during the Scheme year.

(h) Transfer values

Transfer values from and to other pension arrangements represent the amounts received and paid and relate to leavers whose transfers have been agreed by the Trustees during the Scheme year.

(i) Additional Voluntary Contributions (AVCs)

All AVC are recognised as forming part of the overall assets under the supervision and stewardship of the Trustees, and accordingly they have been included within the net assets of the Scheme. Contributions received from members, and monies payable by the Trustees in respect of benefits arising under AVC arrangements, have similarly been included within the Fund Account.

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2024

4. CONTRIBUTIONS RECEIVABLE

	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Employer Contributions						
Employers' normal contributions	-	18,343	18,343	-	18,385	18,385
Deficit contributions	-	-	-	41,000	-	41,000
Expenses contributions	1,250	-	1,250	1,625	-	1,625
Augmentations	278	-	278	286	-	286
	<u>1,528</u>	<u>18,343</u>	<u>19,871</u>	<u>42,911</u>	<u>18,385</u>	<u>61,296</u>
Employee contributions						
Members' normal contributions	-	108	108	-	104	104
Members' additional voluntary contributions	-	2,896	2,896	-	2,538	2,538
	<u>-</u>	<u>3,004</u>	<u>3,004</u>	<u>-</u>	<u>2,642</u>	<u>2,642</u>
Total	<u>1,528</u>	<u>21,347</u>	<u>22,875</u>	<u>42,911</u>	<u>21,027</u>	<u>63,938</u>

Employers' normal contributions include salary sacrifice contributions. Members' contributions to the DB section of the Scheme are no longer permitted, other than payments made to correct an error.

During the year, total additional contributions were made by the employers of £1,528,000. The Schedule of contribution is dated 31 July 2024 and applies from 1 August 2024 until 31 May 2030. The Recovery Plan provides no further deficit contributions up to 31 July 2025 after which they resume.

DC payments into the Scheme were paid on a timely basis.

All contributions outstanding at the year-end were received on or before 19 November 2024 as required by the Schedule of Contributions.

5. BENEFITS PAID AND PAYABLE

	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Pensions	20,675	-	20,675	21,384	-	21,384
Commutations and lump sum retirement benefits	1,669	335	2,004	2,927	-	2,927
Tax Paid	131	-	131	-	-	-
Lump sum death benefits	-	854	854	4	365	369
Total	<u>22,475</u>	<u>1,189</u>	<u>23,664</u>	<u>24,315</u>	<u>365</u>	<u>24,680</u>

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Transfer out	877	13,730	14,607	230	5,817	6,047

THE SIR ROBERT M^cALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2024

7. ADMINISTRATION EXPENSES

	DB	DC	Total	DB	DC	Total
	2024	2024	2024	2023	2023	2023
	£000	£000	£000	£000	£000	£000
Actuarial and administrative fees	540	-	540	443	-	443
Legal and other professional fees	206	17	223	294	-	294
Audit	12	12	24	27	27	54
Statutory levy	65	5	70	252	5	257
Other costs	17	3	20	414	2	416
	840	37	877	1,430	34	1,464

The Scheme does not reimburse Sir Robert M^cAlpine Limited for any expenses that are incurred by the company except where it is acting as agent for the Scheme.

8. TAXATION

The Scheme was an exempt approved scheme under the Income and Corporation Taxes Act 1988 and is now registered under the Finance Act 2004. It therefore does not bear United Kingdom income tax or capital gains tax.

9. INVESTMENT INCOME

	DB	DC	Total	DB	DC	Total
	2024	2024	2024	2023	2023	2023
	£000	£000	£000	£000	£000	£000
Income from bonds	3,391	-	3,391	3,193	-	3,193
Dividends from equities	4,585	-	4,585	1,836	-	1,836
Income from pooled investment vehicles	10,411	-	10,411	11,018	-	11,018
Income from property	15	-	15	-	-	-
Interest on cash deposits	453	52	505	444	36	480
Management fees	149	-	149	104	-	104
	19,004	52	19,056	16,595	36	16,631

10. INVESTMENT MANAGEMENT EXPENSES

	DB	DC	Total	DB	DC	Total
	2024	2024	2024	2023	2023	2023
	£000	£000	£000	£000	£000	£000
Bank and interest charges	1	-	1	2	-	2
Investment management costs	775	-	775	672	-	672
	776	-	776	674	-	674

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2024

11. INVESTMENTS

Reconciliation of net investments

	Market value at 31.10.23 £000	Purchases at cost and derivative payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Market value at 31.10.24 £000
Defined Benefit Section					
<i>(not designated to members other than where stated)</i>					
Equities	26,222	4,810	(5,428)	(1,172)	24,432
Fixed interest securities	167,381	33,706	(34,081)	4,720	171,726
Pooled investment vehicles					
- designated to members	7,216	1,150	(1,665)	1,409	8,110
- not designated to members	140,496	80,781	(80,603)	2,948	143,622
Property	5,800	-	(5,800)	-	-
Derivatives	(25,922)	7,134	(6,383)	4,523	(20,648)
	<u>321,193</u>	<u>127,581</u>	<u>(133,960)</u>	<u>12,428</u>	<u>327,242</u>
Funds with brokers	3,172			5,501	7,054
	<u>324,365</u>			<u>17,929</u>	<u>334,296</u>
Defined Contribution Section					
Pooled investment vehicles					
<i>(designated to members)</i>	164,183	51,707	(43,524)	31,984	204,350
	<u>488,548</u>			<u>49,913</u>	<u>538,646</u>

Pooled Investment Vehicles

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

Defined Benefit Section	2024 £000	2023 £000
Equity	130,483	96,573
Bonds	16,320	37,565
Property	-	9,843
Diversified Growth	4,897	3,565
Cash	32	166
	<u>151,732</u>	<u>147,712</u>

Pooled Investment Vehicles designated to Members within the DB Section relate to contributions (Employer and Member) invested into DC investment funds, while Members remained within the DB section of the Scheme. Refer to note 12.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

11. INVESTMENTS (continued)

Defined Contribution Section	2024 £000	2023 £000
Bonds	1,395	1,071
Diversified growth funds	144,924	142,374
Equity	58,031	20,738
	204,350	164,183

Investment Transaction Costs

Direct transaction costs during the year were as follows:

Defined Benefit Section	2024 £000	2023 £000
Custody fees	48	45
Custody transaction fees	34	3
	82	48

In addition to the costs noted above, indirect costs were also incurred such as bid-offer spread on investments. It has not been possible for the Trustees to quantify such indirect transaction costs.

Property

The wholly-owned investment property is situated in the United Kingdom. The property was last externally valued in 2020 at £7,000,000 which equates to a cost of £137 per sq ft. The independent valuation was carried out by a Knight Frank LLP (RICS Registered) Valuer and was based on the market value. This valuation assumed a market rent of £15 per sq ft and a yield of 7.75%.

A sale of the property was agreed and completed on 27 February 2024. The property was sold at the market value of £5,800,000.

Forward Foreign Exchange Contracts and Interest and Inflation Rate Swaps

The Trustees have authorised the use of derivatives by their Investment Manager as part of their overall investment strategy for the Scheme.

	2024 Assets £000	2024 Liabilities £000	2023 Assets £000	2023 Liabilities £000
Forward FX Contracts	4,642	3,776	7	-
Interest Rate Swaps	11,302	30,427	113	37,722
Inflation Rate Swaps	-	-	11,710	-
Total Return Swaps	-	2,389	-	1,782
Derivative options	-	-	-	-
	15,944	36,592	11,830	39,504

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2024

11. INVESTMENTS (continued)

Swaps Nature

The Scheme held the following Over The Counter ("OTC") swaps:

	Notional Amount £000	Asset value £000	Liability value £000
Interest Rate Swaps			
0-10 Years (7 contracts)	149,260	81	25,537
11-20 Years (1 contracts)	13,600	-	4,891
	162,860	81	30,428
Inflation Rate Swaps			
0-10 Years (5 contracts)	49,945	10,056	-
11-20 Years (1 contracts)	5,123	1,165	-
	55,068	11,221	-
Total Return Swaps			
0-10 Years (7 contracts)	43,220	-	2,389
Derivative Options			
0-10 Years (35 contracts)	14,913	4,642	3,416
Total Swap Contracts 2024	276,061	15,944	36,233
Total Swap Contracts 2023	279,845	11,823	39,504

The notional amounts shown above are the amounts on which interest is payable/receivable as described in the nature of the swap.

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

11. INVESTMENTS (continued)

At the end of the year, the Scheme held the following collateral in respect of the OTC Swaps:

Gilt Valuation

	2024 Nominal £000	2024 Fair Value £000	2023 Nominal £000	2023 Fair Value £000
Barclays Bank: Bonds	23,013	17,591	30,329	25,468
Citi Bank: Bonds	406	381	1,293	987
Lloyds Bank: Bonds	1,578	1,746	998	1,539
		<u>19,718</u>		<u>27,994</u>

Forward Foreign Exchange Contracts

The Trustees aim to mitigate the investment portfolio foreign exchange exposure by means of forward exchange contracts, all of which mature within one year from the year end.

Contract	Settlement Date	Currency Bought	Currency Value	Aggregate Asset £000	Aggregate Liability £000
Forward OTC	25/11/2024	EUR	5,955,285		73
Forward OTC	25/11/2024	JPY	23,585,281	1	
Forward OTC	25/11/2024	GBP	25,790,345		287
Total 2024				<u>1</u>	<u>360</u>
Total 2023				<u>9</u>	<u>17</u>

Employer-Related Investments

One investment, included within Equities, consists of 2,800 BM\$1.00 shares in Paget Health Services (Holdings) Limited acquired at a cost of BM\$ 10,091,766 on 27 November 2010. The Newarthill group, of which the principal employer, Sir Robert M'Alpine Limited, is a member, owns 58.0% of the share capital of Paget Health Services (Holdings) Limited. The value of this investment at 31 October 2024 was £14,963,967 being 4.48% of net assets total investments (2023 – £16,347,791 being 5.07% of net assets).

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2024

11. INVESTMENTS (continued)

Investment Fair Value

The fair value of financial instruments has been determined 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 access at the measurement date.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable for the asset or liability.

A fair value measurement is based upon the lowest level input which is significant to the fair value measurement of the entire asset.

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

<i>Defined Benefit</i> As at 31 October 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities	-	4,894	19,538	24,432
Bonds	-	171,726	-	171,726
Pooled investment vehicles	-	151,732	-	151,732
Derivatives	-	(20,648)	-	(20,648)
	<u>-</u>	<u>307,704</u>	<u>19,538</u>	<u>327,242</u>
Funds with brokers				7,054
				<u>334,296</u>
<i>Defined Benefit</i> As at 31 October 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities	-	5,069	21,153	26,222
Bonds	-	167,381	-	167,381
Pooled investment vehicles	-	147,712	-	147,712
Property	-	-	5,800	5,800
Derivatives	-	(25,922)	-	(25,922)
	<u>-</u>	<u>294,240</u>	<u>26,953</u>	<u>321,193</u>
Funds with brokers				3,172
				<u>324,365</u>

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2024

11. INVESTMENTS (continued)

<i>Defined Contribution</i> As at 31 October 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	204,350	-	204,350
<i>Defined Contribution</i> As at 31 October 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	164,183	-	164,183

Investment Risks Disclosures

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

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

Market risks: comprising of currency risk, interest rate risk and other price risk.

- Currency risk: as a result of changes in foreign exchange rates.
- Interest rate risk: as a result of changes in market interest rates.
- Other price risk: arising from changes in market prices (other than those arising from interest rate risk or currency risk).

The Trustees determine the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy as detailed below. The Trustees monitor its investment objectives and risks using reports produced by the Scheme's investment adviser and through the investment management agreements in place.

Investment Strategy

The investment objectives of the Scheme are:

- The acquisition of suitable assets, having due regard to the risks, which will generate income and capital growth to pay, together with contributions from the Principal Employer, the benefits which the Scheme provides as they fall due;
- To limit the risk of the assets being assessed as failing to meet the liabilities over the long term, having regard to any Statutory Funding requirement; and
- To achieve a return on investments which is expected to at least meet the Scheme Actuary's assumptions over the long term.

The Trustees set the investment strategy for the Scheme taking into account the strength of the Employer Covenant, the long-term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in its SIP.

The DB strategy as at 31 October 2024 is to hold:

- a. 40% in investments which move in line with the long-term liabilities of the Scheme. This is referred to as Liability Driven Investment (LDI) and comprises gilt and leveraged index-linked gilt and swaps held with Schroders Solutions, the purpose of which is to hedge against the impact of interest rate and inflation movements on long term liabilities.
- b. 50% in return seeking investments comprising UK and overseas equities (including the use of pooled investment vehicles), investment property, PPP investments and swaps (to hedge against the impact of interest rate and inflation movements).
- c. 10% in Cashflow matching investments comprising global investment grade corporate bonds that will pay coupon and maturity proceeds to the Scheme, the purpose of which is to reduce the need to sell other assets over the short to medium term.

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

11. INVESTMENTS (continued)

Risk Exposures

The following table summarises the extent to which various classes of investments are affected by the risks noted above:

	Credit Risk	Currency	Market Risk Interest Rates	Other	2024 %	2023 %
Defined Benefits						
Equities	-	o	-	•	7.40	7.98
Fixed-interest securities	o	-	•	-	36.99	35.56
Index-linked securities	o	-	•	-	15.00	15.35
Pooled-investment vehicles	o	o	o	o	43.48	44.92
Property	o	-	-	•	1.35	1.76
Derivatives	o	-	o	o	(6.25)	(7.88)
Funds with brokers	o	o	-	-	2.03	2.31
					100.00	100.00
	Credit Risk	Currency	Market Risk Interest Rates	Other	2024 %	2023 %
Defined Contributions						
Pooled-investment vehicles	o	o	o	o	100.00	100.00

- Significant
- o Partial
- None/immaterial

A summary of pooled investment vehicles by type of arrangement at market value is included below:

	2024 £000
Authorised Unit Trust	5,077
Investment Trust	7,501
Exchange Traded Fund	25,839
ICVC	7,407
Limited Liability Company	3,605
Limited Partnership	1,946
Mutual Fund	42,630
OEIC	37,977
SICAV	8,143
Fonds Commun de Placement (FCP)	1,153
ETC	2,344
	143,622

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

11. INVESTMENTS (continued)

Credit Risk

The Scheme is subject to credit risk because it directly invests in bonds, OTC derivatives and has cash balances.

The Scheme has a direct risk in so far as it has invested in pooled arrangements, although these are mitigated by the underlying assets being, in part, ring-fenced from the investment pool manager, the regulatory environments in which these managers operate, and diversification of investments. Through the use of its adviser, the Trustees monitor the appointment of any new investment pool managers and on an ongoing basis review their performance.

For pooled investment vehicles, the Scheme is indirectly exposed to credit risk in relation to the instruments it holds.

The Scheme is also exposed to credit risks arising from its use of swaps in the event of a default by the underlying issuer.

Both direct and indirect credit risk is mitigated by holding a diversified portfolio to minimise the impact of default by any one issuer.

To achieve this, the Trustees have ensured that the Scheme uses a number of issuers in order to minimise the impact of any individual default. The risk is further mitigated by the types of investments held and the due diligence undertaken before any contract is entered into.

Credit risk on properties relates to the tenants continued ability to pay its obligations and so the Trustees regularly monitor the financial strength and payment record.

Currency Risk

The Scheme is subject to currency risk as some of its investments are held in overseas markets and priced in the local currency. Currency risk is mitigated by Schroders Investment Solutions Limited implementing currency hedging through the use of hedged shared classes of pooled funds (where available) and the use of FX Forward contracts.

The Trustees expect that the investment managers consider the impact of currency movements as part of their ongoing management of the portfolios.

Interest Rate Risk

The Scheme's investments are affected by interest rate movements as the Scheme does invest in index-linked gilts and interest rate swaps, which are intended to move in line with the Scheme's liabilities as a consequence of changing interest rates (and inflation). Hedging is used to mitigate these risks.

Other Price Risk

The Scheme has indirect exposure to other price risks, principally in relation to equities, alternatives (which include PPP investments) and properties.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and geographical regions.

Defined Contribution Risks

Assets held under the DC section, and assets within the DB section which are shown as Designated to Members, are primarily held within Pooled Investment Vehicles. A member can choose the levels of risk they wish to be exposed to in terms of currency (in relation to assets held overseas) and interest rates (by including or excluding index linked funds). All funds are exposed to credit risk (as noted above for other Pooled Investment Vehicles).

THE SIR ROBERT M'ALPINE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

11. INVESTMENTS (continued)

Concentration of Investments

The following investments account for more than 5% of the Scheme's net assets as at 31 October 2024:

	Market Value at 31 October 2024 £000	2024 %	Market Value at 31 October 2023 £000	2023 %
BNY Mellon Global Equity Fund	39,519	7.3	31,861	6.5
Stable Growth	57,731	10.6	46,442	9.5
Cautious growth	47,221	8.7	36,915	7.5
Global Equity	36,944	6.8	25,401	5.2
R&M 1.25% Treasury Gilt 22/10/2041	24,247	4.5	28,639	5.8

Direct Transaction Costs

The purchase and sale of investments during the year resulted in Nil direct transaction costs for the year (2023 – £300).

12. AVC INVESTMENTS

The Trustees hold assets invested as part of the Scheme to secure additional benefits, on a money purchase basis, for those members electing to pay additional voluntary contributions. Members receive an annual statement confirming the contributions paid on their behalf and the value of their money purchase rights. The value of the AVC funds at 31 October 2024 was £2,380,000 (2023 – £2,444,887) and is included in the DB section of the Scheme assets.

13. CURRENT ASSETS

	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Cash	7,819	2,526	10,345	3,553	1,490	5,043
Other debtors	385	501	886	989	1,702	2,691
	8,204	3,027	11,231	4,542	3,192	7,734

All contributions were paid by the due date and in line with the Schedule of Contributions.

THE SIR ROBERT M'ALPINE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

14. CURRENT LIABILITIES

	DB 2024 £000	DC 2024 £000	Total 2024 £000	DB 2023 £000	DC 2023 £000	Total 2023 £000
Taxation and social security	406	-	406	355	-	355
Unpaid benefits	58	19	77	58	-	58
Accrued expenses	497	23	520	148	19	167
Other creditors	594	15	609	946	12	958
Provision	2,200	-	2,200	5,000	-	5,000
	3,755	57	3,812	6,507	31	6,538

Provision

In 2019, a number of benefit calculations in relation to non-GMP Equalisation for pre-1988 male members were identified as being incorrect. The detailed corrections are ongoing, but a prudent estimate of the required back-pay has been included. It is assumed that once finalised, this will be paid out within one year, so is included within Current Liabilities. This charge has been included as an expense during 2019 and was updated in 2021, 2022 and 2023 following further investigative work, scheme specific legal guidance and the recent ruling in relation to the correction of GMP benefits (see Note 17). The provision shown is considered a prudent estimate.

15. SELF INVESTMENT

As at the Net Asset Statement date, no investments were held in shares of any of the participating employers (2023 – Nil). Included in investments at the year end are shares in an employer-related company as disclosed in note 11.

16. RELATED PARTIES

Sir Robert M'Alpine Limited provides the day-to-day administration and other services (including the fees and expenses of two of the Trustees) to the Scheme. Total fees due to the independent Trustee amount to £116,075 (2023 - £98,575) of which £17,500 relates to the current period (2023 - £17,500). In addition, total fees due to another Trustee amount to £3,180 (2023- Nil). The Scheme does not reimburse the company for these expenses (as referred to in note 7). Renewable Energy Systems Limited (RES) and Newarthill Group are both related parties to the Scheme. There have been no other related party transactions during the year (2023 - Nil).

Three of the Trustees were members of the Scheme at the year-end (2023 – three). The contributions paid on behalf of these members were in line with the Schedule of Contributions.

Investment transactions with related parties are disclosed in "Employer-related Investments" within Note 11 above.

17. CONTINGENT LIABILITIES

The ruling in relation to addressing past transfers during the GMP Reconciliation exercise means that past transfers (including payments made on a member's death) need to be topped up by the transferring scheme. This ruling will increase the eventual liability, and also adds to the complexity of the calculations, so it remains impracticable to estimate the financial effect, timing or probability of such an uplift for GMP Reconciliation purposes. This same ruling applies to the correction of errors identified in relation to non-GMP Equalisation (see Note 14) but a prudent estimate of the effect has been included within the Provision for pension back payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2024

17. CONTINGENT LIABILITIES (Continued)

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The Court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments. Having consulted with their advisors, the Trustees have determined that there is no immediate need for action, but they will monitor developments.

18. POST BALANCE SHEET EVENTS

There were no post balance sheet events to report at the year end.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

INVESTMENT REPORT FOR THE YEAR TO 31 OCTOBER 2024

Fund Valuation and Performance

As at 31 October 2024, the value of the Fund, was £545.0m, taking quoted assets at their market value. This represents an increase of £0.055m over the year.

The return for the Defined Benefit Section for the year to 31 October 2024 was 12.41%. The compound return for the three years ending on this date was -37.81% and the annualised return was -14.64%. The compound return for the five years ending on this date was -28.94% and the annualised return was 6.60%. A full investment report from the Investment Manager is included within the Appendix to these financial statements.

The assets of the Defined Contribution Section are invested on a passive basis in a range of pooled funds. Since its inception in 2003, the returns generated by these funds have generally matched the indices by reference to which they are invested with only insignificant deviation. Where any differences are not considered insignificant, then the Trustees have sought explanations from the investment manager. To 31 October 2024, the returns have varied between -6.3% p.a. and 28.8% p.a. (for 1 year), between -13.7% p.a. and 11.1% p.a. (over 3 years) and between -7.2% p.a. and 4.7% p.a. (over 5 years) depending on the fund invested.

Investment principles

The Scheme's investments have been made in accordance with the Statement of Investment Principles ("SIP"). This Statement was adopted by the Trustees on 18 February 1997 and subsequently amended. Separate SIPs are now issued for the Defined Benefit and the Defined Contribution sections, copies of which are available online at <https://www.srm.com/pensions/>.

The SIPs adopted in the year were updated, in January 2022 for the DB and February 2025 for the DC section of the Schemes. All of the investments are regarded as marketable by the Trustees.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

**Statement of the Chair of the Trustees of the Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme
for the Scheme year ending 31 October 2024**

This statement is produced in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Regulations)

I hereby confirm that I, Cullum McAlpine, am the appointed Chair of the Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme ('the Scheme'). In accordance with section 23 of the Regulations I hereby confirm, on behalf of the Trustee Board, in relation to the Scheme that:

1. The Defined Contribution ("DC") Statement of Investment Principles ("SIP") is attached (Appendix D). The Trustees carry out a general review of the SIP at least every three years and the most recent update was in September 2024. The DC SIP covers policies regarding risk, return, monitoring, fees and responsibilities.
2. The DC Investment Strategy was reviewed in 2023 and new funds, two new lifestyle strategies and amendments to the existing strategy were implemented in 2024. The new funds replaced existing funds and were considered more appropriate to the objectives of the Scheme. Two new lifestyle strategies were introduced to provide Members with more appropriate options depending on their target at retirement. In addition, the existing strategy was amended as it was felt that these changes were more in line with the Members' objective.
3. The aims and objectives are noted in the SIP (under Advice and Management) and the Trustees confirm that the returns, which are reviewed at least quarterly, are consistent with these objectives.
4. The default investment strategy seeks to de-risk the investments as the Members approach retirement in order to protect their savings. Funds are initially invested in a Long-Term Growth Fund until Members reach 28 years before their Retirement Age (which Members can define) after which the funds are gradually moved over a five-year period into the Stable Growth Fund. When Members reach 16 years before Retirement Age, these funds are then transferred over a five-year period into the Cautious Growth Fund. When Members reach 5 years before Retirement Age, the funds are then gradually moved into the Retirement Focus Fund. Therefore, at the point of retirement, all funds are invested in this Fund.
5. There is an Administration Sub-Committee ("ASC"), which currently consists of two Trustees and the Secretary to the Trustees. The ASC meets quarterly and oversees a number of areas which are then reported to the full Trustee Board. Issues which are considered significant are reported to, and discussed, at full Trustee Board level.
6. The Trustees continue to review the appropriateness of the Investment Strategy in terms of changes to regulatory expectations and the introduction of pension freedoms in April 2015.
7. The Scheme Accounts (including the Chair's Statement) and SIPs are available on the SRM Company website on srm.com/pensions.
8. The roles of Secretary to the Trustees and Pensions Manager are separated in order to limit any conflicts of interest and utilise more appropriate resources. The Pension Manager's role is undertaken by the "Pensions Dept", being a Pensions Accountant who is overseen by the Head of Finance. Some processing has been delegated to other suitably qualified accountants.

THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME

**Statement of the Chair of the Trustees of the Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme
for the Scheme year ending 31 October 2023 (Continued)**

9. The core financial transactions (investment of contributions, transfers in / out and transfers of assets between different funds within the Scheme) have been processed promptly, accurately and in accordance with the Service Level Agreement with the Service Provider. This is monitored by the ASC using quarterly Administration Reports issued by the Service Provider. In accordance with the reporting arrangements, controls are in place to monitor and ensure that core financial transactions continue to be processed promptly and accurately. Serious breaches or excessive delays to the Service Level Agreements are monitored by the Pensions Dept and reported quarterly initially to the ASC. If an issue remains unresolved, then details are presented to the full Trustee Board to consider further action. The processing of Member contributions is reconciled directly by the Pensions Dept in order to ensure timeliness and accuracy. Transfers in and out are monitored by the Pensions Dept and this acts as a control over the processing of these transactions by the Service Provider. Further scrutiny of transactions and reporting and controls can be found in the Audit Report which is included in the Scheme's Annual Report & Accounts. There were no significant issues during the year.
10. Some charges applicable to the Scheme are borne by the Employer and therefore have no bearing on Member charging. However, for completeness we have included these as part of our assessment of Value for Members, to be found in Appendix A.
11. All Members pay an Annual Management Charge ("AMC"), details of which are included in Appendix A item 5. Active DC Scheme Members are also charged a 1.5% deduction from monthly contributions primarily to cover life assurance. Members are informed of this deduction and any changes. This was last reviewed in February 2023 and has since been reviewed in November 2024, and it has been proposed to increase the rate to 2.5% from May 2025. A further discussion of this charging structure is included in the Value for Members assessment.
12. The DC section of the Scheme has a bundled charging structure. The AMCs for the default strategy range between 0.208% and 0.225%. More details are provided in Appendix A (below) and examples of the cumulative effects of these charges on the Member's benefits are shown in Appendix B.
13. For the non-default funds, the AMCs range from 0.190% to 0.450%. The funds, which are not part of the default arrangement, are listed within the Value for Member assessment (Appendix A) and examples of the cumulative effects of these charges on the Member's benefits are shown in Appendix B.
14. The Trustees have had regard to the relevant statutory guidance when preparing this statement, including the cumulative examples shown in Appendix B.
15. In addition to the AMCs noted above, there are investment managers' charges for explicit dealing costs (brokerage fees, taxes and levies). These average charges (by fund) range between 0.015% and 0.035% of the fund value for the default strategy funds and 0.00% and 0.300% for the non-strategy funds .
16. The ASC reviews the service standards being provided in terms of Scheme administration (including processing core financial transactions, Scheme records and Scheme governance), Member communication and investment returns. The Trustees attach the Value for Members assessment, the cumulative effect of the costs on Member benefits (including additional details on each Fund cost) and the SIP for the Scheme. The charges borne by Scheme Members are monitored regularly by the Trustees and it is their view that this represents Value for Members at this time. The Trustees will continue to consider improvements which could be made in terms of the clarity and transparency of the charging structure.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

**Statement of the Chair of the Trustees of the Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme
for the Scheme year ending 31 October 2023 (Continued)**

17. All funds are compared to a Benchmark in order to monitor the performance of the funds against similar products. In addition, the funds are compared against a targeted, long-term rate of return. (For some funds, these are the same). The variances between the actual return and the Benchmark and Target are reviewed regularly by the Trustees, and suitable action taken if the variances are considered too high. The performance of the default funds (as at 30th September 2024) were:

One year's performance					
	Actual	Benchmark	Variance	Target	
	%	%	%	%	
Retirement Focus	10.7	8.6	+2.0		
Cautious Growth Fund (*)	13.3	8.0	+5.3		4.3
Stable Growth Fund (*)	16.5	9.2	+7.4		5.3
Long-Term Growth Fund (*)	19.7	10.7	+9.0		6.3

(*) As part of the investment review in 2023, the compositions of these funds were amended – in particular the replacement of active funds with passive funds. In addition, the benchmarks were amended in order to reflect these changes. As these changes were only implemented during the year, the “One year performance” figures include actual figures, benchmarks and original benchmarks for the funds both pre and post implementation. Targets are based on CPI plus a mark-up. This also applies to the “Three Year performance” figures.

Three year performance					
	Actual	Benchmark	Variance	Target	
	%	%	%	%	
Retirement Focus	-1.0	3.1	-4.2		
Cautious Growth Fund	0.3	9.6	-9.3		8.2
Stable Growth Fund	3.5	10.7	-7.2		9.2
Long-Term Growth Fund	5.6	11.9	-6.3		10.2

The Trustees continue to consider these funds as appropriate in terms of achieving the aims as outlined in 2 and 4 above.

18. Each Trustee of the Scheme is expected to ensure that he or she meets the Trustee knowledge and understanding requirements, including a working knowledge of the Scheme Rules, SIPs, documents setting out the Trustees' policies, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relating to funding and investment. Where there is uncertainty, relevant advisors are referred to when necessary. Throughout the Scheme year, advisors provide regular and formal updates to the Trustees, either at specific events or as part of Trustee Meetings. Over the year, this has included training sessions on long-term objectives and the Code of Practice. A Skills and Training Log has been developed and is maintained by the Secretary to the Trustees on an on-going basis. Knowledge gaps are expected to be identified on a self-evaluation basis, and where any gaps are considered to be applicable to a number of Trustees, general training is made available as part of, or in addition to, Trustee Meetings.

**THE SIR ROBERT McALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

**Statement of the Chair of the Trustees of the Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme
for the Scheme year ending 31 October 2023 (Continued)**

19. New Trustees are given a general briefing of the Scheme and have introductory meetings with the advisors. They are also expected to complete all relevant sections of The Pensions Regulator's Trustee Toolkit or be in a position to demonstrate they have the necessary skills and knowledge from other sources.
20. FIL Life Insurance Ltd, Hymans Robertson, Cardano Advisory Ltd, CMS Cameron McKenna Nabarro Olswang LLP and Schroders Investment Solutions Ltd provide advice to the Trustees to help ensure that Scheme governance, controls, skills and knowledge are current and meeting the expectations of the Pensions Regulator and Scheme Members and enable the Trustees to properly exercise their functions.

Signed for and on behalf of the Trustees of the Scheme on *22 May* 2025 by Cullum McAlpine in my capacity as Chair of the Trustees.

.....
Cullum McAlpine

Chair of the Trustees of the Scheme

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

List of evidence represented in appendices:

Appendix A: Value for Members Statement

Appendix B: Statement Regarding DC Governance

Appendix C: Implementation Statement

Appendix D: Statement of Investment Principles (DC Section), dated February 2023

Appendix E: Statement of Investment Principles (DB Section), dated January 2022

Further evidence available on request:

DC Member booklet

Example quarterly administration report, provided by FIL Life Insurance Ltd

Example quarterly investment report, provided by FIL Life Insurance Ltd

Trustee training log

Risk Register

Appendix A: Value for Members Assessment

To make an assessment of the Scheme in terms of whether and how it represents value for money for Members, the Trustees have considered the following evidence:

- Member Investment Guide available on the FIL Life Insurance Ltd ("Fidelity") website
- Statement of Investment Principles DC Section, dated February 2023
- Quarterly Investment Reports
- DC member booklet

The benefits available to Members from being in the Scheme include:

- A range of fund choices, which are regularly monitored;
- A default strategy to reflect Member suitability and manage risk;
- Member communication;
- Retirement modelling;
- Retirement support;
- Record keeping;
- Carrying out transactions (purchasing, selling, switching);
- Error and complaint handling;
- Governance, taking into account professional advice;
- Secretarial and audit compliance; and
- Life assurance (4 times salary).

The Trustees have taken into account the following considerations and decisions:

1. The costs borne by Scheme Members have been assessed and a fee of 1.5% on contributions is deducted monthly. This primarily covers death in service benefits (life assurance) and is clearly presented in the DC member booklet. The deduction is constantly monitored, with the most recent formal review being in November 2024. Following further analysis by the Trustees, it was proposed that the current charge should increase to 2.5% (from May 2025).
2. An analysis of the Scheme's current charges to determine how much of the 1.5% represents pension-specific costs (described in Scheme literature as 'fund administration') shows this to be 0.2% per annum, being the amount required to cover DC specific costs. The remaining charges (i.e. 1.3%) cover costs relating to the life assurance cover – both internally funded and an insurance stop-loss premium.
3. The Trustees, along with their Advisors, undertook a review of the objectives and strategy in order to provide Members with a wider and more appropriate options. This was implemented in May and June 2024.
4. Defined Benefit Investment returns are assessed by Trustees in liaison with their investment advisors on a quarterly basis using performance reports from the provider. Defined Contribution Investment returns are also assessed quarterly by the Trustees and every six months by a third party Advisor.

**THE SIR ROBERT M'ALPINE LIMITED
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Appendix A: Value for Members Assessment (Continued)

1. The fund administration costs levied to members are monitored over time and assessed alongside investment performance to ensure they remain appropriate. The most recent review of these charges was in November 2024 and proposed that the charge is increased to 2.5% (from May 2025). The Scheme operates a bundled investment portfolio which is managed by Fidelity who charge an AMC which varies by fund.
During the year, some funds also charged explicit dealing costs, which include brokerage fees, taxes and levies and these range between 0.00% and 0.035% of the fund value.

For the default DC funds, these charges are:

	AMC	Total (incl explicit costs)
Long Term Growth Fund	0.208%	0.243%
Stable Growth Fund	0.210%	0.236%
Cautious Growth Fund	0.212%	0.232%
Retirement Focus Fund	0.225%	0.240%

The AMCs for the remaining funds range from 0.21% to 0.45% (from 0.21% to 0.75% when including explicit costs).

The non-default funds consist of FID SRM L&G Future World Annuity Awareness Fund, Corporate Bond Fund, Global Equity Fund, Global Equity ESG Fund, FID SRM L&G Future World Inflation Linked Annuity Awareness Fund, UK Equity Fund, Cash Fund, Shariah Fund and Diversified Fund.

Some funds which were available prior to the 2020 review are only available to Members of the default strategy who, at the time, decided not to transfer to the new default strategy. These funds will be withdrawn at the end of 2025.

For the old default DC funds, which as noted above, are still available for some Members, these charges are:

	AMC	Total (incl explicit costs)
Global Equity Index Weights (60:40) Fund	0.210%	0.210%
Diversified Fund	0.300%	0.310%
Pre-Retirement Fund	0.230%	0.230%
Cash Fund	0.230%	0.230%

Full details of the AMCs are shown in Appendix B – Illustrative Examples of the Cumulative Effect of Relevant Costs and Charges on the Value of Member's Benefits

Examples of the cumulative effect of costs on Members' funds (based on the new Service Provider costs) are included in Appendix B.

2. The Scheme benefits from the presence of a full-time Secretary to the Trustees and a Pensions Dept to ensure that it is demonstrably run in the interests of all beneficiaries.

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

Appendix A: Value for Members Assessment (Continued)

Contribution deductions to provide for pension costs and life assurance/death in service benefits.

Having assessed the way the costs of the Scheme are calculated, the Trustees are satisfied that this charge is fair and broadly represents Value for Members. However, for the sake of clarity and transparency, it is felt appropriate to explain this in further detail.

Members are currently charged 1.5% (proposed to increase to 2.5% from May 2025) of contributions on a monthly basis. This deduction covers both fund administration costs (not covered by the AMC) and life assurance (described in the DC Member booklet as "death in service"). For 2024, this split is approximately 0.32% for administration costs and 1.3% for life assurance (covering both internal funding and the premium). Administration costs cover audit fees, levies and sundry expenses. This analysis is available on request.

The life assurance benefit is self-funded and is based on 4x salary. The Member cost is based on the need to maintain a fund which can be used to make any death-in-service payments when necessary. The pay-out from the Scheme is capped and any excess above the capped value is covered by an insurance policy. From May 2025, the life assurance benefit will be fully insured and thus eliminating the exposure of the Scheme to large, unexpected cash outflows.

The Trustees have discussed whether it would be in the interest of Members to specifically publish the relevant costs for fund administration. A decision was taken that this information would not be published for fear of over-complicating Member communications. Instead, the Trustees and the Pensions Manager regularly review the costs of fund administration on the Members' behalf to ensure this continues to be appropriate.

The Trustees reviewed the charging strategy in November 2024 and proposed to increase the percentage charges in order to cover the cost of insuring the full cover for life assurance and therefore eliminate the risk of significant cash outflows.

Costs borne by the Employer:

1. Cost of running the Trustee Board and pensions management support
2. In-house administration costs

Most costs incurred by the Employer relate to the costs of employees who work on both the Scheme and for the Employer directly. Due to cost restraints, it is difficult to provide a figure of the actual costs borne by the Employer on the Scheme's behalf. However, a high-level analysis has been carried out which indicates these costs to be in the region of £150,000 to £250,000 per year, excluding Trustees' time. This covers both the DC and DB Sections of the Scheme.

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STAFF PENSION AND LIFE ASSURANCE SCHEME**

Value for Members Statement:

The Trustees believe the Scheme represents good value for Scheme Members. The reasons for this are based on the evidence listed above and include, but are not limited to, the following:

- The Scheme costs are regularly monitored by the Trustees and compare well with the guidance for auto-enrolment funds (although it should be noted that this is not an auto-enrolment fund);
- The Scheme governance provided by the Pensions Dept, Secretary to the Trustees and advisors ensure that the running of the Scheme is of a satisfactory quality, both in terms of Good Member Outcomes and regulatory compliance;
- The Trustees of the Scheme carry out regular (at least quarterly) performance monitoring in liaison with investment advisers and investment providers; and
- The Trustees give on-going consideration to the appropriateness of investment options and strategies with a view to improve wherever they deem necessary, as reflected in the most recent review of the investment options and default strategy which was introduced in May and June 2024.

Appendix B: Statement Regarding DC Governance

For the Twelve Months Ending 31 October 2024

Annual Governance Statement by the Chair of the Trustees

Charges paid by members

'Charges' means administration charges other than transaction costs (see below). Members bear charges that are deducted from the funds in which their benefits are invested. The charges differ between the investment funds that are available. The Trustees are required to calculate the charges and transaction costs paid by members during the assessment period and assess the extent to which these charges and transaction costs represent good value for members.

Transaction costs are a complicated issue as they are associated with different member, Trustees or manager actions. Transaction costs can be split into three areas:

1. Transaction costs incurred by members as part of changes in the fund range

In February 2024, the following changes were implemented to the main default strategy:

- 1) Extended the lifestyling period into the Retirement Focus Fund from three years to five years
- 2) For all the blended funds within the default strategy, increased the underlying allocation to equity and reduced the allocation to credit.
- 3) Sold down the existing Diversified Growth Fund ("DGF") mandates in favour of a largely passive and simplified strategy.
- 4) Replaced the Scheme's World Equity Index Funds with the BlackRock ACS ESG Equity Funds (both GBP hedged and unhedged versions) to provide enhanced ESG integration across the portfolio whilst maintaining broad public equity market exposure.
- 5) Added the MSCI World Small Cap ESG Exclusions Fund to provide the Scheme with exposure to a full range of equity investments.

In addition, the Trustees implemented some changes to the self-select range:

- 1) Introduced two alternate self-select lifestyle strategies, for members looking to take their pot as cash or purchase an annuity. These strategies mirror the default strategy up to five years from retirement.
- 2) Introduced a new 'ESG Equity' fund for members and closed the Ethical Fund, moving members' self-select assets into the new 'ESG Equity' fund. **Because the Trustees automatically transferred members who were invested in the Ethical fund to the newly created ESG Equity fund, the ESG Equity fund is now considered an additional default arrangement within the Scheme.**

The transaction costs incurred as part of this transition were £218,690.

2. Transaction costs incurred by members buying and selling funds as part of the default lifestyle option

A member in the default lifestyle is required to buy and sell assets when automatically switching between funds within the lifestyle. We estimate that over a member's life, the cost of entering the lifestyle option, switching between funds and subsequently redeeming assets upon retirement for each £1 of income invested is c.1.67% in a worst-case scenario. This equates to an average of 0.04% per annum, as at 31 October 2024.

A breakdown of the cost estimate on a worst-case basis is provided in the table below. Our calculations do not take account of netting trades within the funds (e.g. cancelling out selling common underlying funds between the blends). It also assumes that a member pays a cost of "bid price – mid price" for any sale of assets and "mid-price – offer price" for any purchase of assets (hence the "worst-case scenario").

**THE SIR ROBERT M'ALPINE LIMITED
STAFF PENSION AND LIFE ASSURANCE SCHEME**

Members will experience varying levels of cost depending on their position within the lifestyle. Actively contributing members would have experienced at least one source of transition cost on the contributions they made over the year. Deferred members may or may not have experienced transition costs of this nature, depending on if they phased between funds or not. These costs will continue in the future at a level expected to be similar to below.

Lifestyling is carried out automatically for members who are invested in the default lifestyle. Market conditions are considered in the context of deciding on the composition of the funds in the lifestyle, but not when automatically phasing members between funds. The funds are established and governed in a way which is cognisant of market conditions, therefore it is not necessary (or practical) to consider market conditions for each member each month when lifestyling.

The funds are priced on a "single swinging basis", meaning they may be priced at bid or offer on any day, depending on the net cashflow (from all investors in/out of the fund) that day. Therefore, in practice, the cost incurred is unlikely to be the full amount above and may even provide an uplift, should fund prices swing favourably. Members will also experience varying levels of costs depending on their position within the lifestyle. Therefore, it is not practical to split out the actual costs incurred by each member.

The table below sets out the total "worst-case" transaction costs for each fund within the default lifestyle. Transaction costs are shown over the 12 months to 31 October 2024 and have been sourced from the Scheme's investment platform provider, Fidelity.

Movement between funds	Worst case cost
Buy Long Term Growth Fund	0.16%
Sell Long Term Growth Fund -> Buy Stable Growth Fund	0.34%
Sell Stable Growth Fund -> Buy Cautious Growth Fund	0.49%
Sell Cautious Growth Fund -> Buy Retirement Focus Fund	0.48%
Sell Retirement Focus Fund	0.21%
Total:	1.67%
Total (p.a.)	0.04%

Source: Fidelity (data, as at 31 October 2024), Schroders Solutions (calculations, as at February 2025).

Assumption: (1) members join the Scheme 40 years from retirement

(2) price swings are all unfavourable to members

(3) no netting of trades occurs

(4) no investment return (i.e., the only effect on the amount invested is from transaction costs)

3. "Frictional costs" incurred by members due to funds internally buying and selling underlying assets (e.g. stocks or bonds)

As part of day-to-day trading activities, the funds may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable and in most cases managers are in position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs would be incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund. Some costs will be cognisant of market conditions (e.g. some active investment decisions), and some costs are in respect of decisions not linked to market conditions.

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The table below sets out the total transaction costs for each fund within the default and self-select range.

	Fund	Frictional transaction costs 1 October 2023 to 30 September 2024 ¹
Default Lifestyle Funds	Long Term Growth	0.05%
	Stable Growth	0.04%
	Cautious Growth	0.03%
	Retirement Focus	0.03%
Self-Select Funds	L&G Future World Inflation-Linked Annuity Aware Fund	-0.08%
	Cash Fund	0.00%
	Corporate Bond Over 15 Years Fund	-0.18%
	Global ESG Equity Fund*	0.04%
	Global Equity	0.08%
	Shariah Fund	0.00%
	UK Equity Fund	0.01%
	L&G Global Equity Fixed Weights (60:40) Index Fund ²	0.05%
	L&G Future World Annuity Aware (previously the Pre-Retirement Fund) ²	0.02%
	L&G Diversified Fund ²	0.00%

Source: Fidelity, data as at 30 June 2024 and 30 September 2024

The Total Expense Ratios ("TERs") applicable to the funds underlying the default lifestyle, and the self-select options, as of 30 September 2024 are set out in the table below:

	Fund	Total Expense Ratios (TERs) p.a.
Default Lifestyle Funds	Long Term Growth	0.24%
	Stable Growth	0.24%
	Cautious Growth	0.23%
	Retirement Focus	0.24%
Self-Select Funds	L&G Future World Inflation-Linked Annuity Aware Fund	0.26%
	Cash Fund	0.23%
	Corporate Bond Over 15 Years Fund	0.23%
	Global ESG Equity Fund	0.22%
	Global Equity	0.21%
	Shariah Fund	0.57%
	UK Equity Fund	0.21%
	L&G Global Equity Fixed Weights (60:40) Index Fund ²	0.21%
	L&G Future World Annuity Aware (previously the Pre-Retirement Fund) ²	0.23%
	L&G Diversified Fund ²	0.31%

Source: Fidelity, data as at 30 September 2024

¹ Transaction costs are shown as at 30 June 2024 for all funds except for the Growth Funds and the Retirement Focus, Shariah and Global ESG funds, where costs are as at 30 September 2024. This is due to transaction cost data being produced on a quarterly basis and data availability at the time of reporting.

² As part of the changes implemented in 2020, the fund is no longer available as a self-select option.

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Below is an illustrative example of the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights. The example outlines the effects of fund charges (the TERs above) and transaction costs (also above) across the Scheme's fund range.

Projected pension pot, in today's terms										
	Default Lifestyle Fund		Cash Fund		UK Equity Fund		Global Equity 60/40 Fund		Global Equity	
Years	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Gross of all charges	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs
1	£87,700	£87,500	£84,600	£84,400	£87,700	£87,500	£87,700	£87,500	£87,700	£87,500
3	£120,000	£120,000	£109,000	£108,000	£120,000	£120,000	£120,000	£120,000	£120,000	£120,000
5	£156,000	£154,000	£134,000	£133,000	£156,000	£155,000	£156,000	£154,000	£156,000	£154,000
10	£256,000	£250,000	£195,000	£191,000	£256,000	£252,000	£256,000	£251,000	£256,000	£250,000
20	£468,000	£451,000	£313,000	£302,000	£513,000	£499,000	£513,000	£494,000	£513,000	£494,000
30	£684,000	£648,000	£426,000	£404,000	£873,000	£837,000	£873,000	£826,000	£873,000	£825,000
40	£932,000	£867,000	£533,000	£498,000	£1,370,000	£1,300,000	£1,370,000	£1,270,000	£1,370,000	£1,270,000

Projected pension pot, in today's terms										
	Corporate Bond Over 15 Years Fund		Future World Inflation-Linked Annuity Aware Fund		Shariah Fund		Global ESG Equity Fund		Diversified Fund	
Years	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs
1	£88,500	£88,300	£87,700	£87,500	£87,700	£87,200	£87,700	£87,500	£86,200	£85,900
3	£123,000	£123,000	£120,000	£120,000	£120,000	£119,000	£120,000	£120,000	£115,000	£114,000
5	£162,000	£160,000	£156,000	£154,000	£156,000	£152,000	£156,000	£154,000	£145,000	£143,000
10	£273,000	£269,000	£256,000	£251,000	£256,000	£245,000	£256,000	£251,000	£223,000	£219,000
20	£584,000	£566,000	£513,000	£495,000	£513,000	£475,000	£513,000	£495,500	£399,000	£383,000
30	£1,060,000	£1,010,000	£873,000	£829,000	£873,000	£778,000	£873,000	£827,000	£602,000	£568,000
40	£1,790,000	£1,680,000	£1,370,000	£1,280,000	£1,370,000	£1,170,000	£1,370,000	£1,280,000	£837,000	£775,000

Projected pension pot, in today's terms										
	Long Term Growth Fund		Stable Growth Fund		Cautious Growth Fund		L&G Future World Annuity Aware Fund		Old Default Lifestyle Fund*	
Years	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs
1	£87,700	£87,500	£86,200	£85,900	£86,200	£85,900	£87,700	£87,500	£87,700	£87,500
3	£120,000	£120,000	£115,000	£114,000	£115,000	£114,000	£120,000	£120,000	£120,000	£120,000
5	£156,000	£154,000	£145,000	£143,000	£145,000	£143,000	£156,000	£154,000	£156,000	£154,000
10	£256,000	£250,000	£223,000	£219,000	£223,000	£219,000	£256,000	£251,000	£256,000	£251,000
20	£513,000	£493,000	£399,000	£385,000	£399,000	£385,000	£513,000	£497,000	£491,000	£473,000
30	£873,000	£823,000	£602,000	£572,000	£602,000	£573,000	£873,000	£834,000	£715,000	£674,000
40	£1,370,000	£1,270,000	£837,000	£782,000	£837,000	£783,000	£1,370,000	£1,290,000	£993,000	£919,000

*The old Default lifestyle fund (closing December 2025)

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Projected pension pot, in today's terms						
	Retirement Focus		Annuity Targeting Lifestyle Fund		Cash Targeting Lifestyle	
Years	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs	Gross of all charges	Net of TER and frictional transaction costs
1	£86,200	£85,900	£87,700	£87,500	£87,700	£87,500
3	£115,000	£114,000	£120,000	£120,000	£120,000	£120,000
5	£145,000	£143,000	£156,000	£154,000	£156,000	£154,000
10	£223,000	£219,000	£256,000	£250,000	£256,000	£250,000
20	£399,000	£384,000	£468,000	£451,000	£468,000	£451,000
30	£602,000	£571,000	£684,000	£648,000	£684,000	£648,000
40	£837,000	£780,000	£952,000	£887,000	£891,000	£829,000

Source: Fidelity, data, as at 31 October 2024.

Notes:

- Values shown are estimates and are not guaranteed;
- Transaction costs are calculated as the average of the previous five years, using a proxy fund where a full five-year data is not available.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Assumes inflation of 2.5% per annum;
- Assumes a starting pot size of £72,000;
- Assumes charges in future years are equal to charges today;
- Assumes a member is aged 25 years old now and stops contributing at age 65;
- Assumes a monthly contribution amount of £1,100 per calendar month which increases in line with assumed inflation of 2.5% per annum; please note that this contribution is net of the amount that the sponsoring employer deducts from member contributions to fund the employer's group life insurance policy. This contribution is currently 1.5%, but may increase to 2.5% in 2025.
- Assumes the contribution amount applies for both gross and net values in the tables above;
- The accumulation rates used, as set out below, are those provided by Fidelity. Returns are as follows:

	Fund	Real accumulation rate per annum (gross of charges)
Default Lifestyle Funds	Long Term Growth	3.5%
	Stable Growth	1.5%
	Cautious Growth	1.5%
	Retirement Focus	1.5%
Self-Select Funds	L&G Future World Inflation-Linked Annuity Aware Fund	3.5%
	Cash Fund	-0.5%
	Corporate Bond Over 15 Years Fund	4.5%
	Global ESG Equity Fund	3.5%
	Global Equity	3.5%
	Shariah Fund	3.5%
	UK Equity Fund	3.5%
	L&G Global Equity Fixed Weights (60:40) Index Fund ⁴	3.5%
	L&G Future World Annuity Aware (previously the Pre-Retirement Fund) ⁴	3.5%
	L&G Diversified Fund ³	1.5%

³ As part of the changes implemented in 2020, the fund is no longer available as a self-select option.

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Source: Fidelity, data as at 31 October 2024.

The above illustration has been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in February 2018.

Net investment returns

From 1 October 2021, the Trustees are required to calculate and state the return on investments from the Scheme's default and self-select funds, net of transaction costs and charges. The Trustees should include as a minimum the net return for the scheme year or longer where possible.

The information set out below shows the net performance for the funds in which members were invested or have been able to invest during the scheme year. The performance has been calculated using the method provided in the Department for Work and Pensions' guidance ("The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations'), published in June 2021.

Default strategy

Age of member in 2024 (years)	5 years (p.a.) (1 Oct 2019 - 31 Oct 2024)	3 years (p.a.) (1 Oct 2021 - 31 Oct 2024)	1 year (1 Oct 2023 - 31 Oct 2024)
25	9.6%	5.4%	23.6%
45	6.9%	3.2%	18.8%
55	3.0%	0.0%	14.2%

Old Default strategy*

Age of member in 2024 (years)	5 years (p.a.) (1 Oct 2019 - 31 Oct 2024)	3 years (p.a.) (1 Oct 2021 - 31 Oct 2024)	1 year (1 Oct 2023 - 31 Oct 2024)
25	7.2%	6.8%	20.2%
45	3.8%	1.7%	15.0%
55	3.8%	1.7%	15.0%

*The old Default lifestyle fund (closing December 2025)

Please note that the annuity and cash targeting lifestyle strategies have not been included in the above tables, as they were only set up in February 2024.

Self-select funds

Self-select Funds	5 years (p.a.)	3 years (p.a.)	1 year
Long Term Growth Fund	9.6%	5.4%	23.6%
Stable Growth Fund	6.9%	3.2%	18.8%
Cautious Growth Fund	3.0%	0.0%	14.2%
Retirement Focus Fund	0.7%	-1.4%	11.1%
L&G Future World Inflation linked Annuity Aware Fund	-7.3%	-13.1%	7.0%
Cash Fund	1.9%	3.3%	5.1%
Corporate Bond Over 15 Years Fund	-7.4%	-13.6%	8.2%
Global ESG Equity Fund *	n/a	n/a	12.5% ⁴
Global Equity Fund	13.4%	7.7%	29.2%
Shariah Fund	13.5%	11.2%	32.7%
UK Equity Fund	5.4%	6.0%	14.6%
L&G Global Equity Fixed Weights (60:40) Index Fund ⁶	7.2%	6.8%	20.2%
L&G Future World Annuity Aware Fund (previously the Pre-Retirement Fund) ⁶	-5.3%	-9.7%	8.1%
L&G Diversified Fund ⁵	3.8%	1.7%	15.0%

Source: Fidelity, as at 31 October 2024. Schroders Solutions (calculations as at March 2025).

*In February 2024, the Global ESG Equity Fund replaced the Ethical fund.

⁴ From the date of inception, 19 February 2024.

⁵ As part of the changes implemented in 2020, the fund is no longer available as a self-select option.

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Default Strategy Asset Allocation as at 31 December 2024

From 1st October 2023, the Trustees are required to disclose the underlying percentage of assets allocated to each of the asset classes shown below in their default arrangement, at different stages of the lifestyle process:

Asset Class (%)	25-year-old member	45-year-old member	55-year-old member	65-year-old member (1 day prior to State Pension Age)
Cash	0.0	0.0	0.0	25.0
Corporate bonds, UK government bonds and overseas government bonds.	0.0	30.0	50.0	37.5
Listed equities	100.0	70.0	50.0	37.5
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Other property/real estate	0.0	0.0	0.0	0.0
Other private debt/credit	0.0	0.0	0.0	0.0
Any other assets	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0

Source: Legal and General, BlackRock, as at 31 October 2024. Schroders Solutions (calculations as at March 2025).

The additional default arrangement, the ESG Equity Fund, contains an allocation to 100% listed equities.



Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme (the 'Scheme')

Implementation Statement
(31 October 2024)

February 2025

Schroders' Solutions Disclaimer:

The Implementation Statement is a regulatory requirement under the 2019 amendments to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. It is important that the Trustees of the Scheme understand and consider financially material Environmental, Social and Governance ("ESG") factors and consider their own stewardship obligations. A failure to do this puts the Trustees at risk of breaching their legal duties.

This is a Trustees document, and the Trustees must review the draft Implementation Statement provided by their Investment Adviser/Fiduciary Manager and confirm that they have considered the content prepared and reviewed any associated documentation, such as voting policies and engagement examples.

1. Introduction

The Trustees are required to make publicly available online a statement (“the Implementation Statement”) covering the both the Defined Contribution (“DC”) and Defined Benefit (“DB”) sections of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme (the ‘Scheme’) in relation to the Scheme’s Statement of Investment Principles (the “DB SIP”, the “DC SIP”).

The DB SIP was last amended in January 2022 and was not reviewed during the year ending 31 October 2024 as no changes to the investment strategy were made during that period which warranted a change to the DB SIP.

The DC SIP was last amended once during the year ending 31 October 2024, to account for the investment strategy changes implemented in 2024. This SIP was agreed in September 2024.

The DB Section SIP and DC Section SIP therefore fulfil the commitment to review them at least every 3 years.

A copy of the current SIPs can be found here: <https://www.srm.com/pensions/>

This Implementation Statement covers the Scheme Year from 1 November 2023 to 31 October 2024 (the “Scheme Year”). It sets out:

- how, and the extent to which, in the opinion of the Trustees, the Scheme’s SIPs have been followed over the Scheme Year;
- details of any review of and/or changes made to the SIPs over the Scheme Year as a result of such a review, explaining the reasons for those changes;
- how the Trustees’ policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- the voting by or on behalf of the Trustees during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A copy of this Implementation Statement is available on the following website:
<https://www.srm.com/pensions/>

The latest guidance (“the **Guidance**”) from the Department for Work and Pensions (“**DWP**”) aims to encourage Trustees of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme’s SIPs.

This Implementation Statement has been prepared to provide the details on how the Trustees of the Scheme, with the help of their Fiduciary Adviser (for the DB Section of the Scheme) and the Investment Adviser (for the DC Section of the Scheme), have complied with the DWP’s statutory guidance.

Defined Benefit Section

The Trustees are ultimately responsible for the investment of the DB Section's assets. Where they are required to make an investment decision, the Trustees always receive advice from the relevant advisers first and the Trustees believe that this ensures that they are appropriately familiar with the issues concerned. The Trustees also set the investment strategy and general investment policy but have delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to professional investment managers.

The Trustees have appointed Schroders Investment Solutions ("Schroders IS") Limited, as their Investment Manager, delegating a proportion of the DB Section's assets to its Fiduciary Management service (and is referred to as the "Fiduciary Manager" in this Implementation Statement) while retaining discretion over the remaining assets.

As set out in the DB SIP, the Trustees' approach to investment strategy is to allocate the assets into three pools – Liability Hedging Assets, Growth Assets and Cashflow Matching Credit Assets. The investment objective is then translated into the strategy and assets are allocated to these three components:

- Liability Hedging assets, which aim to match the DB Section's liabilities. Assets are invested in, but not limited to fixed interest gilts, index-linked gilts and swaps. Ongoing management and levels of liability hedging have also been delegated to Schroders IS, within the parameters agreed with the Trustees.
- Growth Assets, which aim for return generation but has the ability to invest in off-risk assets as and when required to defend against falling markets. Assets are invested in, but not limited to, equities, investment grade bonds, high yield bonds, emerging market debt, hedge funds, loans and other alternative asset classes. The Growth Assets are held in two separate portfolios. Asset allocation and ongoing management of the Discretionary Investment Fund are largely delegated to Schroders IS, whereas the asset allocation within the Advisory Investment Fund is retained by the Trustees under advice from Schroders IS.
- A Cashflow Matching Credit Portfolio that is intended to manage the DB Section's need to generate cash over time to pay pensioners. This allocation invests in global investment grade corporate bonds that will pay coupon and maturity proceeds at a broadly appropriate time in the future. This is expected to reduce the need to sell other assets over the short term.

The overall level of the Trustees' investment objective influences the split of assets between these three components. To target the investment return objective, the Trustees allocate to each portfolio in varying degrees and these splits are reviewed over time.

Defined Contribution Section

The Trustees have appointed Schroders IS Limited as their Investment Adviser.

The Trustees delegate the day-to-day management of the assets to various investment managers and are accessed through the Fidelity Life platform. The platform manager's key responsibilities are listed within the DC SIP.

Over the Scheme Year, the Trustees have not been made aware of any breaches of internal operating procedures and remain comfortable with the appointment of Fidelity as platform manager. Aspects of implementation related to administration, investment of contributions and transitions are reviewed annually by the Trustees in their Value for Members assessment. This was carried out in full during the Scheme Year and details of this are set out in the Chair's Statement corresponding to this Scheme Year end.

2. Implementation of the Trustees' SIPs during the Scheme Year

In this section, we summarise the most significant activities undertaken in relation to the SIPs by the Trustees, as amended through the Scheme Year, and in turn describe the actions and decisions taken by the Trustees over the period and the extent to which these align with the beliefs and policies stated within the SIPs.

Policies relating to the Scheme which the Trustees considered the most material in the Scheme Year

Policy	Trustees actions over the Scheme Year
Investment objectives	<p>DB Section: The Trustees have set a series of qualitative and quantitative objectives for the DB Scheme in the DB SIP primarily relating to the actuarial funding of the DB Scheme. The Trustees have previously reviewed performance metrics and updated actuarial information from the Scheme Actuary each quarter and is satisfied with the performance of the strategy versus its objectives over the year, primarily focusing on continuing to improve the DB Scheme's funding level on the Technical Provisions basis.</p> <p>DC Section: The Trustees' Scheme objectives set out in the SIP are to:</p> <ul style="list-style-type: none"> • Provide a pension plan which aims to deliver valuable benefits into retirement. • Help members manage the risks they face as far as possible. • Provide members with a suitable range of investment options to enable them to tailor investment strategy to their needs. • Consider environmental, social and governance ("ESG") factors, and stewardship in the context of long-term performance. <p>DC Section Default Strategy:</p> <p>The Trustees' aims and objectives in relation to the default strategy are to support members' investment needs where members either choose the default option or do not choose any option.</p> <p>Policies in relation to the Default Strategy:</p> <p>The kinds of investment to be held and the balance between different kinds of investments</p> <p>As part of the investment strategy review which was undertaken in 2023, the balance between different kinds of investment was reviewed in detail. It was agreed that the asset mix for all four blended funds in the default strategy would be amended to increase the chances of achieving their return objectives. Further details are provided below.</p> <p>Risks (including the ways in which risks are to be measured and managed)</p> <p>Outlined in the Risk Management section</p> <p>Expected return on investments</p> <p>The Trustees monitor the performance of the funds on a quarterly basis against the specified performance targets.</p> <p>Realisation of investments</p> <p>Funds used within the default strategy are unitised, pooled funds which are dealt daily.</p> <p>Environmental, Social and Governance ("ESG") considerations</p>

	<p>Detailed in the “Financially material factors, specifically ESG and climate change” section.</p> <p>Financially material investment considerations and non – financial matters</p> <p>Detailed in the “Financially material factors, specifically ESG and climate change” and “Non-financially material factors” sections.</p> <p>Corporate governance and stewardship policy</p> <p>Detailed in the “Corporate Governance and Stewardship” section.</p> <p>Exercise of rights (including voting rights) attaching to the investments</p> <p>Detailed in the “Corporate Governance and Stewardship” section.</p> <p>The Trustees concluded the last review of the default strategy and the self-select fund range in September 2023. The following changes were made to the investment strategy in June 2024:</p> <p><u>Default strategy:</u></p> <ul style="list-style-type: none"> • Extended the lifestyling period into the Retirement Focus Fund from three to five years. • Across all four blended funds in the default strategy, increased the underlying allocation to equity and reduced the allocations to credit and alternatives. • Replaced the existing Diversified Growth Funds (“DGFs”) in favour of a largely passive and simplified strategy. • Replaced the LGIM World Equity Index fund (50% GBP Hedged) with the BlackRock ACS World ESG Equity Tracker Funds (50% GBP Hedged) to provide enhanced ESG integration across the portfolio while maintaining broad market exposure. • Added the MSCI World Small Cap ESG Exclusions Fund to provide the scheme with exposure of a wider range of public equity investments. <p><u>Self-select fund range:</u></p> <ul style="list-style-type: none"> • Introduced two alternative lifestyle strategies, mirroring the default up to 5 years from retirement, for members looking to take their pot as cash or purchase an annuity. • Introduced the Global ESG Equity Fund, consisting of the BlackRock ACS World ESG Equity Tracker fund (50% GBP Hedged). • Closed the Ethical Fund, moving members’ self-select assets into the Global ESG Equity Fund. <p>As part of this investment strategy review, the Trustees automatically transferred members who were invested in the Ethical fund within the self-select range to the newly created ESG Equity fund. As a result, the ESG Equity fund is now considered an additional default arrangement within the Scheme.</p> <p>The next strategy review is due in 2026.</p> <p>The Trustees are comfortable that the investment strategy remains in the best interests of the DC Section membership and meets the objectives as set out in the DC SIP.</p>
Investment governance	<p>The Trustees have governed the Scheme in line with the SIPs and have complied with the requirement to review these SIPs at least once every 3 years.</p>

	<p>DB Section: The Trustees met 4 times over the year to discuss investment matters. This has allowed the Trustees to make the important decisions on investment policies, while delegating the day-to-day aspects to the appointed Fiduciary Manager and the Underlying Investment Managers, as appropriate.</p> <p>DC Section: The day-to-day management has been delegated to the Platform Manager, Fidelity (who provide the platform for member investments) and the underlying investment managers. Where they are required to make an investment decision, the Trustees receive written advice from the relevant advisers and all decisions are recorded in meeting minutes.</p>
Corporate Governance and Stewardship	<p>Schroders IS was appointed by the Trustees to act as a Fiduciary Manager for the DB Section and an Investment Adviser for the DC Section of the Scheme.</p> <p>DB Section: the DB Section SIP sets out how the Trustees delegate responsibility around corporate governance and stewardship to the Fiduciary Manager. The Trustees believe that the specific policies set out in the SIP have been complied with this year based on the below (and see also section 4 on Engagement).</p> <p>Schroders IS, as Fiduciary Manager, reviews underlying managers on a regular basis and at least every 3 years.</p> <p>These reviews incorporate benchmarking of performance and fees, as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. Operational due diligence reviews, along with many areas, include review of the governance structure, portfolio turnover, conflicts of interest, ESG and stewardship policies (including engagement and voting policies).</p> <p>Over the Scheme Year, there were no significant issues with any of the Scheme's Investment Managers following these reviews.</p> <p>The Trustees have set their Investment Managers a set of objectives in relation their services. These objectives cover: demonstration of value added (including integration of ESG to achieve this), delivery of specialist services, proactivity of advice, scheme management and compliance and service standards. The Trustees reviewed Schroders IS performance against these objectives and were satisfied with the performance of the Investment Adviser over the Scheme Year.</p> <p>The Trustees also consider the Investment Managers' engagement process directly with their Fiduciary Manager who monitors the Investment Managers' engagement with invested companies directly. The Fiduciary Manager has set out its voting and engagement priorities which focus on six themes including Climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance.</p> <p>In the Scheme Year, the Trustees agreed a set of stewardship priorities that aligned with those of the Fiduciary Manager.</p> <p>DC Section:</p> <p>The Trustees periodically review the overall value-for-money of using the Investment Adviser (as specified in the Scheme's Investment Consultant objectives) and Investment Managers.</p> <p>The Scheme's investments are made via pooled investment funds via the Platform Manager, Fidelity, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes (including the exercise of voting rights) or other financially material considerations, is delegated to the Investment Managers.</p>

	<p>Due to the nature of these pooled investment funds, the Trustees may have difficulty imposing such voting restrictions or ESG requirements on the Investment Managers. However, although the Trustees cannot influence Investment Managers directly, they can monitor the Investment Managers' ESG policies and practices during Investment Manager reviews as part of the wider strategy review which is undertaken over a 3 year rotational cycle and was completed during the Scheme year. Were the Trustees to have any specific concerns, they can take this up with the Investment Manager in review meetings or decide to divest from the fund. The Trustees intend to carry out the next strategy review in 2026.</p> <p>In addition, Fidelity provides quarterly investment reports which show investment performance over a number of periods and comparisons against a benchmark, together with a market review. A summary of these results is reviewed by the Trustees at their quarterly meetings.</p> <p>The Trustees also consider the Investment Managers' engagement process directly with their Investment Adviser who monitors Investment Managers' engagement with investee companies directly. The Investment Adviser has set out its voting and engagement priorities which focus on six themes including Climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance. In the Scheme Year, the Trustees agreed a set of stewardship priorities that aligned their ESG priorities with those of the DB Section.</p> <p>The Trustees also consider Investment Managers' voting and engagement records in relation to ESG priorities at least annually as part of their Implementation statement. This help to ensure that the Managers' stewardship priorities are at least broadly consistent with those of the Trustees'.</p> <p>Illiquid Assets</p> <p>The Trustees did not allocate to illiquid assets within the default arrangements during the Scheme year, in line with their policy. Currently, the Trustees do not plan to invest in illiquid assets but will keep this policy under review.</p>
<p>Financially material factors, specifically ESG and climate change</p>	<p>The Trustees attribute appropriate weight to ESG factors (and stewardship) when considering changes to the investment strategy and in appointing and reviewing investment managers. The Trustees' expectations for any current or future investment manager depends on the asset class involved, the degree of discretion given to the investment manager, and the time horizon over which the Trustees expect to hold the investment.</p> <p>The Trustees are satisfied it has complied with this policy through the year.</p> <p>DB Section: The Trustees include these factors in all investment decisions and did so for the changes to the DB investment strategy (detail set out in the following DB section).</p> <p>The Fiduciary Manager who takes investment decisions on behalf of the Trustees is expected to follow the Trustees' SIP in respect of financially material factors specifically ESG and climate change. The Trustees receive and review quarterly monitoring reports which include a matrix of ESG scores of the Scheme's Discretionary Investment Fund including TCFD ("Taskforce for climate-related financial disclosures") carbon metrics of the portfolio.</p> <p>The Fiduciary Manager considers the impact on the ESG characteristics and climate change at a total portfolio level and implications for risk and return on investments.</p>

When the Fiduciary Manager invests the Scheme's assets in equities, it typically uses a mandate where it can directly invest to take account of relevant factors such as ESG. For example, in its primary equity mandate with BNYM, an Underlying Investment Manager, the Fiduciary Manager seeks to avoid investing in companies with poor or worsening ESG credentials, where ESG represents a risk to the value of the investment and seeks to invest in those companies with good or improving ESG credentials, where ESG represents an opportunity for investment growth. The Trustees have reviewed examples of such avoidance and inclusion within ESG training sessions over the Scheme Year and is satisfied that their policies in the SIP are being adhered to.

Where Schroders IS selects or advises on Underlying Investment Managers and it cannot directly allow ESG factors, how an Underlying Investment Manager evaluates ESG factors and mitigates ESG risks forms an important part of its evaluation at both investment and operational due-diligence stages. This may lead to the exclusion of potential Underlying Investment Managers (as explained above).

The Trustees have received training from Schroders IS on how the ESG policies in the SIP are implemented in practice from both Fiduciary Manager and Underlying Investment Manager perspectives. Voting and engagement examples were provided and discussed with the Trustees alongside previous version of this document. The Trustees were satisfied with the approach taken by the Fiduciary Manager and Underlying Investment Managers and will review again in the next Scheme Year.

ESG factors are fully integrated into the Discretionary Investment Fund assets and the Trustees have set Schroders IS specific investment consultant objectives that include an objective on integrating ESG (including climate change) and stewardship factors in the appointment of managers.

The Trustees receive look-through ESG analysis, including ESG scores and carbon emissions data as part of the quarterly monitoring report (in relation to the DIF) for the DB Section.

DC Section: The Trustees delegate the day-to-day consideration of financially material factors to the Investment Managers who consider these when constructing their portfolios. The Investment Manager, who takes investment decisions on behalf of the Trustees, is expected to follow the Trustees' SIP in respect of financially material factors, specifically ESG and climate change.

ESG factors and stewardship are considered in the context of long-term performance, by the Trustees as part of the Investment Manager selection criteria. This review occurs before Investment Managers are approved for investment in the portfolio. Once an Investment Manager is appointed, the Investment Adviser and Trustees will monitor the Investment Manager for ongoing compliance with the expected standards at appointment and with other factors, such as stewardship, as a part of overall governance and engagement.

The Trustees recognise that ESG considerations can have a material effect on long-term investment performance. The Trustees further recognise that, other than in and during an Investment Manager selection process, their ability to influence the investment strategy of individual Investment Managers (particularly in relation to the policies and approaches to ESG) may be limited, particularly in the case of Investment Managers appointed on an active mandate and where the Scheme's investments are invested indirectly or represent only a small proportion of the overall fund.

	<p>The Trustees have adopted ESG priorities which they deem to be financially material investment considerations. These have been aligned with those of their Investment Adviser to improve how the Trustees engage with their Investment Managers; these are set out in the “Corporate governance and stewardship” section above.</p>
Monitoring	<p>DB Section: The Trustees monitored the overall strategy and funding level at least quarterly over the year along with the performance of the underlying managers. The Trustees with their advisers take an integrated approach to the ongoing monitoring and consider the Scheme’s funding level and sponsor covenant.</p> <p>The Trustees, with Schroders IS, monitor the performance of the Investment Managers against the agreed performance objectives and will regularly review the activities of the Investment Managers to satisfy themselves that they continue to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the DB Section. Monitoring is provided in the DB quarterly investment governance reports or property assets monitoring reports presented at each quarterly Trustees meeting.</p> <p>DC Section: For the DC Section, the Trustees monitored the underlying managers within the default strategy and the full self-select fund range during the Scheme year. Fidelity provides quarterly investment reports which show investment performance over a number of periods and comparisons against short and long term benchmarks, together with a market review. A summary of these results is reviewed by the Trustees at their quarterly meetings.</p> <p>Managers</p> <p>The Trustees monitor the performance of the Managers against their own or the Trustees’ specified benchmarks.</p> <p>The Trustees regularly review the activities of the Managers to satisfy themselves that each Manager continues to carry out their work competently and has the appropriate knowledge and experience to manage the assets of the Scheme. The Trustees carried out a comprehensive investment strategy review during the 2023. As part of this review, the Trustees considered:</p> <ul style="list-style-type: none"> ▪ Each Manager’s performance versus their respective benchmarks ▪ The level of risk given the specified risk tolerances. ▪ For funds used in the default arrangements, the extent to which returns are consistent with the aims of the Trustees ▪ Whether or not each Manager: <ul style="list-style-type: none"> ○ Had regard to the need for diversification of investment holdings. ○ Had regard to the suitability of each investment and each category of investment. ○ Had been exercising his powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical. <p>Following this review, the Trustees made changes to the investment strategy, as detailed in the “Investment Objectives” section.</p>

	<p>Advisers</p> <p>The Trustees will monitor the advice given by the Advisers on a regular basis.</p> <p>Over the Scheme year, the Trustee is satisfied with the performance of the Advisers.</p> <p>Statement of Investment Principles</p> <p>The Trustee, in conjunction with the Investment Adviser, reviewed the SIP during the Scheme year. The revised SIP was agreed in September 2024.</p> <p>Recordkeeping</p> <p>Over the Scheme year, the Trustees maintained a record of all investment related decisions it has taken, together with the rationale in each case.</p>
Risk management	<p>The Trustees manage risk in aggregate through a Risk Register, which is reviewed quarterly in detail by the relevant sub-committee. The full Trustee board is informed of any material issues but also review in detail different sections of the Risk Register on a cyclical basis. This ensures that all sections are covered in any 12-month period and this was the case over the Scheme Year to 31 October 2024.</p> <p>DB Section: For example, the Trustees addressed risks related to cashflow requirements by investing in a cashflow matching strategy in 2020, and during this Scheme Year addressed LDI collateral risks by introducing an LDI Collateral Policy in November 2023.</p> <p>DC Section: The DC SIP sets out how risks are monitored and managed. The Trustees are satisfied that risks are monitored in line with the SIP on the basis set out below.</p> <p>The Trustees set investment guidelines for the Investment Adviser which cover a range of risks to manage which are mitigated by minimum or maximum amounts of diversification, liquidity and counterparties.</p> <p>The Investment Adviser has operated within these restrictions throughout the Scheme Year. The Trustees have monitored the Investment Adviser against the investment guidelines on a quarterly basis through quarterly monitoring reports provided by Fidelity and is satisfied that the guidelines have been adhered to on the basis of those reports.</p>
Non-financially material factors	<p>The Trustees do not at present take into account non-financial material factors (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold.</p>
Investment strategy and Strategy Implementation	<p>DB Section: During the Scheme Year the Trustees reviewed various aspects of the DB investment strategy and retained the investment strategy, given that material de-risking had been undertaken in the previous year and the current investment strategy was deemed to be appropriate on a forward-looking basis.</p> <p>In making this decision the Trustees paid particular attention to the balance between different kinds of investment, overall expected return and investment risks, including liability matching, collateral adequacy and cash flow risk.</p>

DC Section:**Expected Return**

The Trustees continue to monitor investment performance against long-term inflation-linked targets, as well as market-based indices.

Diversification

The Trustees continue to monitor the strategy regularly to satisfy themselves that they are comfortable with the choice of funds offered to members.

Suitability

The suitability of the range of investment options, including the default arrangements, was reviewed as part of the investment strategy review undertaken during in 2023. Further details are provided in the "Investment Objectives" section.

Liquidity

The assets are held in asset classes that are considered sufficiently liquid.

Fund Options

The Trustee regularly reviews the fund options available via the Platform Manager.

Investment of Contributions

Over the Scheme year, member's contributions were invested in line with their selected choice of funds. Where a member did not make an active selection, their contributions were invested in the default strategy.

Transitions

The Trustees undertook a transition exercise in 2024, following the 2023 investment strategy review. The Trustees took advice from their Advisers in relation to different transition methods and other ways to mitigate the potential costs/risks involved.

The Trustees concluded a review of the default strategy and the self-select fund range in September 2023, which considered many of the areas above. The changes resulting from this review were implemented during the 2024 Scheme year as outlined in the "Investment Objectives" section.

The Trustees are satisfied that the changes will:

- Improve the balance of risk and return
- Maintain sufficient diversification
- Enhance the ESG characteristics of the overall strategy
- Maintain sufficient liquidity
- Improve the likely outcomes for members overall

The Trustees aim to carry out the next strategy review in 2026 to re-assess whether the new current investment strategy continues to reflect the needs and

	is in the best interests of the DC Section membership and the objectives as set out in the DC SIP.
Fees	<p>Managers</p> <p>Details of the fund charges continue to be reviewed on a regular basis.</p> <p>Value for Members</p> <p>The Trustees undertook a formal Value for Members assessment during the Scheme year. Following this assessment, the Trustee remains satisfied that the fees levied on member's accounts continue to provide value for money.</p>

3. How the Trustees' policies on exercising voting rights and engagements have been followed over the Scheme Year

The Trustees use the Fiduciary Management service of Schroders IS Limited as their Investment Manager and Adviser (it is referred to as the "Fiduciary Manager" in the Implementation Statement). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then.

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Engagement Blueprint awarded ESG Engagement Initiative of the Year at Environmental Finance's Sustainable Investment Awards 2022
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

The Fiduciary Manager can appoint other investment managers to manage part of the Scheme's assets (these are referred to as "Underlying Investment Managers"). The Scheme invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustees have delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on its behalf, the Trustees regularly review the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees' beliefs and objectives.

The Trustees have reviewed the voting and engagement activity carried out by their Fiduciary Manager (DB only) and Underlying Investment Managers (DB and DC) during the Scheme Year; a summary is provided in the next section.

Defined Benefit Section

As described in the SIP, the Trustees' approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustees take responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees' priorities and objectives. A copy of the Scheme's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustees' investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager aligns its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human

Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Fiduciary Manager has chosen **Climate Change, Natural Capital & Biodiversity, and Human Rights** as its focus for the stewardship actions it performs on behalf of the Scheme. The Trustees expect that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. Therefore, the Trustees have aligned their stewardship priorities with the Fiduciary Manager's.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as *"the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society."* Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustees encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustees' stewardship policy, the Trustees reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustees to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustees are satisfied that the expectations outlined in the SIP have been met, with the Fiduciary Manager taking the Trustees' stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- ❖ Exclusions of Global Norms Violators as part of the security selection process. This ensures a closer alignment of the Scheme's investments with the Trustees' stewardship priorities, as violators are generally viewed as causing significant harm to People or Planet.
- ❖ Incorporation of SustainEx™ scoring into the core equity allocation process, in both the initial screening process and as a constraint at a total portfolio level. SustainEx™ is Schroders' proprietary tool to translate social and environmental impacts into financial costs.
- ❖ Conducting manager research to identify value-adding, climate-aware equity funds to potentially allocate some of the Scheme's capital to, subject to further due diligence.
- ❖ Introducing a cash fund that offers improved environmental characteristics to the Scheme's previous cash fund, with equivalent cost and return track record. After carrying out appropriate due-diligence in early 2024, the Scheme's existing cash assets have now been invested in this fund.
- ❖ Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials.
- ❖ Regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- ❖ Addition of voting and engagement examples to the quarterly ESG reporting provided to the Trustees, facilitating a more regular review throughout the year of the Underlying Investment Managers' stewardship activities.

- ❖ ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth and LDI portfolios.
- ❖ Introduction of new 'impact' metrics into quarterly reporting, such as Implied Temperature Rise (measuring the contribution of the Scheme's investments to global warming) and SustainEx™ scoring, to facilitate better Trustees oversight of the impacts of the Scheme's capital on the environment and society.

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustees' behalf during the Scheme Year within the growth asset portfolio Cashflow Matching Credit Portfolio and the liability hedging portfolio, the Trustees are pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with their stewardship policy.

Specifically, the Trustees noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

Defined Contribution Section

The DC Section of the Scheme's investments is made via pooled investment funds via the Platform Manager, Fidelity, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, monitoring and voting, whether for corporate governance purposes or other financially material considerations, is delegated to the underlying investment managers.

The Trustees have delegated responsibility for monitoring and voting on decisions relating to their underlying manager holdings to Fidelity, which implements its fund voting policy i.e. at the fund manager level Fidelity hold voting rights, at the underlying company/stock level the underlying fund manager holds the voting and engagement rights.

This Implementation Statement includes information on Fidelity's voting and engagement record (with respect to the DC Section and voting on at the fund manager level) as well as those of the underlying managers. Where proxy voting agents have been used, this has been included in the voting information. This summary has been completed over the year to 31 October 2024.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the DWP Guidance over the Scheme Year.

4. Voting and Engagement Summary

The Trustees have delegated responsibility for voting on their behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees, in line with the Trustees' stewardship policy.

Defined Benefit Section

Within the Advisory Investment Fund (10% of total assets), the Trustees have set out their intent that, where appropriate, they require their managers to adopt an active approach to corporate governance. The Trustees are aware of the policy of the Investment Managers concerned regarding corporate governance and have delegated the responsibility for activity in this area to the investment managers. Where there is no investment manager, the Trustees vote and engage directly where applicable, for example with regard to the direct holdings and PFI/property-related assets held in the Advisory Investment Fund.

The Trustees have also appointed Schroders IS as Fiduciary Manager to manage the Scheme's Discretionary Investment Fund (30% of Total Assets). This statement includes information on both the Fiduciary Manager's voting and engagement record as well as those of the underlying managers (across both the Advisory and Discretionary Investment Funds). The rest of this section pertains to the Discretionary Investment Fund.

Over the year to 30 September 2024, regarding clients' pooled fund investments¹, the Fiduciary Manager voted on 52 resolutions across 10 meetings. The Fiduciary Manager voted against management on 4 resolution (7.7% of total resolutions) and abstained on 12² resolutions (23.1% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

1. Must relate to the BNY Mellon Schroder Solutions Global Equity Fund;
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's stewardship priority themes.

The BNYM Global Equity Fund constitutes a significant proportion of the Scheme's DIF portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's DIF portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustees' stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog³. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

¹ The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the scheme.

² The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

³ Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>

Of the votes that satisfy the above criteria, the Trustees have selected one vote relating to each of the priority themes that they deem most material to the long-term value of the investments. These votes are hereby defined as “most significant votes”, and as per DWP guidance, the Trustees have communicated this definition of “most significant votes” to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

CLIMATE CHANGE – At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company’s commitment to support the goals of the Paris Agreement and the Norwegian Government’s expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to “specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals”. This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement’s most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders’ proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

NATURAL CAPITAL AND BIODIVERSITY - At the General Motors Company annual general meeting (AGM) on 4 June 2024, Schroders voted for a shareholder resolution asking the company to “disclose the company’s policies on the use of deep-sea mined minerals in its production and supply chains”. This vote was against management which affirmed in its AGM proxy statement that it has not invested in deep-sea mineral extraction and does not currently use, nor does it have plans to use, deep-sea minerals in its supply chain. However, the company has also stated that it is “working with third parties to make science-based evaluations and support the creation of a single common standard that establishes a deep-sea extraction framework so data-driven decisions can be made”. The company does not include a clear commitment to limit and avoid the conversion of ecosystems in its responsible sourcing policy. Thus, Schroders agree with the proponents that this lack of clarity in the company’s position could expose the company to reputational and regulatory risk including financial risk. While Schroders agree with the company that it is prudent for it to monitor the development of alternative value chains considering the consumer and regulatory pressure towards a fast Electric Vehicle transition, Schroders do not believe that this resolution dictates the company’s position on DSM but encourages it to be candid with stakeholders about their position and how their sourcing of minerals properly considers the financial risks associated with conversion of marine habitats. This vote was unsuccessful as the shareholders’ proposal was not adopted. Schroders plan to continue engagement with the company on this topic.

HUMAN RIGHTS – At the JP Morgan Chase Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report “outlining the effectiveness of JPMorgan Chase Co.’s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing.” Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social risks,

an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company's ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

Defined Contribution Section

The Trustees acknowledge that the Trustee board is ultimately responsible for the voting and engagement related to the Scheme's investments. However, the Trustees continue to believe it is appropriate to delegate voting and engagements decisions to their Investment Managers. As the Investment Managers consider ESG factors as part of the investment decisions being taken on behalf of the Trustees, the Trustees are satisfied that the Investment Managers can also take account of direct engagement or other factors relating to any voting or engagement, and respond to these (as appropriate). The Trustees acknowledge the voting and engagement policies of their underlying managers (as set out in the Appendix) and routinely monitor their voting and engagement activity.

During the Scheme Year, the Trustees have carried out the following activity in relation to the stewardship policies:

- With the help of their Platform Manager and Investment Adviser, the Trustees monitored the performance of the Investment Managers against their agreed long and short term performance objectives at each of the quarterly Investment Committee meetings during the Scheme Year.
- The Trustees reviewed the regulatory developments with regards to ESG and climate change disclosures.
- The Trustees have reviewed the voting and engagement activity carried out by their Investment Managers during the Scheme Year; a summary is provided in the Appendix.

Following activity during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the Statement of Investment Principles over the Scheme Year.

Appendix 1 – DB Voting statistics

Summary Voting Statistics: DB Section

Only the Scheme's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 30 September 2024 for the most material, active funds held on behalf of the Trustees that had voting rights during the period.

<i>Equity Funds</i>	BNY Mellon Global Equity Fund	Morant Wright Fuji Yield Japanese Fund	FSSA All China Fund (1 Nov 23 – 30 Sep 24)	Redwheel TM UK Equity Income Fund (1 Jul 24 – 30 Sep 24)
Total meetings eligible to vote	784.0	59	80	5
Total resolutions eligible to vote	9,855	756	797	105
Of resolutions eligible to vote, % of resolutions voted on	97%	100%	100%	100%
Of voted resolutions, % vote with management	87%	88%	94%	100%
Of voted resolutions, % vote against management	13%	12%	6%	0%
Of voted resolutions, % abstained	0%	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	11%	N/A	8%	0%

Note:

- Votes for the BNYM Global Equity Fund are an aggregation of votes exercised by BNY Mellon over Q4 2023 and Schroders Investment Management over the year to 30 September 2024.
- BNY Mellon uses Institutional Shareholder Services, "ISS", for proxy voting services and Glass Lewis for research. Schroders Investment Management use Glass Lewis "GL" for proxy voting services and receive ISS's Benchmark research. Alongside ISS's research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor, and Redwheel uses ISS.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- BNYM have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.
- A new equity fund, **Redwheel TM UK Equity Income fund**, held at the Scheme Year-end, was introduced into the Growth portfolio in July 2024. Due to the Scheme's limited investment period in this fund during

this Scheme Year, the Trustees have elected to not include the 12-month voting statistics for this fund, and only report on the activity over the months invested.

- FSSA All China, held at the Scheme Year-end, was introduced into the Growth portfolio in November 2023. Therefore, the voting statistics reported here intend to better reflect the Scheme's investment period in this fund during this Scheme Year.

<i>Alternative Funds</i>	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	North Rock Fund
Total meetings eligible to vote	<i>Data not provided</i>	<i>Data not provided</i>	344
Total resolutions eligible to vote	6424	2561	<i>Data not provided</i>
Of resolutions eligible to vote, % of resolutions voted on	98%	97%	100%
Of voted resolutions, % vote with management	74%	58%	100%
Of voted resolutions, % vote against management	12%	8%	0%
Of voted resolutions, % abstained	13%	32%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	9%	6%	0%

Note:

- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- Lumyna Marshall Wace and North Rock use Glass Lewis for proxy voting services.
- Lumyna Marshall Wace have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures have been rounded but may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.
- North Rock voted all resolutions with management or with the recommendations of the proxy advisory service.

The Trustees are satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustees believe that they have satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.

Appendix 2 – DC Voting statistics

Voting by the Underlying Investment Managers on securities held on behalf of the Trustees

Set out below are the voting statistics and examples for the holdings which held voting rights as of 30 September 2024, with exception of the LGIM Fund, which provides data as of 31 December 2024. For the DC section, the following criteria must be met for a vote to be considered "significant":

- Must be considered significant by the Trustee; and
- Must be related to the Trustees' three stewardship priority themes of Climate Change, Natural Capital and Biodiversity, and Human Rights.

Asset class	Fund name	Maximum allocation within default investment strategy (as at 31 October 2024)
Equity	BlackRock ACS World ESG Equity Tracker Fund	40.0%
	BlackRock ACS World ESG Equity Tracker Fund (GBP Hedged)	40.0%
	BlackRock Aquila Connect Emerging Markets Fund	15.0%
	L&G MSCI World Small Cap ESG Exclusions Fund	5.0%

Summary Voting Statistics: DC Section

	BlackRock ACS World ESG Equity Tracker Fund (GBP hedged and unhedged)	BlackRock Aquila Connect Emerging Markets Fund	L&G MSCI World Small Cap ESG Exclusions Fund
Total meetings eligible to vote	425	38	4405
Total resolutions eligible to vote	6,681	300	46,704
% of resolutions did you vote on for which you were eligible?	92%	82%	100%
% voted with management?	97%	76%	74%
% voted against management?	2%	23%	26%
% abstained	0%	0%	0%
% of resolutions, on which you did vote, voted contrary to proxy adviser? (if applicable)	0%	0%	18%

Source: All data in this section has been provided by the investment managers.

Note:

- BlackRock use Institutional Shareholder Services, "ISS", for proxy voting services.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.

Trustee’s conclusions on voting and engagement

The Trustees have considered the voting behaviour (provided in the Appendix) and noted that:

- The Investment Managers demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Investment Managers showed they carried out a good level of engagement activities over the Scheme Year.
- Challenge to management was demonstrated through votes by the Investment Managers against management.
- The general theme over the Scheme Year was on environmental issues and climate strategy. Executive pay and board diversity were the other main themes identified.

BlackRock

- BlackRock’s proxy voting process is led by BlackRock Investment Stewardship team. BlackRock use proxy research firms in their voting process, primarily to synthesise information but they do not follow any single proxy research firm’s voting recommendations. Although BlackRock appears not to vote against the recommendations from proxy adviser, it is mainly due to the fact BlackRock only use to proxy adviser to form its voting decision based on its own analysis and research.

LGIM

- LGIM were able to provide evidence of high levels of engagement activity.
- LGIM have shown market leading capabilities in their ability to engage with underlying companies. They have significant in-house capacity and have in place a custom voting policy encompassing their own views rather than deferring decisions solely to their proxy adviser.
- LGIM’s Investment Stewardship makes voting decisions and LGIM do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. LGIM appear to have voted against the recommendations from its proxy adviser throughout the Scheme Year.

Fidelity

- Fidelity (DC platform provider) did not vote on behalf of the Trustees. This is due to their policy not to vote at the fund level as they cannot represent all their underlying investors that way. This is common practice in the industry.

The Trustees are satisfied that the voting and engagement activity undertaken by the Investment Managers are in line with the Trustees’ policies contained in the SIP and that no changes are required to these policies at this time. The Trustees will keep the position under review.

Examples of most significant votes and engagement carried out by the underlying managers

Engagement priorities	Examples
Climate change	Berkshire Hathaway Inc, Shell Plc , Amazon.com Inc., Lamar Advertising Company, CubeSmart.
Natural Capital and Biodiversity	Shell Plc, Tempur Sealy International, Inc
Human Rights	Tesla Inc.

BlackRock

Berkshire Hathaway Inc.

The manager voted for the proposal to disclose BHE's Emissions and Progress Towards Goal in Consolidated Report. BlackRock believes that additional information regarding the company's plan to manage their strategy in the context of a transition to a low-carbon economy will help investors assess long-term risks and opportunities on this economically material issue.

Shell Plc

The manager voted against the advise to align the company's Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement due to the proposal not being clearly defined. However the manager voted for the proposal to approve the Shell Energy Transition Strategy.

Amazon.com Inc.

BlackRock voted against the proposal to report on efforts to reduce plastic use. The manager believes that the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.

Tesla Inc.

BlackRock voted for the proposal to report on harassment and discrimination prevention efforts. BlackRock believes that greater disclosure on this issue, which the manager deem material to the long-term economic interests of shareholders, would help investors better assess risks at the company.

LGIM

Lamar Advertising Company

The manager voted against the proposal to elect director Kevin P. Reilly, Jr. A vote against was applied as the company is deemed to not meet minimum standards regarding climate risk management. LGIM supports the equitable structure of one-share-one-vote and expects companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

CubeSmart

The manager voted against the proposal to elect director Deborah R. Salzberg. A vote against was applied as the company is deemed to not meet minimum standards with regard to climate risk management.

Tempur Sealy International, Inc

The manager voted against the proposal to elect director Scott L. Thompson. A vote against was applied as the company is deemed to not meet minimum standards regarding LGIM's deforestation policy. LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.

Appendix 3 – ESG, Voting and Engagement Policies

Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf https://www.schroders.com/en/global/intermediary/what-we-do/sustainable-investing/active-ownership/our-engagement-blueprint/
Bank of New York Mellon	https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf
Morant Wright	https://www.morantwright.co.uk/sites/default/files/policies/voting_policy_2023.pdf
FSSA	https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html
Redwheel	https://www.redwheel.com/uk/en/institutional/?kurtosys_download=12113
Lumyna Marshall Wace	https://cdn.mwam.com/download/MW_Engagement_Policy_Jan_2022.pdf
SCOR	https://www.scor-ip.com/sites/default/files/2023-05/SCOR_IP_Shareholder%20engagement%20policy_EN_052023.pdf
T Rowe Price	https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf
CBRE	https://www.cbreim.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbreim-global-esg-policy.pdf
Insight	https://www.insightinvestment.com/investing-responsibly/
LGIM	https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/
BlackRock	https://www.blackrock.com/corporate/insights/investment-stewardship#engagement-and-voting-history

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FCA Registration No. 195028

The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme

Schedule of Contributions

This schedule sets out the contributions that will be paid to The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme (the "Scheme"). This schedule is dated 28 July 2023 and applies from 31 July 2023 until 31 May 2030. It replaces the previous schedule dated 31 August 2020.

This schedule has been prepared with the agreement of Sir Robert McAlpine Limited and Renewable Energy Systems Limited ("the Employers") and after taking the advice of Shireen Anisuddin (the Scheme Actuary). This schedule has been certified by the Scheme Actuary and the certificate is included in the appendix.

Defined Benefit (DB) Section

Member contributions

The DB Section of the Scheme is closed and has no active members. No member contributions or Employers' contributions for new benefits are due to be paid to the Scheme under this schedule.

Employers' deficit reduction contributions

The 31 October 2021 actuarial valuation showed that the Scheme had a funding deficit relative to the Scheme's statutory funding objective. The Employers shall pay deficit recovery contributions from 31 July 2023 in line with the table below, payable quarterly in arrears (by 31 January, 30 April, 31 July and 31 October) unless otherwise specified. Please note when calculating the deficit reduction contributions due we have not allowed for post valuation experience, but we have allowed for the c£21m contribution paid in March 2022 as part of the RES Distribution Matching Agreement.

Time period	Contributions
One-off contribution payable on 31 July 2023	£35m
1 August 2023 to 31 October 2023	£0m
1 November 2023 to 31 October 2024	£0m
1 November 2024 to 31 October 2025	£3.175m (i.e. £1.5875m payable by 31 July and 31 October 2025)
1 November 2025 to 31 October 2026	£9.9m (i.e. £1.65m payable by 31 January and 30 April 2026, and £3.3m payable by 31 July and 31 October 2026)
1 November 2026 to 31 October 2027	£13.7m
1 November 2027 to 31 October 2028	£14.4m
1 November 2028 to 31 October 2029	£15.1m
1 November 2029 to 31 May 2030	£8.2m

Employers' contributions are due to be paid to the Scheme not later than 19 days after the end of the quarter to which they relate.

The Employers shall also pay to the Scheme any additional contributions that may be required from time-to-time under the Scheme's Trust Deed and Rules e.g. augmentation payments, on the advice of the Scheme Actuary as required.

The Employers may also pay any additional contributions from time to time that it so chooses.

Expenses, Levies, Fees and Insurance Premiums

In addition to the deficit reduction contributions from the quarter ended 31 July 2023 (inclusive), the Employers will pay a £1.25m p.a. (payable quarterly in arrears) fixed contribution towards the costs of administering the Scheme, including an allowance for the Pensions Protection Fund levy and other levies collected by the Pensions Regulator. This contribution will cover the following items:

- the Pension Protection Fund levy;
- the Pension Protection Fund administration levy;
- the Pension Regulator's general levy;
- fees payable to the Scheme's administrators and other professional advisors; and
- other Scheme expenses that are reasonably incurred in the course of the Trustees performing their duties.

This expenses contribution will be reviewed as part of the 31 October 2024 valuation.

Life insurance premiums are payable in addition by the Employers.

Additional contingent contributions

The Trustees and Employers have retained the agreement entitled the 'RES Distribution Matching Arrangement – 2018 Actuarial Valuation dated 25 August 2021 (the 'Agreement')'. The Agreement provides that additional contributions could be due if certain conditions are met, further details are set out in the Agreement. The effect of any such additional contributions would be to reduce the period over which the Scheme's shortfall would otherwise be expected to be eliminated.

Defined Contribution (DC) Section

Members in the defined contribution section contribute, at their own choice, at a rate of between 6% and 8% of their Pensionable Salary and the Employers match the member's contributions.

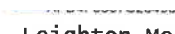
In addition, the Employers contribute an extra 1% for members with 15 or more years' service, with no additional member contributions being required.

Employers' contributions are due to be paid to the Scheme not later than 19 days after the end of the month to which they relate.

Prepared by the Trustees of the Scheme

Signature		on behalf of the Trustees
Print name	Kate Jarvis	Trustee
Date	28-Jul-2023 16:57 BST	Position

Agreed by the Employers

Signature		on behalf of Sir Robert McAlpine Limited
Print name	Leighton More	CFO
Date	28-Jul-2023 16:53 BST	Position

The Scheme is a multi-employer Scheme. Sir Robert McAlpine Limited is the Principal Employer under the Scheme's Trust Deed and Rules and is nominated to act on behalf of all participating sponsors in the Scheme for the purpose of section 229(1) of the Pensions Act 2004.

This schedule of contributions is provided to meet the requirements of section 227 of the Pensions Act 2004.

The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective could have been expected on 31 October 2021 to be met by the end of the period specified in the recovery plan dated 28 July 2023.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 28 July 2023.

Please note that the adequacy of contributions statement in this certificate relates to the Scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Scheme's full liabilities with annuities if the Scheme were to wind up.

Signature

Date 28 July 2023

Name Shireen Anisuddin

Qualification Fellow of the Institute and Faculty of Actuaries

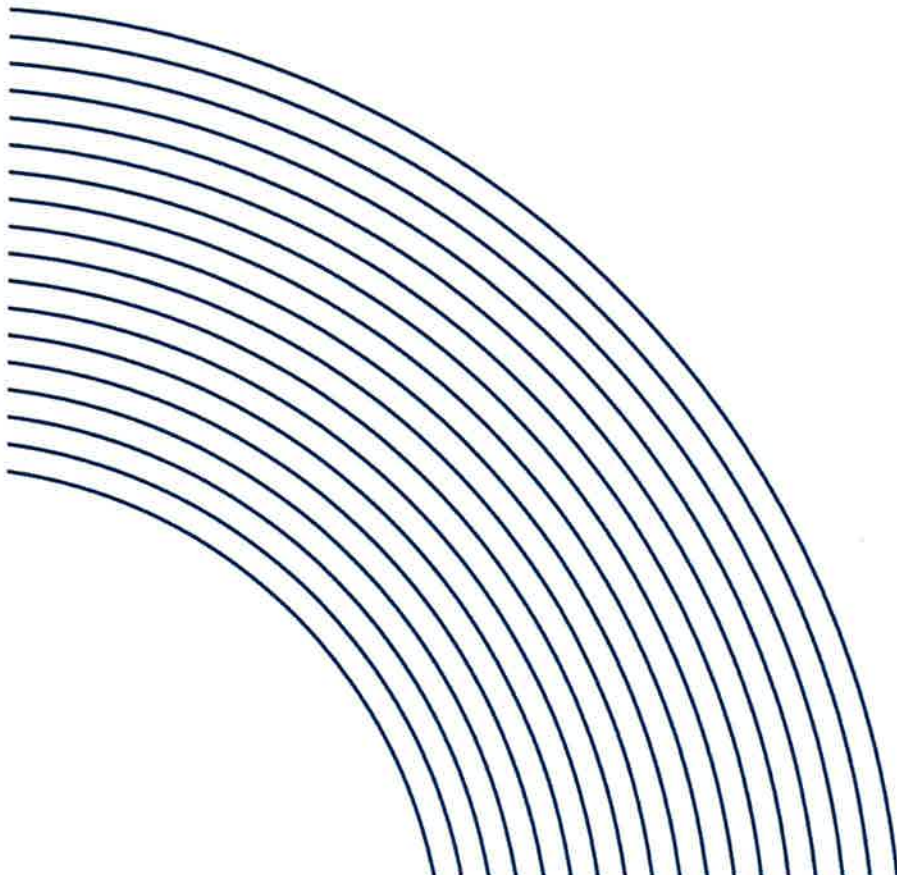
Name of Employer Hymans Robertson LLP

Address 1 London Wall, London EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme (the “Scheme”)

Investment report for the year ended
31 October 2024



Schroders
solutions

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Market Background

After elevated inflation for much of 2023, the end of the period saw inflation readings in major developed market economies begin to soften. This led to hopes that interest rates had plateaued and could soon fall in 2024. Markets began to price in a series of interest cuts.

As 2024 progressed, inflation proved to be stickier than expected and markets were forced to push back both the timing and extent of rate cuts, especially in the US. The June “dot plot”, showing the rate setting forecasts of US Federal Reserve (Fed) policymakers, indicated just one rate cut this year.

July 2024 saw investors begin to worry that the Fed had left US interest rates too high for too long and risked causing an economic slowdown or even recession. A weak non-farm payrolls report for July exacerbated these concerns and saw investors begin to price in steep US rate cuts. At the same time, the Bank of Japan made a surprise move to lift interest rates for a second time in the year. This reassessment of expectations for interest rates sparked extreme market volatility in late July.

September saw the US Fed reduce interest rates by 50 basis points (bps). The European Central Bank cut rates in June, September and October. Towards the end of the period, China announced a package of stimulus measures, including interest rate cuts and property market support, to try to revive its lacklustre economy. This prompted some initial investor enthusiasm for Chinese shares but markets still hoped for more fiscal support.

Global shares posted gains over the 12-month period. Corporate earnings largely proved resilient. The MSCI World index returned 33.7% (in US dollar terms). An important theme over the 12 months was enthusiasm for stocks with exposure to Artificial Intelligence (AI). That said, towards the end of the period these stocks began to come under pressure as investors questioned whether the large investments being made into the sector would be justified by returns.

Emerging market (EM) equities also registered a strong advance but lagged their developed peers. The MSCI EM index returned 25.3% (in US dollars). Elections were a key theme in EM with investors largely welcoming political developments in South Africa and India.

In fixed income, bond markets rallied in late 2023 as easing inflationary pressures convinced investors that rates had peaked. This reversed as 2024 progressed because sticky inflation saw investors reduce expectations for extensive rate cuts. However, the trend turned again from late July as investors began once more to anticipate steep US rate cuts. The US 10-year yield fell to 4.28% from 4.93% over the 12 months. The UK 10-year yield was little changed, declining slightly to 4.45% from 4.51%.

The end of the period saw the focus turn to the US Presidential election, taking place on 5 November, with the polls very close between Kamala Harris and Donald Trump.

Investment Manager Arrangements

The Trustee has chosen to employ an investment strategy whereby asset allocation and manager selection are delegated for a proportion of the Scheme's assets. The main attraction of a delegated implementation approach is governance simplicity, high levels of asset diversification and asset rotation. The Trustee has appointed Schroders Solutions as their Investment Manager for the Discretionary Investment Fund portfolio that makes up 40% and the Liability Hedging assets portfolio that makes up 40% of the Scheme's assets, there is also a 10% allocation to Cash Flow Matching Credit Assets. The Trustee has in place a Fiduciary Management Agreement with Schroders Investment Solutions Limited governing this relationship.

The Trustees have chosen to implement part of their investment strategy through Schroders Solutions' Fiduciary Management service, an implemented solution which allows trustees to retain ownership of those decisions which have the greatest importance to the Scheme's investment strategy – framing objectives, allocations to on-risk/off-risk assets, risk tolerance – whilst delegating other decisions to Schroders Solutions.

The remaining return-seeking assets that make up 10% of the Scheme is split between pooled funds and direct holdings assets; comprising the Advisory Assets.

In addition, the Trustees have directly appointed CACEIS as custodian for most of the Scheme's assets, except for some of the pooled funds held in the Advisory Investment Fund.

Investment strategy

The Trustees' long-term objective for the Scheme is to target an investment return objective of approximately 1.9% per annum (net of fees) in excess of the returns on the Liability Benchmark Portfolio ("LBP").

In addition to framing the investment objective, the Trustees are responsible for setting the split of assets between return-seeking assets (the Discretionary Investment Fund and Advisory Assets) and liability-matching assets (known as the Liability Hedging assets).

With consideration of the Scheme's liabilities and desired investment objectives, the Trustees have adopted a 50% allocation to return-seeking assets, split between the Discretionary and Advisory assets, a 40% allocation to the liability-matching assets and a 10% allocation to Cashflow Matching Credit Assets. Schroders Solutions has full discretion to implement the Trustees' chosen investment strategy within the Discretionary Investment Fund, liability hedging portfolio and Cash Flow Matching Credit Assets only, as described below.

Liability Hedging Assets (LHA)

The LHA is invested in a portfolio of directly held gilts. The LHA also comprises the liability hedging strategy via swaps (contracts between the Scheme and a counterparty bank) which aims to further reduce sensitivity to changes in interest rates and inflation (beyond that provided by the directly held gilts) and hence reduce the impact of movements in these on the Scheme's funding level. The Trustees delegate the ongoing management of the liability hedging levels to Schroders Solutions.

Advisory Assets (AA)

The AA currently invests in a more static manner across both traditional equity and bond funds, but also has allocations to more specialist asset classes that are not available or cost effective for larger investors with large asset pools.

Cashflow Matching Credit Assets (CMCA)

The Scheme recently took advantage of more favourable pricing to implement a Cashflow Matching Credit mandate to assist with the Scheme's cashflow needs.

The CFMCA is Invested in high quality investment grade credit to efficiently match a proportion of the Scheme's liability cashflows.

Discretionary Investment Fund (DIF)

The DIF holds a diverse portfolio of assets that are expected, in the longer term, to exceed the growth in the value of the Scheme's liabilities. Schroders Solutions may invest the DIF assets in a number of different asset classes subject to a number of restrictions.

The objective for the DIF is to achieve a return of at least 3.125% per annum in excess of the return on cash, after the deduction of fees, over rolling three year periods. The DIF is invested in a diversified portfolio, including equities, global government and emerging market bonds, hedge funds, leveraged loans and other alternative assets. The asset allocation across the Total Fund at the year-end was as shown in the following table:

Asset Class	31 October 2024 (%)	31 October 2023 (%)
Advisory Fund	9.6	11.9
Equities	1.5	1.6
Property	2.2	3.8
Alternatives	5.9	6.5
Cash & Sovereign Bonds*	0.0	0.0
Discretionary Fund	43.5	41.8
Equities	20.2	16.1
Property	0.9	1.1
Return Seeking Credit	9.9	9.1
Commodities	1.1	0.2
Alternatives	3.6	6.0
Cash & Sovereign Bonds	7.8	9.3
Liability Hedging Assets	43.1	38.8
IG Index Linked Bonds	15.5	15.7
IG Fixed Interest Bonds	30.9	31.6
Swaps	-6.5	-8.6
Cash*	3.2	0.1
Cash Flow Matching Credit Assets	3.8	7.4
Cash	0.1	0.7
Return Seeking Credit	3.7	6.7
Total Fund	100.0	100.0

*Cash includes the unrealised profit/loss on the forward contracts used for the purpose of currency hedging. Figures are subject to rounding.

Investment Risks

Credit Risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, OTC derivatives and has cash balances. The Scheme also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Trustees' policy for managing credit risk is detailed in the Statement of Investment Principles.

The Scheme holds £171.7m in directly held bonds, -£20.6m in OTC derivatives and £14.9m in directly held cash balances. The Scheme also holds £50.8m bonds and cash through underlying pooled fund investments.

Credit risk arising on derivatives held directly depends on whether the derivative is exchange traded or over the counter (OTC). The Scheme holds OTC derivative contracts which are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. Credit risk for OTC derivative contracts is mitigated by placing restrictions on Schroders Solutions which ensure that new contracts are only entered into with counterparties that are investment grade. The credit risk in respect of OTC swaps is further reduced by collateral arrangements.

Credit risk arising on bonds held directly is mitigated by Schroders Solutions choosing to only invest in government bonds, where the credit risk is minimal, or corporate bonds which are rated at least investment grade.

Directly held cash balances are at financial institutions which are at least investment grade credit rated. This is the position at the year-end.

In all above instances, "investment grade" is defined as being rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

Indirect credit risk arises in relation to underlying investments held in bond and cash pooled investment vehicles. This risk is mitigated by the Trustees mandating Schroders Solutions that the underlying investment in sub-investment grade debt may not exceed 30% of the GA.

Both direct and indirect credit risk is mitigated by holding a diversified portfolio to minimise the impact of default by any one issuer. The Trustees monitor the investment strategy adopted by Schroders Solutions to ensure that the arrangement remains diversified.

Direct credit risk arises in respect of pooled investment vehicles. The Scheme's GA is invested across a large number of different pooled funds which have various legal structures in various domiciles (e.g. open-ended investment companies, unit trusts, limited partnerships etc.).

The direct credit risk associated with these managers is also mitigated by:

- the regulatory environments in which those managers operate;
- diversification amongst a large number of pooled arrangements; and
- due diligence checks by Schroders Solutions on the appointment of new pooled managers, and monitoring on an ongoing basis for any changes to the operating environment of each manager.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. The Trustees' policy for managing this risk is detailed in the Statement of Investment Principles.

Currency risk is mitigated by delegating management of currency exposures at total portfolio level to Schroders Solutions. Schroders Solutions implement currency hedging through the use of hedged shared classes of pooled funds (where available) and the use of FX forward contracts.

Net of currency hedging, 6.3% of the Scheme's holdings were exposed to overseas currencies as at year-end (2023: 9.2%).

Interest rate risk

The Scheme's assets are subject to interest rate risk because some of the Scheme's investments are held in bonds, interest/inflation rate swaps for the purpose of liability hedging. Under this strategy if interest rates fall the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise these investments will fall in value as will actuarial liabilities because of an increase in the discount rate. At the year-end, the assets subject to interest rate risk comprised of:

£'000	31/10/2024 £	31/10/2023 £
Direct		
Bonds	171,726	167,381
Swaps	(21,515)	(27,681)
Indirect		
Bond PIVs	45,410	51,781
Cash PIVs	5,425	9,520

Please note clean values have been used where applicable.

Other Price Risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which may include various asset classes (i.e. alternatives, bonds, equities, cash and investment properties) held in pooled vehicles. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

At the year end, the Scheme's exposure to investments subject to other price risk was:

£'000	31/10/2024 £	31/10/2023 £
Direct		
S&P Equity Options	1,226	1,766
Alternatives	19,539	21,153
Equity	4,895	5,070
Property	7,501	5,800
Indirect		
Equity PIVs	66,346	48,685
Property PIVs	3,111	9,843
Commodities PIVs	3,696	694
Alternatives PIVs	12,134	19,367

Investment Performance

Performance of the Scheme's assets against the objectives is shown below:

Portfolio Section	12 Months	3 Years p.a.	5 Years p.a.
Total Portfolio	10.6%	-14.3%	-6.4%
Objective	6.8%	-16.8%	-8.7%
Relative	3.7%	2.5%	2.3%

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

Performance is shown net of fees to the extent that fees are paid from assets.

Concentration of Investments

The following investment(s) represented over 5% of the Scheme's assets invested with Schroders Solutions at the year-end date:

Instrument Name	31/10/2024		31/10/2023	
	£	%	£	%
BNY Mellon (SS) Global Equity Fund	39,519,375	11.8	31,860,984	9.9
UK TREASURY 1.25% 22 Oct 2041	24,261,258	7.3	28,655,797	8.9
TSY 1 1/8% 2037 I/L GILT SR REGS 1.125% 22 Nov 2037	18,027,926	5.4	18,810,902	5.8

Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, diversification of investments and details of the key elements of the investment arrangements of the Scheme.

The Statement of Investment Principles ("SIP") sets out how the Scheme takes into account financially material considerations, including Environmental, Social and Governance ("ESG") factors, in its investment decision making process.

Copies of the SIP are available on request.

Schroders Solutions, December 2024

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Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise.

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Schroders Solutions is a trading name of SISL.

Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme ("SRM Scheme")

January 2022

Statement of Investment Principles

Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the SRM Scheme. It describes the broad investment policy being pursued by the Trustees. This SIP also reflects the requirements of the Occupational Pension Schemes (Investment and Disclosure)(Amendment and Modification) Regulations 2018.

Detail on how the SRM Scheme's investment strategy is implemented is set out in a separate Statement of Investment Implementation ('SII') document (which is maintained by the Trustees).

The Scheme Actuary is Shireen Anisuddin of Hymans Robertson LLP, the Investment Adviser is River and Mercantile Solutions ('R&M Solutions') and the Legal Adviser is CMS Cameron McKenna Nabarro Olswang LLP.

The Trustees confirm that, before finalising this SIP, they have consulted with Sir Robert McAlpine Limited ('the Principal Employer') and the Scheme Actuary and have obtained and considered advice from the Investment Adviser. The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the SRM Scheme requires.

The Trustees are responsible for the investment of the SRM Scheme assets and arrange administration of the SRM Scheme. Where it is required to make an investment decision, the Trustees always receive advice from the relevant Advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustees set general investment policy, but have delegated the day-to-day investment of the SRM Scheme assets, within pre-defined constraints to professional investment managers. This is through the fiduciary management service of R&M Solutions, hereafter referred to as the 'Fiduciary Manager', or other Investment Managers (including those appointed by the Fiduciary Manager).

Scheme Governance

The Trustees are responsible for the governance and investment of the SRM Scheme assets. The Trustees consider that the governance structure set out in this SIP is appropriate for the SRM Scheme as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to Investment Managers or the Advisers as appropriate. The responsibilities of each of the parties involved in the SRM Scheme governance can be found in the SII.

The Trustees will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Principal Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Managers, Fiduciary Manager or Adviser as part of such a review.

Suitability

The Trustees have defined the investment objective and investment strategy with due regard to the SRM Scheme's liabilities. The Trustees have taken advice from the Advisers to ensure that the assets held by the SRM Scheme and the investment strategy are suitable given the SRM Scheme's liability profile, the Trustees' objectives, regulatory guidance and specifications in the Trust Deed.

Statutory Funding Requirement

The Trustees will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustees will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement and Trust Deed.

Investment Objectives

The overall objective of the SRM Scheme is to meet the benefit payments promised as they fall due. The Trustees have set the following qualitative objectives:

1. The acquisition of suitable assets, having due regard to the risks, which will generate income and capital growth to pay, together with contributions from the Principal Employer, the benefits which the SRM Scheme provides as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to any Statutory Funding Requirement.
3. To achieve a return on investments which is expected to at least meet the Scheme Actuary's assumptions over the long term.

In quantitative terms, the Trustees' current long-term objective for the SRM Scheme is to target an investment return objective of approximately 2.0% per annum (net of fees) in excess of the Liability Benchmark Portfolio ("LBP"). The LBP represents a reasonable proxy for the SRM Scheme's liabilities and is defined as a portfolio of gilts with similar characteristics to the SRM Scheme's liabilities. Further details on the composition of the LBP can be found in the SII.

General Policies

The Trustees' approach to investment strategy is to allocate the assets into three pools – Liability Hedging Assets, Growth Assets and Cashflow Matching Credit Assets. The investment objective is then translated into the strategy and assets are allocated to these three components:

- Liability Hedging assets (targeting LBP + 0% p.a.), which aim to match the SRM Scheme's liabilities. Assets are invested in, but not limited to fixed interest gilts, index-linked gilts and swaps.
- Growth Assets (targeting Cash + 3.125% p.a.), which aim for return generation but has the ability to invest in off-risk assets as and when required to defend against falling markets. Assets are invested in, but not limited to, equities, investment grade bonds, high yield bonds, emerging market debt, hedge funds, loans and other alternative asset classes.
- A Cashflow Matching Portfolio (targeting LBP + 1.0% p.a.) that is intended to manage the SRM Scheme's need to generate cash over time to pay pensioners. This allocation invests in global investment grade corporate bonds that will pay coupon and maturity proceeds to the SRM Scheme at a broadly appropriate time in the future. This is expected to reduce the need to sell other assets over the short to medium term.

The overall level of the Trustees' investment objective influences the split of assets between these three components. To target the investment return objective, the Trustees allocate to each portfolio as per the table below. This split will be reviewed over time.

Further information on the implementation of the SRM Scheme's investment strategy, including control ranges within which the Fiduciary Manager may operate, can be found in the SII.

Monitoring

The Trustees, or Advisers on behalf of the Trustees, engage in an integrated approach to the ongoing monitoring of the SRM Scheme. In particular, decisions around the investment strategy are made with regard to the SRM Scheme's funding plan and the covenant of the Sponsor.

The Trustees, or the Investment Advisers on behalf of the Trustees or any other suitably qualified Adviser, monitor the performance of the Investment Managers against the agreed performance objectives and will regularly review the activities of the Investment Managers to satisfy themselves that the Investment Managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the SRM Scheme.

As part of this review, the Trustees will consider whether or not the Investment Managers:

- Are carrying out their function competently.
- Have regard to the need for diversification of investments.
- Have regard to the suitability of each investment and each category of investment.
- Have been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

If the Trustees are not satisfied with an Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, the Trustees will remove that investment manager and appoint another.

Corporate Governance and Stewardship

The Fiduciary Manager and Investment Managers held in the AIF have been provided with a copy of this SIP and are required to exercise their powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995. Further information can be found in the SII.

The Trustees periodically review the overall value-for-money of using the Investment Adviser (as specified in the Scheme's Investment Consulting objectives) and Investment Managers and information in relation to costs associated with investing is included in the quarterly monitoring report.

Many of the Scheme's investments are made via pooled investment funds, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to the investment managers held within the AIF and DIF.

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing investment management business activities. R&M Solutions' (Investment Adviser and Fiduciary Manager) Conflict of Interest policy is available publicly here:

[https://www.rmsolutions.co.uk/~/media/Investment%20Adviser/Investment%20Adviser%20Conflict%20of%20Interest%20Policy.pdf](#)

As an FCA regulated firm, the Fiduciary Manager is required to prevent or manage conflicts of interest. Where Investment Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Fiduciary Manager directly monitors these as part of their

regulatory filings (where available), the Trustees, Investment Adviser and Fiduciary Manager also monitors this as part of ongoing review.

Advisory Investment Fund ('AIF')

As part of the appointment of the investment managers held within the AIF, the Trustees have entered formal manager agreements and/or accepted the terms of pooled investment vehicles, setting out the scope of each investment manager's and/or pooled investment vehicle's activities, their charging basis and other relevant matters. The appointment of the investment managers is ongoing.

Within the AIF, the investment managers (where appropriate) adopt an active approach to corporate governance. The Trustees would prefer to engage with companies rather than boycott particular shares or companies. The Trustees are aware of the policy of the investment managers concerned regarding corporate governance and have delegated the responsibility for activity in this area to the investment managers.

The Trustees have retained the use of voting (and other) rights attached to their mandates within the AIF; however the respective managers of the mandates retain responsibility for voting on their underlying holdings. The Trustees will monitor investment managers' voting records, and will seek explanations and discussions as appropriate.

The Trustees and Investment Adviser undertake regular reviews of the investment managers held within the AIF. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance). The Investment Adviser and Trustees review the governance structures of the investment managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Trustees and Investment Adviser assess whether the investment managers (held within the Advisory Investment Fund) remuneration arrangements are aligned with the Trustees' objectives. The Trustees expect the investment managers (within the AIF):

- to align their investment strategy and decisions with the Trustees' investment policies, such as their return target and the restrictions detailed in the relevant investment documentation, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of an issuer of debt or equity, and to engage with the issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which are reflected and measured relative to the Trustees' long-term performance objectives.

The Trustees oversee the turnover costs (where available) incurred by the investment managers as part of their ongoing monitoring process and evaluate such costs to determine if they are in line with peer groups and the Investment Adviser's expectations. Where there are material deviations the Trustees engage with investment managers to understand the rationale for such deviations and take appropriate action.

Discretionary Investment Fund ('DIF')

The Trustees have appointed a Fiduciary Manager to implement this part of the Scheme's investment strategy. The Fiduciary Manager manages assets directly on behalf of the Trustees as well as having delegated authority to appoint, monitor and change the underlying Investment Managers within the DIF (the 'Underlying Managers'). The Trustees and Fiduciary Manager have agreed, and will maintain, formal agreements setting out the scope of the Fiduciary Manager's activities, charging basis and other relevant matters. The Fiduciary Manager is appointed to carry out its role on an ongoing basis.

The Fiduciary Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The

Fiduciary Manager reviews the governance structures of Underlying Managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

The Trustees periodically review the overall value-for-money of using R&M Solutions (as Fiduciary Manager), and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustees are satisfied that these arrangements incentivise the Fiduciary Manager:

- to align its investment strategy and decisions with the Trustees' investment policies, such as their return target and the restrictions detailed in the Fiduciary Management Agreement, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which is measured relative to the Trustees' long-term performance objectives.

Where it can be determined, the Fiduciary Manager assesses whether Underlying Manager remuneration arrangements are aligned with the Trustees' objectives. The method and time horizon for evaluating and remunerating Underlying Managers is determined by criteria set by the Fiduciary Manager, as detailed above.

The Fiduciary Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Fiduciary Manager's expectations. Where there are material deviations the Fiduciary Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

The Trustees have delegated responsibility for monitoring and voting on decisions relating to their Underlying Manager holdings to the Fiduciary Manager. The Fiduciary Manager has in place a voting policy which sets out how it will aim to vote at a general meeting of a pooled fund. For any special resolutions or extraordinary general meetings, the proposed votes of the Fiduciary Manager are subject to additional sign-off by the appropriate representative from the Fiduciary Manager.

Financially material investment considerations

These considerations which include the below "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustees' policy is to delegate the day to day consideration of financially material factors to the investment managers who considers these when constructing their portfolios. All references to ESG relate to financial factors only, and also include climate change.

ESG factors and stewardship are considered, in the context of long term performance, by:

- the Fiduciary Manager (R&M Solutions) as part of the manager selection criteria within the DIF. This is undertaken on behalf of the Trustees under the discretionary mandate and managers are evaluated before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Fiduciary Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement. As part of their ongoing monitoring, the Trustees review some key metrics on a regular basis that are provided by the Fiduciary Manager covering ESG which enable them to engage and understand the impact of ESG on the portfolio.
- the Trustees, as part of the investment manager selection criteria within the AIF. This review occurs before investment managers are approved for investment in the portfolio. Once an investment manager is appointed, the Investment Adviser and Trustees will monitor the investment manager for ongoing compliance with the expected standards at appointment and with other factors, such as stewardship, as a part of overall governance and engagement.

Risks

The Trustees recognise a number of risks involved in the investment of the assets of the SRM Scheme. These risks, and how they are measured and managed, include:

- **Funding and asset/liability mismatch risk** – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
 - A liability benchmark portfolio or 'LBP' is used as a proxy for the liabilities in order to measure the approximate changes in the liabilities (due to changes interest rates and inflation only). The Trustees monitor this change relative to the change in asset values on a quarterly basis. The LBP is reviewed following each actuarial review.
 - The Trustees also recognise the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This is managed through aiming for a higher overall investment return than implied by the liabilities.
 - When setting and reviewing investment strategy, the Trustees examine how the investment strategy impacts on downside risk. Downside risk of the investment strategy is also measured by reference to the LBP and is also assessed as part of the quarterly review process.
 - This risk is also monitored through regular actuarial and investment reviews.
- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustees. This risk is minimised using the following techniques:
 - Appropriate diversification across asset classes, within sectors and between individual stocks to minimise the effect of a particular stock or sector performing badly.
 - The use of instruments and strategies designed to control the extent of downside exposure.
 - The use of passive management for asset classes where the downside risk of active management is considered too high.
 - Regular monitoring of the active managers' performance, processes and capabilities with respect to their mandate, and by use of more than one manager to avoid over exposure to one organisation.
- **Country risk** – the risk of an adverse influence on investment values from political intervention is reduced by diversification of the assets across many countries.
- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets.
- **Mismanagement risk** – the risk of unsuitable investment activity by the Investment Managers. This is addressed in the agreements with the Investment Managers which contain a series of restrictions.
- **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Managers e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the ESG assessment at the point of investment with the investment managers and as part of the ongoing investment manager monitoring process. A summary of the overall ESG characteristics in the portfolio is set out in the quarterly governance report.
- **Organisational risk** – the risk of inadequate internal processes leading to problems for the SRM Scheme. This is addressed through regular monitoring of the Fiduciary Manager, Investment Managers and Advisers.

- **Counterparty risk** – the risk of a counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.
- **Cash flow risk** – addressed through the monitoring of the cash flow requirement of the SRM Scheme to control the timing of any investment/disinvestment of assets.
 - The Trustees have also put in place a dedicated cashflow matching portfolio that is intended to mitigate the risk caused by significantly high levels of benefit payments.
- **Sponsor risk** – the risk of the Principal Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustees regularly review the covenant of the Principal Employer.

The Trustees will keep these risks and how they are measured and managed under regular review.

Realisation of Assets

A sufficient proportion of the Scheme's assets can be realised easily if the Trustees so require.

Custody

The Trustees are required to ensure that adequate custody arrangements are in place.

The majority of the assets are held on behalf of the Trustees by a Custodian, currently CACEIS Bank. Although the Trustees have a direct contractual relationship with the Custodian, the appointment and monitoring of the Custodian is delegated to R&M Solutions. For the assets not held with CACEIS Bank, the Trustees have delegated the custody of the investments of the Scheme to the Investment Managers.

Additional Voluntary Contributions

The Trustees terminated the facility for SRM Scheme members to pay additional voluntary contributions (AVCs) whereby such AVC investments were invested in line with the main scheme assets. Current AVC contributions now purchase investments in line with the Defined Contribution Scheme (covered under a separate SIP).

Non-financial matters

The Trustees do not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold.

Signed:.....

Date:.....

For and on behalf of the Trustees of the Sir Robert McAlpine Limited Staff Pension & Life Assurance Scheme

Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme - DC Section

Statement of Investment Principles

February 2025

Version Update

Version	Effective From
1.0	May 2019
2.0	September 2020
3.0	February 2023
4.0	September 2024
5.0	February 2025

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1. Introduction

This document constitutes the Statement of Investment Principles (the "SIP") required under Section 35 of the Pensions Act 1995 for the (the "Scheme"). It describes the investment policy being pursued for the Scheme by the Trustees of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme (DC Section) (the "Trustees" of the "Scheme") and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK (the "2001 Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Code of Practice in relation to governance of DC pension schemes issued by the Pensions Regulator in July 2016 (as amended). Detail on how the Scheme's investment strategy is implemented is set out in a separate Statement of Investment Implementation ("SII") documents which is maintained by the Trustees.

The Trustees confirm that, before preparing this SIP, they have consulted with Sir Robert McAlpine Limited (the "Employer") and taken appropriate advice from its Advisers. The Investment Adviser is Schroders Solutions (a division of Schroders IS Limited) and the Legal Adviser is CMS Cameron McKenna LLP, collectively termed the "Advisers".

The Trustees believe the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge, and experience of the management of the investment arrangements that the Scheme requires. The Trustees also confirm that they will consult with the Employer and take advice from the relevant Advisers as part of any review of this SIP.

The Trustees are responsible for the strategic decisions regarding the investment of the Scheme's assets, but the day-to-day management has been delegated to the Platform Manager (who provide the platform for member investments) and the underlying Managers. Where they are required to make an investment decision, the Trustees receive written advice from the relevant Advisers first in order to achieve an appropriate level of understanding of the issues concerned.

In accordance with the Financial Services & Markets Act 2000, the Trustees set general investment policy, but have delegated the day-to-day investment of the Scheme's assets to professional fund managers (the "Managers") in accordance with Section 34(2) of the Pensions Act 1995. The Managers are authorised under the Financial Services & Markets Act 2000, provide the expertise necessary to manage the investments of the Scheme competently and will comply with the requirements of Section 36 of the Pensions Act 1995.

1.1 Declaration

The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Signed ..

..... Date

19 March 2025

For and on behalf of the Trustees of the Sir Robert McAlpine Limited Staff and Life Assurance Scheme – DC Section.

2. Scheme Governance

The Trustees are responsible for the governance and investment of the Scheme's assets. They consider that the governance structure set out in this SIP is appropriate for the Scheme, as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Manager or the relevant Advisers as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix B.

The Trustees will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Managers or the Advisers as part of such a review.

3. Objectives

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. They also recognise that members have different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances.

The Trustees' Scheme objectives are:

- To provide a pension plan which aims to deliver valuable benefits into retirement.
- To help members manage the risks they face as far as possible.
- To provide members with a suitable range of investment options to enable them to tailor investment strategy to their needs.
- Consider environmental, social and governance ("ESG") factors, and stewardship in the context of long-term performance.

In aiming to meet these Scheme objectives, the Trustees have specified a number of investment objectives:

- To achieve returns in excess of general price inflation in the long term.
- To achieve security of capital, low growth/volatility, or protection against annuity rate movements for members closer to retirement.

4. Default Investment Strategy

The Trustees have made a default lifestyle strategy available to members.

4.1 Aims and Objectives of the default strategy

The Trustees' aims and objectives in relation to the default strategy are to support members' investment needs where members either choose the default option or do not choose any option. The Trustees recognise that these investment needs may change during the course of members' working lives and therefore a key objective for the default strategy is to provide a scheme which is designed to deliver valuable benefits in retirement.

4.2 Trustees' Policies in relation to the default strategy

i. The kinds of investment to be held

ii. The balance between different kinds of investments

The kinds of investments within the default strategy and balance between them are designed to be adequately diversified and suitable. See sections 5.3, "Diversification" and 5.5, "Suitability" for more details.

iii. Risks (including the ways in which risks are to be measured and managed)

Risks applicable to the Scheme as a whole are shown in Section 9, "Risks". All of the risks shown, including how they are measured and managed, are relevant to the default strategy.

iv. Expected return on investments

The Trustees' policy on expected return is considered in section 5.2 "Expected Return", which covers both the default strategy and the investment strategy as a whole.

v. Realisation of investments

Liquidity is considered in section 5.6, "Liquidity".

vi. Environmental, Social and Governance ("ESG") considerations

The extent to which the Trustees consider ESG issues within the default strategy is shown in Section 10 "Other Risks".

vii. Financially material investment considerations and non – financial matters

The extent to which the Trustee considers financially material considerations and non-financial matters, including, but not limited to, social, environmental or ethical issues is shown in Section 10, titled 'Other Risks'.

viii. Corporate governance and stewardship policy

The Trustee's policy in respect of these considerations is shown in Section 10, titled 'Other Risks'.

ix. Exercise of rights (including voting rights) attaching to the investments

The extent to which the Trustees consider the exercise of rights within the default strategy is shown in Section 10 "Other Risks".

In May 2024, following an investment strategy review, the Trustees automatically transferred members who were invested in the Ethical fund within the self-select range to the newly created ESG Equity fund. As a result, the ESG Equity fund is now considered an additional default arrangement within the Scheme. Further details on this additional default arrangement can be found in Appendix A.

4.3 Best interests of members and beneficiaries

In designing the default strategy, the Trustees carried out a comprehensive review of the previous investment strategy and alternatives (in conjunction with the Investment Adviser), with a key focus on member needs and outcomes. The Trustees believe the default strategy is in the best interest of members and beneficiaries, and undertake periodic reviews on the suitability of the strategy.

5. Investment Strategy

Having considered advice from the Investment Adviser, and having due regard for the objectives and the members of the Scheme, the Trustees have made available a number of investment options. Members can choose to invest their contributions in one or more of these investment options, detailed in the SII.

The Trustees will instruct the Administrator to invest each member's investments in accordance with the fund options selected by the member.

5.1 Investment Options

A range of funds has been made available to members. These are detailed in the SII.

5.2 Expected Return

The Trustees considered the expected returns of the investment strategy (including the default arrangements) in constructing benchmarks to assess performance against. Where applicable, these benchmarks are related to observable market-based indices and may change from time to time. More details are set out in the SII.

5.3 Diversification

The choice of investment options for members (including the default arrangements) is designed to enable members to choose investments that are adequately diversified and suitable for their profile. The Trustees monitor the strategy regularly to satisfy themselves that they are comfortable with the choice of funds offered to members.

5.4 Active and Passive Management

The Trustees have selected a range of both active and passive fund options for Scheme members.

5.5 Suitability

The Trustees consider the range of investment options offered to members (including the default arrangements) to be suitable. Members are responsible for choosing which of the funds are most appropriate, or may choose to rely on the default arrangement for the investment of their own and their employer's contributions, based on their own individual circumstances.

The suitability of the range of investment options, including the default arrangements, will be reviewed regularly.

5.6 Liquidity

The assets are held in asset classes that are considered sufficiently liquid.

6. Strategy Implementation

The Trustees have decided to delegate the day-to-day investment of the Scheme's assets to professional managers. The details of the Managers' mandates are detailed in the SII.

6.1 Investment Management

The Trustees have appointed a Platform Manager to provide the platform for member investments and carry out investment administration. The Trustees have selected a range of investment options for the members of the Scheme. Full details can be found in the SII.

6.2 Administration

The Platform Manager also carries out the day to day management of member contributions, communications and other member administration.

6.3 Fund Options

The range of funds offered to members was chosen from those offered by the Platform Manager to give members a diversified range of investments from which they can select according to their individual circumstances. The funds available to members are detailed in the SII.

6.4 Investment of Contributions

A member's contributions will be invested in line with their selected choice of funds. Where a member has not made an active selection, their contributions will be invested in the default strategy provided, which is detailed in the SII.

6.5 Performance Objectives

The performance objectives vary depending on the fund in question. A detailed breakdown of the objectives can be found in the SII.

6.6 Transitions

The Trustees will look to mitigate the potential risks and costs to members as a result of any investment transitions to the best of their ability. The Trustees will take advice from their Advisors in relation to different transition methods and other ways in which these potential risks/costs can be mitigated.

7. Monitoring

7.1 Managers

The Trustees, or the Advisers on behalf of the Trustees, will monitor the performance of the Managers against their own or the Trustees' specified benchmarks.

The Trustees, or the Advisers on behalf of the Trustees, will regularly review the activities of the Managers to satisfy themselves that each Manager continues to carry out their work competently and has the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustees will consider:

- Each Manager's performance versus their respective benchmarks
- The level of risk given the specified risk tolerances.
- For funds used in the default arrangements, the extent to which returns are consistent with the aims of the Trustees
- Whether or not each Manager:
 - Has regard to the need for diversification of investment holdings.
 - Has regard to the suitability of each investment and each category of investment.
 - Has been exercising his powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

If the Trustees are not satisfied with a Manager, it will ask the Manager to take steps to rectify the situation. If the Manager still does not meet the Trustees' requirements, the Trustees will remove the Manager and appoint another.

7.2 Advisers

The Trustees will monitor the advice given by the Advisers on a regular basis.

7.3 Statement of Investment Principles

The Trustees will review this SIP on a triennial basis, or, as soon as practical following any changes to the investment strategy or significant change to member demographics, and modify it with consultation from the relevant Advisers and the Employer if deemed appropriate. There will be no obligation to change any Manager, Platform Manager or Adviser as part of such a review (although strategy changes made will be reflected in this SIP, if appropriate).

7.4 Recordkeeping

The Trustees maintain a record of all investment related decisions it has taken, together with the rationale in each case.

8. Fees

8.1 Managers

Details of the fund charges are set out in the SII and will continue to be reviewed on a regular basis.

8.2 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

8.3 Custodian

There is no custodian appointed directly by the Trustees.

8.4 Value for Members

The Trustees review all sources of fees levied on members' accounts (including management charges, additional expenses, platform charges and administration, as appropriate), and levels of service provided to use best efforts to ensure value for money is present.

9. Risks

The Trustees recognise a number of key risks both to themselves and to the members of the Scheme:

- i. **Value for members risk** – the risk that the Scheme fails to offer value for money to members. This is addressed through regular value for members reviews.
- ii. **Inflation risk** – the risk that the purchasing power of members' investment accounts is not maintained. To try and manage this risk, the Trustees have offered a range of funds designed to achieve a return above the rate of inflation.
- iii. **Conversion risk** – the risk that the value of pension benefits that can be purchased by or drawn from a given defined contribution amount is not maintained. This risk cannot easily be mitigated as it depends on market conditions ahead of retirement, and each member's retirement income decision. However, the Trustees have offered a range of funds to reflect different retirement income decisions.
- iv. **Capital risk** – the risk that the value of the element to provide a cash sum or income drawdown pot is not maintained. This could be due to the impact of any of the risks above and is addressed where possible in the same ways.
- v. **Active Manager risk** – the risk that the active investments underlying the Scheme's investment options underperform due to the underperformance of the underlying Managers. The Trustees have mitigated this risk by primarily investing in passively managed funds.
- vi. **Platform risk** – the assets are currently held by the Platform Manager. This risk relates to potential losses that could arise if the Platform Manager ran into financial difficulties. The Trustees monitor the Platform Manager regularly.
- vii. **Manager risk** – the assets are invested in funds managed by the Managers. This risk relates to potential losses that could arise if the Managers ran into financial difficulties. This is addressed through understanding the security of members' assets and protections available.
- viii. **Communication risk** – the risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. This is addressed through the Trustees receiving advice from the Advisers and regular monitoring and updates, where appropriate, of member communications.
- ix. **Inappropriate member decision** – the risk that members make inappropriate decisions regarding their investments. This is addressed where possible through communication to members and the recommendation that members seek independent financial advice.
- x. **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Managers and Advisers.
- xi. **Liquidity risk** – the risk that members are not able to realise the value of their funds when required. The Trustees have addressed this risk by not offering funds which are considered illiquid.

- xii. **ESG risks** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by ESG assessment at the point of investment with the Managers where applicable, or by requesting information on the ESG policies, adopted by the Managers.

The Trustees recognise that an efficient process for identifying, evaluating, managing and monitoring risk needs to be in place for the Scheme. The Trustees will identify and assess the impact of any risk, what controls can be put in place to manage or identify risk and regularly review both the individual risks and the effectiveness of the risk management process as a whole.

10. Other Risks

10.1 Corporate Governance and Stewardship Policy

As part of the appointment of the Investment Managers to the Scheme, the Trustees have accepted the terms of pooled investment vehicles, setting out the scope of each pooled fund vehicle's activities, their charging basis and other relevant matters. The Trustees periodically review the overall value-for-money of using the Investment Adviser (as specified in the Scheme's Investment Consultant objectives) and Investment Managers.

The Scheme's investments are made via pooled investment funds via the Platform Manager, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes (including the exercise of voting right) or other financially material considerations, is delegated to the Investment Managers. The Trustees have, to date, not set any conditions or restrictions on the Investment Managers in respect of any voting rights nor in relation to the Environmental, Social and Governance ("ESG") profiles of any issuer of securities within the investment fund. Due to the nature of these pooled investment funds, the Trustees may have difficulty imposing such voting restrictions or ESG requirements on the Investment Managers. However, although the Trustees cannot influence Investment Managers directly, they can monitor the Investment Managers' ESG policies and practices during Investment Manager reviews as part of the wider strategy review which is undertaken over a 3 year rotational cycle. Were the Trustees to have any specific concerns, they can take this up with the Investment Manager in review meetings or decide to divest from the fund.

The Trustees also consider the Investment Managers' engagement process directly with their Investment Adviser who monitors Investment Managers' engagement with investee companies directly. The Investment Adviser has set out its voting and engagement priorities which focus on six themes including Climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance. In 2022, the Trustees have carried out an exercise to identify those ESG priorities they think are important and, based on the close degree of similarity between the two, have agreed to align their engagement priorities with those of the Investment Adviser.

The Trustees believe those engagement priorities which have been chosen by the Investment Adviser will result in better management of financially-material ESG and climate risks and, therefore, expected to improve the financial outcome of the Scheme which ultimately is in the members' and beneficiaries' best interest.

The Trustees also consider Investment Managers' voting and engagement records in relation to ESG priorities at least annually. This help to ensure that the Managers' stewardship priorities are at least broadly consistent with those of the Trustees'.

The Trustees and Investment Adviser undertake regular reviews of the Investment Managers. These reviews incorporate benchmarking of performance and fees as well as performance reviews (including understanding key drivers of performance). The Trustees and Investment Adviser review the governance structures of the Investment Managers, as well as assessing whether their fees, expenses and any other charges are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Trustees and Investment Adviser assess whether the Investment Managers' remuneration arrangements are aligned with the Trustees' objectives. The Trustees expect the Investment Managers':

- to align their investment strategy and decisions with the Trustees investment policies, such as its return target and any restrictions detailed in the Trustees' policy documentation with the Platform Manager.
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of an issuer of debt or equity, and to engage with the issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which is reflected and measured relative to the Trustees' long-term performance objectives.

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing investment management business activities. Where investment managers are regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Trustees and Investment Adviser monitor this as part of ongoing review. As an FCA regulated firm, the Investment Adviser is required to prevent or manage conflicts of interest. The Investment Adviser's Conflicts of Interest policy is available here:

<https://www.schroders.com/en/identification-and-management-of-conflicts-of-interest/>

The Trustees do not monitor portfolio turnover cost in detail. However, the Trustees consider portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual Value for Members ("VFM") assessment. Though the Trustees do not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.

10.2 Financially material investment considerations

When managing the Scheme's investments (including exercising discretion concerning engagement and voting), Investment Managers are expected to take into account of all financially material considerations.

These considerations which include the above "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustees policy is to delegate the day-to-day consideration of financially material factors to the Investment Managers, who consider these factors for funds that are available to beneficiaries through the default arrangements and as self-select funds, when making funds available on its investment platform. All references to ESG relate to financial factors only. All references to ESG also include climate change.

ESG factors and stewardship are considered, in the context of long-term performance, by the Trustees (in conjunction with its advisors) as part of the Investment Manager selection criteria. This review occurs before funds are approved for investment. For invested funds, the Trustees request the Investment Managers monitor ongoing compliance with ESG and other factors, like stewardship, as a part of overall governance and engagement.

The Trustees recognise that ESG considerations can have a material effect on long-term investment performance. The Trustees further recognise that, other than in and during an Investment Manager selection process, their ability to influence the investment strategy of individual Investment Managers (particularly in relation to the policies and approaches to ESG) may be limited, particularly in the case of Investment Managers appointed on an active mandate and where the Scheme's investments are invested indirectly or represent only a small proportion of the overall fund.

The Trustees have adopted ESG priorities which they deem to be financially material investment considerations. These have been aligned with those of their Investment Adviser to improve how the

Trustees engage with their Investment Managers and these are set out in the "Corporate governance and stewardship" section above.

10.3 Non-financial matters

The Trustees do not currently take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as part of the default arrangements, as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustees have no plans to seek the views of the membership on ethical considerations. This policy is reviewed periodically.

10.4 Taskforce on Climate-related Financial Reporting ("TCFD")

The Trustees and Investment Advisor will be working to develop a reporting framework ahead of when TCFD reporting requirements are expected to apply to the Scheme.

10.5 Illiquid Assets

At present, the Trustees do not allocate to illiquid assets within the default arrangements, as illiquid investments are a new and evolving area for DC schemes. Currently, the Trustees do not plan to invest in illiquid assets but will keep this policy under review.

Appendix A – Additional default arrangement

Aims and Objectives of the Additional default arrangement

The ESG Equity fund invests in global equities and aims to maximise exposure to positive environmental, social and governance (ESG) factors while minimising the carbon exposure. It aims to deliver returns (gross of charges) in line with its composite benchmark, which consists of the following allocations: 50% MSCI ESG Focus Low Carbon Screened Index and 50% MSCI ESG Focus Low Carbon Screened Index (GBP hedged).

The Trustees' aims and objectives in relation to this fund are to provide a low-cost, index-tracking solution for members who wish to invest in line with ESG principles.

Trustees' Policies in relation to the ESG Equity fund

Please refer to Section 4.2 for the Trustees' policies in relation to the default arrangements.

Best interests of members and beneficiaries

In choosing to automatically switch members from the Ethical fund to the Global Equity ESG fund, the Trustees, in conjunction with the investment adviser, carried out a comprehensive review of the options available, with a key focus on member needs and outcomes. The Trustees decided that the Global Equity ESG fund was the most suitable low-cost, index-tracking solution for members who wish to invest in line with ESG principles. Therefore, they believe the ESG equity fund is in the best interests of members and beneficiaries and undertake periodic reviews on the suitability of the strategy.

Appendix B - Responsibilities

Trustees

The main investment related responsibilities of the Trustees of the Scheme include:

- i. Reviewing, at least triennially, or following a change in investment strategy or significant change in member demographics, the content of this SIP and modifying it if deemed appropriate.
- ii. Reviewing, at least triennially, or following a change in investment strategy or significant change in member demographics, the content of the SII and modifying it if deemed appropriate.
- iii. Assessing the quality of the performance and process of the Managers by means of regular reviews of the investment results and other information, through meetings and written reports.
- iv. Monitoring compliance of the investment arrangements with the SIP on an ongoing basis.
- v. Appointing and dismissing Platform Managers and Managers.
- vi. Assessing the performance of the Advisers.
- vii. Consulting with the Employer when reviewing investment policy issues.
- viii. Providing any appointed organisations/individuals with a copy of the SIP or SII, where appropriate.

Platform Manager

The main responsibilities of the Platform Manager are:

- i. At their discretion, but within the guidelines agreed with the Trustees, selecting and undertaking transactions in specific investments within each fund.
- ii. Acting in accordance (as administrator) with the instructions of the Member
- iii. Acting in accordance with the principles set out in the SIP (where appropriate).
- iv. Providing the Trustees with sufficient information each quarter to facilitate the review of its activities, including :
 - A full valuation of the assets.
 - A transaction report.
 - Informing the Trustees immediately of any serious breach of internal operating procedures.

Investment Adviser

The main responsibilities of the Investment Adviser are:

- i. Participating with the Trustees in reviews of this SIP.
- ii. Advising the Trustees of any changes in the Scheme's Managers or Platform Manager that could affect the interests of the Scheme.

- iii. Advising the Trustees of any changes in the investment environment that could present opportunities or problems for the Scheme.
- iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the Scheme structure, current Managers, and selection of new managers as appropriate.

Legal Adviser

The Legal Adviser will be responsible for, amongst other things:

- i. Liaising with the Trustees to ensure legal compliance including those in respect of investment matters.