

Wood Pension Plan  
Trustee's report  
and financial statements

**Year ended 31 March 2021**

**Registered number 10093871**

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## Wood Pension Plan

Year ended 31 March 2021

### Trustee and advisers

#### Principal employer

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

#### Trustee

Wood Pensions Trustee Limited

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

#### Company Secretary

I A Jones

#### Actuary

S Jones, FIA  
Mercer Limited

#### Independent Auditor

Grant Thornton UK LLP (from 8 February 2021)  
PricewaterhouseCoopers LLP (to 8 February 2021)

#### Solicitors

Gowling WLG (UK) LLP

#### Investment managers – DB Legal section

Magellan Asset Management Ltd  
LaSalle Investment Management  
Royal London Asset Management  
Barings (UK) Limited (until December 2020)  
Dunedin Capital Partners Ltd  
Coller Capital  
Brandes Investment Partners (Europe) Limited (until 28 August 2020)  
Veritas Asset Management  
PGIM Limited  
Blackrock Life Limited  
Axa Investment Managers (from November 2020)

#### Investment Platform – DC Legal Section

Scottish Widows Limited

#### Custodian

State Street Bank & Trust Company

## Wood Pension Plan

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### Investment adviser

DB Section:

Mercer Limited (until 30 September 2021)

XPS (from 1 June 2021)

DC Section:

Mercer Limited (until 31 March 2021)

Isio Group Ltd (from 1 April 2021)

### Covenant adviser

PricewaterhouseCoopers LLP (PWC)

### AVC providers

Scottish Widows Limited

FIL Limited (Fidelity)

Prudential Assurance Company Limited

Utmost Life and Pensions (formerly Equitable Life Assurance Society)

Phoenix Life Limited (formerly London Life Limited)

Standard Life Assurance Limited

Aviva Life & Pensions UK Limited

### Bankers

Barclays Bank plc

### Administrator and Enquiries

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

Wood Pensions

Booths Park

Chelford Road

Knutsford

CHESHIRE

WA16 8QZ

United Kingdom

Tel No: 01565 683295

Email: [pensions@woodplc.com](mailto:pensions@woodplc.com)

# Trustee's report

## Introduction

This report and the financial statements for the year ended 31 March 2021 have been prepared and audited in accordance with Section 41(1) and (6) of the Pensions Act 1995.

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

The DB Legal Section comprises salary-related Defined Benefit (DB) entitlements and Additional Voluntary Contribution (AVC) balances for former members of the AMEC Staff or AMEC Executive Pension Schemes, which closed to future accrual on 31 March 2016; the AMEC Focus Pension Plan, which also closed to future accrual on 31 March 2016; the Foster Wheeler Pension Plan, which closed to future accrual in 2010; and the John Wood Group plc Retirement Benefits Scheme, which closed to future accrual in 2014.

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

The Ex-Serco Protected Persons Legal Section was a contributory, salary-related DB arrangement that was open for accrual for a small number of employees with 'Protected Person' status under the Electricity Act 1989. This section closed to future accrual when it ceased to have any active members on 30 September 2020. Following the closure the section was wound up on 25 May 2021, following the transfer of its assets and liabilities to the main DB Legal Section.

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

The Trustee has considered the impact of the Covid-19 pandemic. The Plan has continued to operate effectively throughout the pandemic, with only minimal disruption. Based on the learnings from this experience the administration function has now moved to a permanent hybrid working model (part office-based and part home-based). The Trustee continues to seek advice and guidance from its investment managers and their investment consultant has examined asset valuations in the current environment and has concluded that values can be considered reliable for the purpose of the Financial Statements. The Trustee has also concluded that no change is required to the classification of the investments in the fair value hierarchy. With respect to the covenant considerations and any impact on the Plan's sponsoring employer, the Trustee reviewed its covenant assessment of the sponsor in March 2021 and was satisfied with Wood's continued ability to meet its obligation under the Plan. Importantly, the Trustee has concluded that it remains appropriate to presume that the Plan will continue as a going concern.

## Management of the Plan

Responsibility for the management of the Plan is held by a corporate trustee, Wood Pensions Trustee Limited (the "Trustee"). The power of appointment and removal of the Trustee is held by the Principal Employer. The Trustee's board of directors comprises nine individuals who are named on page 3, five of whom are nominated by the Principal Employer (the "Company Nominated Directors") and four of whom are drawn from the membership following a selection process conducted by the Trustee Board (the "Member Nominated Directors"). The Company Nominated Directors are appointed for an unspecified term and two of their number, including the Board's chair, are independent from the Company. The Member Nominated Directors are appointed normally for a period of six years. The process for appointing

## Wood Pension Plan

Year ended 31 March 2021

the Member Nominated Directors has been approved by the Board and complies with the regulations introduced under the Pensions Act 2004.

The Trustee has overall responsibility for all aspects of the Plan's management and administration and decisions are passed on a simple majority of those voting. Following a review, the Trustee altered its committee structure, to increase flexibility and effectiveness. The Benefits Committee, which deals with discretionary payment matters, was retained as a separate committee. The DC, Governance and Investment Committees were discontinued, with their work being assumed by the main Trustee Board, which has increased the frequency of its meetings and adopted a structure that includes specific meetings focused on the topics that would previously have been covered by those committees.

The Trustee meets 14 times per year with particular meetings focusing on investment, DC and governance matters. From 2022 this will move to a monthly meeting schedule.

### Financial development of the Plan

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

	<b>DB</b>	<b>DC</b>	<b>Total</b>	Total
	<b>2021</b>	<b>2021</b>	<b>2021</b>	2020
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Member related income	<b>6,531</b>	<b>51,747</b>	<b>58,278</b>	<b>140,117</b>
Member related payments	<b>(149,385)</b>	<b>(40,241)</b>	<b>(189,626)</b>	<b>(150,729)</b>
Net (withdrawals)/additions	<b>(142,854)</b>	<b>11,506</b>	<b>(131,348)</b>	<b>(10,612)</b>
Net returns on investments	<b>117,693</b>	<b>92,751</b>	<b>210,444</b>	<b>96,464</b>
Transfers between sections	<b>145</b>	<b>(145)</b>	<b>-</b>	<b>-</b>
Net (decrease)/increase in fund	<b>(25,016)</b>	<b>104,112</b>	<b>79,096</b>	<b>85,852</b>
Net assets at start of year	<b>3,114,999</b>	<b>359,432</b>	<b>3,474,431</b>	<b>3,388,579</b>
Net assets at end of year	<b>3,089,983</b>	<b>463,544</b>	<b>3,553,527</b>	<b>3,474,431</b>

### DB Legal Section

During the year, member related payments exceeded income by £142.9 million (2020: payments exceeded income by £119.4 million).

The net returns on investments were made up of an increase in the market value of investments of £65.5 million (2020: increase of £82.5 million) and investment income of £58.0 million (2020: £54.8 million) while investment management expenses were £5.8 million (2020: £6.0 million).

The net assets of the Section amounted to £3,090 million at 31 March 2021 (2020: £3,115 million).

### DC Legal Section

During the year, member related income exceeded payments by £11.5 million (2020: £108.8 million).

The net returns on investments were made up of an increase in the market value of investments of £92.8 million (2020: decrease of £34.8 million) and investment income (bank interest) of £3,000 (2020: £22,000). Investment Management expenses are reflected in the unit price of the DC funds and are consequently included in the change in market value of investments.

The net assets of the Section amounted to £463.5 million at 31 March 2021 (2020: £359.4 million).

### Actuarial review

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

## Wood Pension Plan

Year ended 31 March 2021

A full valuation of the DB Legal Section and the Ex-Serco Protected Persons Legal Section was completed as at 31 March 2020 and the results were published in the Plan Actuary's report dated January 2021 and June 2021 respectively.

Details of the latest valuation results are as follows:

### DB Legal Section

#### (a) Past Service Position

	<b>£m</b>	<b>£m</b>
<b>Assets</b>		3,103
<b>Liabilities</b>		
- In Service Members	(229)	
- Deferred Pensioners	(1,563)	
- Pensioners	(1,733)	
- Additional reserve	Included in above	
<b>Total</b>		<u>(3,525)</u>
<b>Past Service Surplus/(Shortfall)</b>		<u>(422)</u>
<b>Funding level</b>		88%

The 31 March 2017 valuation allowed for a mortality and GMP equalisation reserve. In the 31 March 2020 valuation, the value of the liabilities includes an allowance reserve of 1.0% in the technical provisions for GMP equalisation; there is no separate GMP or mortality reserve.

#### (b) Past Service Position – Other Bases

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

Pension Protection Fund coverage	82%
Solvency	77%

#### (c) Future contributions

As the DB Legal Section is closed to future accrual, no employer contributions are required to fund future benefit provision. Wood has agreed, however, to make deficit reduction contributions of £8 million per annum until December 2030. The terms are included in the DB Legal Section's Schedule of Contributions dated 31 December 2020. The remainder of the past service shortfall is expected to be covered by investment returns and plan experience.

## Wood Pension Plan

Year ended 31 March 2021

### Ex-Serco Protected Persons Legal Section (prior to desectionalisation)

#### (a) Past Service Position

	<b>£000</b>
<b>Assets</b>	2,172
<b>Liabilities</b>	
- In Service Members	2,520
<b>Net Shortfall</b>	<u>(348)</u>
<b>Funding level</b>	86.2%

#### (b) Past Service Position – Other Bases

Pension Protection Fund coverage	47%
Solvency	64%

#### (c) Future contributions

This section closed to future accrual on 30 September 2020 when the last remaining employee left the section. Up to this date the Past Service shortfall reported above was being paid off by annual payments of £60,000 per annum until July 2020. The terms are included in the Ex-Serco Protected Person's Legal Section's Schedule of Contributions dated 14 July 2020. After the year-end, a new Schedule of Contributions dated 24 June 2021 was approved by the Trustee and Principal Employer, following the desectionalisation.

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

#### **Actuarial Update:**

The latest actuarial update of the DB Legal Section as at 31 March 2020 reported a shortfall of £422m, representing a funding level of 88%. The next full valuation of the DB Legal Section will be carried out as of 31 March 2023.

## Wood Pension Plan

Year ended 31 March 2021

### Membership

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

	Active	Deferred	Pensioner	Total
<b>Defined Benefit Section</b>				
As at 01/04/2020	1	8,792	10,149	18,942
Adjustments	-	(20)	9	(11)
New	-	150	419	569
Deaths	-	(17)	(391)	(408)
Retirements	-	(289)		(289)
Leavers	(1)	(282)	(67)	(350)
As at 31/03/2021	-	8,334	10,119	18,453
<b>Defined Contribution Section</b>				
As at 01/04/2020	5,932	11,752	-	17,684
Adjustment	(91)	52	-	(39)
New	993	1,445	-	2,438
Deaths	(7)	(16)	-	(23)
Leavers	(1,473)	(1,156)	-	(2,629)
As at 31/03/2021	5,354	12,077	-	17,431

Notes:

- Pensioners include 1,938 (2020: 1,950) beneficiaries receiving a pension.
- Employees who were auto-enrolled into the Defined Contribution Section of the Plan and who opted-out within a month of their first contribution being deducted are not included in the membership statistics as they are treated as never having been members of the Plan.
- Included in the DB legal section are 88 pensioners (2020: 95) for whom the Plan receives annuities in respect of part or all of their pension. There are also 30 beneficiaries (2020: 33) not included in the statistics where annuities were bought in the name of the Trustee and payment is being made directly to the individual by the insurer.

### Transfers

#### Transfers in

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

#### Transfers out

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

### Pension increases

Pensions in respect of a member's Guaranteed Minimum Pension (GMP) are increased in line with statutory requirements in April each year. Deferred benefits are also increased in line with statutory requirements.

## Wood Pension Plan

Year ended 31 March 2021

### Former AMEC Staff members

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

At 6 January 2021 the Trustee agreed pension increases of:

- 1.1% in respect of pre-2008 pensionable service
- 1.1% in respect of post-2008 pensionable service

No discretionary increases were applied during the year under review.

### Former Foster Wheeler Pension Plan pensioners

Pensions in payment and deferred pensions are increased annually on 1 April each year. The rate of increase is set by reference to the Consumer Prices Index (CPI) for the 12 months ending in December each year. For pensions accrued between 6 April 1997 and 5 April 2005, the increase is subject to a maximum of 5% each year and for pension accrued after 5 April 2005, the maximum is 2.5% each year.

At 1 April 2020 and 1 April 2021, the Trustee agreed pension increases of:-

	2020	2021
- In respect of pension between 6 April 1997 and 5 April 2005	1.3%	0.6%
- In respect of pension after 5 April 2005	1.3%	0.6%

No discretionary increases were applied during the year under review.

### Former John Wood Group PLC Retirement Benefits Scheme pensioners

Pensions in payment and deferred pensions are increased annually on 1 April each year. The rate of increase is set by reference to the Retail Prices Index (RPI) for the 12 months ending in September each year. For pensions accrued between 6 April 1997 and 30 June 2005, the increase is subject to a maximum of 5% each year and for pension accrued after 30 June 2005, the maximum is 2.5% each year.

At 1 April 2020 and 1 April 2021, the Trustee agreed pension increases of:-

	2020	2021
- In respect of pension between 6 April 1997 and 30 June 2005	2.4%	1.1%
- In respect of pension after 30 June 2005	2.4%	1.1%

No discretionary increases were applied during the year under review.

## GMP Equalisation

Following the judgements in 2018 and 2020, the Trustee has considered the impact of "GMP (Guaranteed Minimum Pension) Equalisation" on the Plan. Based on an initial assessment of likely backdated amounts and related interest, the Trustee does not consider the expected effect to be material to the financial statements and no liability in respect of this matter has been included at the year end. A full review is underway and any liability, once established, will be accounted for in the year in which it is determined.

## Change in Auditor

As a result of the OEPI independence restrictions effective 15 December 2020 the Trustee agreed to review the Plan auditor appointment and retain PWC for covenant services. Following a competitive tender Grant Thornton were appointed in February 2021. On Grant Thornton's appointment, the previous auditors, PWC, confirmed to them "that there were no reasons, professional or otherwise, for

## Wood Pension Plan

Year ended 31 March 2021

the proposed change of auditors of which you need to be aware before you decide whether or not to accept nomination.”

### Custody

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

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

### Investments

#### Investment advice

The Trustee had appointed Mercer Limited as DB and DC investment adviser to the Plan. Post year end the Trustee carried out a review of their investment advisers and appointed XPS with effect from 1 June 2021, to replace Mercer for DB investment advice and Mercer with Isio for DC Investment advice with effect from 1 April 2021.

#### Statement of Investment Principles

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

### DB Legal Section

#### Investment management

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

The names of the investment managers and the type of assets they managed during the year are summarised in the following table.

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

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During the year the Trustee appointed AXA as a third buy and maintain manager, using cash and gilts from the BlackRock LDI portfolio.

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

### Benchmarks and performance targets

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

### Investment performance

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

The overall performance of the Plan investments, net of fees, for periods ended 31 March 2021, was as follows:

	Year to 31 March 2021	3 years to 31 March 2021
<b>Plan</b>	3.5%	5.1% p.a.
<b>Benchmark</b>	5.3%	5.4% p.a.

### AVC Investments

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

Details of the total AVC funds held with each of the providers are set out in note 16 to the financial statements. During the year the Trustee, following advice from Mercer, agreed to close all unit linked AVC funds and invest them into the DC section of the Plan. The remaining AVC funds are with profits only. These account holders receive annual benefit statements from each of the providers with whom they have AVC invested.

### DC Legal section Investment Management

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

Members of the Plan invest in the range of pooled funds shown on the next page. The funds are held on an investment platform operated by Scottish Widows Limited. The value of the units held under the pooled funds at the end of the year on a bid price basis was £459.6 million (2020: £352.2 million). Further detail on breakdown of the pooled funds is included in note 14.

The performance of the funds is regularly measured and reviewed by the Trustee. Over the year to 31 March 2021, the returns achieved by those funds that have been in place for the full year, net of fees, have been as follows:-

## Wood Pension Plan

Year ended 31 March 2021

Fund	Return (%)	Benchmark (%)	Fund	Return (%)
Multi Asset Growth	28.7	4.1	Target Drawdown 2022 Retirement*	14.8
Drawdown Retirement	10.7	1.9	Target Drawdown 2023 Retirement*	17.7
Annuity Retirement	2.3	2.4	Target Drawdown 2024 Retirement*	20.1
Cash Retirement	0.0	-0.1	Target Drawdown 2025 Retirement*	21.9
Active UK Equity	40.0	26.7	Target Drawdown 2026 Retirement*	23.7
Active Global Equity	46.2	38.4	Target Drawdown 2027 Retirement*	25.5
Active Emerging Markets Equity	41.5	42.3	Target Drawdown 2028 Retirement*	27.4
Active UK Corporate Bonds	3.2	0.6	Target Drawdown 2029 Retirement*	-
Diversified Growth	25.6	0.1	Target Annuity 2022 Retirement *	5.9
Active Property	1.7	2.5	Target Annuity 2023 Retirement *	9.1
Active Cash	0.1	-0.1	Target Annuity 2024 Retirement *	12.0
Passive UK Equity	30.0	30.4	Target Annuity 2025 Retirement *	15.3
Passive Overseas Equity	39.9	39.0	Target Annuity 2026 Retirement *	18.7
Passive Ethical Global Equity	36.4	37.0	Target Annuity 2027 Retirement *	22.2
Passive Emerging Markets	45.7	42.3	Target Annuity 2028 Retirement *	25.7
Passive Shariah	36.8	19.7	Target Annuity 2029 Retirement *	-
Fixed Interest Gilts	-11.7	-11.8	Target Cash 2022 Retirement *	6.1
UK Corporate Bonds	8.7	7.2	Target Cash 2023 Retirement *	10.4
Inflation Linked Gilts	-1.2	-1.7	Target Cash 2024 Retirement *	14.7
			Target Cash 2025 Retirement *	17.7
			Target Cash 2026 Retirement *	20.5
			Target Cash 2027 Retirement *	23.4
			Target Cash 2028 Retirement *	26.4

The data for the 3 and 5 year returns, where applicable, is available on the individual fund fact sheets available in the member portal. Where funds have been held for less than 3 years, 3 and 5 year performance returns are not available.

Note: Due to the lifestyle nature of the target retirement funds (marked with a \*), there is not a benchmark assigned for any of these investments so comparative benchmark performance cannot be shown. The benchmark shown for the Diversified Growth fund (DGF) is linked to returns on cash so is not representative of returns on the constituent investments held in the DGF. Performance is shown over 12 months or since inception for all funds.

Further information about the Plan's investment income, asset allocation and transactions during the Plan year is set out in notes 10-11 and 13-15 to the Financial Statements.

## Wood Pension Plan

Year ended 31 March 2021

### Statement of Trustee's responsibilities

#### Trustee's responsibilities in respect of the financial statements

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

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

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Plan will continue as a going concern.

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

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the UK pension section of Wood's corporate website, [www.woodplc.com/ukpensions](http://www.woodplc.com/ukpensions). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Trustee's responsibilities in respect of contributions

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

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Plan in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

## Wood Pension Plan

Year ended 31 March 2021

### Approval of Trustee's report

The Trustee's report on pages 5 – 15 which includes the Statement of Trustee's Responsibilities on page 14, Report on Actuarial Liabilities on pages 47-48 and the Implementation Statement on pages 75-102 was approved by the Trustee and signed for on its behalf by:



**M A S Walker**  
**Trustee Director**

Date: 22 October 2021

# ***Independent auditor's report to the Trustee of the Wood Pension Plan***

## **Opinion**

We have audited the financial statements of Wood Pension Plan (the 'Plan') for the year ended 31 March 2021, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

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

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

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

## Wood Pension Plan

Year ended 31 March 2021

### Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of trustee for the financial statements

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

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

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

## Wood Pension Plan

Year ended 31 March 2021

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the Trustee and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee.

We assessed the susceptibility of the Plan's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets and the valuation of property assets using a method not permitted under the SORP. Our audit procedures included:

- Evaluation of the design effectiveness of controls that the Trustee has in place to prevent and detect fraud
- Journal entry testing, with a focus on large journals and those journals with unusual account combinations or posted to suspense accounts
- Use of our internal experts to challenge the reasonableness of the property asset valuations at the year end produced by the Trustee's valuation experts
- Obtaining independent confirmations of material investment valuations and cash balances at the year end

In addition, we completed audit procedures to conclude on the compliance of disclosures in the Trustee's report and financial statements with applicable financial reporting requirements.

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

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

### Use of our report

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

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date:

## Wood Pension Plan

Year ended 31 March 2021

### Trustee's Summary of Contributions payable in respect of the Plan year ended 31 March 2021

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and employee contributions payable to the Plan in accordance with the Schedules of Contributions dated 31 July 2018/14 July 2020 /24 June 2021 (Ex Serco) and 24 July 2018 /31 December 2020 (DB Legal). It also sets out the DC employer and employee contributions payable to the Plan under the Payment Schedule dated 11 September 2019 and any Additional Voluntary Contributions (AVC) in respect of the full Plan year.

Contributions payable under the Schedules of Contributions - DB Legal / Ex Serco Sections	£'000s
<b>Employer:</b> Normal contributions	11
<b>Employer:</b> Additional funding contributions	6,520
<b>Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditor)</b>	<b>6,531</b>
Contributions payable under the Payment Schedule - DC Section	£'000s
<b>Employer:</b> Normal contributions	48,264
<b>Contributions payable under the Payment Schedule (as reported on by the Plan Auditor)</b>	<b>48,264</b>
Other contributions received and not reported on by the Plan Auditor	£'000s
<b>Employee:</b> Additional voluntary contributions (AVC)	413
<b>Other Contributions received and not reported on by the Plan Auditor</b>	<b>413</b>

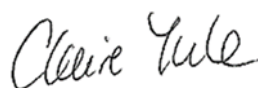
### Reconciliation of Contributions Payable under the Schedules of Contributions and Payment Schedule to Total Contributions reported in the Financial Statements

	£'000s
Contributions payable under the Schedules of Contributions (as above)	6,531
Contributions payable under the Payment Schedule (as above)	48,264
Other contributions received and not reported on by the Plan Auditors (as above)	413
<b>Total contributions reported in the Financial Statements</b>	<b>55,208</b>

Signed on behalf of the Trustee of the Wood Pension Plan on 22 October 2021.



**M A S Walker**  
Trustee Director



**C N Yule**  
Trustee Director

## Wood Pension Plan

Year ended 31 March 2021

### ***Independent auditor's statement about contributions to the Trustee of the Wood Pension Plan***

We have examined the summary of contributions to the Wood Pension Plan (the 'Plan') for the Plan year ended 31 March 2021, which is set out on the previous page.

In our opinion, contributions for the Plan year ended 31 March 2021 as reported in the summary of contributions and payable under the schedules of contributions and payment schedule have in all material respects been paid at least in accordance with the schedules of contributions certified by the Plan actuary on 24 July 2018 and on 31 July 2018; and payment schedule dated 11 September 2019.

#### **Scope of work on statement about contributions**

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

#### **Respective responsibilities of trustees and the auditor**

As explained more fully in the statement of trustee's responsibilities set out on page 14, the trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and securing that a payment schedule is prepared, maintained and from time to time revised and for monitoring whether contributions are made to the Plan by the employer in accordance with the schedule of contributions and payment schedule.

It is our responsibility to provide a statement about contributions paid under the schedules of contributions and payment schedule and to report our opinion to you.

#### **Use of our statement**

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

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date:

## Wood Pension Plan

Year ended 31 March 2021

# Fund account

for the year ended 31 March 2021							
	Note	DB	DC	Total	DB	DC	Total
		£'000	£'000	2021	£'000	£'000	2020
				£'000			£'000
<b>Contributions and benefits</b>							
Contributions	4						
Employer		6,529	48,677	55,206	7,430	62,482	69,912
Employee		2	-	2	4	-	4
Transfers in	5	-	1,675	1,675	2,296	64,970	67,266
Other income	6	-	1,395	1,395	-	2,935	2,935
		6,531	51,747	58,278	9,730	130,387	140,117
Benefits paid or payable	7	(100,285)	(5,977)	(106,262)	(96,214)	(5,933)	(102,147)
Payments to and on account of leavers	8	(44,719)	(34,264)	(78,983)	(29,154)	(15,310)	(44,464)
Administrative expenses	9	(4,381)	-	(4,381)	(3,784)	(334)	(4,118)
		(149,385)	(40,241)	(189,626)	(129,152)	(21,577)	(150,729)
<b>Net (withdrawals)/additions from dealings with members</b>		(142,854)	11,506	(131,348)	(119,422)	108,810	(10,612)
<b>Returns on investments</b>							
Investment income	10	58,000	3	58,003	54,752	22	54,774
Change in market value of investments	13	65,491	92,748	158,239	82,458	(34,771)	47,687
Investment management expenses	11	(5,798)	-	(5,798)	(5,997)	-	(5,997)
<b>Net returns on investments</b>		117,693	92,751	210,444	131,213	(34,749)	96,464
<b>Transfers Between Sections</b>	17	145	(145)	-	2,064	(2,064)	-
<b>Net (decrease)/increase in the fund during the year</b>		(25,016)	104,112	79,096	13,855	71,997	85,852
<b>Net assets of the Plan at start of year</b>		3,114,999	359,432	3,474,431	3,101,144	287,435	3,388,579
<b>Net assets of the Plan at end of year</b>		3,089,983	463,544	3,553,527	3,114,999	359,432	3,474,431

The notes on pages 24 to 44 form part of these Financial Statements.

## Wood Pension Plan

Year ended 31 March 2021

# Statement of Net Assets (available for benefits)

At 31 March 2021			
	Note	2021	2020
		£'000	£'000
<b>DB Legal Section</b>			
<b>Investment assets:</b>			
Bonds	13	2,322,414	2,324,285
Equities	13	346,848	385,371
Property	13	96,275	235,980
Pooled investment vehicles	14	262,244	61,888
Derivatives	15	2,375	5,641
Cash	13	34,638	59,641
Other investment assets	13	11,206	33,128
AVC investments	16	4,042	9,366
		<b>3,080,043</b>	3,115,300
<b>Investment liabilities:</b>			
Derivatives	15	(3,392)	(15,408)
Other investment liabilities	13	(1,724)	(2,502)
Total investments		<b>3,074,927</b>	3,097,390
<b>Current assets</b>	20	<b>18,289</b>	21,948
<b>Current liabilities</b>	20	<b>(3,233)</b>	(4,339)
Total net assets of the DB Legal Section		<b>3,089,983</b>	3,114,999
<b>DC Legal Section</b>			
<b>Investment assets:</b>			
Pooled investment vehicles	14	459,598	352,181
<b>Current assets</b>	20	<b>5,546</b>	9,171
<b>Current liabilities</b>	20	<b>(1,600)</b>	(1,920)
Total net assets of the DC Legal Section		<b>463,544</b>	359,432
<b>Total net assets available for benefits</b>		<b>3,553,527</b>	3,474,431

The notes on pages 24 to 44 form part of these Financial Statements.

## Wood Pension Plan

Year ended 31 March 2021

The Financial Statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes account of such obligations for the defined benefit sections, is dealt with in the Report on Actuarial Liabilities on pages 47-48 included in Appendix 2 and these Financial Statements should be read in conjunction with this Report.

These financial statements on pages 21 to 44 were approved by the Trustee and signed on their behalf on 22 October 2021.



**M A S Walker**  
Trustee Director



**C N Yule**  
Trustee Director

**Date: 22 October 2021**

# Notes (forming part of the Financial Statements)

## 1. Identification of the Financial Statements

The Wood Pension Plan (the "Plan") is an occupational pension scheme established as a trust under English law. The Plan is a pension scheme registered in the United Kingdom under Chapter 2, Part 4 of the Finance Act 2004. The Plan is a hybrid scheme composed of three legal sections: a defined contribution section open to new members; a legacy defined benefit section closed to accrual; and a further small defined benefit section closed to new members which ceased accrual in September 2020. This section was desectionalised post year end. The address of the Plan's principal office is Booths Park, Chelford Road, Knutsford, Cheshire WA16 8QZ.

## 2. Basis of preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain audited accounts and a statement from the auditor) Regulations 1996, Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) (revised 2018).

Annuity policies were previously allowed to be included in the Statement of Net Assets at nil value. Under FRS102 annuity policies are reported at the value of the related obligation to pay future benefits funded by the annuity policy. After investigation the value of annuity policies that are held are immaterial so are not included in the Net Assets. At the date of the last actuarial valuation in 2020, these were valued at £7.7 million.

The Trustee has considered the impact of the Covid-19 pandemic on the Plan. The administration function has now switched to a permanent hybrid working model and continues to operate effectively with minimal disruption. The Trustee continues to seek advice and guidance from its investment managers and their investment consultant has examined asset valuations in the current environment and has concluded that values can be considered reliable for the purpose of the Financial Statements. The Trustee has also concluded that no change is required to the classification of the investments in the fair value hierarchy. With respect to the covenant considerations and any impact on the Plan's sponsoring employer, the Trustee reviewed its covenant assessment of the sponsor in March 2021 and was satisfied with Wood's continued ability to meet its obligation under the Plan. Importantly, the Trustee considers that the Covid-19 pandemic does not make it inappropriate to presume that the Plan will continue as a going concern.

## 3. Accounting policies

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

- a) Investments
  - i. Investments are included at fair value.
  - ii. The listed investments are stated at the bid price at the date of the Statement of Net Assets.
  - iii. Bonds are stated at their clean prices. Accrued income is accounted for within investment income.
  - iv. Unquoted securities are included at fair value estimated by the Trustee based on advice from the investment manager.
  - v. Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.
  - vi. Properties are included at open market value as at 31 March 2021 determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein. The properties have been valued by LaSalle Investment Management Limited, Chartered Surveyors, who have experience in the locations and class of the investment properties held by the Plan.
  - vii. AVC investments are valued as being the surrender values at the year end, as advised by the AVC providers.

## Wood Pension Plan

Year ended 31 March 2021

- viii. Derivatives are stated at fair value.
  - Exchange traded futures are stated at fair market value which is the unrealised profit or loss at the current bid or offer quoted market price of the contract.
  - Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
  - Over the counter (OTC) options are stated at fair value using pricing models and relevant market data as at the year end date
  - Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
  - All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.
- ix. Accrued income
  - Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.
- x. Other investment balances are accounted for at fair value and are made up of:
  - accrued income on fixed interest bonds, dividend income on equities, outstanding rental income, cash that has not settled and cash held at brokers;
  - rental income paid in advance and money due to brokers.
- b) Investment income
  - i. Dividends from quoted securities are accounted for when the security is declared ex-div.
  - ii. Rents are earned in accordance with the terms of the lease.
  - iii. Interest is accrued on a daily basis.
  - iv. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.
  - v. Investment income arising from the underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in Market Value'.
- c) Foreign currencies

The functional and presentational currency of the Plan is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Gains and losses arising on investment balance translation are accounted for in the change in market value of investments during the year.
- d) Contributions
  - i. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due in accordance with the Schedule of Contributions or Payment Schedule under which they are being paid.
  - ii. Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.
  - iii. Employer shortfall correction and special funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.
  - iv. Employer s75 debt contributions are accounted for when a reasonable estimate of the amount due can be determined.
- e) Payments to members
  - i. Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.
  - ii. Opt outs are accounted for when the Plan is notified of the opt out.

## Wood Pension Plan

Year ended 31 March 2021

- iii. Individual transfers in or out are accounted for when member liability is accepted/discharged.
  - iv. Group transfers in or out are accounted for in accordance with the terms of the transfer agreement.
  - v. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits payable.
- f) Expenses  
Expenses are accounted for on an accruals basis. The Plan bears all the costs of administration.
- g) Benefit payments and investments in relation to the Ex-Serco Protected Persons Legal Section are immaterial and included in the values shown for the DB Legal Section for reporting purposes, although they were separately identifiable to the specific section of the Plan pre deselectionalisation.
- h) Critical accounting judgments and estimation uncertainty  
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. For the Plan, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Plan's investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (a) and (b) above and within note 19.

### 4. Contributions receivable

	DB	DC	2021
	£'000	£'000	£'000
Employer:			
Normal	9	48,264	48,273
Augmentation	-	-	-
Additional Funding	6,520	-	6,520
Other: Additional AVC	-	413	413
	6,529	48,677	55,206
Employee:			
Normal	2	-	2
	2	-	2
Total Contributions	6,531	48,677	55,208

	DB	DC	2020
	£'000	£'000	£'000
Employer:			
Normal	370	62,132	62,502
Augmentation	-	-	-
Deficit Funding	1,060	-	1,060
Special Funding	6,000	-	6,000
Other: Additional AVC	-	350	350

## Wood Pension Plan

Year ended 31 March 2021

	7,430	62,482	69,912
Employee:			
Normal	4	-	4
	4	-	4
Total Contributions	7,434	62,482	69,916

Additional contributions are being paid by the Employer into the Plan to improve its funding position. The amounts to be paid are set out in the Schedules of Contributions that were agreed in July 2018, July 2020 and December 2020. Under the Schedules, additional contributions of £60,000 per annum, in respect of the Ex-Serco Protected Person Legal Section, were payable until June 2020 and £8m per annum, in respect of the Defined Benefit Legal Section, are payable from 1 January 2021 to December 2030. From 1 April 2020 to 31 December 2020 additional contributions of £6m per annum were payable in respect of the Defined Benefit Legal Section.

Employer normal contributions include £24.296m (DC) and £0.01m (DB) (2020: £31.142m DC and £0.046m - DB) of contributions payable to the Plan under salary sacrifice arrangements made available to all members by the Employer. Contributions noted as Employer Other: Additional AVC represent lump sum AVC contribution payments to the Plan under salary sacrifice arrangements.

The DB contribution entries for Employer Normal and Members Normal contributions relate to the Ex-Serco Protected Person Legal Section members up to 30 September 2020 when the Section closed to future accrual.

### 5. Transfers in

	DB	DC	2021
	£'000	£'000	£'000
Individual Transfers in	-	1,675	1,675
	-	1,675	1,675

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

Group Transfers in for 2020 represent the assets due to the Wood Pension Plan from the John Wood Group plc Retirement Benefits Scheme as part of the scheme merger process.

### 6. Other income

	DB	DC	2021
	£'000	£'000	£'000
Claims on insurance policies	-	1,395	1,395
	-	1,395	1,395

	DB	DC	2020
	£'000	£'000	£'000
Claims on insurance policies	-	2,935	2,935
	-	2,935	2,935

## Wood Pension Plan

Year ended 31 March 2021

### 7. Benefits paid or payable

	DB	DC	2021
	£'000	£'000	£'000
Pensions	86,945	-	86,945
Commutations and lump sum retirement benefits	12,621	3,357	15,978
Purchase of annuities	-	566	566
Balance of 5 year guarantee on deaths of pensioners	392	-	392
Return of members' DC account balances on death	-	538	538
Lump sum death benefits	-	1,395	1,395
Taxation where lifetime or annual allowance exceeded	327	121	448
	100,285	5,977	106,262

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

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

### 8. Payments to and on account of leavers

	DB	DC	2021
	£'000	£'000	£'000
State scheme premiums	-	-	-
Individual transfers out	44,719	34,264	78,983
	44,719	34,264	78,983

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

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

## Wood Pension Plan

Year ended 31 March 2021

### 9. Administrative expenses

	DB	DC	2021
	£'000	£'000	£'000
Wood Administration charge	909	-	909
Audit and professional fees	1,967	-	1,967
Other administrative expenses	196	-	196
Pension Protection Fund levy	1,309	-	1,309
	4,381	-	4,381

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

Effective 1 January 2021 the Trustee and company agreed that all administration expenses were to be paid from the DB section rather than being apportioned between the DB and DC sections. The Wood administration charge is the Wood Pensions team's operating costs, based on actual costs incurred. Other costs are allocated separately under the heading of 'Audit and professional fees' or 'Other administrative expenses'. Included in the Audit and professional fees in the audit fee of £68,000 (2020: £60,000).

### 10. Investment income

	DB	DC	2021
	£'000	£'000	£'000
Dividends from equities	5,295	-	5,295
Income from bonds	41,184	-	41,184
Net rental income	10,840	-	10,840
Interest on cash deposits	65	3	68
Annuity income	616	-	616
	58,000	3	58,003

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

## Wood Pension Plan

Year ended 31 March 2021

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

### 11. Investment Management expenses

	DB	DC	2021
	£'000	£'000	£'000
Investment, administration, management and custody fees (including performance related fees where applicable)	5,798	-	5,798

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

### 12. Tax

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

### 13. Investment reconciliation

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

#### DB Legal Section

	Value at 1 April 2020	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Market Value	Cash	Value at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	2,324,285	411,092	(369,224)	(43,739)	-	2,322,414
Equities	385,371	112,475	(235,601)	84,603	-	346,848
Property	235,980	-	(135,051)	(4,654)	-	96,275
Pooled Investment vehicles	61,888	254,010	(73,817)	20,163	-	262,244
Derivative net assets						
- Futures	-	3,403	(5,452)	2,597	-	548
- FX	(9,767)	127,821	(123,360)	3,742	-	(1,564)
- Options	-	-	-	-	-	-
Other net investment assets	33,128	-	(21,922)	-	-	11,206
Other net investment liabilities	(2,502)	778	-	-	-	(1,724)
AVC investments	9,366	-	(6,782)	1,458	-	4,042
<b>Plan Net Assets</b>	<b>3,037,749</b>	<b>909,579</b>	<b>(971,209)</b>	<b>64,170</b>	<b>-</b>	<b>3,040,289</b>
Cash deposits	59,641	-	-	1,321	(26,324)	34,638
<b>Total net investments</b>	<b>3,097,390</b>	<b>909,579</b>	<b>(971,209)</b>	<b>65,491</b>	<b>(26,324)</b>	<b>3,074,927</b>

## Wood Pension Plan

Year ended 31 March 2021

Included within the Plan purchases and sales are direct transaction costs of £1.323m (2020: £61k) comprising commissions and stamp duty. These costs are attributable to the key asset classes as follows:

	Equities £'000	Bonds £'000	Other £'000	Total £'000
Fees			818	818
Commissions		413		413
Taxes	92			92
<b>2021 total</b>	<b>92</b>	<b>413</b>	<b>818</b>	<b>1,323</b>
2020 total	61	-	-	61

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

### DC Legal Section

	Value at 1 April 2020 £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	Value at 31 March 2021 £'000
Pooled investment vehicles	352,181	93,856	(79,187)	92,748	459,598

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.

## 14. Pooled Investment Vehicles

The Plan's holdings of PIVs are analysed below:

	2021 £'000	2020 £'000
<b>DB Legal Section</b>		
Cash	99,889	42,636
Equity	147,077	-
Property	-	8
Private Equity	15,278	19,244
	262,244	61,888

## Wood Pension Plan

Year ended 31 March 2021

	2021	2020
	£'000	£'000
<b>DC Legal Section</b>		
Equities	46,859	30,689
Annuities	28,258	28,997
Cash	181	129
Multi Asset Drawdown	86,113	62,639
Multi Asset Growth	287,431	218,232
Property	416	472
Money Market	2,472	3,071
Bonds	5,378	3,008
Index Linked Gilts	2,490	4,905
Multi Asset Defensive	-	39
	459,598	352,181

All invested DC assets are allocated to members.

Assets of the DC Legal Section are allocated to provide benefits to the individuals on whose behalf the contributions were paid and they do not form a common pool of assets available generally.

### 15. Derivatives

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

#### Futures

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

#### Forward foreign exchange

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

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

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Year ended 31 March 2021

	2021		2020	
<b>DB Legal Section</b>				
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Futures	873	(325)	-	-
FX	1,502	(3,067)	5,641	(15,408)
	<b>2,375</b>	<b>(3,392)</b>	5,641	(15,408)

### (i) Futures

The Plan had exchange traded overseas stock index futures outstanding at the year end relating to its return seeking overseas equity portfolio as follows:

Nature	Expires Within	Nominal	Asset value at year end	Liability value at year end
	£		£	£
lfl Long Gilt Future	3 Months	25,000,000		(325,000)
Eurx Euro Bond	3 Months	3,400,000	4,344	
US 10YR Treasury Note	3 Months	34,800,000	868,463	
<b>Total 2021</b>			872,807	(325,000)
Total 2020			-	-

### (ii) Forward Foreign Exchange (FX)

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

Contract	Currency bought	Currency sold	Asset value at year end	Liability value at year end
			£'000	£'000
GBP/EUR	170,051	(198,162)	1,200	-
GBP/USD	224,212	(313,084)	91	(2,559)
USD/GBP	149,306	(108,096)	211	(319)
EUR/USD	1,607	(1,915)	-	(19)
EUR/GBP	98,424	(84,013)	-	(170)
<b>Total 2021</b>	643,600	(705,270)	1,502	(3,067)
Total 2020			5,641	(15,408)

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

At the year end, £2,953,895 (2020: £10,798,686) was held and £383,000 (2020: £1,002,583) was pledged as collateral in respect of counterparties. This collateral is not reported within the Plan's net liabilities.

## 16. AVC Investments

The Trustee holds assets invested separately from the main Plan fund to secure additional benefits on a money purchase basis for those Plan members who elected historically to pay AVCs. The aggregate amounts of AVC investments are as follows on the next page:

## Wood Pension Plan

Year ended 31 March 2021

	2021	2020
	£'000	£'000
<b>DB Legal Section</b>		
Scottish Widows (Prev Zurich)	-	1,734
Fidelity	3,213	3,135
Prudential	406	486
Utmost (Prev Equitable Life)	-	864
Phoenix Life Limited (Prev London Life Limited)	23	22
Standard Life	351	1,888
Aviva (Prev Friends Life)	49	1,237
	4,042	9,366

### 17. Transfers between Sections

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

	DB	DC	2021
	£'000	£'000	£'000
DC to DB transfers			
- Commutations and lump sum retirement benefits	4,515	(4,515)	-
- Float transfer	2,500	(2,500)	-
DB to DC transfers			
- Pension sharing payments for ex-spouses	(1,301)	1,301	-
- Additional voluntary DB contributions transferred to DC	(5,569)	5,569	-
	145	(145)	-

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

## Wood Pension Plan

Year ended 31 March 2021

### 18. Investment Fair Value Hierarchy

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

- Level (1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can assess at the measurement date.
- Level (2) Inputs other than quoted prices included within level 1 that are observable (ie. developed using market data) for the asset or liability, either directly or indirectly.
- Level (3) Inputs are unobservable (ie. for which market data is unavailable) for the asset or liability.

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

	Level 1	Level 2	Level 3	2021
<b>DB Legal Section</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 31 March 2021				
Equities	346,848	-	-	346,848
Bonds	-	2,322,414	-	2,322,414
Property	-	-	96,275	96,275
Pooled investment vehicles	99,889	147,078	15,278	262,245
Net Derivative assets and liabilities	-	(1,016)	-	(1,016)
Cash	34,638	-	-	34,638
Other investment balances	9,481	-	-	9,481
AVC investments	-	3,262	780	4,042
	490,856	2,471,738	112,333	3,074,927
<b>DC Legal Section</b>				
Pooled Investment Vehicles	-	459,182	416	459,598

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Year ended 31 March 2021

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

The value of pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the asset is primarily driven by fair value of its underlying assets, the net asset value advised by the valuer is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 5 April 2021 or 5 April 2020. The property holdings are valued by valuation experts on an open market basis. There are no legal restrictions on the realisability of these properties.

### 19. Investment Risks

#### Types of risk relating to investments

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

- Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk (currency risk, interest rate risk and other price risk), each of which is further detailed as follows:
  - Currency risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
  - Interest rate risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
  - Other price risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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Year ended 31 March 2021

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

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

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

The Plan's net assets as at 31 March 2021 and 31 March 2020 are detailed in the Statement of Net Assets.

### Defined Benefit Section

#### Investment Strategy

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

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

The Plan's investment strategy takes into account considerations such as the strength of the Sponsoring Company covenant, the long term liabilities of the Plan and the funding agreed with the Sponsoring Company. The Plan's investment strategy as at 31 March 2021 is set out as follows:

- 15.0% in return seeking assets comprising global listed equities, a buyout private equity fund and a secondaries private equity fund.
- 27.5% in mid-risk/cashflow matching assets, comprising corporate bonds (both UK and overseas). The Trustee agreed steps to top-up the allocation to corporate bonds towards the target allocation, with implementation scheduled to take place after year-end. The Plan also previously held an allocation to UK property within its mid-risk/cashflow matching assets portfolio, however the Trustee agreed to sell down these assets in early 2020. This process was still underway at year end, therefore a residual property holding remained.
- 57.5% in investments that share characteristics with the liabilities of the Plan ("liability matching" assets), comprising of fixed and index-linked UK government bonds and cash in a Liability Driven Investment ("LDI") mandate.
- There is no specific currency hedging policy in place.

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

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### 1. Credit Risk

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

Credit Rating	31 March 2021 (£m)	31 March 2020 (£m)
Investment Grade	2,312.3	2,341.2
Non-Investment Grade	4.9	3.1
Unrated	10.9	12.1
<b>Total exposure</b>	<b>2,328.1</b>	<b>2,356.4</b>

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

The Plan is also exposed to direct credit risk via its investments in pooled investment vehicles (investment in an Undertakings for the Collective Investment in Transferable Securities ("UCITS") Fund, shares in limited partnerships ("LPs") - Coller and Dunedin (and Barings as at year end 2020) and in a unit-linked insurance contract, 2021: £260.3m; 2020: £61.8m). The changes in direct credit risk exposure, from direct investments in bonds and exposure via pooled investment vehicles, reflects the following changes during the year under review:

- Full disinvestment from Barings LP (c. £3.6m) with proceeds transferred to the Trustee Bank Account.
- Investment in BlackRock Passive Equity mandate structured as a unit-linked insurance contract (£112m in July 2020).
- Investment in AXA segregated corporate bond portfolio (£161m in December 2020)

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

The Plan is also exposed to credit risk via the cash balances it holds in the Trustee bank account and within the custodial cash accounts associated with the segregated mandates. Both the Trustee bank account and custodian account assets are held in accounts provided by banks that have an investment grade credit rating. The values as at 31 March 2021 and 31 March 2020 are disclosed in the Statement of Net Assets.

Excess cash held within the Plan's portfolios managed by PGIM, RLAM, Coller and Dunedin is distributed to the Trustee bank account. Credit risk is also mitigated by the use of GBP and USD cash sweeps into liquidity funds, which are investment grade credit rated, on a daily basis for the segregated equity portfolios and the RLAM Buy and Maintain Credit portfolio. Cash held in the Plan's portfolios accounted for £132.5m as at 31 March 2021 (2020: £113.3m).

The Plan's LDI manager, BlackRock, was permitted to lend gilts held in the Plan's segregated LDI portfolio during the Plan year. The purpose of the gilt lending programme is to deliver revenue by lending gilts to borrowers over various terms while maintaining economic exposure to the value of the underlying gilts for hedging purposes. The revenue earned is split between the Plan and BlackRock, as the lending agent, at pre-agreed rates. BlackRock operate within defined guidelines to ensure that risk is managed appropriately, and the Plan retains sufficient liquidity. BlackRock also provide the Plan with indemnification against any losses as an additional level of protection

The Trustees manage the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements.

Credit risk within the gilt assets held in the LDI portfolio is considered minimal (notwithstanding the comments above around gilt lending) and credit risk within bond portfolios is managed by predominantly investing in investment grade corporate bonds, although RLAM has the ability to hold assets in sub-investment grade credit at their discretion (up to 15% of portfolio assets). In addition, RLAM have the option to purchase up to 5% of sub-investment grade credit. PGIM do not have the ability to purchase sub-investment grade credit, however they have the option to hold up to 10% in sub-investment grade

## Wood Pension Plan

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credit, if investment grade securities purchased within the portfolio have been subsequently downgraded to sub-investment grade. AXA do not have the ability to purchase sub-investment grade credit but may retain securities downgraded to sub-investment grade subject to a maximum portfolio allocation of 10%. The amount of corporate bond exposure at year end was £612.2m (2020: £439.4m). This significant increase reflects the new investment in AXA's segregated corporate bond portfolio during the year.

The Plan is also exposed to credit risk from the contractual rental payments that are due within the property assets. This is managed by the structure of the contractual arrangements, although the Trustee instructed LaSalle to sell down the Plan's property assets in early 2020. This process was still underway at year end, with a number of sales completed over the year under review.

### Pooled Investment Arrangements

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

Investments backing unit-linked insurance contracts are comingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the DB Section may be protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for at least 100% of its policy value, although compensation is not guaranteed. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis and monitors any changes to the operating environment of the pooled manager.

The Plan has interests in a number of LPs which invest in portfolios of private equity assets, managed by Dunedin and Collier (2021: £13.4m; 2020: £15.6m). As such the Plan is exposed to the direct credit risk of the LPs themselves. Direct credit risk arising from the LPs is mitigated by the underlying assets being ring-fenced from the pooled managers, the regulatory environments in which the managers operate and diversification of investments amongst a number of pooled arrangements.

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

	2021 (£m)	2020 (£m)
Shares in Limited Partnerships	13.4	19.2
Unit Linked Insurance Contracts	147.0	-
UCITS	99.9	42.6
<b>Total</b>	<b>260.3</b>	<b>61.8</b>

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

## 2. Market Risk

### a) Currency Risk

The Plan is subject to currency risk because some of the Plan's investments are denominated in foreign currency. The Plan's segregated global equity managers, Magellan and Veritas, are permitted to invest up to 100% of assets under management in securities denominated in foreign currency (equating to 10.0% of total Plan assets). Investments in Collier, Private Equity manager, are denominated in US Dollars (representing 0.4% of total Plan assets based on actual allocation as at 31 March 2021); none of this overseas currency exposure is hedged. In the case of the BlackRock pooled equity mandate

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(5.0% of total Plan assets), the Plan invests in the non-currency hedged GBP share class in line with the MSCI World Index, where the majority of exposure is via non-GBP investments.

The PGIM global buy and maintain credit portfolio is able to invest up to 100% of assets under management (7.5% of total Plan assets) in securities denominated in foreign currency, however PGIM do not take any active currency views within the portfolio and are required to hedge any non-GBP exposure back to GBP. The currency hedge ratio is permitted to vary in the band of 95% to 105% (on an aggregate portfolio basis) in order to allow for efficient management of the hedge.

The AXA global buy and maintain credit portfolio is also able to invest up to 20% of assets under management (4.0% of total Plan assets) in foreign currency denominated bonds and all non-GBP currency exposure is hedged back to GBP. The exposure to any non-GBP currencies is permitted to vary within a band of -1% to +1% of the total net asset value of the Portfolio in order to allow for an efficient management of the hedge.

The above positions can result in up to 26.5% of total Plan assets having direct unhedged exposure to currency risk. As at year-end, the total Plan exposure to non-GBP assets was £715.7m (2020: £586.6m) and GBP hedged exposure amounted to £223.4m (2020: £194.7m), equal to PGIM's and AXA's non-GBP exposure which is fully hedged to GBP.

Currency	31 March 2021 (£m)	31 March 2020 (£m)
USD	518.4	408.3
EUR	106.7	95.6
Other	90.6	82.7
<b>Total non-GBP exposure</b>	<b>715.7</b>	<b>586.6</b>

*Figures may not sum due to rounding.*

The Trustee is comfortable with the level of currency hedging in place as it views the Plan as a long term investor and believes the Plan can tolerate the currency risks involved with the current investment strategy. A full breakdown of the foreign currency exposure as at 31 March 2021 and 31 March 2020 and hedging is outlined in the table on the next page. This is based on actual (rather than strategic) allocations for each manager and total.

Manager and Asset Class	31 March 2021			31 March 2020		
	GBP exposure (%)	Non-GBP exposure (%)	GBP Hedged exposure (%)	GBP exposure (%)	Non-GBP exposure (%)	GBP Hedged exposure (%)
Magellan Global Equity	4.4	95.6	-	4.2	95.8	-
Brandes Global Equity	-	-	-	17.4	82.7	-
BlackRock Global Equity	4.0	96.0	-	-	-	-
Veritas Global Equity	7.4	92.6	-	11.1	88.9	-
Dunedin Private Equity	100.0	-	-	100.0	-	-
Coller Private Equity	-	100.0	-	-	100.0	-
LaSalle Property	100.0	-	-	100.0	-	-
Barings Mezzanine Debt	-	-	-	5.8	94.2	-
AXA Corporate Bonds	85.0	15.0	100.0	-	-	-
RLAM Corporate Bonds	100.0	-	-	100.0	-	-
PGIM Corporate Bonds	20.1	79.9	100.0	16.4	83.6	100.0
BlackRock LDI	100.0	-	-	100.0	-	-
<b>Total Plan assets</b>	<b>76.7</b>	<b>23.3</b>	<b>7.3</b>	<b>81.0</b>	<b>19.0</b>	<b>6.3</b>

*Figures may not sum due to rounding.*

## Wood Pension Plan

Year ended 31 March 2021

### b) Interest Rate Risk

The Plan is subject to interest rate risk as a result of some of the Plan's investments being held in bonds and cash, both directly and through underlying investments in pooled investment vehicles. The Plan may also be subject to interest rate risk via the use of derivatives in a number of mandates.

The Trustee has set a benchmark of 57.5% (2020: 56%) for investment in liability matching assets, which, together with a portion of the cashflow matching assets (the UK and overseas corporate bonds, totalling 27.5% (2020: 20%)), share characteristics with the Plan's liabilities. The overall actual allocation to these investments as at 31 March 2021 was 79.7% (2020: 78.1%). If interest rates fall, the value of these assets is expected to rise to help offset some of the expected increase in actuarial liabilities resulting from a fall in the discount rate. Similarly, if interest rates rise, these assets are expected to fall in value, as are the actuarial liabilities, due to the increase in the discount rate. The Trustee agreed to target interest rate and inflation hedge ratios of 80% of liabilities on the Technical Provisions basis during the year, however implementation of the hedge ratios was not yet completed at year end.

### c) Other Price Risk

Other price risk arises principally in relation to the Plan's return seeking assets and the residual UK property assets held within the mid-risk/cashflow matching portfolio. The Plan has set a target asset allocation of 15.0% (2020: 24.0%) to these assets; the actual allocation as at 31 March 2021 was 20.3% (2020: 21.8%) with the overweight position relative to target largely a result of residual property exposure. The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

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

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

## Defined Contribution Section

### Investment Strategy

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

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

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

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

## Wood Pension Plan

Year ended 31 March 2021

### Credit Risk

The investment funds offered to members within the Defined Contribution Section are provided through an investment platform managed by Scottish Widows Limited (“Scottish Widows”).

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

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

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

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

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

### Market Risk

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

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

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

## Wood Pension Plan

Year ended 31 March 2021

### 20. Net Current assets

#### DB Legal Section

	2021	2020
	£'000	£'000
<b>Current Assets</b>		
Contributions due	2	1,002
Group transfers-in / other debtors	698	50
Cash balance held in bank**	17,589	20,896
	18,289	21,948
<b>Current liabilities</b>		
Unpaid benefits	(1,804)	(1,773)
Other creditors and accruals	(1,429)	(2,566)
	(3,233)	(4,339)
<b>Net current assets</b>	15,056	17,609

\*\*£2,136 k (2020: £1,172k) of cash balances relating to Ex-Serco Legal Section members. Post year end the Ex Serco section was desectionalised and the cash balance became part of the DB legal section.

#### DC Legal Section

	2021	2020
	£'000	£'000
<b>Current Assets</b>		
Contributions due	3,805	3,654
Other debtors	171	10
Cash balances held in bank	1,570	5,507
	5,546	9,171
<b>Current liabilities</b>		
Unpaid benefits	(1,592)	(1,912)
Other creditors and accruals	(8)	(8)
	(1,600)	(1,920)
<b>Net current assets</b>	3,946	7,251

All contributions due as at 31 March 2021 were paid into the Plan after the year end in line with the Schedules of Contributions dated 31 July 2020 (Ex Serco Section) and 31 December 2020 (DB Section) and the Payment Schedule dated 11 September 2019 (DC Section).

At the year-end, there were no undesignated assets held in the DC Legal Section (2020: Nil).

### 21. Employer related investments

There was no direct self-investment in John Wood Group plc or any related company, including Amec Foster Wheeler Limited. From time to time investments in John Wood Group plc may be possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, the Trustee estimates that, at 31 March 2021, any indirect exposure to shares in John Wood Group plc was 0.005% (2020: 0.001%) of the net assets of the Plan.

## Wood Pension Plan

Year ended 31 March 2021

### 22. Concentration of investments

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

	2021		2020	
<b>DB Legal Section</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
	<b>£'000</b>		<b>£'000</b>	
None to report	-	-	-	-

<b>DC Legal Section</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
			<b>£'000</b>	
Multi Asset Growth Fund	284,521	8.0	216,135	6.2

### 23. Related party transactions

#### Employer related parties

The Plan is administered by Wood Pensions, the personnel of which are employed by Wood Group UK Limited. Fees payable in respect of administration are disclosed in note 9. At the year end, there were no administration expenses outstanding (2020: £Nil).

#### Key management personnel

At the year-end, 1 of the Trustee directors is an active member of the Plan (2020: 2); 2 are deferred members (2020: 2); and 2 are pensioner members (2020: 3). Contributions receivable (Note 4) and Contributions due (Note 22) include amounts in respect of Trustee directors who are active members of the Plan in accordance with the Plan rules. Benefits payable (Note 7) include pension amounts in respect of Trustee Directors who are pensioner members of the Plan in accordance with the Plan rules.

The independent, deferred and pensioner Trustee directors receive a fee for services as a Trustee director. The total fees paid to Trustee directors amounted to £157,913 (2020: £133,417).

Two of the Trustee directors act as trustee directors of another Wood pension scheme, namely William Press Supplementary Retirement Benefits Plan.

### 24. Capital commitments

The Plan has capital commitments with Dunedin Capital Partners Limited to the value of £227,075 (2020: £595,391) and Coller Capital to the value of \$13,917,622 (2020: \$13,917,622). These commitments relate to investment where capital is only transferred to the manager once suitable investment opportunities are identified, up to the maximum investment allocation awarded to the manager.

### 25. GMP Equalisation

Following the legal judgements in 2018 and 2020, the Trustee has considered the impact of "GMP (Guaranteed Minimum Pension) Equalisation" on the Plan. Based on an initial assessment of likely backdated amounts and related interest, the Trustee does not consider the expected effect to be material to the financial statements and no liability in respect of this matter has been included at the year end. A full review is underway and any liability, once established, will be accounted for in the year in which it is determined.

In the opinion of the Trustee, the Plan had no other contingent liabilities at 31 March 2021 (2020: Nil).

# Actuary's Certification of Schedule of Contributions



## CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Plan **Wood Pension Plan**

### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 31 December 2020.

### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 31 December 2020.

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

### Signature

A handwritten signature in black ink, appearing to read "Steve Jones", is written over a light blue horizontal bar.

**Name** **Steve Jones**

**Date of signing** **31 December 2020**

**Qualification** **Fellow of the Institute and Faculty of Actuaries**

**Name of employer** **Mercer Limited**

**Address** **Belvedere, 12 Booth Street, Manchester M2 4AW**



## CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Plan

Wood Pension Plan Ex-Serco Protected  
Persons Legal Section

### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

### Adherence to statement of funding principles

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

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

**Signature**

**Name** Steve Jones

**Date of signing** 14 July 2020

**Qualification** Fellow of the Institute and Faculty of Actuaries

**Name of employer** Mercer Limited

**Address** Belvedere, 12 Booth Street, Manchester, M2 4AW

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

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

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2020. This showed:

	Valuation 31 March 2020
The value of technical provisions was	£3,525 million
The value of assets was	£3,103 million

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

## Method

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

## Significant actuarial assumptions

### Principal actuarial assumptions for valuation as at 31 March 2020

Discount interest rate	Pre-retirement 1.22% p.a. Post-retirement 1.22% p.a.
Future Retail Price inflation:	2.82% p.a.
Future Consumer Price inflation:	2.33% p.a.
Salary increases	2.82% p.a.
Pension increases in payment	
RPI subject to maximum of 5% p.a.	2.75% p.a.
RPI subject to a maximum of 2.5% p.a.	1.99% p.a.
Mortality	S3PMA tables with CMI 2019_1.75% improvements

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

### Derivation of actuarial assumptions for valuation as at 31 March 2020

**Discount rate:** The majority of benefits in a pension scheme are paid many years in the future. In the period before the benefits are paid, the Trustee invests the funds held by the Plan with the aim of achieving a return on those funds. When calculating how much money is needed now to make these benefit payments, it is appropriate to make allowance for the investment return that is expected to be earned on these funds. This is known as "discounting".

The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the "discount rate" is higher. The Trustee's investment policy is to invest the funds held in respect of all members in lower risk assets (which therefore have a lower expected return). Therefore, the discount rate assumption is the same pre and post-retirement rate.

## Wood Pension Plan

Year ended 31 March 2021

**Inflation:** Pensions in payment typically increase in line with price inflation, subject to a cap. Salary growth is also normally linked to price inflation. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.

### **Pensionable Salary growth**

Pensions for in-service deferred members are based on their salaries each year before retirement, so it is necessary to make an assumption about future Pensionable Salary growth. The higher this assumption, the higher the value placed on the liabilities for in-service deferred members.

**Mortality/Life expectancy** Pensions are paid while the member (and potentially their spouse or partner) is alive. The longer people live, the greater is the cost of providing a pension. Allowing for longer life expectancy therefore increases the liabilities.

### **GMP Equalisation**

The law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 and, following a High Court ruling on 26 October 2018, this includes providing equal benefits accrued from 17 May 1990 to reflect the differences in any Guaranteed Minimum Pension (GMPs). This will result in an additional liability for the Plan. Detailed calculations have not yet been carried out. The 31 March 2020 triennial valuation allowed for a reserve of 1.0% in the technical provisions liabilities in respect of GMP equalisation.

Next valuation: The date of the next scheduled triennial valuation is as at 31 March 2023.

# DC Governance Statement for the Year ended 31 March 2021

## Introduction

- 1.1. This statement describes how the Trustee has governed the DC Section of the Wood Pension Plan ('the Plan') during the year.
- 1.2. The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report. This statement covers the period from 1 April 2020 to 31 March 2021 ('the Plan Year').
- 1.3. The Trustee maintains close oversight of the DC Section, including at least four Trustee Board meetings each year specifically focussing on DC matters.
- 1.4. The statement covers four principal areas:

Investment, focusing on the Plan's default investment arrangements.

Internal controls, including the processing of core financial transactions.

Value, with particular focus on charges and transaction costs deducted from members' funds.

The knowledge and resources available to the Trustee, including how the Trustee maintains the statutory levels of knowledge and understanding to govern the Plan and how these help the Trustee to ensure that the Plan is governed effectively.

## Investment Arrangements

- 2.1. A copy of the Plan's latest Statement of Investment Principles (SIP), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is attached and is available to view online at <https://www.woodplc.com/ukpensions/wood-pensions-news>. The SIP covers the Trustee's aims and objectives in relation to the default investment arrangement as well as policies in relation to matters such as risk and diversification. It also states why the Trustee believes the default investment arrangement to be designed in members' best interests.
- 2.2. The SIP was revised in September 2020 to reflect updates to the Trustee's policies in relation to environmental, social and governance considerations, including climate change. There have been subsequent changes with the latest update in May 2021.

## Default Investment Arrangement

- 2.3. The Plan's default investment arrangement during the period covered by this statement has been the Target Drawdown strategy. This strategy was put in place during February and March 2019.
- 2.4. In summary, the Target Drawdown default investment arrangement is a target date fund approach designed for members planning to withdraw their benefits in a flexible way, typically through staying invested in retirement and drawing down on their savings over time (at the current time, this needs to be outside of the Plan). The default investment arrangement invests in equities and other growth-seeking assets during the 'growth' phase of the strategy. Eight years prior to each member's selected retirement year (or the Plan's normal retirement year where none is selected), investments are transferred to a Target Drawdown Retirement Fund based on the targeted retirement year. The Target Drawdown Retirement Fund gradually switches members into a balanced mix of investments at the point of retirement, including cash, corporate

## Wood Pension Plan

Year ended 31 March 2021

and government bonds, equities and alternative asset classes such as property and infrastructure investments.

- 2.5. The default investment arrangement is kept under regular review. Members are also able to access alternative strategies and a range of self-select funds. They are also supported by clear communications.
- 2.6. The last detailed independent strategic review of the default investment arrangement was completed in the second half of 2020 by Isio.
- 2.7. The review considered the appropriateness of the investment objective, asset allocation, performance of the default investment arrangement, value added by underlying asset classes and use of ESG within the default investment arrangement. Further, the review included consideration of the demographic profile of the membership, the size of average savings pots (and the range of pot sizes), the age profile and the projected size of members' benefits at retirement. The outcome of the review did not lead to any strategic changes being made to the Plan's default investment arrangements.
- 2.8. As part of the recommendations of the strategic review, the Trustee worked with its professional advisors to improve Mercer's regular monitoring reports to better enable the Trustees to clearly assess the performance of different components of the default strategy.
- 2.9. Mercer, to whom the Trustee has delegated the investment management of the default investment strategy, carries out an annual strategy review of the asset allocation of the strategy. During the year covered by this Statement, Mercer's investment review took place in May 2020. The review tested member outcomes in retirement achieved by the default investment option, known as Mercer SmartPath, against the Pensions and Lifetime Savings Association's ("PLSA") Retirement Living Standards.
- 2.10. Mercer defined success as offering a greater than 50% chance that a member with a median pot size at retirement who takes a level of income sufficient to support a moderate living standard does not run out of money by the current median life expectancy in the UK (at age 20), which is currently age 88.
- 2.11. Some of the specific aspects tested included whether a higher allocation to risk assets in the early years of investing in Mercer SmartPath would increase the age at which members would run out of money. Mercer's investment modelling analysis confirmed that there was no significant improvement in outcomes associated with a higher risk start.
- 2.12. As a result, it was determined that the diversified multi-asset growth phase remains appropriate to meet its stated investment objectives and Mercer did not recommend any changes to the structure of the glidepath nor to the composition of the funds.
- 2.13. Performance and risk-based reviews are also undertaken each quarter. In these reviews, the following issues are considered:
  - Performance (net of fees) relative to fund benchmarks, objectives, inflation measures and peer groups for the default arrangement.
  - The investment manager research ratings from Mercer. These ratings include an assessment of each manager's environmental, social and governance capabilities and the extent to which these issues are integrated into investment processes.
  - Risk analysis, including the volatility and experience of capital loss ("drawdowns") within the strategy.
- 2.14. The Trustee discusses the reports at each quarterly meeting.

### Other "Technical" Default Investment Arrangements

- 2.15. In March 2020, as the COVID-19 pandemic unfolded, the underlying investment manager suspended trading in Active Property - Property Fund due to uncertainties in valuing the properties held. Those members with holdings in this Fund received communications to inform them of the position and to confirm that contributions could be redirected into a fund of their choice. For those members who did

## Wood Pension Plan

Year ended 31 March 2021

not make a choice, contributions were re-directed into the Plan's Active Cash – Cash Fund. As a result, the Active Cash – Cash Fund was deemed a technical default.

2.16. The trading restrictions were lifted in September 2020 and the Fund was reopened. The members received a communication to inform them that any contributions which were redirected to the Active Cash – Cash Fund would be returned to the Active Property – Property Fund. The return process was implemented by the Wood admin team. The Active Cash – Cash Fund was deemed a technical default but it is no longer a default fund.

### 3. Internal Controls and Core Financial Transactions

#### Introduction

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

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

3.3. Our processes in this regard are documented below.

#### Administration

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

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

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

#### Broader Controls

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

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

3.9. Specific DC risks are reviewed as part of the overall risk review conducted twice a year.

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

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

## Wood Pension Plan

Year ended 31 March 2021

- 3.12. The Trustee had engaged Mercer to provide ongoing governance support by way of monitoring the performance of Scottish Widows in delivering investment platform services (e.g. unit pricing, transaction processing and performance reporting). As part of its appointment, Mercer has negotiated exclusive SLAs with Scottish Widows, including financial penalties for Scottish Widows in the event of breaches above agreed thresholds. This further helps the Trustee ensure the prompt and accurate processing of core financial transactions.
- 3.13. The Trustee ensures that all third party providers share their data security and cyber risk policies with the Trustee. These policies are reviewed by the Trustee and the providers are questioned on any areas requiring further clarity.
- 3.14. During the Plan Year, following a full review, Isio were appointed to replace Mercer as the DC Investment Consultant to the DC Section of the Plan. This was partly driven by the potential for conflicts of interest to arise due to Mercer acting as the Trustee's DC Investment Consultant as well as being responsible for the investment management of the funds. Isio are independent advisors and do not carry out any delegated investment management responsibilities.

### Experience during the Plan Year

- 3.15. We are pleased that in the last Plan Year there have been no material administration service issues which need to be reported. The Trustee is confident that the processes and controls in place with the administrator are robust and help ensure that the financial transactions which are important to members are dealt with properly.
- 3.16. In March 2020 the Covid-19 pandemic required the Trustee, the in-house administration team and the various advisers and providers to use their previously prepared business continuity measures, as a UK lockdown commenced.
- 3.17. We are pleased to confirm that the Plan's operations have been maintained successfully. The Trustee Board continued with its meeting schedule during the Plan Year via remote working. All monthly contributions have been paid on time. Important administration functions such as preparing benefit quotations, paying benefits, investing monthly contributions and updating member records continue to be processed promptly by the administration team.

## 4. Value, Charges and Transaction Costs

- 4.1. The range of the levels of charges and transaction costs applicable to the investment arrangement during the period are detailed in this section.
- 4.2. At the start of the period, Additional Voluntary Contributions ("AVCs") from the DB Section of the Plan were invested with one or more of the AVC providers. Over the period these arrangements were consolidated into the DC Section. Therefore, for the purposes of reporting on Value, Charges and Transactions Costs, the Trustee has focussed on the arrangements managed by Mercer.

### Charges

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

### Transaction Costs

- 4.4. When buying and selling investments, transaction costs can be incurred.
- 4.5. Transaction costs are not explicitly deducted from a fund but are captured in its performance (that is, the higher the transaction costs, the lower the returns produced, all else being equal). The Financial Conduct Authority has provided guidance in Policy Statement 17/20 to investment managers regarding calculation

## Wood Pension Plan

Year ended 31 March 2021

and disclosure of transaction costs. Due to the way in which costs are required to be calculated, they can be negative or positive; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

4.6. The following tables below show the transaction costs incurred in the Plan's default investment arrangement and other investment funds held as at 31 March 2021.

Fund	Total Expense Ratio (% p.a.)	Average Transaction Costs (% p.a.)*
Funds used in Default		
Multi Asset - Growth	0.23	0.18
Target Drawdown 2021	0.29	0.11
Target Drawdown 2022	0.29	0.12
Target Drawdown 2023	0.29	0.13
Target Drawdown 2024	0.29	0.13
Target Drawdown 2025	0.29	0.13
Target Drawdown 2026	0.28	0.12
Target Drawdown 2027	0.26	0.12
Target Drawdown 2028	0.25	0.16
Target Drawdown 2029	0.24	0.16
Drawdown Retirement	0.29	0.11
Active Cash – Cash (technical default, see para 2.16)	0.14	0.01
Other Multi - Asset		
Multi Asset – Diversified Growth	0.33	0.14
Equity		
Passive Equity - UK Equity	0.07	-0.01
Passive Equity - Overseas Equity	0.09	0.00
Passive Equity - Global Equity	0.09	0.00
Passive Equity - Ethical Global Equity	0.25	0.00
Passive Equity - Emerging Markets Equity	0.18	-0.03
Passive Equity - Shariah	0.35	0.04
Active Equity - UK Equity	0.70	0.26
Active Equity - Global Equity	0.74	0.27
Active Equity - Emerging Markets Equity	0.97	0.56

## Wood Pension Plan

Year ended 31 March 2021

Fund	Total Expense Ratio (% p.a.)	Average Transaction Costs (% p.a.)*
<b>Bond</b>		
Active Bonds - Broad Market Bonds	0.40	0.04
Passive Bonds - UK Corporate Bonds	0.09	-0.01
Passive Bonds – Fixed Interest Government Bonds	0.08	-0.03
Passive Bonds – Inflation-Linked Government Bonds	0.08	0.00
<b>Property</b>		
Active Property - Property	0.70	0.18
<b>Alternative Target Retirement Funds</b>		
Target Cash 2021	0.18	0.02
Target Cash 2022	0.18	0.03
Target Cash 2023	0.18	0.05
Target Cash 2024	0.18	0.06
Target Cash 2025	0.18	0.08
Target Cash 2026	0.19	0.10
Target Cash 2027	0.20	0.09
Target Cash 2028	0.22	0.15
Target Cash 2029	0.23	0.15
Cash Retirement	0.15	0.01
Target Annuity 2021	0.15	0.02
Target Annuity 2022	0.16	0.04
Target Annuity 2023	0.17	0.05
Target Annuity 2024	0.17	0.06
Target Annuity 2025	0.19	0.07
Target Annuity 2026	0.20	0.09
Target Annuity 2027	0.21	0.10
Target Annuity 2028	0.22	0.15
Target Annuity 2029	0.21	0.15
Annuity Retirement	0.15	0.01

Source: Mercer as at 31 March 2021.

## Wood Pension Plan

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\* Average transaction cost calculated by taking an average of the funds over the last three years of 2019, 2020 and 2021.

### Impact of Costs and Charges

- 4.7. Using the charges and transaction cost data provided Mercer and in accordance with Regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan. Statutory guidance provided has been considered when providing these examples.
- 4.8. The Regulations require the Trustee to provide a disclosure of costs and charges for a range of funds:
- Default option (or most popular)
  - Highest cost fund
  - Lowest cost fund
  - The fund with the lowest assumed growth, according to assumptions made in the Plan's Statutory Money Purchase Illustrations (SMPIs). Note that no allowance is made for outperformance in respect of actively managed funds.
  - The fund with the highest assumed growth, again according to assumptions made in the Plan's SMPIs. No allowance is made for outperformance in respect of actively managed funds.
- 4.9. The illustrations have considered the following elements:
- Contribution levels
  - Real terms investment returns gross of costs and charges
  - Adjustment for the effect of costs and charges
  - Time period of investment.
- 4.10. To make this analysis representative of the membership, the Trustee has based this on the youngest member joining the Plan at age 18, with a normal retirement age of 65, using a starting fund size of £0 (i.e., a new joiner) and a salary in line with the average salary at that age, based on data sourced from the administration team. It also assumes an overall contribution level in line with the average active member contribution rate, which is a total contribution of 15%.

The tables below set out how the pension pot of a member currently aged 18 will increase over time for the following:

- Default lifestyle arrangement
- Lowest cost fund
- Highest cost fund
- Lowest return fund
- Highest return fund

## Wood Pension Plan

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Please see the Notes below for more details.

### 18 year old active member– future contributions assumed investing in the default lifestyle arrangement

18 year old, with a starting pot of £0, paying £1,896 annual contributions

Age	Years from 31/03/21	Before charges (£)	After all costs and charges deducted (£)
19	1	£1,922	£1,919
21	3	£5,930	£5,895
23	5	£10,166	£10,064
28	10	£21,837	£21,392
33	15	£35,236	£34,142
38	20	£50,619	£48,495
43	25	£68,280	£64,649
48	30	£88,555	£82,833
53	35	£111,833	£103,301
58	40	£138,557	£126,339
63	45	£162,106	£145,839
65	47	£167,838	£150,155

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### 18 year old active member– future contributions assumed investing in the fund with the lowest and highest return fund

Age	Years from 31/03/21	Active Money Market (lowest return net of costs)		Passive UK Equity (highest return net of costs)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
19	1	£1,878	£1,877	£1,924	£1,923
21	3	£5,528	£5,516	£5,942	£5,936
23	5	£9,042	£9,008	£10,199	£10,182
28	10	£17,262	£17,134	£21,982	£21,907
33	15	£24,733	£24,463	£35,595	£35,410
38	20	£31,525	£31,075	£51,324	£50,960
43	25	£37,698	£37,039	£69,495	£68,867
48	30	£43,310	£42,419	£90,489	£89,489
53	35	£48,411	£47,271	£114,744	£113,237
58	40	£53,048	£51,649	£142,768	£140,585
63	45	£57,263	£55,597	£175,144	£172,079
65	47	£58,840	£57,066	£189,461	£185,975

### 18 year old active member– future contributions assumed investing in the fund with the lowest and highest charges

Age	Years from 31/03/21	Passive Over 15 Year Gilt (lowest charging fund net of costs)		Active Emerging Markets Equity (highest charging fund net of costs)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
19	1	£1,879	£1,878	£1,915	£1,901
21	3	£5,534	£5,531	£5,863	£5,731
23	5	£9,058	£9,049	£9,973	£9,600
28	10	£17,321	£17,286	£21,000	£19,444
33	15	£24,859	£24,785	£33,193	£29,538
38	20	£31,736	£31,612	£46,675	£39,887
43	25	£38,010	£37,826	£61,582	£50,499
48	30	£43,732	£43,484	£78,064	£61,381
53	35	£48,953	£48,634	£96,289	£72,538
58	40	£53,716	£53,322	£116,440	£83,979
63	45	£58,060	£57,591	£138,722	£95,710
65	47	£59,689	£59,189	£148,280	£100,485

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### Notes on member illustrations

1. The illustrations show the how the funds grow for the youngest member of the Plan (currently aged 18). The projections are to age 65 (i.e. in 47 years' time).
  2. The starting fund size for the member is assumed to be £0 which is the expected starting pot for a member aged 18 with a salary of £12,641 a year and a total contribution rate of 15% per year.
  3. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
  4. Inflation is assumed to be 2.5% each year.
  5. Salary is assumed to increase by 2.5% each year.
  6. Values shown are estimates and are not guaranteed.
  7. Transaction costs have been estimated based on the data available from Mercer and the underlying fund managers.
  8. Average transaction costs across 2019, 2020 and 2021 (where possible) have been used and zero transaction costs assumed in the projection calculations if the actual transaction cost was negative.
5. Value for Members
- 5.1. The Trustee received advice on how to assess "good value" from its appointed DC adviser, Isio, and considered regulatory guidance. As a result, the Trustee with the assistance of Isio carried out a value for money assessment of the Plan across seven key areas. In each area, the Plan was compared against a "basic scheme", an "average scheme" and an "above average scheme" and given a prescribed score. What constitutes basic, average or above average is based on experience from the range of schemes advised by Isio as well as Isio's wider knowledge of the DC market. The score for each area was weighted equally.
  - 5.2. The seven key areas considered by the Trustee included:
    - Member charges;
    - Investment;
    - Retirement support;
    - Governance;
    - Administration;
    - Contributions & associated benefits; and
    - Education & engagement.
  - 5.3. Based on the above review, the Trustee has concluded that the Plan offers good value for members relative to the market.
  - 5.4. The Trustee also has in place an agreement for a reduction in charges of 0.01%p.a. to be implemented once the Plan's level of assets reaches an agreed trigger level of £500m. Since the end of the reporting period, the trigger level was reached, and the reduction was applied. In addition, the Trustee successfully negotiated a further 0.004% reduction in charges during the Plan Year. This has also now been applied.
6. Trustee Knowledge and Understanding
- 6.1. The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Plan Year by the Trustee as a body in dealing with the whole Plan (not just the DC Section).
  - 6.2. The Trustee has procedures for ensuring its Trustee Directors take personal responsibility for keeping up to date with relevant developments. Training logs are maintained for each Director and training is

## Wood Pension Plan

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provided regularly and reviewed every quarter. Training plans are tailored to issues that arise on the Trustee's business plan.

- 6.3. The Trustee has adopted a robust training programme for newly appointed Trustee Directors. Upon appointment, a Trustee Director is required to undertake an induction process. This includes a training session with the in-house pension department and completion of the Pensions Regulator's online toolkit.
  - 6.4. During the Plan Year, the training topics considered by the Trustee were delivered via various means, for example, through Isio and Mercer's "current topics" training material, advisor presentations, "what-if" scenario planning etc.
  - 6.5. Specific DC training topics discussed during the Plan year included:
    - Impact of Covid-19 on DC funds and members
    - Changes to the Tapered Annual Allowance
    - Regulatory changes and disclosure requirements
    - Environmental, Social and Governance legislation and requirements
    - Default asset allocation
    - Improving outcomes for DC members
    - Cyber risk
  - 6.6. The Trustee also periodically conducts assessments of its effectiveness as a Trustee Board. These assessments include candid feedback on the Trustee's operating framework and performance generally. The results are collated and discussed openly at Trustee meetings. This was last carried out in Q4 2019 and will be carried out triennially.
  - 6.7. The Trustee is conversant with, and has a working knowledge of, the Statement of Investment Principles, including the requirements which have been in place since October 2020 in relation to arrangements with the appointed investment managers and the Trustee's engagement activities.
  - 6.8. There are two independent professional Trustee Directors, one of whom chairs the overall Trustee Board. The independent professional Trustee Directors bring a wide range of experience and skills to complement the knowledge and understanding of the Employer and Member nominated Trustees.
  - 6.9. In addition, the Trustee receives advice from professional advisors and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors.
  - 6.10. All of the Trustee Directors in office during the period have undertaken and completed the Pension Regulator's Trustee Toolkit.
  - 6.11. Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.
7. Trustee Statement of DC Governance
    - 7.1. The Trustee considers that its systems, processes and controls across key governance functions are consistent with those set out in The Pensions Regulator's DC Code of Practice.

Signed for and on behalf of the Wood Pension Plan

Date: 22 October 2021

By 

Chair of Trustee

## Wood Pension Plan

### Statement of Investment Principles – May 2021

#### 1. Introduction

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

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

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

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

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

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

In respect of the Defined Benefit Section the Trustee retains direct responsibility for setting investment objectives, establishing risk and return targets and setting the Plan’s strategic benchmark and manager structure selection and retention. It will also implement these decisions and be responsible for monitoring investment managers, custodians and other service providers, with appropriate expert advice and assistance as appropriate.

In respect of the Defined Contribution (DC) Section, the Trustee considers DC investment matters as a Board, along with other areas of DC governance.

#### 2. Defined Benefit Section

##### 2.1 Process For Choosing Investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives
- Consider the broad level of risk consistent with meeting the objectives set

## Wood Pension Plan

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- Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the Trustee's risk tolerance, liquidity requirements and expected cashflow needs

In considering the appropriate investments for the Plan, the Trustee has obtained and considered the written advice of Mercer Limited (the "Investment Consultant"), whom the Trustee believes to be suitably qualified to provide such advice. Where matters described in this Statement may affect the Plan's funding policy, input has also been obtained from the Plan Actuary. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

### 2.2 Investment Objectives

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

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

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

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

### 2.3 Portfolio Construction

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

- There is a role for both active and passive management. Passive management will be used for one of several reasons, namely:
  - To diversify risk;
  - To invest in markets deemed efficient where the scope for active management to add value is limited;
  - As a temporary home pending investment with an active manager.
- To help diversify manager specific risk, multiple manager appointments, within a single asset class are preferred where practical.
- At the total Plan level and within individual manager appointments investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer.
- Investment in illiquid assets, such as private equity and debt investments and property or pooled property funds, may be held in limited quantities. The proportion of such investments will be monitored at the individual manager and at the total Plan level.
- Investment in derivatives is permitted as agreed on a manager-by-manager basis if they contribute to a reduction in risk or facilitate efficient portfolio management.
- Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure), the Trustee will look to ensure that

## Wood Pension Plan

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the assets of the Plan are predominantly invested in regulated markets.

- Stock lending of Government bonds (gilts) is permitted provided arrangements are in place to ensure security and sufficient liquidity.
- No investment in securities issued by Wood, or affiliated companies will be made (other than any such securities held within a pooled fund in which the Trustee invests), unless posted by a third party as collateral as part of a diversified stock lending programme.
- Borrowing is not permitted except to cover short-term liquidity requirements.

### 2.4 Investment Strategy

The Trustee has defined a strategic objective to reach full funding on a gilts re-investment basis and de-risk the Plan's assets accordingly. However, it recognises that at current funding levels, a degree of investment risk will need to remain for the foreseeable future. The current investment strategy is set out in this and related documents.

Given the on-going commitment of Wood to the Plan, a degree of mismatching risk can be accepted for the time being on the basis that it is also acceptable to the Wood. It is recognised that, as the Plan is closed to new entrants and future accrual, it will gradually mature over the coming years.

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

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

<b>Asset Class</b>	<b>Benchmark Allocation (%)</b>
<b>Return-Seeking Assets (Equities)</b>	<b>15.0</b>
Global Listed Equities	15.0
Private Equity	- 1
<b>Mid-Risk / Cashflow Matching Assets</b>	<b>30.0</b>
Property	- 2
Corporate Bonds - Buy & Maintain Credit	30.0
<b>Liability Matching Assets</b>	<b>55.0</b>
Liability-Driven Investment	55.0
<b>Total</b>	<b>100.0</b>

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

2 The Plan is currently in the process of selling down these assets over time, as opportunities in the

## Wood Pension Plan

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*market arise, given the illiquid nature of the asset class.*

At the date of this Statement the allocation is under active review by the Trustee with potential for a material increase in the allocation to Corporate Bonds or similar assets.

### 2.5 Financially Material Considerations, Risk Management and Measurement

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

- The primary risk upon which the Trustee focuses is that arising through a mismatch between the Plan's assets and liabilities. The Trustee manages this risk by allocating a portion of the Plan's assets to assets that possess similar characteristics to the Plan's liabilities, referred to as Liability Matching Assets. The current strategic allocation to Liability Matching Assets is 55%. The Trustee targets a "hedge ratio" of 80% of the Scheme's liabilities, as measured on the Technical Provisions basis, in relation to changes in interest rates and inflation. The Trustee's willingness to take this level of mismatch is dependent on the continuing financial strength and support of Wood. The Trustee receives regular business updates from Wood and formally assesses the support at least every three years as part of the actuarial valuation.
- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's accruing liabilities as well as producing more short-term volatility in the Plan's funding position. A deterioration in the Plan's funding level could lead to a requirement for higher than expected contributions from Wood. The Trustee overlays the current strategy with a framework which will allow the Trustee to reduce the overall level of risk when suitable opportunities arise.
- The Trustee recognises the "covenant" risk associated with Wood's potential inability or unwillingness to support the Plan and any associated deficit going forward. As mentioned earlier, the Trustee pays due regard to Wood's views with regard to the potential size and incidence of contribution payments, and the degree to which Wood accepts variation in the Plan's surplus or deficit as a consequence of the investment policy adopted.
- The Trustee believes that environmental, social and corporate governance ("ESG") issues, including climate change and stewardship, may present financially material considerations. Section 5 provides dedicated comments on the Trustee's approach.
- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure that the asset allocation and manager structure policies in place result in an adequately diversified portfolio. The Trustee invests predominantly in directly held assets (via segregated accounts) but also holds investments in collective investment vehicles (i.e. pooled funds).
- The documents governing the investment manager appointments include several guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The investment managers are prevented from investing in asset classes or investments outside of their mandate without the Trustee's prior consent.

## Wood Pension Plan

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- The Trustee recognises the risks of underperformance introduced by using active managers. Arrangements are in place to monitor the continuing suitability of the current investments. The Trustee regularly reviews the continuing suitability of the Plan's investments including the appointed managers and the balance between active and passive management. The Trustee receives regular reports from the investment managers and Investment Consultant.
- The Trustee recognises that investments in illiquid asset classes, for example property and private equity, may not be readily realisable. The Trustee intends to withdraw from these assets as they mature or through orderly sales. In addition, the majority of the Plan's assets are liquid and readily realisable in the event of funds being required
- The Trustee recognises the risk of holding assets denominated in foreign currencies and a portion of this exposure is hedged to Sterling.
- The Trustee permits stock lending of Government gilts and recognises the associated risks. Safeguards are in place to minimise the risk of financial loss to the Plan should the borrower default on repayment, including indemnification against losses provided by the lending agent, BlackRock, receiving liquid collateral in excess of the value of any loans, and regular reviews of the credit-worthiness of potential borrowers by the lending agent. Limits on the amount of stock lending are also in place to ensure suitable liquidity.
- The safe custody of the Plan's assets is delegated to a professional custodian. The custodian is responsible for the prompt reclaim of withholding taxes and other taxes on income due to the Plan.

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

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

### 2.6 Day-to-Day Management of the Assets

Day to day management of the assets is delegated to professional investment managers who are all regulated by the Financial Conduct Authority ("FCA") or the relevant authority in the domicile country. The investment managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different specialisations and each manages investments for the Plan to a specific mandate which includes performance objectives, risk parameters and timescales over which their performance will be measured.

Management of the Plan's gilt lending programme is delegated to a lending agent, BlackRock, who have discretion to agree loans subject to agreed constraints. These constraints are agreed by the Trustee to ensure security and that sufficient liquidity is maintained across the Plan's asset portfolio.

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

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

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### 2.7 Realisation of Investments

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

### 2.8 Cash flow and cash flow management

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

### 2.9 Rebalancing

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

### 2.10 Expected return

The Trustee expects to generate a return, over the long-term, of c. 1.0% per annum\* (after expenses) above that which would have been achieved had no investment risk been taken within the portfolio i.e. had the asset portfolio been invested solely in a portfolio of long dated government bonds which broadly match the Plan liabilities (and with no stock lending). It is recognised that over the short-term, performance may deviate significantly from the long-term target and there are no guarantees that an excess return above the liabilities will be generated.

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

## 3. Defined Contribution Section

### 3.1 Process for Choosing Investments

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

### 3.2 Investment Objectives

The Trustee recognises that members have differing investment needs and that these may change during members' working lives. It also recognises that members have different attitudes to risk. The

## Wood Pension Plan

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Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty to be to make available a range of investment options sufficient to enable members to tailor, to their own needs, their investment strategy.

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

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

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

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

### 3.3 Risk Management and Measurement

There are various risks to which any pension scheme is exposed, which the Trustee believes may be financially material to the Plan. The Trustee has considered risk from several perspectives over the Plan's anticipated lifetime. The Trustee believes that the

appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to take their benefits from the Plan.

The primary risks considered are:

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

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

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

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

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

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

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

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

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

### 3.4 Investment Strategy

#### Default investment option

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

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

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

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

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

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

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

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

By the start of the year of their expected retirement, members' accumulated savings in the default investment option will be moved to the Target Drawdown Retirement Fund, which aims to broadly match these benefits through investment of 25% of the portfolio in a mix of high

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quality short-term sterling denominated money market instruments and 75% in a Diversified Retirement Fund, which aims to generate income and maintain the purchasing power of members' savings until they retire from the Scheme. The assets in this multi-asset fund include equities, bonds and alternative assets.

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

- Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee considers analysis of the Plan's membership in order to inform decisions regarding the default investment option. Based on this understanding of the membership, a default investment option that targets a drawdown-focused asset allocation at retirement is considered appropriate.
- Members are supported by clear communications regarding the aims of the default investment option and the access to alternative investment approaches. If members wish to, they can opt to choose their own funds or an alternative lifestyle strategy. Moreover, members do not have to take their retirement benefits in line with those targeted by the default investment option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- The default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee considers risk qualitatively in the context of the variability of expected retirement outcomes and quantitatively in the context of the variability of investment returns. Investment risk levels are monitored by the Trustee on a quarterly basis. In designing the default investment option, the Trustee has explicitly considered the trade-off between risk and expected returns and has taken advice from an independent investment adviser on the suitability of the Plan's arrangements.
- Assets in the default investment option are invested in daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various Investment Managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective Investment Managers in line with the mandates of the funds.
- Likewise, the Investment Managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental and governance considerations are taken into account in the selection, retention and realisation of investments. However, the Trustee has in place a policy regarding such issues, which is detailed in Section 5 of this Statement. Currently, no additional policies in this regard have been applied to the default arrangement, and the core policy in section 5 applies.

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

### Additional Technical Default Arrangements

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, in 2020 the Trustee identified a further investment option to be treated as a default arrangement (as defined by these regulations) in addition to the current default investment option (as detailed above). This fund was identified as a default arrangement as member contributions were

## Wood Pension Plan

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automatically directed without members having instructed the Trustee where their savings and future contributions are to be invested.

This additional default arrangement is the **Active Cash – Cash Fund**. In March 2020, the underlying investment manager for the Active Property – Property Fund suspended trading due to uncertainties in valuing the properties held. Those members with holdings in this Fund received communications to inform them of the position and confirm that contributions could be redirected into a fund of their choice. However, for members who did not make a choice, contributions were re-directed into the Active Cash – Cash Fund (an existing self-select fund choice that is also used within the Plan's main default investment arrangement). The Active Property – Property Fund reopened in August 2020, and contributions that had been directed into the Active Cash – Cash Fund were redirected back into the Active Property – Property Fund with effect from 1<sup>st</sup> September 2020. However, contributions invested during the period of closure remain invested in the Active Cash – Cash Fund.

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

### Other Investment Arrangements

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

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

## 3.5 Day-to-Day Management of the Assets

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

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

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

## 3.6 Realisation of Assets

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

## 4. Additional Assets

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

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

#### Defined Benefit and Defined Contribution

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

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

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

- The Trustee considers the ESG research ratings published by their Investment Consultant when monitoring the Plan's Investment Managers' capabilities. These ratings are also considered as part of any new selection of investment funds.
- In meetings with the Plan's Investment Managers, where relevant, ESG issues are discussed and the manager is expected to discuss voting and engagement activities carried out on behalf of the Trustee for mandates where this is appropriate.
- Whilst members' views are not currently explicitly taken into account in the selection, retention and realisation of investments, the Trustee welcomes views from members. Members have a variety of methods by which they can make views known to the Trustee. This position is reviewed periodically.

#### Defined Benefit Section

The Trustee has given its investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Plan's investments, taking account of current best practice, including the UK Corporate Governance Code, and the UK Stewardship Code. This applies to both equity and debt investments, as appropriate, and covers a range of matters including the issuers' performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, environmental and social impact and corporate governance.

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

## Wood Pension Plan

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

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

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

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

### Defined Contribution Section

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

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

- A commitment to appoint only underlying investment strategies at or above an agreed ESG ratings level.
- Taking a broader and longer-term perspective on risk, including identifying sustainability themes and trends for risk management and new opportunity allocations within the funds, where appropriate within the risk / return and asset allocation guidelines of the relevant funds.
- Recognition that climate change is a systemic risk given the transition to a low-carbon economy and the potential physical impact risks; actions in this respect will be taken in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In particular, the Trustee receives Mercer's climate change management statement covering investments managed on behalf of Mercer Workplace Savings clients. The statement is produced in line with the recommendations of the TCFD, which Mercer, as the Plan's delegated investment manager for the Defined Contribution Section, signed up to following the release of its voluntary framework in 2017.
- Stewardship monitoring on investment manager voting and engagement activity and monitoring of adherence to the UK Stewardship Code.

The underlying investment managers are expected to evaluate ESG factors, including climate change considerations, and to exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

## Wood Pension Plan

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

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

## 6. Investment Manager Arrangements

### 6.1 Overview

Investment managers are appointed based on their perceived capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics for the asset class or specific investment strategy they are selected to manage over a suitable time horizon.

The Trustee receives advice from its Investment Consultant in relation to forward-looking assessments of a manager's ability to outperform over a full market cycle, for mandates where outperformance is the objective. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment strategy/fund(s) that the Plan invests in.

For passively managed mandates, or those where outperformance is not the primary goal, the Trustee will seek guidance from the Investment Consultant in relation to their forward-looking assessment of the manager's ability to achieve the stated mandate objectives.

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

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

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

## Wood Pension Plan

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

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

### 6.2 Investment Manager Evaluation and Remuneration

The Trustee receives reporting on asset class and investment manager performance on a quarterly basis, via a combination of investment monitoring reports from the appointed Investment Consultant, and presentations from the investment managers.

The Trustee meets with its investment managers as deemed appropriate. During such meetings the Trustee is able to review the decisions made by the managers, including investment decisions, voting history (in respect of equities) and engagement activity with investee companies, and can question such activities.

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

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

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

The majority of investment managers are remunerated by way of a fee calculated as a percentage of assets under management.

For liability hedging the fee is calculated based on a combination of physical and hedged exposures. In each case, the principal incentive is for the investment manager to retain their appointment (in full), by achieving their objectives, in order to continue to receive their fee in full. The Trustee has agreed performance related fees for some mandates and carries out regular reviews of manager fee arrangements. Investment managers are not remunerated based on portfolio turnover.

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Fees on stock lending within the Defined Benefit Section in respect of assets managed by BlackRock are based on the share of revenue generated.

As part of the annual Value for Money assessment, the Trustee reviews the investment manager fees within the Plan's Defined Contribution arrangements, including benchmarking against appropriate peer groups.

### 6.3 Portfolio Turnover Costs

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

For the Defined Contribution Section, transaction costs, which include portfolio turnover costs, are monitored and assessed within the annual Value for Money assessment. The Trustee has not set portfolio turnover targets; again the Trustee instead assesses investment performance net of the impact of the costs of such activities.

Turnover costs arise from a) "ongoing" transactions within an investment manager's portfolio and b) "cashflow" costs incurred when investing in, or realising assets from, a mandate.

The Trustee seeks to minimise cashflow costs by receiving income from mandates where possible and consistent with overall policy. The Trustee monitors the costs of implementing strategic change via their Investment Consultant.

The Trustee will seek periodic reporting on turnover and ongoing costs for all appointed managers.

## 7. Compliance with this Statement

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

# WOOD PENSION PLAN - ANNUAL IMPLEMENTATION STATEMENT

## DC Section

### Introduction

This statement sets out how, and the extent to which, the Trustee's Statement of Investment Principles (SIP) has been followed during the year to 31 March 2021. This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, and guidance published by the Pensions Regulator.

The SIP is enclosed within the Annual Report and sets out the policies referenced here.

### Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan as regards the DC Section are as follows:

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

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

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

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

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

The policies in the SIP are intended to help meet the overall investment objectives of the Plan.

### Review of the SIP

During the year the Trustee reviewed the Plan's SIP twice.

A revised SIP was agreed in September 2020, which was updated for both DB and DC Sections, in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019, relating to the following:

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

In addition to the above, further revisions to the SIP were agreed in March 2021. These changes related primarily to the DB Section, but an update was also made within the DC Section of the SIP in order to reflect the reopening of the Property Fund available to members of the DC Section.

### **Assessment of how the SIP policies have been followed for the year to 31 March 2021**

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee policies in the SIP. In summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan year to 31 March 2021.

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
1	Securing compliance with the legal requirements about choosing investments	Paragraph 2.1	The Trustee did not choose any new investments for the DC Section of the Plan during the year.
2 & 3	Kinds of investments to be held and the balance between different kinds of investments	Paragraph 3.4 of the SIP details the asset classes used and their proportions (where relevant), with a focus on the default option.	The investments (fund type, management style and asset allocations) used within the DC Section did not change during the year and the SIP was implemented in line with the stated policy.
4	Risks, including the ways in which risks are to be measured and managed	Paragraph 3.3.	<p>The Trustee maintained a Risk Register during the year. The Risk Register sets out the risks to associated with the Plan, including those in relation to investments, and considers the impact, likelihood, controls and mitigation steps for each risk.</p> <p>During the Plan year the Risk Register was reviewed as part of the overall risk review conducted on a half-yearly basis. Specifically in the context of the DC Section, the Trustee considered the top five DC risks (as assessed by scoring on the Risk Register) in the DC section of each quarterly meeting.</p> <p>The Trustee reviewed the measurement of a number of the risks noted in the SIP on a quarterly basis during the year as part of regular performance reporting. The reports were provided by the Plan's delegated investment manager, Mercer, and discussed at quarterly meetings.</p> <p>The Trustee appointed Isio during the year covered by this statement, as an independent DC consultant. Isio assisted the Trustee in reviewing the SIP risks "default investment risk" and "manager risk" by conducting a re-tendering exercise in respect of the Plan's delegated DC investment manager.</p> <p>The Trustee is satisfied that the SIP policies have been followed during the period.</p>
5	Expected return on investments	Paragraph 3.1 and 3.4 details expected returns relative to inflation. It is noted that as members select their own funds, there is no single expected return across the portfolio, in contrast to the DB Section.	<p>There were no changes to the objectives, benchmarks or targets set for the Plan's mandates.</p> <p>Investment performance was reviewed each quarter in order to compare actual and expected investment returns relative to benchmarks. The performance reports provided during the year included how each investment manager was delivering against their specific targets. In addition, the Trustee considered at each of its DC meetings the research ratings assigned by Mercer to each underlying fund. This denotes Mercer's assessment of the likelihood of the fund's performance objective being achieved.</p>

## Wood Pension Plan

Year ended 31 March 2021

	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
6	Realisation of investments	Paragraph 3.4 (regarding the default strategy) and paragraph 3.6.	<p>The Trustee receives an administration report each quarter, which details the extent to which benefit payments and other core financial transactions have been processed within service level agreements and regulatory timelines. There were no issues experienced with realisation of investments during the period.</p> <p>All funds are daily dealt pooled investment vehicles, accessed by an insurance contract.</p> <p>The DC property manager, Threadneedle, suspended dealing in its Property Fund in March 2020 owing to the difficulty in obtaining reliable valuations of property. This was in line with FCA rules and followed a number of other open-ended property funds “gating” in this way. The manager subsequently lifted this suspension in dealing in August 2020. During the suspension period, member contributions were re-directed to a daily liquid fund, and no issues were experienced with processing benefit payments.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments.	The risks identified in the SIP are considered by the Trustee to be ‘financially material considerations’. Paragraph 3.3 outlines these factors.	<p>The financially material risks identified by the Trustee, and how they are measured and managed, formed part of the SIP review in September 2020.</p> <p>There were no significant changes to this policy during the year.</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	Final section of paragraph 5.	<p>There were no changes to the SIP policy during the year.</p> <p>No member views on investment matters (financial or non-financial) were received by the Trustee.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	Paragraph 6.	<p>During the year, the Plan continued to invest solely in pooled funds, where voting and engagement activities are delegated to the investment managers.</p>

## Wood Pension Plan

Year ended 31 March 2021

	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor & engage with relevant persons about relevant matters)		<p>However, stewardship monitoring on investment manager voting and engagement activity and adherence to the UK Stewardship Code is part of the Trustee's policy. During the period, the Trustee considered the annual Stewardship Monitoring report, prepared by Mercer, in September 2020. No issues were identified and the Trustee considers that the policy in place has been implemented appropriately during the year.</p> <p>For the funds managed under a fiduciary arrangement, the fiduciary manager has set a target to reach net zero carbon emissions for all funds by 2050. The fiduciary manager, on the Trustee's behalf, will engage with the underlying third party investment managers in order to deliver on this target. The Trustee believes that this aligns with its policies in relation to risk management and ESG.</p> <p>The Trustee has also requested key voting activities from their managers. The information received is summarised later in this statement.</p>
11	How the manager arrangement(s) incentivise the manager to align its investment strategy and decisions with trustees' policies.	Paragraph 6.	New disclosures on the Trustee's policies were added to the SIP in September 2020 which reflect current practice. The SIP has been shared with the fiduciary manager in order to ensure that the Trustee's policies are appropriately articulated.
12	How the arrangement incentivises the manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt/equity and engage with issuers to improve their performance in the medium to long-term.	Paragraph 6.	<p>New disclosures on the Trustee's policies were added to the SIP in September 2020 which reflect current practice.</p> <p>Assessment of the medium to long-term financial and non-financial performance of an issuer are made by the investment managers, with appropriate monitoring by the Trustee. Over the year, the Trustee monitored how each asset manager embeds ESG into their investment process and how the managers' responsible investment philosophy aligns with the Trustee's own beliefs via changes in the ESG ratings assigned by Mercer.</p> <p>The Trustee has also established monitoring of ESG-related metrics including carbon emissions and board diversity. These metrics are reviewed on a quarterly basis for fund where data is available (currently this covers equity funds).</p>
13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset	Paragraph 6.	<p>New disclosures on the Trustee's policies were added to the SIP in September 2020 which reflect current practice.</p> <p>Short and long term investment performance was reviewed through quarterly investment reports prepared, which cover 3 month, 1 year, 3 years, 5 years and since inception performance.</p>

## Wood Pension Plan

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
	management services are in line with the trustees' policies.		In terms of asset manager remuneration, the Trustee conducts an annual assessment of the extent to which the Plan provides value for members. This includes benchmarking the fees paid by members. During the year, this assessment was undertaken and discussed at the 18 September meeting.
14	How trustees monitor portfolio turnover costs incurred by the manager, and how they define and monitor targeted portfolio turnover or turnover range.	Paragraph 6.	<p>New disclosures on the Trustee's policies were added to the SIP in September 2020 which reflect current practice.</p> <p>Transaction costs were assessed in the annual value for members assessment. The Trustee has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of such activities.</p>
15	The duration of the arrangement with the asset manager	Paragraph 6.	New policy added in September 2020 which reflects current practice.

## Wood Pension Plan

Year ended 31 March 2021

### Engagement policy statement

The SIP sets out the Trustee's policy on environmental, social and governance (ESG) considerations, including stewardship and climate change.

### Engagement Activity During the Year

The Trustee dedicates time at its meetings to consideration of ESG matters. The following work was undertaken during the Plan year relating to the Trustee's activity on ESG issues, engagement, and stewardship. This summary also documents how the Plan's engagement and voting policies were implemented during the year, where not already outlined in the preceding section.

Activity	Date	Details
Manager meeting	21 May 2020	<p>A meeting was held with the delegated investment manager, Mercer (specifically, the Portfolio Manager of the Plan's default growth phase fund, the Multi Asset Growth Fund). During the meeting the following areas were discussed, alongside broader investment updates:</p> <ul style="list-style-type: none"><li>- Voting and stewardship, including how underlying investment managers are monitored.</li><li>- Exclusions within the funds offered to Plan members.</li><li>- Metrics used to identify and manage ESG risks (e.g. carbon emissions).</li><li>- Examples of cases where ESG considerations were driving the asset allocation of the default growth phase fund.</li></ul>
Stewardship Report	18 September 2020	<p>The Trustee considered the annual Stewardship Monitoring report prepared by the delegated investment manager, Mercer. This included reviewing:</p> <ul style="list-style-type: none"><li>- Voting statistics, with a focus on vote execution and the quality of underlying manager disclosures.</li><li>- Engagement activities of the underlying managers, with commentary on whether managers were engaging across environmental, social, and governance topics, and whether the managers provided clear rationale and outcomes for each engagement.</li></ul> <p>Where areas for improvement were identified, the Trustee supported the delegated investment manager's intent to follow up with the underlying managers in order to press for enhanced disclosures and / or changes to processes.</p>
Taskforce on Climate Related Financial Disclosures (TCFD)	16 March 2021	<p>At the March Trustee meeting, new regulations in respect of TCFD reporting were discussed. Specifically, this included training on the steps needed for the Plan to prepare for climate related financial disclosures.</p> <p>The four key areas of the TCFD were considered – governance, strategy, risk management, and metrics &amp; targets.</p>
Enhanced reporting	From Q4 2020	<p>Working with the Trustee's advisers, additional ESG metrics have been incorporated in the Plan's quarterly DC investment monitoring reports to assist with ongoing monitoring of key metrics, notably carbon emissions.</p>
ESG monitoring	Quarterly throughout	<p>The Plan's investment performance report is reviewed by the Trustee each quarter and includes ratings (both general and specific to ESG) from the investment adviser.</p>

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### Voting Activity during the Plan year

The Trustee has delegated investment voting rights to the investment managers, and does not use the direct services of a proxy voter. Most voting activity will arise in respect of public equities. The Trustee has received information relating to funds that invest in public equities during the Plan year.

The Plan makes available to members the following pooled funds. Note that for a number of these funds, the underlying investments are spread across a range of different investment managers. The funds highlighted in grey rows in the table hold equities.

<b>Fund Type</b>	<b>Fund</b>
Multi-Asset	Multi-Asset – Growth*
	Multi-Asset – Diversified Growth
	Multi-Asset – Diversified Retirement*
Equity	Passive Equity – UK Equity
	Passive Equity – Global Equity
	Passive Equity – Overseas Equity
	Passive Equity - Emerging Market Equity
	Passive Equity – Ethical Global Equity
	Active Equity - UK Equity
	Active Equity - Global Equity
	Active Equity - Emerging Markets Equity
	Passive Equity – Shariah
Bond	Passive Bonds - Fixed Interest Government Bonds
	Passive Bonds - Inflation-Linked Government Bonds
	Passive Bonds - UK Corporate Bonds
	Active Bonds – UK Corporate Bonds
Cash	Active Cash – Cash
Alternatives	Active Property – Property

\*Fund used in default strategy. The Multi-Asset – Diversified Retirement Fund is part of a series of Target Retirement dated funds.

In addition to these funds, a series of Target Retirement dated funds are available, which provide automated de-risking aligned to three different types of retirement benefit. The primary components of these funds are however already listed in the table above.

### Investment Manager Voting Disclosures

The Trustee has been provided with the voting disclosures relating to the funds that invest in equities listed in the above table. These are summarised overleaf.

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Fund	12 Months to 31 March 2021					
	No. meetings eligible to vote	No. resolutions eligible to vote	% resolutions voted on where eligible	Of resolutions voted, % voted with management	Of resolutions voted, % voted against management	Of resolutions voted, % abstained
<b>Multi-Asset Funds</b>						
Multi-Asset – Growth	9,354	97,692	95.7	82.2	16.9	0.9
Multi-Asset – Diversified Growth	9,354	97,692	95.7	82.2	16.9	0.9
Multi-Asset – Diversified Retirement	10,565	113,434	96.3	83.7	15.3	1.0
<b>Equity Funds</b>						
Passive Equity – UK Equity	1,211	15,742	97.2	92.4	5.7	1.8
Passive Equity – Global Equity	444	4,712	100.0	89.0	10.0	1.0
Passive Equity – Overseas Equity	2,231	27,464	94.0	93.2	6.3	0.5
Passive Equity - Emerging Market Equity	2,564	23,958	97.4	86.9	10.4	2.7
Passive Equity – Ethical Global Equity	1,368	18,823	99.6	83.8	16.1	0.1
Active Equity - UK Equity	60	1,000	100.0	96.7	2.2	1.1
Active Equity - Global Equity	468	6,981	99.8	90.7	7.6	1.7
Active Equity - Emerging Markets Equity	1,738	16,563	92.6	81.7	15.1	3.2
Passive Equity – Shariah	109	1,597	91.6	87.8	12.2	0.0

Source: Investment Managers. Totals may not sum due to rounding.

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### Significant votes

The following tables provide an example from each fund used by the Plan (where equities are held within the fund) of a significant voting issue that arose.

The Plan has appointed a delegated investment manager, Mercer, to manage the majority of the Plan's DC funds. Mercer is responsible for selecting the underlying third party investment managers within each fund. To prepare the voting disclosures, examples have been taken from the underlying managers, with Mercer then summarising significant votes based on the size of the holding and the priority areas identified in Mercer's publicly disclosed Beliefs, Materiality and Impact framework. Where "the manager" is referred to in the tables, this relates to an underlying investment manager rather than the delegated investment manager.

#### Multi-Asset Funds

Multi-Asset – Growth	
<b>Company</b>	Walmart Inc
<b>Item</b>	Shareholder proposal regarding report on single-use plastic shopping bags
<b>Date</b>	22 May 2020
<b>Criteria for assessing as significant</b>	There were three reasons why this was deemed a significant vote: <ul style="list-style-type: none"> <li>- Walmart Inc is one of the top 20 holdings within the fund</li> <li>- The manager voted against management</li> <li>- The vote related to environmental considerations.</li> </ul>
<b>Vote</b>	For the shareholder proposal (against management)
<b>Rationale</b>	The interest group "As You Sow" filed a proposal asking Walmart to phase out plastic bags in its retail stores. The group said Walmart distributes an estimated 18 billion to 20 billion single-use plastic bags per year. The manager supported the proposal as it asked Walmart to issue a report assessing the environmental impact of continuing single-use plastic bags, to include goals to phase them out. It was noted that competitors had already banned these bags.
<b>Outcome</b>	The proposal received the support of 17% of shareholders.

Multi-Asset – Diversified Growth	
<b>Company</b>	Barclays
<b>Item</b>	Shareholder proposal regarding climate change strategy
<b>Date</b>	30 April 2020
<b>Criteria for assessing as significant</b>	The vote related to a shareholder resolution with a specific focus on climate change, and was a vote against management.
<b>Vote</b>	The manager voted for the resolution (against management).
<b>Rationale</b>	The resolution asked the bank to phase out financing of fossil fuel companies that are active agents in driving the climate crisis. The manager supported the resolution on the basis that it would drive positive change on climate change risk management.
<b>Outcome</b>	The proposal received the support of 24% of shareholders.

Multi-Asset – Diversified Retirement	
<b>Company</b>	RIO Tinto Ltd
<b>Item</b>	Shareholder proposal on Paris Climate Agreement aligned emissions reduction targets.

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<b>Date</b>	21 April 2020
<b>Criteria for assessing as significant</b>	The manager voted against management, and the vote related to a shareholder resolution with a specific focus on climate change, which the manager has set as a key priority area for company engagement.
<b>Vote</b>	For the shareholder proposal (against management)
<b>Rationale</b>	The manager believes that it would be in shareholder interests to adopt a binding emissions target, in order to manage long term risks through the setting of annual Greenhouse Gas emissions reduction targets, and ongoing reporting against these targets.
<b>Outcome</b>	37% of shareholders voted for the proposal. While the resolution therefore did not pass, its sponsor, environmental group Market Forces, reported that it attracted six times as much support as an identical one put up at the same meeting in the prior year.

### Equity Funds

Passive Equity – UK Equity	
<b>Company</b>	Royal Dutch Shell plc (“Shell”)
<b>Item</b>	Shareholder proposal to request for Shell to set and publish targets for greenhouse gas emissions. The proponent argued that Shell’s ambition to reduce its net carbon intensity by 50% by 2050 would not ultimately lead to the level of emissions reduction needed to achieve the goals of the Paris Agreement.
<b>Date</b>	19 May 2020
<b>Criteria for assessing as significant</b>	The vote related to environmental risks and opportunities and was a high profile topic.
<b>Vote</b>	The underlying manager, BlackRock, voted against the shareholder resolution.
<b>Rationale</b>	<p>Since submission of the proposal, the manager highlight that Shell updated its commitments to more aggressively reduce its carbon footprint, and to become a “net-zero emissions energy” company by 2050 or sooner. This includes goals for different product areas for emissions, carbon footprint, and for the target consumer base.</p> <p>The manager, BlackRock, has engaged with Shell on climate issues for many years. BlackRock consider that because no single oil &amp; gas company is fully in control of the global energy mix, some of the called-for commitments would only be achievable if other stakeholders (e.g. policymakers) accelerate development and use of low-carbon technologies, incentivise more energy efficiency, reduce demand for fossil fuels, and remove emissions from the atmosphere. As a result, they did not vote for the proposal to place more extensive requirements on Shell at this stage.</p>
<b>Outcome</b>	Shareholders slightly increased their support for the resolution to set further targets to reduce emissions, but the proposal was still voted down (i.e., the vote was in line with BlackRock’s vote). The resolution received c14% approval, up from 5.5% in 2019.

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<b>Passive Equity – Global Equity</b>	
<b>Company</b>	Volvo AB
<b>Items</b>	Re-elect Directors; Re-elect Chairman; approve executive remuneration policy
<b>Date</b>	18 June 2020
<b>Criteria for assessing as significant</b>	The manager's engagement priorities include board quality, environmental risks, and compensation to promote long-termism. The votes covered these areas, and as the manager voted against management, the votes were deemed significant.
<b>Vote</b>	Against all of the resolutions.
<b>Rationale</b>	<p>Given significant climate risks for Volvo, the manager expects robust reporting on governance around these risks and how they are incorporated in Volvo's business strategy. It is noted that there is limited public disclosure from the company beyond headline metrics, and no detail on oversight or its strategy to mitigate the impact of climate risk. The company's climate-related risk disclosures do not meet the underlying manager's expectations of a company exposed to significant climate risks.</p> <p>Furthermore, there were concerns regarding the amount of time some board members would be able to commit to the company, and about the structure of executive.</p> <p>As a consequence, the vote was against the items listed.</p>
<b>Outcome</b>	The votes passed. The manager will engage with Volvo with their concerns.

<b>Passive Equity – Overseas Equity</b>	
<b>Company</b>	Chevron Corporation
<b>Item</b>	Report on Climate Lobbying Aligned with Paris Agreement Goals
<b>Date</b>	27 May 2020
<b>Criteria for assessing as significant</b>	Climate related voting has been highlighted by the investment manager since environmental risks and opportunities represent one of their key stewardship themes. In this vote, shareholders filed a non-binding proposal requesting that Chevron report on how the company's direct and indirect lobbying align with the Paris Climate Agreement.
<b>Vote</b>	Chevron Corporation recommended that shareholders vote against this shareholder proposal. The manager voted for the proposal.
<b>Rationale</b>	The underlying manager, BlackRock, believes that greater transparency into the company's approach to political spending and lobbying will help articulate consistency between private and public messaging in the context of managing climate risk.
<b>Outcome</b>	The resolution asking the company to produce a report disclosing the extent to which its lobbying aligns with the Paris Agreement achieved a 53% majority.

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<b>Passive Equity – Emerging Market Equity</b>	
<b>Company</b>	PT Indofood CBP Sukses Makmur Tbk (“ICBP”), a manufacturer of food products. It is also an indirect subsidiary of Hong Kong-listed First Pacific Company Limited (FPC) through Indofood Sukses Makmur (INDF).
<b>Item</b>	Approve acquisition of the total issued share capital of Pinehill Company Ltd.
<b>Date</b>	3 August 2020
<b>Criteria for assessing as significant</b>	Corporate strategy and capital allocation is a key stewardship priority, and the manager voted against management on this topic.
<b>Vote</b>	Against the resolution (against management)
<b>Rationale</b>	<p>ICBP’s board sought approval to acquire Pinehill Company Ltd, a private holding company that makes and distributes the Indomie brand of noodles.</p> <p>The proposed purchase was from an ICBP affiliate Pinehill Corpora Ltd, which is 57% controlled by the President Director of ICBP, A Salim. Pinehill Corpora Ltd owns 51% of Pinehill Company Ltd, with the remainder owned by Steele Lake Ltd. The transaction was valued at c\$3 billion, and under Indonesian regulations, this was considered an affiliated party transaction given Mr Salim’s roles and holdings in the various entities.</p> <p>The manager considered that whilst the acquisition had some merit, it was in clients’ interests to vote against the acquisition due to concerns regarding the valuation and terms of the transaction, and the board’s oversight in relation to the conflict of interest.</p>
<b>Outcome</b>	The manager escalated concerns to relevant parties in the Indonesian market and has proposed opening a dialogue to discuss minority shareholder protections. In addition, to address what the manager considers a failure in governance, the intention is to hold current Board of Directors and Board of Commissioners accountable by voting against their re-election at future shareholder meetings.

<b>Passive Equity – Ethical Global Equity</b>
The underlying fund manager, Legal & General Investment Management, has not raised any significant votes made in relation to this fund during the reporting period. It should be noted that this is a screened fund, with a number of restrictions on the types of company that the manager can invest in.

<b>Active Equity - UK Equity</b>	
<b>Company</b>	Oxford Instruments
<b>Item</b>	Elect director(s)
<b>Date</b>	8 September 2020
<b>Criteria for assessing as significant</b>	The manager considers a range of factors when determining significant votes. In this case, the manager voted against management on the election of a director, which was considered significant and unusual.
<b>Vote</b>	The manager voted against the election of one of the directors of the company.
<b>Rationale</b>	The manager opposed the election of a director due to the risk of over-boarding. This is the risk that directors are over-extended with multiple commitments and unable to dedicate appropriate time to their board roles – the manager had concerns about time commitment with one particular director.
<b>Outcome</b>	The vote passed, i.e. the director was elected. In advance of the vote, the manager engaged with the company to raise their concerns and will continue to do so.
<b>Active Equity - Global Equity</b>	
<b>Company</b>	Just Eat Takeaway.com
<b>Item</b>	Grant Board authority to issue shares up to 25% of issued capital

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<b>Date</b>	14 May 2020
<b>Criteria for assessing as significant</b>	The manager deemed this significant as they deviated from their usual approach. Typically, the manager will oppose authority to issue shares without pre-emption rights at the requested amount.
<b>Vote</b>	For the proposal.
<b>Rationale</b>	The manager approved the proposal in light of the volatile Covid-19 environment at the time of the vote, as they felt it was in the best interests of all stakeholders to give the company greater flexibility to allocate and deploy capital during a challenging period.
<b>Outcome</b>	The resolution was passed.

<b>Active Equity - Emerging Markets Equity</b>	
<b>Company</b>	Tencent
<b>Item</b>	Approve issuance of equity without preemptive rights
<b>Date</b>	20 May 2020
<b>Criteria for assessing as significant</b>	The vote related to shareholder capital issues, and the manager voted against management.
<b>Vote</b>	Against management
<b>Rationale</b>	The underlying manager in this case uses Institutional Shareholder Services (ISS) as a third-party provider that analyses each vote and provides voting recommendations. In this case the recommendation was to vote against management. The rationale was that the increase in capital proposed by the company was greater than 10% and the view was that this level of share issuance should be undertaken only in "exceptional" circumstances, and only if fully justified by the company.
<b>Outcome</b>	The vote passed in favour of management.

<b>Passive Equity – Shariah</b>	
<b>Company</b>	Eli Lilly and Company
<b>Item</b>	Resolution to link executive pay to social criteria
<b>Date</b>	4 May 2020
<b>Criteria for assessing as significant</b>	The underlying manager regards votes against management as the most significant, and in this instance they voted for a shareholder resolution that went against the recommendation of the company's management.
<b>Vote</b>	For the resolution – the manager voted for a shareholder resolution which called for integration of social metrics in determining variable remuneration for executives.
<b>Rationale</b>	The manager favours proposals calling for the integration of extra-financial metrics in determining executives' variable remuneration, such as social criteria.
<b>Outcome</b>	The vote was in favour of company management. The manager have sought to discuss this further with the company.

# Wood Pension Plan – Annual Implementation Statement – DB Legal Section

## Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 31 March 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019, guidance published by the Pensions Regulator, and subsequent legislation. The table later in the document sets out how, and the extent to which, the policies in the SIP in relation to the DB Legal Section have been followed.

The Trustee is comfortable that the policies in the SIP have been followed in the year to 31 March 2021.

## Investment Objectives

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

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

## Review of the SIP

During the year the Trustee reviewed the Plan’s SIP. A revised SIP was agreed in September 2020, which was updated for both DB and DC Sections, in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019, relating to the following:

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

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- The duration of the arrangements with the asset managers.

The revised SIP and supporting documentation also reflected the replacement of Brandes' active global equity mandate with a passive global equity mandate managed by BlackRock.

In addition to the above, further revisions to the SIP were agreed in March and May 2021, reflecting the following changes to the Plan's investment arrangements:

- The appointment of AXA to manage a Global Buy & Maintain Credit mandate
- Removal of the 9% strategic allocation to property following the Trustee's decision to sell down its property portfolios managed by LaSalle. This process was still underway at year end, therefore a residual property holding remained
- Increase to the Plan's strategic allocation to credit, from 20% to 27.5% of Plan assets
- Increase to the Plan's strategic allocation to Liability Driven Investment ("LDI") from 56% to 57.5% of Plan assets
- Termination of the Barings Mezzanine Debt mandate, following the final cash distribution

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### Assessment of how the policies in the SIP have been followed for the year to 31 March 2021

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP.

	<b>Requirement</b>	<b>Policy</b>	<b>In the year to 31 March 2021</b>
1	Securing compliance with the legal requirements about choosing investments	<p><b>SIP Section 2.1</b></p> <p><i>In considering the appropriate investments for the Plan, the Trustee has obtained and considered the written advice of Mercer Limited (the "Investment Consultant"), whom the Trustee believes to be suitably qualified to provide such advice. Where matters described in this Statement may affect the Plan's funding policy, input has also been obtained from the Plan Actuary. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</i></p>	During the year, the Trustee received investment advice regarding the changes to the Plan's investment arrangements reflected in the changes to the SIP which are outlined on the previous page.

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	<p>Kinds of investments to be held</p>	<p><b>SIP Section 2.1 &amp; 2.3</b></p> <p><i>Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the Trustee’s risk tolerance, liquidity requirements and expected cashflow needs</i></p> <p><i>Investment in illiquid assets, such as private equity and debt investments and property or pooled property funds, may be held in limited quantities. The proportion of such investments will be monitored at the individual manager and at the total Plan level.</i></p> <p><i>Investment in derivatives is permitted as agreed on a manager-by-manager basis if they contribute to a reduction in risk or facilitate efficient portfolio management.</i></p> <p><i>Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure), the Trustee will look to ensure that the assets of the Plan are predominantly invested in regulated markets.</i></p> <p><i>No investment in securities issued by Wood, or affiliated companies will be made (other than any such securities held within a pooled fund in which the Trustee invests), unless posted by a third party as collateral as part of a diversified stock lending programme.</i></p> <p><i>Borrowing is not permitted except to cover short term liquidity requirements.</i></p>	<p>The basis of the Trustee’s strategy is to divide the Plan’s assets between “equity”, “mid-risk and cashflow matching” and “liability matching” portfolios. The Trustee regards the basic distribution of the assets to be appropriate for the Plan’s objectives and liability profile.</p> <p>The Trustee reviewed its investment strategy over the year and made a number of strategic changes designed to reduce risk and improve overall liquidity within the asset portfolio.</p> <p>Investment in illiquid assets were held during the year, including a property allocation which continues to be wound down. The Trustee is comfortable that the proportion held was appropriate given the Plan’s liquidity objectives.</p> <p>The Trustee is comfortable that assets were predominantly invested in regulated markets during the year and that the policy on investment in securities issued by Wood was followed.</p> <p>The Trustee is comfortable that borrowing for any purpose other than short-term liquidity requirements did not take place during the year.</p>
3	<p>The balance between different kinds of investments</p>	<p><b>SIP Section 2.4 &amp; 2.9</b></p> <p><i>The Trustee has decided to set a Plan Specific Benchmark which will be expected over the long term to produce investment returns in excess of the liabilities as required to meet the investment objectives.</i></p> <p><i>Within the DB Section, there are no rebalancing ranges in place however, in order to control the Plan’s target level of investment</i></p>	<p>The Plan’s asset allocation is allowed to deviate relative to the benchmark allocation set, as a result of market movements.</p> <p>The Trustee is comfortable that the allocation, where it deviated from the benchmark over the year (such as the overweight position to property while the assets continued to be sold down) remained appropriate during the Plan year.</p>

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		<i>risk, the Trustee monitors the allocation between the investment managers and asset classes relative to the benchmark allocations.</i>	
4	Risks, including the ways in which risks are to be measured and managed	<p><b><i>SIP Section 2.5</i></b></p> <p><i>The Trustee recognises the various risks to which any pension scheme is exposed. The Trustee has considered these and adopted a policy on the factors they consider to be financially material when making decisions relating to selection, retention and realisation of investments over the Plan's anticipated lifetime, including the Trustee's policy on risk management.</i></p> <p><i>The risks considered are documented in the SIP.</i></p>	<p>As detailed in the risk section of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>All monitoring activity detailed in the SIP was undertaken during the Plan year, and there were no issues to report back. No changes were made to the investment arrangements as a result of these considerations, beyond those already detailed above.</p>

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5	Expected return on investments	<p><b>SIP Section 2.10</b></p> <p><i>The Trustee expects to generate a return, over the long term, of c. 1.0% per annum (after expenses) above that which would have been achieved had no investment risk been taken within the portfolio i.e. had the asset portfolio been invested solely in a portfolio of long dated government bonds which broadly match the Plan liabilities (and with no stock lending). It is recognised that over the short term, performance may deviate significantly from the long-term target and there are no guarantees that an excess return above the liabilities will be generated.</i></p> <p><i>The Trustee utilises a combination of passive and actively managed portfolios, therefore the Plan's assets are expected to outperform the benchmark over long term periods.</i></p>	<p>The investment performance report is reviewed by the Trustee on a quarterly basis – alongside an assessment of funding level progress.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates.</p> <p>Over the 3 years to 31 March 2021, the Plan has returned 5.1% p.a., net of fees, relative to a benchmark of 5.4% p.a.</p>
6	Realisation of investments	<p><b>SIP Section 2.7 &amp; 2.8</b></p> <p><i>The Investment Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.</i></p> <p><i>Any cashflows into or out of the Plan are, in the normal course of events, directed to maintain the Plan's asset allocation as close as possible to the benchmark allocation. There is discretion in relation to this if the Trustee believes an alternative approach is in the best interest of members.</i></p>	<p>Over the year to 31 March 2021, the Plan held a combination of segregated portfolios, which allow the Trustee daily access to trade (excepting illiquid holdings such as property), and also pooled investment vehicles comprising a UCITS fund and shares in Limited Partnerships.</p> <p>Income is distributed to the Trustee bank account from a number of portfolios in order to help meet benefit payments, with disinvestments made where income is insufficient to meet the Plan's cashflow requirements. These disinvestments were made in such a way as to help maintain the Plan's overall asset allocation. For example, disinvestments for cashflow purposes totaling £30m were sourced from the Plan's equity portfolio in</p>

## Wood Pension Plan

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			September / October 2020 to address the overweight equity allocation.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<p><b>SIP Sections 2.5 &amp; 5.0</b></p> <p><i>The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.</i></p> <p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p>	<p>The investment performance report was reviewed by the Trustee on a quarterly basis. These reports included investment manager ratings (both general and specific ESG) from the investment advisers. The Trustee was comfortable with the ratings applied to the managers, and continues to closely monitor these ratings and any significant developments at each of the investment managers.</p> <p>In considering ESG ratings the Trustee considered the managers' absolute ratings and also reviewed how each manager's rating compared with other managers in the same asset class in December 2020, alongside training on ESG and climate change provided by its investment and legal advisers.</p> <p>The Trustee received presentations from a number of the Plan's investment managers during the year, including RLAM in May and December 2020 and PGIM in March 2021. Each presentation included specific discussion around ESG issues.</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p><b>SIP Section 2.5</b></p> <p><i>In considering the selection, retention and realisation of investments, the Trustee does not currently take account of non-financially material considerations in considering the selection, retention and realisation of investments. It does however welcome the views from members, who have a variety of methods by which they can make these views known to the Trustee; this position is reviewed periodically.</i></p>	No member views related to investments were received during the Plan year.
9	The exercise of the rights (including voting rights) attaching to the investments	<p><b>SIP Section 5.0</b></p> <p><i>Investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights</i></p>	The Trustee has delegated its voting rights to the investment managers, either directly or indirectly through owning units in a pooled fund.

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		<i>and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i>	<p>The Trustee does not use the direct services of a proxy voter.</p> <p>The equity investment managers were asked to provide voting summary reporting on a regular basis, at least annually. The voting records of the investment managers over the year to 31 March 2021 are summarised in Appendix A.</p>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	<p><b>SIP Section 5.0</b></p> <p><i>In meetings with the Plan's Investment Managers, where relevant, ESG issues are discussed and the manager is expected to discuss voting and engagement activities carried out on behalf of the Trustee for mandates where this is appropriate.</i></p> <p><i>The Plan's investment managers exercise voting rights and undertake engagement (collaborative or other) in accordance with their own corporate governance policy including escalation procedures to protect investment value. Each manager's policy is expected to be provided to the Trustee.</i></p>	<p>The Trustee received reporting on engagement activities from their investment managers over the year under review.</p> <p>Further discussions on engagement activities were held with managers where they presented to the Trustee at quarterly meetings, for example PGIM in March 2021.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.	<p><b>SIP Section 6.1</b></p> <p><i>Investment managers are appointed based on their perceived capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics for the asset class or specific investment strategy they are selected to manage over a suitable time horizon.</i></p> <p><i>The Trustee receives advice from its Investment Consultant in relation to forward-looking assessments of a manager's ability to outperform over a full market cycle, for mandates where outperformance is the objective. This view will be based on the Investment Consultant's assessment of the manager's idea</i></p>	<p>If an investment manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Trustee will review the appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.</p> <p>The Trustee considered the alignment of Brandes' active equity mandate with the Plan's objectives prior to its termination in 2020, replacing it with a passive equity mandate.</p> <p>The Trustee also considered in detail AXA's investment capabilities, fees and portfolio guidelines prior to their appointment in 2020.</p>

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		<p><i>generation, portfolio construction, implementation and business management, in relation to the particular investment strategy/fund(s) that the Plan invests in.</i></p> <p><i>Where the Trustee makes segregated appointments, the Trustee specifies the investment objectives and guidelines in an investment management agreement (“IMA”) and sets these so that they are in line with the Trustee’s specific investment requirements.</i></p>	
12	<p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p><b>SIP Section 6.1</b></p> <p><i>For each appointment, retention is dependent on the Trustee having ongoing confidence that the investment manager will achieve its investment objective. The Trustee makes this assessment taking into account various factors, which includes performance to date as well as an assessment of future prospects.</i></p> <p><i>Investment managers are therefore incentivised both to achieve the objectives set for them, and to ensure that they remain capable of doing so on a rolling basis. This encourages investment managers to take a suitably long-term view when assessing the performance prospects of, and engaging with, the equity and debt issuers in which they invest or seek to invest.</i></p>	<p>No specific activity took place</p>
13	<p>How the method (and time horizon) of the evaluation of the asset manager’s performance and the remuneration for asset management services are in line with the Trustee’s policies.</p>	<p><b>SIP Section 6.2</b></p> <p><i>The Trustee receives reporting on asset class and investment manager performance on a quarterly basis, via a combination of investment monitoring reports from the appointed Investment Consultant, and presentations from the investment managers.</i></p> <p><i>The Trustee has agreed performance related fees for some mandates and carries out regular reviews of manager fee arrangements.</i></p>	<p>The Trustee reviewed 3-month, 1 year and 3 year performance in its quarterly performance reports.</p> <p>The Plan negotiated a fee reduction from one of its investment managers, PGIM, during the year under review.</p>

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14	How the Trustee monitors portfolio turnover costs incurred by the asset managers, and how it defines and monitors targeted portfolio turnover or turnover range.	<p><b>SIP Section 6.3</b></p> <p><i>The Trustee does not monitor portfolio turnover costs in respect of the Defined Benefit Section and has no set portfolio turnover targets; rather the Trustee assesses investment performance net of the impact of the costs of such activities.</i></p>	<p>The Trustee reviewed performance on a net of fees basis as part of its quarterly monitoring.</p> <p>Portfolio turnover for the Plan’s credit managers was also monitored on a quarterly basis.</p>
15	The duration of the arrangement with the asset manager	<p><b>SIP Section 6.1</b></p> <p><i>The Trustee makes appointments with the view to them being long term (to the extent this is consistent with the Trustee’s overall investment time horizon) and there is typically no set duration for the manager appointments. However, the Plan invests in closed-ended funds in respect of the private equity mandates. The Plan is invested in these funds for the lifetime of the funds. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetimes of the funds in line with the IMAs.</i></p> <p><i>For each appointment, retention is dependent upon the Trustee having ongoing confidence that the investment manager will achieve its investment objective. The Trustee makes this assessment taking into account various factors, which includes performance to date as well as an assessment of future prospects.</i></p>	<p>The Trustee terminated Brandes’ active global equity mandate appointment in 2020 following a review of the mandate and on concerns around past performance and the portfolio’s value style.</p>

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### Appendix A - Voting Activity during the Plan year

Voting activity information from each of the Plan's listed equity investment managers over the 12 months to 31 March 2021 is summarised below.

#### Voting Summary

	BlackRock* (equity)	Brandes (to Aug 2020)	Magellan	Veritas
Meetings eligible to vote	1,091	552	23	30
Number of resolutions eligible to vote on	15,759	1,071	317	483
Votes with management	91%	85%	96%	91%
Votes against management	8%	14%	4%	8%
Abstentions	<1%	<1%	0%	1%
Unvoted	<1%	<1%	0%	0%

\* BlackRock were appointed during the year under review. However, the summary data above reflects activity for the pooled fund for the full year.

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### Examples of significant votes

Fund	Portfolio Company	Date of Vote	How the Manager voted	Rationale for Manager vote	Final outcome following the vote
<b>BlackRock (equity)</b>	Procter & Gamble Company	13 October 2020	Voted for Report on Efforts to Eliminate Deforestation	The proposal requests a report assessing if and how P&G could increase the scale, pace, and rigor of its efforts to eliminate deforestation and the degradation of intact forests in its supply chains. The proposal places special attention on the company's use of palm oil and forest pulp. While BlackRock recognizes the company's efforts to date towards enhancing their sustainability and monitoring disclosure reports, we determined that there is room for P&G to improve the frequency and depth of disclosure.	N/A – BlackRock do not collect information on the overall outcome of significant votes
	Aena S.M.E. SA	29 October 2020	Voted for approval, where appropriate, of the principles for climate change action and environmental governance	Aena's disclosures and commitments meet BIS' expectations for the 2019 reporting year and we welcome the accelerated targets presented under the company's principles for climate change action and environmental governance	
<b>Brandes (to Aug 2020)</b>	Citigroup Inc.	21 April 2020	Voted against Stockholder proposal requesting a report disclosing information regarding Citi's lobbying policies and activities.	Brandes did not provide information regarding the rationale and outcomes of their votes.	

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Fund	Portfolio Company	Date of Vote	How the Manager voted	Rationale for Manager vote	Final outcome following the vote
	Wells Fargo & Company	28 April 2020	Voted against Shareholder proposal requesting Report on Global Median Pay Gap.		
Magellan	PepsiCo Inc.	30 April 2020	Voted against Shareholder Proposal Regarding Report on Sugar and Public Health.	Agree with the Board that this request is duplicative of Pepsico's existing disclosures.	Resolution NOT passed
	McDonald's Corp	14 May 2020	Voted against Advisory Vote on Executive Compensation	Stock options exceed 25 percent of executives target total direct compensation averaged across all NEOs.	Resolution passed
Veritas	Charter Communications Inc.	28 April 2020	Voted for Independent Board Chairman	Veritas stated they prefer the Chairman and CEO role to be separate to help ensure good governance and give oversight to the work of the CEO. However, this practice is less prevalent in the US. In this instance, Veritas believe that due to the close knit nature of the directors and the strong association with Jon Malone and his influence, an independent chairman would be ideal.	Resolution NOT passed

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Fund	Portfolio Company	Date of Vote	How the Manager voted	Rationale for Manager vote	Final outcome following the vote
	Alphabet Inc.	3 June 2020	Voted for Establish Human Rights Risk Oversight Committee.	A vote for this proposal was warranted because continued controversies call into question the extent to which the existing board structure provides adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining high-level employees and retaining a good reputation in the eyes of users and advertisers.	Resolution NOT passed