

## **Wood Pension Plan**

Year ended 31 March 2024

# **Wood Pension Plan**

## **Trustee's report and financial statements**

**Year ended 31 March 2024**

**Registered number 10093871**

## **Wood Pension Plan**

Year ended 31 March 2024

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## Trustee and advisers

### Principal employer (changed with effect from December 2022)

Wood Group UK Limited  
Booths Park  
Chelford Road  
Knutsford  
Cheshire  
WA16 8QZ

### Trustee

Wood Pensions Trustee Limited

Trustee Directors:	M A S Walker	Company Nominated Director - Independent
	C Dobson	Company Nominated Director – Independent
	W G Setter	Company Nominated Director
	C N Yule	Company Nominated Director (until 31 January 2024)
	J Myerson	Company Nominated Director Ross Trustees Services Ltd, part of IGG (from 14 March 2024)
	G W Lloyd	Company Nominated Director
	R Thetford	Member Nominated Director
	P J F Gladman	Member Nominated Director
	M A T Reading	Member Nominated Director
	F Leith	Member Nominated Director (until 1 April 2024)
	D Smith	Member Nominated Director (from 1 April 2024)

### Company Secretary

I A Jones (changed to S Macrury with effect from 1 July 2024)

### Actuary

M Kelly, FIA  
Mercer Limited

### Independent Auditor

Grant Thornton UK LLP

### Solicitors

Gowling WLG (UK) LLP

### Investment managers – DB Legal section

LaSalle Investment Management  
Royal London Asset Management  
Dunedin Capital Partners Ltd  
Coller Capital  
PGIM Limited  
Blackrock Life Limited  
Axa Investment Managers

### Investment Platform – DC Legal Section

Scottish Widows Limited

**Custodian**

State Street Bank & Trust Company

**Investment adviser**

**DB Section:**

XPS Pensions Group

**DC Section:**

Isio Group Ltd

**Covenant adviser**

PricewaterhouseCoopers LLP (PWC)

**AVC providers**

Prudential Assurance Company Limited

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 (Vice President Retirement) 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  
1 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 2024 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 (in May 2021 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, and its assets and liabilities were transferred 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 current economic circumstances. The Trustee continues to seek advice and guidance from its investment managers and the 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 2023 ahead of the 2023 valuation and again in January 2024 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 1, 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 three of their number, including the Board's chair, are independent from the Company. The Member Nominated Directors are appointed normally for a period of six years. The process for appointing the Member Nominated Directors has been approved by the Board and complies with the regulations introduced under the Pensions Act 2004.

The Trustee Board has overall responsibility for all aspects of the Plan's management and administration and decisions are passed on a simple majority of those voting. The Trustee uses one sub-committee, the Benefits Committee, which deals with discretionary payment matters.

The Trustee meets 12 times per year with particular meetings focusing on investment, DC and governance matters.

## Financial development of the Plan

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

	DB	DC	Total	Total
	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
Member related income	-	61,901	61,901	82,533
Member related payments	(119,529)	(27,892)	(147,421)	(146,778)
Net (withdrawals)/additions	(119,529)	34,009	(85,520)	(64,245)
Net returns on investments	(34,813)	49,014	14,201	(681,812)
Transfers between sections	2,622	(2,622)	-	-
Net (decrease)/increase in fund	(151,720)	80,401	(71,319)	(746,057)
Net assets at start of year	2,292,339	524,393	2,816,732	3,562,789
Net assets at end of year	2,140,619	604,794	2,745,413	2,816,732

### DB Legal Section

During the year, member related payments exceeded income by £119.50 million (2023: payments exceeded income by £90.20 million).

The net returns on investments were made up of a decrease in the market value of investments of £88.94 million (2023: decrease of £707.22 million) and investment income of £58.35 million (2023: £49.00 million) while investment management expenses were £4.22 million (2023: £3.50 million).

The net assets of the Section amounted to £2.14 million at 31 March 2024 (2023: £2.29 million).

### DC Legal Section

During the year, member related income exceeded payments by £34.0 million (2023: £26.0 million).

The net returns on investments were made up of an increase in the market value of investments of £48.84 million (2023: decrease of £20.20 million) and investment income (bank interest) of £174,000 (2023: £77,000). 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 £604.80 million at 31 March 2024 (2023: £524.40 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.

A full valuation of the DB Legal Section was completed as at 31 March 2023 and the results were published in the Plan Actuary's report dated June 2024.

**Latest valuation — DB Legal Section****(a) Past Service Position**

	£m	£m
Assets		2,292
Liabilities		
- In Service Members	86	
- Deferred Pensioners	731	
- Pensioners	1,322	
- Additional reserve	20	
Total	2,159	
Past Service Surplus/(Shortfall)	133	
Funding level	106%	

The 31 March 2023 valuation allowed for a mortality and GMP equalisation reserve. 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 also reported on the solvency position of the DB Legal Section as at 31 March 2023. This test assesses the level of funding assuming the Section had been discontinued at the valuation date and member benefits were to be secured with an insurance company.

Solvency 96%

In addition, periodically, the Actuary is required to test the Section against a statutory Pension Protection Fund (PPF) measure, which shows the degree to which the Section's assets compared with the cost of providing pension compensation under the terms of the PPF, if the sponsoring employer became insolvent. The last date at which this was assessed was 31 March 2023.

Pension Protection Fund coverage 118%

**(c) Future contributions**

As the DB Legal Section is closed to future accrual, no employer contributions are required to fund future benefit provision. As at the 31 March 2023 valuation date, the Plan had a surplus of assets over liabilities calculated on the technical provisions basis. Hence, no deficit recovery contributions are currently required. Additional contribution triggers were also agreed as part of the 2023 valuation. If applicable, these covenant related contributions are payable following the official publication of the mid/year end company results.

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

**Actuarial Update:**

The latest actuarial update of the DB Legal Section as at 31 March 2023 reported a surplus of £133m, representing a funding level of 106%. The next full valuation of the DB Legal Section will be carried out as at 31 March 2026.

**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 01/04/2023	-	7,493	10,178	17,671
Adjustments	-	(14)	(6)	(20)
New	-	-	471	471
Deaths	-	(18)	(348)	(366)
Retirements	-	(316)	-	(316)
Leavers	-	(37)	(58)	(95)
As at 31/03/2024	-	7,108	10,237	17,345
<b>Defined Contribution Section</b>				
As at 01/04/2023	4,985	13,722	-	18,707
Adjustment	(112)	84	-	(28)
New	1,168	843	-	2,011
Deaths	(5)	(25)	-	(30)
Leavers	(903)	(803)	-	(1,706)
As at 31/03/2024	5,133	13,821	-	18,954

**Notes:**

- Pensioners include 2,046 (2023: 1,919) spouses and dependents 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 69 pensioners (2023: 77) for whom the Plan receives annuities in respect of part or all of their pension. There are also 30 beneficiaries (2023: 30) 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

### Former AMEC Staff members

During the year Amec Staff members who retired between 1 August 2022 and 30 April 2023 underwent a GMP Equalisation and Conversion exercise. The Trustee applied a one-off calculation to equalise GMP earned between 17 May 1990 and 5 April 1997. This calculation identified whether the pension at current date would have been higher if it had been calculated based on the opposite gender and, if this was the case, the current pension was increased and the relevant arrears paid.

At the same time as pensions were assessed for equalisation, the Trustee also implemented a process called 'conversion'. This meant converting the entire pre-1997 pension into new pension elements which did not include GMP, in order to simplify the Plan's pension increases.

Following conversion, pensions were simplified so that only two elements of pre-1997 pension remain:

- A fixed pension, which will not increase
- An increasing pension, which receives fixed 5% increases each year

The increases on pensions earned after 5 April 1997 did not change following conversion.

Pensions in payment for pensioners post 1 May 2023 and deferred pensions continue to be 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 2024 the Trustee agreed pension increases of:

- 5% in respect of pre-2008 pensionable service
- 2.5% in respect of post-2008 pensionable service

No discretionary increases were applied during the year under review.

### Former Foster Wheeler Pension Plan pensioners

During the year Foster Wheeler Plan pensioners who retired before 1 July 2023 underwent a GMP Equalisation and Conversion exercise. The Trustee applied a one-off calculation to equalise GMP earned between 17 May 1990 and 5 April 1997. This calculation identified whether the pension at current date would have been higher if it had been calculated based on the opposite gender and, if this was the case, the current pension was increased and the relevant arrears paid.

At the same time as pensions were assessed for equalisation, the Trustee also implemented a process called 'conversion'. This meant converting the entire pre-1997 pension into one discretionary element which did not include GMP, in order to simplify the Plan's pension increases.

The increases on pensions earned after 5 April 1997 did not change following conversion.

Pensions in payment for pensioners post 1 July 2023 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 2023 and 1 April 2024, the Trustee agreed pension increases of:

	2023	2024
In respect of pension between 6 April 1997 and 5 April 2005	5%	4%
In respect of pension after 5 April 2005	2.5%	2.5%

No discretionary increases were applied during the year under review.

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

During the year John Wood Group Scheme pensioners who retired before 1 July 2023 underwent a GMP Equalisation and Conversion exercise. The Trustee applied a one-off calculation to equalise GMP earned between 17 May 1990 and 5 April 1997. This calculation identified whether the pension at current date would have been higher if it had been calculated based on the opposite gender and, if this was the case, the current pension was increased and the relevant arrears paid.

At the same time as pensions were assessed for equalisation, the Trustee also implemented a process called 'conversion'. This meant converting the entire pre-1997 pension into one discretionary element which did not include GMP, in order to simplify the Plan's pension increases.

The increases on pensions earned after 5 April 1997 did not change following conversion.

Pensions in payment for pensioners post 1 July 2023 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 2023 and 1 April 2024, the Trustee agreed pension increases of:

	2023	2024
In respect of pension between 6 April 1997 and 30 June 2005	5%	5%
In respect of pension after 30 June 2005	2.5%	2.5%

No discretionary increases were applied during the year under review.

Unconverted pension 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.

Following the completion of the pensioner GMP equalisation and conversion project, an annual sweep-up exercise will take place each December to equalise and convert newly retired pensioners across all three sections.

### GMP Equalisation

Following the judgements in 2018 and 2020, the Trustee has considered the impact of "GMP (Guaranteed Minimum Pension) Equalisation" on the Plan. 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. Any liability, once established, will be accounted for in the year in which it is determined. The 31 March 2023 valuation allowed for a GMP equalisation reserve. 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.

### 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 has appointed XPS Pension Group as DB investment adviser to the Plan and Isio Group Limited for DC Investment advice.

### 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 frequently and the SIP is reviewed at least annually. When changes to the 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

### Market commentary – Year to 31 March 2024

Over the year to 31 March 2024, there have been significant policy developments. In the early part of the accounting year, the UK and EU signed a pact to increase co-operation on financial services. The move was a signal of the UK's willingness to work more closely with the EU post Brexit but fell short of a full agreement. In the second half of 2023, Rishi Sunak announced a significant policy change to the UK Government's climate commitments, including a series of delays on the Government's net zero pledges. The UK Government also announced their plans to axe the Northern leg of the High-Speed Rail (HS2) project. The final quarter of 2023 saw the Chancellor set out his Autumn Statement which could have a major impact on the future of both DB and DC pensions landscapes. Detail published alongside the Statement included a series of responses to the Mansion House consultations, and new consultations including running schemes on for surplus, designed to continue the Government's objective of getting DB and DC schemes to invest more in productive finance.

Over the accounting year, the UK market experienced a series of interest rate hikes in efforts to curb inflation. Following a fall in the UK CPI rate in Q3 2023, the Bank of England halted their run of 14 consecutive interest rate rises after raising rates by 0.25% to 5.25% in August 2023. The 12-month UK Consumer Price Index ('CPI') fell from 10.1% to 3.2% as at 31 March 2024. Governor Andrew Bailey signposted that markets were moving in the right direction, but that inflation would need to continue to fall back towards the long-term target of 2% before cuts would be initiated. In turn, the Bank of England held the bank rate for a fifth consecutive time at 5.25% during the March 2024 meeting.

UK corporate bonds posted positive returns over the accounting year, largely driven by tightening credit spreads despite gilt yields rising over the 12 months to 31 March 2024. Moreover, UK corporate bond spreads have tightened over the past 12 months to their lowest level in 2 years.

Global equity markets excelled over the accounting year, posting their best first quarter since 2019 as at Q1 2024. This was largely driven by an Artificial Intelligence ('AI') boom that gained momentum in the second half of 2023 onwards, and the continued resilience of the US economy despite stubbornly high inflation. UK equities and other major European regions caught up with the surge in global equities from AI-driven gains in the US.

## Strategy and Performance

The Plan's assets can be considered in two parts: the matching assets and the growth assets. As at 31 March 2024 the Plan's matching assets and growth assets were invested with seven investment managers; BlackRock, Dunedin, Collier Capital, LaSalle, AXA Investment Managers, Royal London Asset Management and PGIM.

The Plan's matching assets are invested in fixed income, including leveraged gilts and index-linked gilts, and are broadly expected to respond in the same way as the Plan's liabilities, measured on a gilts + 0.25% basis, to changes in interest rates and inflation expectations. Investing in matching assets helps to reduce the volatility of the Plan's funding position. The objective for the growth assets is to generate a long-term rate of return in excess of a risk-free asset. Over time the use of growth assets are expected to gradually improve the Plan's funding position.

The tables below provide performance of Plan's assets and pooled investment vehicles by type of arrangement to 31 March 2024.

Manager	Fund <sup>1</sup>	Return Type	12 months (Fund)	12 months (Target)	3 years p.a. (Fund)	3 years p.a. (Target)
Dunedin	Private Equity Fund <sup>2</sup>	Gross	n/a	n/a	n/a	n/a
Collier Capital	Private Equity Fund <sup>2</sup>	Gross	n/a	n/a	n/a	n/a
LaSalle	Core Property Fund <sup>3</sup>	Gross	-6.3%	-1.0%	3.9%	0.9%
LaSalle	Inflation Linked Property Fund <sup>4</sup>	Gross	-26.9%	7.8%	-3.6%	12.4%
AXA	Buy & Maintain Credit Fund <sup>5 and 6</sup>	Gross	6.1%	6.1%	-3.7%	-3.3%
RLAM	UK Buy & Maintain Credit Fund <sup>6</sup>	Gross	6.9%	6.1%	-3.4%	-3.3%
PGIM	Buy & Maintain Credit Fund <sup>6</sup>	Gross	6.7%	6.1%	0.4%	-3.3%
BlackRock	LDI Portfolio <sup>7</sup>	Gross	-8.9%	-8.9%	-18.0%	n/a

### Notes:

- All Fund returns are sourced from the investment managers.
- Performance figures not available as the funds are illiquid, private equity investments.
- LaSalle Core Property has a target return of the XPS Property Index. Quarterly performance estimate as at 31 March 2024. 1y and 3y performance calculated using quarterly performance estimates.
- LaSalle Inflation Linked Property has a real return target of RPI + 3.5% p.a. Quarterly performance estimate as at 31 March 2024. 1y and 3y performance calculated using quarterly performance estimates.
- AXA do not provide a benchmark however we have included iBoxx Sterling Non-Gilt All Maturities Index for comparison.
- iBoxx Sterling Non-Gilt All Maturities Index used for the benchmark.
- There is no target available for the 3 year figure

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

	2024 (£m)	2023 (£m)
Alternative Investment Fund	3.7	7.5
<b>TOTAL</b>	<b>3.7</b>	<b>7.5</b>

## Wood Pension Plan

Year ended 31 March 2024

### Employer Related Investments

There were no employer related investments during the year.

### AVC Investments

Additional Voluntary Contributions (AVCs) 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. The remaining AVC funds are with-profits only. These account holders receive annual benefit statements from each of the providers with whom they have AVCs 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 £596.6 million (2023: £517.8 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 2024, the returns achieved by those funds that have been in place for the full year, net of fees, have been as per the table on the following page.

## Wood Pension Plan

Year ended 31 March 2024

Fund	Return (%)	Benchmark (%)	Fund	Return (%)
Multi Asset Growth	8.4	9.3	Target Drawdown 2024 Retirement*	5.7
Drawdown Retirement	5.7	5.1	Target Drawdown 2025 Retirement*	6.0
Annuity Retirement	4.5	-0.2	Target Drawdown 2026 Retirement*	6.6
Cash Retirement	5.0	4.9	Target Drawdown 2027 Retirement*	6.9
Active UK Equity	9.2	8.4	Target Drawdown 2028 Retirement*	7.2
Active Global Equity	21.8	22.4	Target Drawdown 2029 Retirement*	7.5
Active Emerging Markets Equity	0.9	5.6	Target Drawdown 2030 Retirement *	7.8
Active Sustainable Global Equity	16.3	22.4	Target Drawdown 2031 Retirement *	8.1
Active UK Corporate Bonds	-11.9	-13.3	Target Drawdown 2032 Retirement *	--
Active Bonds	--	--	Target Annuity 2024 Retirement *	3.3
Diversified Growth	8.8	8.8	Target Annuity 2025 Retirement *	3.8
Active Property	0.6	-0.7	Target Annuity 2026 Retirement *	4.3
Active Cash	5.0	4.9	Target Annuity 2027 Retirement *	5.1
Passive UK Equity	6.2	7.0	Target Annuity 2028 Retirement *	5.8
Passive Overseas Equity	25.2	25.4	Target Annuity 2029 Retirement *	6.5
Passive Ethical Global Equity	23.6	24.0	Target Annuity 2030 Retirement *	7.2
Passive Sustainable Global Equity	22.8	23.0	Target Annuity 2032 Retirement *	--
Passive Emerging Markets	4.7	5.4	Target Cash 2024 Retirement *	4.6
Passive Shariah	30.1	30.3	Target Cash 2025 Retirement *	--
Passive Equity Global Equity	22.9	22.4	Target Cash 2027 Retirement *	6.4
Passive Bond Fixed Interest Gilts	-4.7	-4.6	Target Cash 2028 Retirement *	7.4
Passive Bond UK Corporate Bonds	6.3	6.1	Target Cash 2029 Retirement *	7.7
Passive Bonds Inflation Linked Gilts	-7.7	-7.8	Target Cash 2030 Retirement *	8.0

Funds held for less than 12 months do not have any return data. The data for the 3- and 5-year returns 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 no 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 13-14 to the Financial Statements.

## Wood Pension Plan

Year ended 31 March 2024

# Statement of Trustee's responsibilities

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

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

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

In discharging the above responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

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

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

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

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

The trustee is responsible for the maintenance and integrity of the financial information of the Plan included on 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 the financial statements may differ from legislation in other jurisdictions.

## Wood Pension Plan

Year ended 31 March 2024

## Approval of Trustee's report

The Trustee's report on pages 3–12, which includes the Statement of Trustee's Responsibilities on page 13, Report on Actuarial Liabilities in Appendix 2 and the Implementation Statements in Appendix 5 and Appendix 6 was approved by the Trustee and signed for on its behalf by:



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

Date: 22 October 2024

## Wood Pension Plan

Year ended 31 March 2024

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 interest rates and inflation, 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.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

## Wood Pension Plan

Year ended 31 March 2024

### Other information

The other information comprises the information included in the Trustee's Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the Trustee's Report and Financial Statements. 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.

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 13, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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;

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;

## Wood Pension Plan

Year ended 31 March 2024

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 and bulk annuity insurance policy assets using a method not permitted under the SORP. Our audit procedures included:

- 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 derivative contracts 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 annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as 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;

The engagement leader's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of plan's 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.

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.

### 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*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date: 29/10/2024

## Wood Pension Plan

Year ended 31 March 2024

# Trustee's Summary of Contributions payable in respect of the Plan year ended 31 March 2024

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 28 October 2022 and 19 March 2024 (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 Section		£'000s
<b>Employer:</b> Normal contributions		-
<b>Employer:</b> Additional funding contributions		-
<b>Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditor)</b>		-
Contributions payable under the Payment Schedule - DC Section		£'000s
<b>Employer:</b> Normal contributions		54,207
<b>Contributions payable under the Payment Schedule (as reported on by the Plan Auditor)</b>		54,207
Other contributions received and not reported on by the Plan Auditor		£'000s
<b>Employer:</b> Covenant -related contributions		-
<b>Employee:</b> Additional voluntary contributions		1,718
<b>Other Contributions received and not reported on by the Plan Auditor</b>		1,718

## 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)	-
Contributions payable under the Payment Schedule (as above)	54,207
Other contributions received and not reported on by the Plan Auditor (as above)	1,718
<b>Total contributions reported in the Financial Statements</b>	<b>55,925</b>

Signed on behalf of the Trustee of the Wood Pension Plan on 22 October 2024.



**M A S Walker**  
Trustee Director



**C Dobson**  
Trustee Director

## Wood Pension Plan

Year ended 31 March 2024

# 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 2024 which is set out on the previous page.

In our opinion, contributions for the Plan year ended 31 March 2024 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 28 October 2022 and 19 March 2024 and the 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 Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 13, 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 schedule of contributions and payment schedule and to report our opinion to you.

### Use of our statement

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

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date: 29/10/2024

## Wood Pension Plan

Year ended 31 March 2024

# Financial Statements

## Fund account

for the year ended 31 March 2024							
	Note	DB	DC	Total	DB	DC	Total
		£'000	£'000	2024 £'000	£'000	£'000	2023 £'000
<b>Contributions and benefits</b>							
Contributions	4						
Employer		-	55,925	55,925	30,000	50,123	80,123
Employee		-	-	-	-	-	-
Transfers in	5	-	3,868	3,868	-	886	886
Other income	6	-	2,108	2,108	-	1,524	1,524
		-	61,901	61,901	30,000	52,533	82,533
Benefits paid or payable	7	(114,781)	(6,915)	(121,696)	(106,218)	(4,979)	(111,197)
Payments to and on account of leavers	8	(1,400)	(20,706)	(22,106)	(10,171)	(21,330)	(31,501)
Administrative expenses	9	(3,348)	(271)	(3,619)	(3,806)	(274)	(4,080)
		(119,529)	(27,892)	(147,421)	(120,195)	(26,583)	(146,778)
<b>Net (withdrawals)/additions from dealings with members</b>		(119,529)	34,009	(85,520)	(90,195)	25,950	(64,245)
<b>Returns on investments</b>							
Investment income	10	58,347	174	58,521	48,959	77	49,036
Change in market value of investments	13	(88,943)	48,840	(40,103)	(707,220)	(20,171)	(727,391)
Investment management expenses	11	(4,217)	-	(4,217)	(3,457)	-	(3,457)

## Wood Pension Plan

Year ended 31 March 2024

<b>Net returns on investments</b>	(34,813)	49,014	14,201	(661,718)	(20,094)	(681,812)
<b>Transfers Between Sections</b>	17	2,622	(2,622)	-	1,944	(1,944)
<b>Net (decrease)/increase in the fund during the year</b>	(151,720)	80,401	(71,319)	(749,969)	3,912	(746,057)
<b>Net assets of the Plan at start of year</b>	2,292,339	524,393	2,816,732	3,042,308	520,481	3,562,789
<b>Net assets of the Plan at end of year</b>	2,140,619	604,794	2,745,413	2,292,339	524,393	2,816,732

The notes on pages 24 to 51 form part of these Financial Statements.

## Wood Pension Plan

Year ended 31 March 2024

### Statement of Net Assets (available for benefits)

At 31 March 2024			
	Note	2024	2023
<b>DB Legal Section</b>		£'000	£'000
<b>Investment assets:</b>			
Bonds	13	2,153,273	2,307,733
Equities	13	-	-
Property	13	31,000	62,750
Pooled investment vehicles	14	19,893	81,864
Derivatives	15	74,860	77,859
Cash	13	26,508	115,489
Amounts receivable under Reverse Repurchase agreements	18	39,701	-
Other investment assets	13	31,597	19,394
AVC investments	16	550	557
		2,377,382	2,665,646
<b>Investment liabilities:</b>			
Derivatives	15	(74,642)	(66,083)
Amounts payable under Repurchase agreements	18	(193,791)	(326,522)
Other investment liabilities	13	(9,497)	(14,445)
Total investments		2,099,452	2,258,596
<b>Current assets</b>	21	46,215	37,322
<b>Current liabilities</b>	21	(5,048)	(3,579)
Total net assets of the DB Legal Section		2,140,619	2,292,339

## Wood Pension Plan

Year ended 31 March 2024

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### DC Legal Section

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**Investment assets:**

Pooled investment vehicles	14	596,557	517,804
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<b>Current assets</b>	21	8,776	7,302
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<b>Current liabilities</b>	21	(539)	(713)
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Total net assets of the DC Legal Section		604,794	524,393
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Total net assets available for benefits		2,745,413	2,816,732
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The notes on pages 24 to 51 form part of these Financial Statements.

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

These financial statements on pages 20 to 51 were approved by the Trustee and signed on their behalf on 22 October 2024.



**M A S Walker**  
Trustee Director



**C Dobson**  
Trustee Director

## Wood Pension Plan

Year ended 31 March 2024

# 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 two legal sections: a defined contribution section open to new members; and a legacy defined benefit section closed to accrual. 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 Statement of Net Assets. At the date of the last actuarial valuation in 2023, these were valued at £5 million.

The Trustee has considered the impact of the current economic circumstances. The Trustee continues to seek advice and guidance from its investment managers and the 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 2023 ahead of the 31 March 2023 valuation and again in January 2024 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.

## 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. Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
  - vi. Properties are included at open market value as at 31 March 2024 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.
  - 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.

## Wood Pension Plan

Year ended 31 March 2024

- 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. Repurchase agreements.
- Repurchase agreements – the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
  - Reverse repurchase agreements – the Scheme does not recognise the securities received as collateral in its financial statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the financial statements.
- x. Accrued income.
- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.
- xi. 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 additional 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 covenant -related contributions are payable following the official publication of the mid/year end company results.
  - v. Employer s75 debt contributions are accounted for when a reasonable estimate of the amount due can be determined.

## Wood Pension Plan

Year ended 31 March 2024

e) Payments to members

- i. Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.
- ii. Opt-outs are accounted for when the Plan is notified of the opt-out.
- iii. Individual transfers in or out are accounted for when member liability is accepted / discharged.
- iv. Group transfers in or out are accounted for in accordance with the terms of the transfer agreement.
- v. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits payable.

f) Expenses

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

g) 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 hierarchy, specifically Derivative contracts, Property and Level 3 Pooled Investment Vehicles. Explanation of the key assumptions underpinning the valuation of investments are included within (a) and (b) above and within note 19.

## Wood Pension Plan

Year ended 31 March 2024

### 4. Contributions receivable

	DB	DC	2024
	£'000	£'000	£'000
Employer:			
Normal	-	54,207	54,207
Covenant-related Funding	-	-	-
Additional Funding	-	-	-
Other: Additional AVC	-	1,718	1,718
<b>Total Contributions</b>	-	<b>55,925</b>	<b>55,925</b>

	DB	DC	2023
	£'000	£'000	£'000
Employer:			
Normal	-	49,463	49,463
Covenant-related funding	24,000	-	24,000
Additional Funding	6,000	-	6,000
Other: Additional AVC	-	660	660
<b>Total Contributions</b>	<b>30,000</b>	<b>50,123</b>	<b>80,123</b>

Employer normal contributions include £29.475m (2023: £25.859m) of DC contributions payable to the Plan under salary sacrifice arrangements made available to all eligible members by the Employer. Contributions noted as Employer Other: Additional AVC represent lump sum AVC contribution payments to the Plan under salary sacrifice arrangements.

## Wood Pension Plan

Year ended 31 March 2024

### 5. Transfers in

	DB	DC	2024
	£'000	£'000	£'000
Individual Transfers in	-	3,868	3,868
Total	-	3,868	3,868

	DB	DC	2023
	£'000	£'000	£'000
Individual Transfers in	-	886	886
Total	-	886	886

### 6. Other income

	DB	DC	2024
	£'000	£'000	£'000
Claims on insurance policies	-	2,108	2,108
Total	-	2,108	2,108

	DB	DC	2023
	£'000	£'000	£'000
Claims on insurance policies	-	1,524	1,524
Total	-	1,524	1,524

## Wood Pension Plan

Year ended 31 March 2024

### 7. Benefits paid or payable.

	DB	DC	2024
	£'000	£'000	£'000
Pensions	100,841	-	100,841
Commutations and lump sum retirement benefits	13,441	2,475	15,916
Purchase of annuities	-	495	495
Balance of 5 year guarantee on deaths of pensioners	435	-	435
Return of members' DC account balances on death	-	1,814	1,814
Lump sum death benefits	-	2,108	2,108
Taxation where lifetime or annual allowance exceeded	64	23	87
	114,781	6,915	121,696

	DB	DC	2023
	£'000	£'000	£'000
Pensions	94,742	-	94,742
Commutations and lump sum retirement benefits	10,942	1,837	12,779
Purchase of annuities	-	527	527
Balance of 5-year guarantee on deaths of pensioners	309	-	309
Return of members' DC account balances on death	-	1,072	1,072
Lump sum death benefits	-	1,524	1,524
Taxation where lifetime or annual allowance exceeded	225	19	244
	106,218	4,979	111,197

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	2024
	£'000	£'000	£'000
Individual transfers out	1,400	20,706	22,106

	DB	DC	2023
	£'000	£'000	£'000
Individual transfers out	10,171	21,330	31,501

## Wood Pension Plan

Year ended 31 March 2024

### 9. Administrative expenses

	DB	DC	2024
	£'000	£'000	£'000
Wood Administration charge	1,296	107	1,403
Audit and professional fees	1,657	101	1,758
Other administrative expenses	284	7	291
Pension Protection Fund levy	111	56	167
	3,348	271	3,619

	DB	DC	2023
	£'000	£'000	£'000
Wood Administration charge	1,269	100	1,369
Audit and professional fees	1,984	95	2,079
Other administrative expenses	264	28	292
Pension Protection Fund levy	289	51	340
	3,806	274	4,080

All administration expenses are apportioned between the DB and DC sections. The Wood administration charge is the Wood Pensions team's operating costs, based on actual costs incurred plus the Trustee fees. Other costs are allocated separately under the heading of 'Audit and professional fees' or 'Other administrative expenses. Included in the Audit and professional fees is the audit fee of £92,000 (2023: £86,250). As the Plan has separate legalised sections, the fees accrued by the DC section must be met by funds from the DC section and may not be cross funded by the DB section of the Plan.

## Wood Pension Plan

Year ended 31 March 2024

### 10. Investment income

	DB	DC	2024
	£'000	£'000	£'000
Dividends from equities	820	-	820
Income from bonds	66,117	-	66,117
Net rental income	2,642	-	2,642
Interest on cash deposits	1,577	174	1,751
Stock Lending Commission	-	-	-
Interest on Swaps	457	-	457
Interest on repurchase agreements	(13,841)	-	(13,841)
Annuity income	575	-	575
	58,347	174	58,521

	DB	DC	2023
	£'000	£'000	£'000
Dividends from equities	1,525	-	1,525
Income from bonds	45,974	-	45,974
Net rental income	3,266	-	3,266
Interest on cash deposits	871	77	948
Stock Lending Commission	553	-	553
Interest on repurchase agreements	(3,823)	-	(3,823)
Annuity income	593	-	593
	48,959	77	49,036

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.

## Wood Pension Plan

Year ended 31 March 2024

### 11. Investment Management expenses

	DB	DC	2024
	£'000	£'000	£'000
Investment, administration, management and custody fees (including performance related fees where applicable)	4,217	-	4,217

	DB	DC	2023
	£'000	£'000	£'000
Investment, administration, management and custody fees (including performance related fees where applicable)	3,457	-	3,457

### 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.

## Wood Pension Plan

Year ended 31 March 2024

### 13. Investment reconciliation

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

#### DB Legal Section

	Value at 1 April 2023	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Market Value	Cash	Value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	2,307,733	300,826	(364,546)	(90,740)	-	2,153,273
Property	62,750	-	(24,400)	(7,350)	-	31,000
Pooled Investment vehicles	81,864	133,327	(196,365)	1,067	-	19,893
Derivative net assets/(liabilities)						
- Swaps	5,306	27,583	(27,314)	(5,069)	-	506
- Futures	(921)	77,401	(75,304)	(680)	-	496
- FX	7,390	29,528	(47,932)	10,230	-	(784)
AVC investments	557	-	(85)	78	-	550
<b>Plan Net Assets</b>	<b>2,464,679</b>	<b>568,665</b>	<b>(735,946)</b>	<b>(92,464)</b>	<b>-</b>	<b>2,204,934</b>
Other net investment assets	19,394	-	-	-	-	31,597
Other net investment liabilities	(14,445)	-	-	-	-	(9,497)
Cash deposits	115,489	-	-	3,521	(92,502)	26,508
Amounts payable under repurchase agreements	(326,522)	-	-	-	-	(193,791)
Amounts receivable under reverse repurchase agreements	-	-	-	-	-	39,701
<b>Total net investments</b>	<b>2,258,595</b>	<b>568,665</b>	<b>(735,946)</b>	<b>(88,943)</b>	<b>(92,502)</b>	<b>2,099,452</b>

## Wood Pension Plan

Year ended 31 March 2024

Included within the Plan purchases and sales are direct transaction costs of £333,677 (2023: £224,043) comprising fees, commissions and stamp duty. These costs are attributable to the key asset classes as follows:

	Equities	Bonds	Other	Total
	£'000	£'000	£'000	£'000
Fees	-	6	302	308
Commissions	-	26	-	26
Taxes				
2024 total	-	32	302	334
2023 total	31	76	117	224

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 2023	Purchases	Sales	Change in Market Value	Value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	517,804	140,936	(111,023)	48,840	596,557

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.

## Wood Pension Plan

Year ended 31 March 2024

### 14. Pooled Investment Vehicles

The Plan's holdings of PIVs are analysed below:

	2024	2023
	£'000	£'000
<b>DB Legal Section</b>		
Liquidity Fund	16,147	74,381
Private Equity	3,746	7,483
	19,893	81,864

	2024	2023
	£'000	£'000
<b>DC Legal Section</b>		
Equities	71,737	55,495
Annuity	16,502	19,211
Cash Funds	1,078	491
Multi Asset Drawdown	135,641	96,905
Multi Asset Growth	362,193	335,855
Property	576	621
Money Market	3,268	3,277
Bonds	3,727	3,940
Index Linked Gilts	1,835	2,009
	596,557	517,804

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.

## Wood Pension Plan

Year ended 31 March 2024

### 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.

#### Interest rate swaps

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

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

	2024		2023	
DB Legal Section	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Futures	883	(386)	1,316	(2,237)
FX	867	(1,651)	8,259	(869)
Swaps	73,110	(72,605)	68,284	(62,977)
	74,860	(74,642)	77,859	(66,083)

#### (i) Futures

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

Nature	Expires Within	Nominal	Asset value at year end	Liability value at year end
		'000	£'000	£'000
UK Long Gilt Future	3 Months	41,300,000	883	-
EuroBund	3 Months	(13,700,000)	-	(146)
US 10YR Treasury Note	3 Months	(45,500,000)	-	(240)
<b>Total 2024</b>			883	(386)
Total 2023			1,316	(2,237)

## Wood Pension Plan

Year ended 31 March 2024

### (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	£'000	£'000
EUR/GBP	480,489	(505,636)	742	(509)
EUR/USD	2,074	(1,910)	6	-
GBP/USD	36,553	(46,016)	4	(245)
USD/EUR	2,059	(1,901)	4	-
USD/GBP	593,877	(642,247)	52	(897)
GBP/EUR	19,808	(23,100)	59	-
<b>Total 2024</b>	<b>1,134,860</b>	<b>(1,220,810)</b>	<b>867</b>	<b>(1,651)</b>
Total 2023	1,124,925	(1,191,802)	8,259	(869)

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

### (iii) Swaps

Type	Expires Within	Notional Principal	Asset	Liability Total
		'000	£'000	£'000
Interest rate swaps	Less than 5 years	465,683	19,432	(19,754)
	5-10 years	385,040	29,706	(32,034)
	10-20 years	78,120	7,917	(10,526)
	20-30 years	41,190	7,769	(8,467)
Inflation rate swaps	Less than 5 years	-	-	-
	5-10 years	222,647	8,065	(1,824)
	10-20 years	3,298	221	-
	20-30 years	-	-	-
<b>Total 2024</b>		<b>1,195,978</b>	<b>73,110</b>	<b>(72,605)</b>
Total 2023		1,252,251	68,284	(62,977)

At the year end £9,526,865 (2023: £7,548,000) was held and £18,041,143 (2023: £46,050,000) was pledged as collateral in respect of counterparties. This collateral is not reported within the Plan's net liabilities.

## Wood Pension Plan

Year ended 31 March 2024

### 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:

	2024	2023
	£'000	£'000
<b>DB Legal Section</b>		
Prudential	287	290
Phoenix Life Limited (Prev London Life Limited)	-	3
Standard Life	186	186
Aviva (Prev Friends Life)	77	78
	550	557

## Wood Pension Plan

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### 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	2024
	£'000	£'000	£'000
DC to DB transfers			
- Commutations and lump sum retirement benefits	2,625	(2,625)	-
- Annuity Purchase	29	(29)	-
- Spouse AVC Uplift	106	(106)	-
DB to DC transfers			
- Pension sharing payments for ex-spouses	(138)	138	-
- Additional voluntary DB contributions transferred to DC	-	-	-
	2,622	(2,622)	-

	DB	DC	2023
	£'000	£'000	£'000
DC to DB transfers			
- Commutations and lump sum retirement benefits	2,651	(2,651)	-
- Float transfer	109	(109)	-
DB to DC transfers			
- Pension sharing payments for ex-spouses	(649)	649	-
- Additional voluntary DB contributions transferred to DC	(167)	167	-
	1,944	(1,944)	-

## Wood Pension Plan

Year ended 31 March 2024

### 18. Repurchase agreements.

	2024	2023
	£'000	£'000
<b>DB Legal Section</b>		
Amounts receivable under reverse repurchase agreements	39,701	-
Amounts payable under repurchase agreements	(193,791)	(326,522)
	(154,090)	(326,522)

Bonds with a net fair value of £159.7m have been bought back subject to reverse repurchase contracts or sold subject to repurchase contracts and therefore continue to be recognised in the financial statements. There are 7 (2023: 10) repurchase agreements and 2 reverse repurchase agreements(2023:Nil) with maturity dates between April and September 2023. Bonds with a value of £2.65m are being held as collateral and bonds with a value of £1.2m have been pledged as collateral.

### 19. Investment Fair Value Hierarchy

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

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

## Wood Pension Plan

Year ended 31 March 2024

	Level 1	Level 2	Level 3	2024
<b>DB Legal Section</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
31 March 2024				
Bonds	-	2,153,273	-	2,153,273
Property	-	-	31,000	31,000
Pooled investment vehicles	16,147	-	3,746	19,893
Net Derivative assets and liabilities	496	(278)	-	218
Cash	26,542	-	-	26,542
Repurchase Agreements	-	(154,090)	-	(154,090)
Other investment balances	22,066	-	-	22,066
AVC investments	-	-	550	550
<b>Total</b>	<b>65,251</b>	<b>1,998,905</b>	<b>35,296</b>	<b>2,099,452</b>
<b>DC Legal Section</b>				
Pooled Investment Vehicles	-	595,981	576	596,557

	Level 1	Level 2	Level 3	2023
<b>DB Legal Section</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 31 March 2023				
Bonds	-	2,307,733	-	2,307,733
Property	-	-	62,750	62,750
Pooled investment vehicles	74,381	-	7,483	81,864
Net Derivative assets and liabilities	(921)	12,696	-	11,775
Cash	115,489	-	-	115,489
Repurchase Agreements	-	(326,522)	-	(326,522)
Other investment balances	4,949	-	-	4,949
AVC investments	-	557	-	557
<b>Total</b>	<b>193,898</b>	<b>1,994,464</b>	<b>70,233</b>	<b>2,258,595</b>
<b>DC Legal Section</b>				
Pooled Investment Vehicles	-	517,183	621	517,804

## Wood Pension Plan

Year ended 31 March 2024

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 2024 or 5 April 2023. The property holdings are valued by valuation experts on an open market basis. There are no legal restrictions on the realisability of these properties.

The investment fair value hierarchy table is a fair value analysis report by asset type, by description this report groups the total value of each asset type by its level of pricing risk. The following table demonstrates the same totals but by manager, as a result slight differences in the value will be evident.

<b>2024 Source: XPS Defined Benefit Section</b>	
<b>Category</b>	
Dunedin Private Equity Fund	£27,807
Coller Capital Private Equity Fund	£3,718,074
Veritas Global Equity Fund	£0
LaSalle Core Property Fund	£22,311,026
LaSalle Inflation Linked Property Fund	£11,165,950
AXA Buy & Maintain Credit Fund	£379,829,316
RLAM UK Buy & Maintain Credit Fund	£336,227,343
PGIM Buy & Maintain Credit Fund	£391,104,226
BlackRock LDI Portfolio	£954,519,014
<b>AVC Investments</b>	
Prudential	£286,798
Phoenix Life Limited	£0
Standard Life	£185,722
Aviva	£77,148
<b>Total</b>	<b>£2,099,452,424</b>

<b>2023 Source: XPS Defined Benefit Section</b>	
<b>Category</b>	
Dunedin Private Equity Fund	£1,850,946
Coller Capital Private Equity Fund	£5,631,884
Veritas Global Equity Fund	£214,500
LaSalle Core Property Fund	£41,184,450
LaSalle Inflation Linked Property Fund	£23,698,060
AXA Buy & Maintain Credit Fund	£369,358,163
RLAM UK Buy & Maintain Credit Fund	£345,580,031
PGIM Buy & Maintain Credit Fund	£388,477,935
BlackRock LDI Portfolio	£1,082,041,193

## Wood Pension Plan

Year ended 31 March 2024

<b>AVC Investments</b>	
Prudential	£291,246
Phoenix Life Limited	£2,547
Standard Life	£186,387
Aviva	£77,658
<b>Total</b>	<b>£2,258,595,000</b>

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### 20. Investment Risks

#### Types of risk relating to investments

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

1. **Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
2. **Market risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk (currency risk, interest rate risk and other price risk), each of which is further detailed as follows:
  - **Currency risk:** this is the risk that the fair value or future cash flows of a financial 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.

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 2024 and 31 March 2023 are detailed in the Statement of Net Assets on page 22.

### Defined Benefit Section

#### Investment Strategy

Following advice from a professionally qualified investment adviser, the Trustee has agreed to an appropriate investment strategy for the Plan. The investment strategy has been set taking into account a number of factors, including the profile and value of the liabilities of the Plan and the long-term funding objectives agreed with the Employer.

The Plan has a target allocation of 50% of investments held in cashflow matching assets, with the remaining 50% allocated to liability matching assets, designed to partially offset the movements in the Plan's liabilities caused by movements in interest rates and inflation. This asset split reflects the Trustee's view of the most appropriate investments balancing risk/reward characteristics of the funds the Plan is invested in.

During the accounting period the Plan has continued the process of selling down the growth assets in the portfolio to move towards a portfolio with a 50%/50% target allocation to LDI/buy and maintain credit.

## Wood Pension Plan

Year ended 31 March 2024

The Plan invests in pooled investment vehicles, operated by two investment managers: Dunedin and Collier Capital. Furthermore, the Plan invests in segregated arrangements with five investment managers: LaSalle, AXA Investment Managers, Royal London Asset Management, PGIM and BlackRock. The Trustee and its advisors carry out thorough due diligence before the appointment of new managers and before any new monies are allocated to a new fund. The Trustee is also required to take appropriate investment advice from a qualified professional. All decisions made by the Trustee in relation to the investment strategy are subject to and comply with Section 36 of the Pensions Act 1995.

The Trustee is required to regularly review, and if necessary, update the Statement of Investment Principles. This is a statutory document which sets out, amongst other items: how the Plan invests, the long-term investment strategy for the Plan, the policy for rebalancing, the benchmarks and objectives of the managers, the Trustee's policy for monitoring performance and reviewing managers' roles within the strategy.

Information on the Trustee's approach to risk management is set out in the sections below. The Plan's AVC investments have not been included in these risks as they are not considered material in relation to the overall investments of the Plan.

The investment risks described below are viewed as being both direct and indirect. The Plan's segregated mandates are exposed to direct risks whereas the Plan's pooled investment vehicles ("PIVs") are exposed to indirect risks. This is because it is the underlying holdings which are directly exposed to these risks, to which the Plan is then indirectly exposed via the pooled investment vehicles. Please note the PIVs are also exposed to direct risks which are further describe below.

As at the end of the accounting period, PIVs used by the Plan (c.0.2% of total Plan value) were alternative investment funds.

Risk exposures over combined period	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Dunedin Private Equity Fund*	✗	✗	✗	✓
Collier Capital Private Equity Fund	✓	✓	✗	✓
LaSalle Core Property Fund	✓	✗	✓	✓
LaSalle Inflation Linked Property Fund	✓	✗	✓	✓
AXA Buy & Maintain Credit Fund	✓	✗	✓	✓
RLAM UK Buy & Maintain Credit Fund	✓	✗	✓	✓
PGIM Buy & Maintain Credit Fund	✓	✗	✓	✓
BlackRock LDI Portfolio	✓	✗	✓	✓

Source: Investment managers.

\*Risk exposures have been updated over the accounting period and have been confirmed by the manager.

### Investment risks – Credit risk

Credit risk is the risk that the counterparty of a financial instrument could default on its obligations, or delay payment of contractual income and the Plan will incur a financial loss as a result.

The Plan invests in PIVs. These are exposed to direct credit risk, with there being an extreme, albeit low, risk that the investment manager becomes defunct, acts fraudulently or that the manager no longer acts on the Plan's behalf or in the Plan's best interests. However, this is mitigated by the use of custodian relationships and by the ongoing monitoring undertaken by the advisors and Trustee of the Plan.

For PIVs, credit risk arises where there is a dependence on the pooled arrangement to deliver the cash flows which support the fair value and units, or shares in the pooled arrangement can only be

## Wood Pension Plan

Year ended 31 March 2024

transacted with the pool manager. If the Plan's interest in a pooled arrangement can be traded in the open market then the Plan, generally, does not have direct credit risk to the pooled arrangement.

The Plan has exposure to direct credit risk via the three Buy & Maintain mandates held with AXA, RLAM and PGIM. By investing in corporate bonds, the Trustee acknowledged that its holding was exposed to the risk that the borrowers that the investment manager lends to may default on payments and that this could have a detrimental impact on the performance of the mandate.

The Plan has had direct exposure to credit risk via its BlackRock LDI Portfolio through the repurchase agreements and reverse repurchase agreements as well as the investments in British Government Bonds ('gilts'). The credit risk within this mandate is minimal and is confined to any money market holdings and counterparty exposure. Money market holdings are all short dated and investment grade. The investment manager manages counterparty risk through careful initial selection and ongoing monitoring of trading counterparties, counterparty diversification and a robust process of daily collateralisation, only high-quality collateral is accepted, such as cash.

The Plan's total exposure to credit risk as at the end of the accounting period was c.£2,099m, c.100.0% of assets

### Investment risks – Currency risk

Currency risk is the risk that the value of assets will change due to movements in foreign exchange rates.

Indirect currency risk arises from the Plan's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies. During the year the Plan had indirect exposure to currency risk through the Collier Capital Private Equity Fund. The Plan is currently in the process of selling down the Collier Capital Private Equity Fund.

In instances where returns are not currency hedged, this is a deliberate and calculated action taken by the investment manager to generate additional returns through expected currency movements. The Trustee was comfortable with the amount of risk this introduces in the context of the overall investment strategy.

The Plan's total exposure to currency risk as at the end of the accounting period was c.£3.7m, c.0.2% of overall assets.

### Investment risks – Interest rate risk

Interest rate risk is the risk that the value of fixed-rate instruments will change due to changes in market interest rates.

The Plan has significant exposure to interest rate risk through the Plan's liabilities, which are sensitive to movements in interest rates (amongst other market conditions). The Trustee can seek to mitigate this risk by investing in asset classes which are equally as sensitive to movements in interest rates and therefore purposefully increasing the exposure that the Plan's assets have to interest rate changes.

The Plan's investments have direct exposure to interest rate risk via the holdings in the Liability Driven Investment ('LDI') vehicles and the Buy & Maintain Bond portfolios. The value of these instruments is sensitive to movements in interest rate expectations. Due to the leveraged nature of BlackRock LDI Portfolio, this means that although c.45.5% of the Plan's assets are held in this mandate, it provides a greater level of exposure to the gilt and swap market.

This level of exposure was a deliberate position taken by the Trustee, to gain increased exposure to interest rate movements. The allocation and duration of these funds have been deemed appropriate by the Trustee, given the profile of the liabilities of the Plan and after receiving investment advice. The objective of this exposure is to mitigate the impact of adverse movements in the Plan's liabilities, which are also based on interest rate changes.

It should be noted that the Plan also has indirect exposure to interest rate risk as a result of its allocations to the two LaSalle property portfolios. The interest rate risks taken by these mandates are done so as part of the investment manager's strategy to add value on a risk-adjusted returns basis.

## Wood Pension Plan

Year ended 31 March 2024

The Plan's total exposure to interest rate risk at the end of the accounting period was c.£2,095m, c.99.8% of the Plan's overall investments

### Investment risks – Other Price risk

Other price risk is the risk that the value of a financial instrument will change due to movements in market prices or indices.

The Plan had exposure to other price risk over the year through its entire holdings held with all investment managers. The Trustee is aware of these risks and the Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various asset classes and markets.

The Plan's total exposure to other price risk at the end of the accounting period was c.£2,099m, c.100% of overall Plan assets.

## 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 their investment strategy to their own needs.

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.

### 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

## Wood Pension Plan

Year ended 31 March 2024

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 Vehicles	✓	✓	✓	✓
Cash	✓	✓	✓	

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

## Wood Pension Plan

Year ended 31 March 2024

### 21. Net Current assets

#### DB Legal Section

	2024	2023
	£'000	£'000
Current Assets		
Other debtors	137	84
Cash balance held in bank	46,078	37,238
	46,215	37,322
Current liabilities		
Unpaid benefits	(3,496)	(2,268)
Other creditors and accruals	(1,552)	(1,311)
	(5,048)	(3,579)
Net current assets	41,167	33,743

#### DC Legal Section

	2024	2023
	£'000	£'000
Current Assets		
Contributions due	5,263	3,873
Other debtors	257	292
Cash balance held in bank	3,256	3,137
	8,776	7,302
Current liabilities		
Unpaid benefits	(486)	(685)
Other creditors and accruals	(53)	(28)
	(539)	(713)
Net current assets	8,237	6,589

All contributions due as at 31 March 2024 were paid into the Plan after the year end in line with the Schedule of Contributions dated 19 March 2024 (DB Section) and the Payment Schedule dated 11 September 2019 (DC Section).

At the year-end, there was £1.990m undesignated cash held in the DC Legal Section (2023: £2.060m). As the Plan has separate legalised sections, the fees accrued by the DC section must be met by funds from the DC section and may not be cross funded by the DB section of the Plan.

### 22. Employer related investments

There was no direct self-investment in John Wood Group plc or any related company. 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 2024, any indirect exposure to shares in John Wood Group plc was 0.001% (2023: 0.002%) of the net assets of the Plan.

## Wood Pension Plan

Year ended 31 March 2024

### 23. Concentration of investments

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

	2024		2023	
	Value	%	Value	%
	£'000		£'000	
<b>DB Legal Section</b>				
None to report				
<b>DC Legal Section</b>				
	Value	%	Value	%
			£'000	
Multi Asset Growth Fund	358,538	13.06	332,637	11.8

### 24. Related party transactions

#### Employer related parties

The Plan is administered by Wood Pensions, the personnel of which are employed by Wood Group UK Limited. Fees payable in respect of administration are disclosed in note 9. At the year end, there were £Nil administration expenses outstanding (2023: £Nil).

#### Key management personnel

At the year-end, 1 of the Trustee directors is an active member of the Plan (2023: 1); 2 are deferred members (2023: Nil); and 2 are pensioner members (2023: 3). Contributions receivable (Note 4) and Contributions due (Note 21) 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 £194,015 (2023: £183,962).

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

### 25. Capital commitments

The Plan has capital commitments with Dunedin Capital Partners Limited to the value of £Nil (2023: £181,035) and Collier Capital to the value of \$2,341,200 (2023: \$2,341,200). 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.

## Wood Pension Plan

Year ended 31 March 2024

### 26. 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 actual calculations, 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. Any liability, once established, will be accounted for in the year in which it is determined. The 31 March 2023 valuation allowed for a GMP equalisation reserve. 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.

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. The appeal was rejected in July 2024, the case has the potential to cause significant issues in the pensions industry. The Trustee will investigate the possible implications with their advisers but, it is not possible at present to estimate the potential impact, if any, on the Plan.

### 27. Subsequent events

Since the year end, gilt yields have risen slightly which has reduced the value of the Plan's liability driven investment (LDI) portfolio. The value placed on the Plan's liabilities is also expected to have fallen as a result over this period (all else being equal). This slight increase in gilt yields will also have reduced the value of the buy & maintain credit assets, however this will have been offset in part by the narrowing of credit spreads between 31 March 2024 to 31 July 2024. The value of the Plan's property portfolio has fallen from c.£33.5m to c.£26.9m between 31 March 2024 and 31 July 2024, as the sale of two properties were completed in May 2024 from the LaSalle Core Property Portfolio. The sale of the final property in the LaSalle Inflation-Linked Property Portfolio was completed in August 2024. From 31 March 2024 to 31 July 2024, total Plan assets have remained at broadly the same level of c.£2.1 billion. The amounts recognised in these financial statements have not been adjusted for these movements.

## Appendix 1 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 

Name Michael Kelly

Date of signing 19 March 2024

Qualification Fellow of the Institute and Faculty of Actuaries

Name of employer Mercer Limited

Address 4 St Paul's Square, Liverpool, L3 9SJ

## Appendix 2 Report on Actuarial Liabilities (forming part of the Trustee’s report)

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

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2023. This showed:

	Valuation 31 March 2023
The value of technical provisions was	£2,159 million
The value of assets was	£2,292 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 2023

Discount interest rate	Pre-retirement 4.30% p.a. Post-retirement 4.30% p.a.
Future Retail Price inflation:	3.75% p.a.
Future Consumer Price inflation:	3.26% p.a.
Salary increases	3.75% p.a.
Pension increases in payment	
RPI subject to maximum of 5% p.a.	3.32% p.a.
RPI subject to a maximum of 2.5% p.a.	2.10% p.a.
Mortality	S3PMA tables with CMI 2022_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 2023

### 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.

### **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 rulings in 2018 and 2020, 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 2023 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 2026.

## Appendix 3 DC Governance (Chair's) Statement

### 1. Introduction

This statement covers the period from 1 April 2023 to 31 March 2024 ('the Plan Year') and describes how the Trustee has governed the DC Section of the Wood Pension Plan ('the Plan') during the year.

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report.

The Trustee Board has at least four DC focussed meetings per year to specifically consider matters relating to the DC Section.

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 maintain the statutory levels of knowledge and understanding to govern the Plan and how these help the Trustee to ensure that the Plan is governed effectively.

### 2. Investment Arrangements

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 UK Pensions | Wood (woodplc.com). 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 believe the default investment arrangement to be designed in members' best interests.

The SIP was last revised in September 2024.

#### 2.1. Default Investment Arrangement

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.

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 for a member. The Target Drawdown Retirement Fund gradually switches members into a balanced mix of investments at the point of retirement, including cash, corporate and government bonds, equities and alternative asset classes such as listed property and listed infrastructure investments.

Members are also able to access alternative strategies and a range of self-select funds. They are also supported by clear communications.

The Trustee has delegated the investment management of the default investment strategy to Mercer. In December 2022, the Trustee undertook a review of Mercer's investment beliefs, and the conclusion was that they continued to align with the Trustee's beliefs.

Over 2023, Mercer carried out its own strategic review of the asset allocation of the default and alternative lifestyle strategies. The main change to the default investment arrangement that Mercer are proposing is to increase the level of risk for younger members in the growth phase of the default by

increasing the allocation to higher-risk growth seeking assets. The asset allocation in the run up to retirement will be unchanged.

There will also be operational changes to the structure of how members' assets are held. Going forward, members in the default will be invested in Target Date Funds throughout both the growth and de-risking periods. These funds will have three-year vintages (versus the current one year). Members will still have the ability to select annuity and cash options but only in the run up to retirement. These changes are expected to be implemented over the course of 2024.

The default investment arrangement is kept under regular review. The last detailed triennial strategic review of the default investment arrangement was completed in December of 2023, which included a review of the Mercer's proposed changes to the default investment arrangements.

The outcome of the review was that the proposed changes are seen as a positive. The increase in risk during the growth phase is more suitable for members, increasing the likelihood of better outcomes for most members when they reach retirement.

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.

The Trustee discusses the reports at each quarterly meeting.

## **3. Internal Controls and Core Financial Transactions**

### **3.1. Introduction**

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

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.

Our processes in this regard are documented below.

### **3.2. Administration**

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.

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).

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

### 3.3. Broader Controls

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.

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.

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

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

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.

The Trustee has engaged Mercer to provide ongoing governance support by way of monitoring the performance of Scottish Widows in delivering investment platform services (e.g. unit pricing, transaction processing and performance reporting). As part of its appointment, Mercer has negotiated exclusive SLAs with Scottish Widows, including financial penalties for 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.

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.

### 3.4. Experience during the Plan Year

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.

## 4. Value, Charges and Transaction Costs

The Trustee is required to report costs borne by members in respect of the Plan investments and assess the extent that these represent good value for members. When preparing this statement, the Trustee has taken account of statutory guidance.

There are two main types of cost borne by members: the Total Expense Ratio (TER) and Transaction Costs. The range of the levels of charges and transaction costs applicable to the investment arrangements for the main DC Section during the period are detailed in this section.

### 4.1. Charges

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.

The Trustee can confirm that the default funds remain within the charge cap of 0.75%p.a. of funds under management and are satisfied that the costs borne by members are reasonable.

### 4.2. Transaction Costs

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

Transaction costs are not explicitly deducted from a fund but are captured in its performance (that is, the higher the transaction costs, the lower the returns produced, all else being equal). The Financial Conduct Authority has provided guidance in Policy Statement 17/20 to investment managers regarding

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

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 2024.

Fund	Total Expense Ratio (% p.a.)	2023/2024 Transaction Costs (% p.a.)	Average Transaction Costs (% p.a.)*
<b>Funds used in Default</b>			
Multi Asset – Growth	0.213	0.113	0.151
Target Drawdown 2024	0.265	0.096	0.120
Target Drawdown 2025	0.268	0.103	0.128
Target Drawdown 2026	0.285	0.120	0.138
Target Drawdown 2027	0.280	0.120	0.141
Target Drawdown 2028	0.269	0.118	0.144
Target Drawdown 2029	0.257	0.117	0.141
Target Drawdown 2030	0.246	0.116	0.140
Target Drawdown 2031	0.235	0.115	0.136
Target Drawdown 2032	0.225	0.113	0.113
Drawdown Retirement	0.265	0.096	0.097
<b>Multi-Asset</b>			
Multi Asset – Diversified Growth	0.312	0.183	0.190
<b>Equity</b>			
Passive Equity - UK Equity	0.070	0.091	0.048
Passive Equity - Overseas Equity	0.077	0.022	0.011
Passive Equity - Global Equity	0.092	0.001	0.005
Passive Equity – Sustainable Global Equity	0.122	0.067	0.055
Passive Equity - Ethical Global Equity	0.242	0.001	0.001
Passive Equity - Emerging Markets Equity	0.182	0.000	0.040

Fund	Total Expense Ratio (% p.a.)	2023/2024 Transaction Costs (% p.a.)	Average Transaction Costs (% p.a.)*
Passive Equity - Shariah	0.342	0.004	0.022
Active Equity - UK Equity	0.582	0.659	0.491
Active Equity - Global Equity	0.650	0.194	0.255
Active Equity – Sustainable Global Equity	0.642	0.016	0.138
Active Equity - Emerging Markets Equity	0.902	0.835	0.784
<b>Bond</b>			
Passive Bonds - UK Corporate Bonds	0.082	0.013	0.016
Passive Bonds – Fixed Interest Government Bonds	0.071	0.032	0.006
Passive Bonds – Inflation-Linked Government Bonds	0.071	0.034	0.026
<b>Property</b>			
Active Property - Property	0.692	-0.078	0.133
<b>Cash</b>			
Active Money Market – Cash	0.132	0.015	0.015
<b>Alternative Target Retirement Funds</b>			
Target Cash 2024	0.152	0.015	0.043
Target Cash 2025	0.162	0.035	0.057
Target Cash 2026	0.162	0.060	0.085
Target Cash 2027	0.163	0.085	0.106
Target Cash 2028	0.163	0.112	0.127
Target Cash 2029	0.173	0.117	0.132
Target Cash 2030	0.188	0.116	0.135
Target Cash 2031	0.203	0.115	0.135
Target Cash 2032	0.216	0.113	0.113
Cash Retirement	0.152	0.015	0.015

Fund	Total Expense Ratio (% p.a.)	2023/2024 Transaction Costs (% p.a.)	Average Transaction Costs (% p.a.)*
Target Annuity 2024	0.134	0.004	0.041
Target Annuity 2025	0.141	0.014	0.058
Target Annuity 2026	0.151	0.026	0.075
Target Annuity 2027	0.160	0.039	0.093
Target Annuity 2028	0.178	0.053	0.112
Target Annuity 2029	0.189	0.067	0.115
Target Annuity 2030	0.199	0.081	0.121
Target Annuity 2031	0.210	0.095	0.125
Target Annuity 2032	0.221	0.110	0.110
Annuity Retirement	0.134	0.004	0.008

Source: Mercer as at 31 March 2024.

\*Average transaction cost calculated by taking an average of the funds over the number of years available up to the last five years. Where transaction costs were negative, we have taken the value to be zero when calculating the average.

Please note that the target 2024 retirement funds closed at the end of 2023 (in line with the lifestyle) however we have included these as they were in use during the scheme year.

### 4.3. Legacy investment policies – Additional Voluntary Contributions

In addition to the main DC Section assets, the Plan holds assets in respect of members’ historic AVC arrangements. The current providers of the AVC funds to the Plan relating to the DB Section are Prudential, Phoenix Life, Standard Life and Aviva. These arrangements are in respect of with profits funds only and are closed to investment. At the time of writing, due to the nature of with-profits policies, transaction costs have been requested from the providers, however they have been unable to provide transaction cost information.

### 4.4. Impact of Costs and Charges

Using the charges and transaction cost data provided by 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.

- 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 (SMPs). 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.

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.

To make this analysis representative of the membership, the Trustee has based this on a representative 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 of £21,000. The Trustee has also included a representative median member aged 35, with a normal retirement age of 65, using a starting fund size of £14,900 and a salary of £45,000. With both members, we have assumed 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 these members will increase over time for the following:

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

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 £3,150 annual contributions			
Age	Years from 31/03/24	Before charges (£)	After all costs and charges deducted (£)
19	1	3,205	3,199
21	3	9,954	9,901
23	5	17,185	17,030
28	10	37,595	36,903
33	15	61,836	60,094
38	20	90,627	87,155
43	25	124,821	118,735
48	30	165,433	155,585
53	35	213,667	198,588
58	40	270,954	248,700
63	45	334,785	302,763
65	47	347,754	312,793

**18-year-old active member– future contributions assumed investing in the fund with the lowest and highest returns**

Age	Years from 31/03/24	Active Money Market (lowest returning fund)		Passive Fixed Interest Government Bonds (highest returning fund)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
19	1	3,142	3,140	3,220	3,219
21	3	9,379	9,359	10,102	10,090
23	5	15,554	15,497	17,616	17,583
28	10	30,724	30,500	39,569	39,413
33	15	45,517	45,023	66,927	66,516
38	20	59,945	59,083	101,019	100,168
43	25	74,016	72,694	143,504	141,949
48	30	87,738	85,871	196,449	193,823
53	35	101,120	98,627	262,427	258,230
58	40	114,172	110,975	344,648	338,195
63	45	126,900	122,930	447,110	437,479
65	47	131,903	127,604	494,840	483,612

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

Age	Years from 31/03/24	Passive Fixed Interest Government Bonds (lowest charging fund)		Active Emerging Markets Equity (highest charging fund)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
19	1	3,220	3,219	3,220	3,194
21	3	10,102	10,090	10,102	9,854
23	5	17,616	17,583	17,616	16,894
28	10	39,569	39,413	39,569	36,303
33	15	66,927	66,516	66,927	58,601
38	20	101,019	100,168	101,019	84,217
43	25	143,504	141,949	143,504	113,645
48	30	196,449	193,823	196,449	147,454
53	35	262,427	258,230	262,427	186,294
58	40	344,648	338,195	344,648	230,915
63	45	447,110	437,479	447,110	282,177
65	47	494,840	483,612	494,840	304,758

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). Illustrations for the default take account of the changing risk/return profile as the member reaches retirement.
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 £21,000 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 from across the last 5 years from 2024 (where possible) have been used and zero transaction costs assumed in the projection calculations if the actual transaction cost was negative.
9. Projections at relevant ages in the lead up to retirement are approximated based on assumed vintage of the default strategy Target Date Fund at the relevant age, in practice a member would be invested in a single Target Date Fund as they approach retirement.
10. Target Drawdown 2024 closed at the end of 2023 (in line with the lifestyle) however we have included this it was in use during the scheme year. Values (excluding costs) have been assumed to be the same as the Target Drawdown 2025 fund.
11. The fund range significantly changed in July 2024, and therefore SMPI return assumptions used in the default lifestyle arrangements are based on the new fund range.
12. The projected real growth rates after the impact of inflation for each fund are:
  - Target Drawdown 2029-31 – 3.5%
  - Target Drawdown 2026-28 – 3.4%
  - Target Drawdown 2024-25 – 2.5%
  - Passive Fixed Interest Government Bonds – 4.5%
  - Active Emerging Markets Equity – 4.5%
  - Active Money Market - -0.5%

35-year-old active member– future contributions assumed investing in the default lifestyle arrangement			
35-year-old, with a starting pot of £14,900 paying £6,750 annual contributions			
Age	Years from 31/03/24	Before charges	After all costs and charges deducted
36	1	22,289	22,222
38	3	37,851	37,563
40	5	54,521	53,880
45	10	101,579	99,368
50	15	157,468	152,449
55	20	223,848	214,391
60	25	302,396	286,098
65	30	373,075	348,360

35-year-old active member– future contributions assumed investing in the fund with the lowest and highest return fund					
Age	Years from 31/03/24	Active Money Market (lowest returning fund)		Passive Fixed Interest Government Bonds (highest returning fund)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
36	1	21,559	21,532	22,471	22,457
38	3	34,776	34,667	38,649	38,587
40	5	47,862	47,633	56,317	56,176
45	10	80,008	79,320	107,930	107,424
50	15	111,358	109,996	172,250	171,053
55	20	141,932	139,693	252,404	250,052
60	25	171,750	168,442	352,290	348,136
65	30	200,829	196,273	476,766	469,916

35-year-old active member– future contributions assumed investing in the fund with the lowest and highest charges					
Age	Years from 31/03/24	Passive Fixed Interest Government Bonds (lowest charging fund)		Active Emerging Markets Equity (highest charging fund)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
36	1	22,471	22,457	22,471	22,164
38	3	38,649	38,587	38,649	37,310
40	5	56,317	56,176	56,317	53,320
45	10	107,930	107,424	107,930	97,458
50	15	172,250	171,053	172,250	148,165
55	20	252,404	250,052	252,404	206,419
60	25	352,290	348,136	352,290	273,343
65	30	476,766	469,916	476,766	350,228

Notes on member illustrations

1. The illustrations show the how the funds grow for the youngest member of the Plan (currently aged 35). The projections are to age 65 (i.e. in 30 years' time). Illustrations for the default take account of the changing risk/return profile as the member reaches retirement.
2. The starting fund size for the member is assumed to be £14,900 which is the expected starting pot for a member aged 35 with a salary of £45,000 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 from across the last 5 years from 2024 (where possible) have been used and zero transaction costs assumed in the projection calculations if the actual transaction cost was negative.
9. Projections at relevant ages in the lead up to retirement are approximated based on assumed vintage of the default strategy Target Date Fund at the relevant age, in practice a member would be invested in a single Target Date Fund as they approach retirement.
10. Target Drawdown 2024 closed at the end of 2023 (in line with the lifestyle) however we have included this it was in use during the scheme year. Values (excluding costs) have been assumed to be the same as the Target Drawdown 2025 fund.
11. The fund range significantly changed in July 2024, and therefore SMPI return assumptions used in the default lifestyle arrangements are based on the new fund range.
12. The projected real growth rates after the impact of inflation for each fund are:
  - Target Drawdown 2029-31 – 3.5%
  - Target Drawdown 2026-28 – 3.4%
  - Target Drawdown 2024-25 – 2.5%
  - Passive Fixed Interest Government Bonds – 4.5%
  - Active Emerging Markets Equity – 4.5%
  - Active Money Market – -0.5%

#### 4.5. Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) Amendment) Regulations 2021 introduces new requirements for trustees of DC pension schemes. From 1 October 2021, the Trustee is required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

Below are the annualised net investment returns to 31 March 2024 for members where lifestyling takes place.

##### Default lifestyle (Target Drawdown)

Time period	1 year (%) 31/03/2023 - 31/03/2024	5 years (% p.a.) 31/03/2019- 31/03/2024
Age of member at beginning of period (years)		
25	8.4	5.1
45	8.4	5.1
55	7.8	5.0

##### Target Cash Retirement lifestyle

Time period	1 year (%) 31/03/2023 - 31/03/2024	5 years (% p.a.) 31/03/2019- 31/03/2024
Age of member at beginning of period (years)		
25	8.4	5.1
45	8.4	5.1
55	8.0	4.9

**Target Annuity Retirement lifestyle**

Time period	1 year (%) 31/03/2023 - 31/03/2024	5 years (% p.a.) 31/03/2019- 31/03/2024
Age of member at beginning of period (years)		
25	8.4	5.1
45	8.4	5.1
55	7.2	4.6

Below are the annualised net investment returns to 31 March 2024 for all other funds i.e. where no lifestyle taking place.

Fund	1 year (%) 31/03/2023 - 31/03/2024	5 years (% p.a.) 31/03/2018- 31/03/2024
Passive Equity - UK Equity	6.2	4.8
Passive Equity - Overseas Equity	25.2	13.5
Passive Equity - Global Equity	22.9	-
Passive Equity - Sustainable Global Equity	22.8	-
Passive Equity - Ethical Global Equity	23.6	14.0
Passive Equity - Emerging Markets Equity	4.7	2.8
Passive Equity - Shariah	30.1	17.0
Active Equity - UK Equity	9.2	3.8
Active Equity - Global Equity	21.8	11.9
Active Equity - Sustainable Global Equity	16.3	-
Active Equity - Emerging Markets Equity	0.9	0.0
Passive Bonds - UK Corporate Bond	6.3	-0.4
Passive Bonds - Over 15 Year Gilt	-4.7	-8.3
Passive Bonds - Over 5 Years Index Linked Gilt	-7.7	-6.8
Active Property	0.6	0.5
Multi Asset - Growth	8.4	5.1
Multi Asset - Diversified Growth	8.8	4.7
Active Money Market	5.0	1.6

Source: Mercer, Scottish Widows, Isio calculations

**Notes:**

- Returns calculated as the annual geometric average
- Target-date-related returns for members in lifestyle strategies assume annual switching in the glidepath and retirement at age 65
- The Passive Global Equity, Passive Sustainable Global Equity & Active Sustainable Global Equity funds were launched after 31/03/2018 and therefore do not have 5 year performance returns available

**4.6. Asset allocation**

The Trustee is required to disclose a breakdown of the asset allocation of the default investment strategy for the scheme. The below table sets out the asset allocation of the default across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure

- Property
- Private debt
- Other (any assets which do not fall into the above, e.g., gold and liquid alternatives)

Asset Class	Asset allocation (%)			
	25 year old	45 year old	55 year old	1 day prior to State pension age
Cash	0.21	0.21	0.21	25.59
Bonds	24.73	24.73	24.73	44.37
<i>Government Bonds</i>	<i>15.43</i>	<i>15.43</i>	<i>15.43</i>	<i>26.42</i>
<i>Corporate Bonds</i>	<i>9.06</i>	<i>9.06</i>	<i>9.06</i>	<i>17.78</i>
<i>Other Bonds</i>	<i>0.24</i>	<i>0.24</i>	<i>0.24</i>	<i>0.18</i>
Listed equities	52.11	52.11	52.11	18.74
Private equities	0.00	0.00	0.00	0.00
Infrastructure	7.28	7.28	7.28	3.01
Property/Real Estate	9.17	9.17	9.17	4.54
Private debt	0.00	0.00	0.00	0.00
Other	6.50	6.50	6.50	3.75
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Note: Asset allocations based on fund holdings of the default strategy as at 31 March 2024.

## 5. Value for Members

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 a 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.

The seven key areas considered by the Trustee included:

- Member charges;
- Investment;
- Retirement support;
- Governance;
- Administration;
- Contributions & associated benefits; and

- Education & engagement.

Based on the above review, the Trustee has concluded that the Plan offers good value for members relative to the market.

The Trustee developed an improvement plan following the 2020-21 value for member assessment, which identified a number of areas to focus on over the next few years to improve value for members.

The Trustees have continued to roll-out a wide range of targeted communication support to members. This includes the introduction of pre-retirement seminars, pension workshops and age related topical pension webinars. Following the introduction of signposting to the Scottish Widows drawdown arrangement in 2022, take up amongst the membership continues to increase and the results of the recent annual review were positive with high member satisfaction scores.

In addition to the main DC Section assets, the Plan holds assets in respect of members' historic AVC arrangements which are all with profits funds policies and are closed to investment. By their nature the charging structure of with-profits policies is not transparent - for example, investment returns are earned in the form of discretionary bonuses calculated by the provider. The Trustees do not believe that it is proportionate to undertake a market review of price and performance for the with profits policies, particularly as switching away from the current policies may result in members losing accumulated terminal bonus, which may represent a significant proportion of members' AVC investments. In addition, the Trustees believe that what constitutes value for money in a with profits fund is directly linked to an individual's attitude towards investment risk and their view of the underlying guarantees of the policy. Therefore, they believe it would be inappropriate to form a view on whether a with-profits fund offers value for money.

## 6. Trustee Knowledge and Understanding

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).

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

The Trustee has a robust training programme in place for newly appointed Trustee Directors. For the Plan, upon appointment, a Trustee Director is required to undertake an induction process. This includes a training session with the in-house pension department and completion of the Pensions Regulator's online toolkit.

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.

Specific DC training topics discussed during the Plan year included:

- Abolition of the Lifetime Allowance
- Revised timings of Pensions Dashboards
- Consultation on value for money framework
- New "General Code of Practice"
- Investment in illiquid assets
- Auto-enrolment reforms
- Provider market default strategy peer group performance
- Consultation on member choices at retirement
- Government proposed "pot for life"

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 Q1 2022.

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.

There are three 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.

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

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

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**

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 2024

By

A handwritten signature in blue ink, appearing to read "Henry Loh".

Chair of Trustee

## Appendix 4 Statement of Investment Principles

September 2024

### 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 XPS Investment Limited (“XPS”) for the Defined Benefit Section and Isio Group Limited for the Defined Contribution Section. In addition, the Trustee has consulted the Sponsoring Company, Wood Group UK Ltd 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
- 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 XPS Investment 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 about the potential size and incidence of contribution payments, and the degree to which Wood accepts variation in the Plan's surplus or deficit as a consequence of the investment policy adopted.

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

## 2.3 Portfolio Construction

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

- There is a role for both active and passive management. Passive management will be used for one of several reasons, namely:
  - To diversify risk;
  - To invest in markets deemed efficient where the scope for active management to add value is limited;
  - As a temporary home pending investment with an active manager.
- To help diversify manager specific risk, multiple manager appointments, within a single asset class are preferred where practical.
- At the total Plan level and within individual manager appointments investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer.

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

#### **2.4 Investment Strategy**

The Trustee has defined a strategic objective to reach full funding on a gilts re-investment basis and de-risk the Plan's assets accordingly. However, it recognises that at times the funding level may necessitate a degree of investment risk (subject to the view of employer covenant). The current investment strategy is set out in this and related documents.

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

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

Asset Class	Benchmark Allocation
	(%)
<b>Return-Seeking Assets (Equities)</b>	<b>0.0</b>
Private Equity	(Note 1)
<b>Mid-Risk / Cashflow Matching Assets</b>	<b>50.0</b>
Property	(Note 2)
Corporate Bonds - Buy & Maintain Credit	50.0
<b>Liability Matching Assets</b>	<b>50.0</b>
Liability-Driven Investment	50.0
<b>Total</b>	<b>100</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 market arise, given the illiquid nature of the asset class.

## 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 50%. The Trustee targets a "hedge ratio" of 100% of the Plan's liabilities, as measured on a gilts+0.25% basis, in relation to changes in interest rates and inflation. 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 about 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 in directly held assets (via segregated accounts) but may also hold investments in collective investment vehicles (i.e., pooled funds).
- The documents governing the investment manager appointments include several guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The investment managers are prevented from investing in asset classes or investments outside of their mandate without the Trustee's prior consent.
- The Trustee recognises the risks of underperformance introduced by using active managers. Arrangements are in place to monitor the continuing suitability of the current investments. The Trustee regularly reviews the continuing suitability of the Plan's investments including the appointed managers and the balance between active and passive management. The Trustee receives regular reports from the investment managers and Investment Consultant.
- The Trustee recognises that investments in illiquid asset classes, for example property 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 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.

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 and the appointed managers can be found in the IPID.

### **2.7 Realisation of Investments**

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

### **2.8 Cash flow and cash flow management**

Any cashflows into or out of the Plan are, in the normal course of events, directed to maintain the Plan's asset allocation as close as possible to that shown in Section 2.4. Again, however, there is discretion in relation to this if the 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. 0.4% 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 XPS asset class assumptions as at 30 June 2024*

## **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 are expected to exceed the rate of inflation in the long term, as well as funds that provide greater protection against changes in the cost of securing retirement benefits or volatile nominal market values.

### **3.2 Investment Objectives**

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

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

- Positive long-term real rates of return
- Increasing protection for members' accumulated assets in the years approaching and in retirement against:
  - (i) Sudden (downward) volatility in capital values;
  - (ii) 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 most members.

However, whilst the use of active management increases manager risk, the Trustee considers that it is appropriate to offer members the choice.

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

**Concentration risk** – The Trustee has adopted a default investment option for members who choose not to make their own investment decision that ensures that the risk of an adverse

influence on investment values from the poor performance of a small number of individual investments is reduced by diversification of the assets:

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

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

### 3.4 Investment Strategy

#### Default investment option

The Target Drawdown strategy is the default investment option for the Plan which contains 'Target Date Funds.' Each

Target Date Fund invests according to the length of time before the members selected Target Retirement Date or Normal Retirement Age if not selected. The Target Date Funds are set in three-year buckets (e.g., retirement dates between 2035-2037). Members will be invested in one Target Date Fund for the duration of their retirement journey, with the asset allocation changing as they age.

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.

*The default investment option's growth phase invests in the Mercer Long Term Growth Fund which consists largely of equities and other growth-seeking assets. These investments are expected to provide growth over the long term.*

- 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.*

*In each target dated fund, 16 years before the target retirement date (or normal retirement date, if no target is specified), the fund will gradually switch from the Mercer Long Term Growth Fund to the Mercer Growth Fund, which is designed to generate returns in excess of inflation whilst managing downside risk. The target dated fund is 100% invested in the Mercer Growth Fund eight years before retirement. From eight years before the target retirement date, the target dated fund will gradually move 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).

At the start of the year following the last year in the Target Date Fund name (e.g., by 1 January 2026 for members in the "Target Drawdown 2023-2025 Fund"), 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 10% of the portfolio in a mix of high quality short-term sterling denominated

money market instruments and 90% in a Diversified Retirement Fund, which aims to generate income and maintain the purchasing power of members' savings until they retire from the Plan. 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 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 considered 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.
- There continues to be legacy default arrangements for members whom were in the 2025 and 2026 Target Retirement Funds prior to the introduction of the Target Dated Funds in July 2024. These target retirement funds target 25% of the portfolio in a mix of high quality short-term sterling denominated money market instruments and 75% in a Diversified Retirement Fund, which aims to generate income and maintain the purchasing power of members' savings until they retire from the Plan. The assets in this multi-asset fund include equities, bonds and alternative assets.

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.

#### **Other Investment Arrangements**

The Plan offers alternative investment strategy 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.

#### **4. Illiquid Policy**

The Trustee considers illiquid assets as those which cannot easily or quickly be sold or exchanged for cash at a reasonable value. Illiquid assets are not publicly traded and can also include physical assets like infrastructure or real estate. Illiquid assets can also be held indirectly as a component of readily tradable funds with reasonable liquidity terms.

The default arrangement is currently invested through daily dealt funds and does not include either a direct or indirect allocation to illiquid assets.

The Trustee understands the potential for higher returns and the diversification benefits that illiquid assets can offer relative to more traditional asset classes (such as listed equities). While these benefits are recognised by the Trustee, it is also aware of the risks associated with these investments, for example illiquidity and active manager risk. In addition to these risks, the Trustee also understands that there are operational and cost barriers in accessing illiquid assets within defined contribution schemes which need to be overcome.

The Trustee uses modelling to consider the expected impact of the different strategic allocation mixes on members' projected pots. The Trustees carefully consider whether changes to the investment strategy provide value for members, taking into account the potential for returns and associated risks. The default investment strategy is reviewed on an annual basis. The delegated Fiduciary Manager has confirmed that such reviews will include whether the incorporation of illiquid assets investments is appropriate.

The Trustee acknowledges illiquid asset investment is a developing area for defined contribution pensions and expects the delegated Fiduciary Manager to monitor the position closely and continue to evaluate the suitability of such an investment.

##### **4.1 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.

##### **4.2 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.

## 5. Additional Assets

Under the terms of the trust deed the Trustee is responsible for legacy Additional Voluntary Contributions (“AVCs”) paid by members under with profits contracts. The Trustee reviews the investment performance of the 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.

## 6. 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 conducted on behalf of the Trustee for mandates where this is appropriate.
- Whilst members’ views are not currently explicitly taken into account in the selection, retention and realisation of investments, the Trustee welcomes views from members. Members have a variety of methods by which they can make views known to the Trustee. This position is reviewed periodically.

### Defined Benefit Section

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

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

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

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

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

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

### Defined Contribution Section

The Trustee has delegated day to day management of the default strategy and self-select funds for 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. As well as regularly reviewing the suitability of the default strategy, the Trustees are responsible for choosing the range of self-select funds made available to members and have decided to make available specific sustainable fund options (more details provided in the IPID).

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

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

The underlying investment managers are expected to evaluate ESG factors, including climate change considerations, and to exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. For delegated investment funds, Mercer is expected to provide reporting to the Trustee on a regular basis, at least annually, on ESG integration progresses, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

In the context of non-financial factors and members' views and beliefs, in the Defined Contribution Section the Trustee has also made available to Plan members a passively managed fund that tracks an index of companies that meet a variety of ESG criteria, and a passively managed Sharia-compliant investment fund for those members with beliefs in this regard, which tracks an index of global companies engaged in Sharia compliant activities.

## 7. Investment Manager Arrangements

### 7.1 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 lifetimes of the funds in line with the IMAs.

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

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

## 7.2 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 can 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.

Most 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 conducts regular reviews of manager fee arrangements. Investment managers are not remunerated based on portfolio turnover.

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

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

## 7.3 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.

## **8. 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.

## Appendix 5 Annual Implementation Statement - DC Legal Section

### 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 2024. 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 and in 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 in place to ensure the default strategy remains in the best interest of its members.

#### Review of the SIP

During the year the Trustee reviewed the Plan's SIP which was agreed in March 2023. The SIP is being reviewed in September 2024

#### Assessment of how the SIP policies have been followed for the year to 31 March 2024

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 2024.

	Requirement	Policy/paragraph of SIP	In the year to 31 March 2024
1	Securing compliance with the legal requirements about choosing investments	Paragraph 3.1	The Trustee completed an annual review of self-select funds available to members in September 2023, following which a Short Dated Global Bond Fund was made available in February 2024. The Active UK Corporate Bond fund was closed by the investment manager and all investments moved to the default fund where members had not selected an alternative.
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.	A Short Dated Global Bond Fund was made available in February 2024 and the Active UK Corporate Bond Fund was closed by the Fund Manager. All other investments (fund type, management style and objectives) used within the DC Section did not change during the year and the SIP was implemented in line with the stated policy. However, the Trustee completed the triennial review of the Plan’s default investment strategy in December 2023 and changes will be made in 2024.
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 appoint Isio as an independent DC consultant. Isio assisted the Trustee in reviewing the SIP risks, “default investment risk” and “manager risk” by providing continuous review of the Plan’s default arrangement put in place by the 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.	There were no changes to the objectives, benchmarks or targets set for the Plan's mandates. 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.
6	Realisation of investments	Paragraph 3.4 (regarding the default strategy) and paragraph 3.7.	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.
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.	The financially material risks identified by the Trustee, and how they are measured and managed, formed part of the annual review of the SIP held in September 2023. There were no changes to this policy during the year.
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.	There were no significant changes to the SIP policy during the year. The addition of the Trustee's policy on illiquids will be made in 2024/25. No member views on investment matters (financial or non-financial) were received by the Trustee.
9	The exercise of the rights (including voting rights) attaching to the investments	Paragraph 6.	During the year, the Plan continued to invest solely in pooled funds, where voting and engagement activities are delegated to the investment managers.

<p><b>10</b></p>	<p>Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor &amp; engage with relevant persons about relevant matters)</p>		<p>Stewardship monitoring on investment manager voting and engagement activity and adherence to the UK Stewardship Code is part of the Trustee's policy. In September 2023, the Trustee considered the 2022 annual Stewardship Monitoring report, prepared by Mercer. 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>
<p><b>11</b></p>	<p>How the manager arrangement(s) incentivise the manager to align its investment strategy and decisions with trustees' policies.</p>	<p>Paragraph 6.</p>	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2023 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.</p>
<p><b>12</b></p>	<p>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.</p>	<p>Paragraph 6.</p>	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2023 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>

<p><b>13</b></p>	<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 trustees' policies.</p>	<p>Paragraph 6.</p>	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2023 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> <p>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 March 2024 meeting.</p>
<p><b>14</b></p>	<p>How trustees monitor portfolio turnover costs incurred by the manager, and how they define and monitor targeted portfolio turnover or turnover range.</p>	<p>Paragraph 6.</p>	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2023 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>
<p><b>15</b></p>	<p>The duration of the arrangement with the asset manager</p>	<p>Paragraph 6.</p>	<p>Policy reviewed in September 2023 which reflects current practice.</p>

## 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.

#### Trustee Activity

Activity	Date	Details
Taskforce on Climate Related Financial Disclosures (TCFD)	Quarterly	At each investment focused Trustee meeting, requirements in respect of TCFD reporting are discussed.  The Plan’s first TCFD report was published in October 2023, The Trustee completed the scenario analysis and set key metrics by which climate related risks were measured as at 31 December 2022. The Trustee set climate related targets, the targets and scenarios used will be reviewed every three years or when required. During the year ending 31 March 2024, the Trustee complied with the Plan’s TCFD framework.
ESG monitoring	Quarterly throughout	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.

#### Engagement Activities

Fund	Issuer Name	ESG Category	Engagement Description	Action Taken	Outcome
Significant holding across various funds available to members.	Tencent	Social	Following the Sustainalytics report, concerns including complicity in state censorship and surveillance of the Uyghur population in Xinjiang via Tencent’s WeChat social messaging app, we developed an engagement plan with Tencent, and we continue to engage with them.	In early 2023, under the auspices of Baillie Gifford’s Investment and Human Rights Working Group, we commissioned a study by leading human rights theorist Professor Jack Donnelly at the University of Denver, to assist us in assessing complex human rights cases such as Tencent. To enhance our analysis further, we invited another distinguished academic with deep expertise in the UN process, as well as a	We met again with Tencent in December 2023 to monitor its progress. Encouragingly, the company has been increasing transparency and public disclosures on its approach to user data awareness and privacy. We understand that Tencent has at times turned down government requests for user data, albeit further details such as frequency or examples could not be disclosed to us. Tencent claims that it

				leading university research institute, to provide us with additional independent challenge and insight.	insists on receiving legal documentation, such as a court order, to evaluate the necessity of such data release requests. We continue to encourage greater transparency on this front.
Significant holding across various funds available to members.	Ubisoft	Governance	We started intensive engagement with Ubisoft following the announcement of a transaction between Tencent and the holding company of the Guillemot brothers, which severely affected the share price in September 2022. Such transaction raised a number of governance questions around safeguards for minority shareholders, but also around the composition and effectiveness of the Board. We sought to address both issues through extensive dialogue with company representatives at the top level (including CEO, CFO and Lead Independent Director), with the objective of improving clarity of communication around the Tencent deal, but also transparency on financial guidance. However, our most important goal was to push the company to improve the quality of the Board, adding specific sector-based competences, which we felt the Board lacked at the time of initiation of dialogue. We had already engaged with the company in the 2021 and 2022 regarding other serious ESG issues, including allegations of misconduct and sexual harassment	We have engaged with Ubisoft on ESG topics since 2021. In 2023, we focused our efforts on improvements of Board quality and transparency of communication on a deal between Tencent and the holding company of the Guillemot brothers (Guillemot Brothers Ltd.). This transaction raised significant governance questions as it appeared to allow the anchor shareholders to sell some of their control in Ubisoft at a premium which was not offered to minority investors, and appeared to entrench management, reducing the potential for a takeover of the company. Since the announcement of the transaction in September 2022, we met the company 12 times (of which 7 in 2023), mostly to push for improvements in the composition and effectiveness of the Board and additional clarity on financial communication and on the benefits of the Tencent deal. In January 2023, we clearly set out our engagement objectives in a letter to the Board, in which we articulated our expectations regarding the deal. In addition to direct dialogue with the company, we also liaised with other investors, observing all relevant regulation. We participated in a shareholder survey on the composition	In July 2023, the company announced a significant reshuffle of the Board, including the appointment of two new directors who bring significant experience as CEO and CFO, including expertise in the videogame sector. While we believe that there is still potential or strengthening the level of sector expertise on the Board, we believe that these appointments, in line with the expectations we had communicated in our engagement, are a significant step in the right direction. Moreover, Ubisoft has substantially improved the clarity of communication around the Tencent deal, explicitly outlining the benefits of the transaction in terms of stability and opportunities for the company and clarifying that this deal does not prevent future consolidation opportunities. Such message has been reiterated both in public communications and in one-to-one dialogue with investors. We believe there is still room for improvement in terms of Board composition, including with regard to family representation and ambition around financial communications. The company remains somewhat resistant in communicating clear financial

			<p>that led to the departure of a number of senior executives. In that occasion, the company proved to be highly receptive to investor feedback, and proactive in addressing the problems. This gave us confidence in terms of the potential for change through engagement.</p>	<p>and perceived effectiveness of the Ubisoft Board, organised by another institutional investor, which results were then presented to the company. We also asked the UK Investor Forum (IF) to initiate, facilitated collective engagement using its framework. In a letter signed by investors representing 17% of Ubisoft share capital, the IF asked the company to enhance its Board composition by appointing at least two new directors with relevant sector expertise, in line with our objective.</p>	<p>targets; hence we will continue to encourage the company to improve transparency on this key aspect. In terms of Board development, we discussed next steps with the newly appointed Lead Independent Director, Claude France in December; we had already reached out to her immediately after her appointment as LID, sending a formal letter to underscore our engagement efforts and stress the importance of our objectives. She highlighted a number of improvements in terms of Board composition and discussion, and we agreed to keep the conversation open, in light of some upcoming retirements of current directors.</p>
<p>Significant holding across various funds available to members.</p>	<p>Amazon</p>	<p>Environmental</p>	<p>To discuss progress and developments in Amazon's climate strategy. With one of the largest value chains in the world, Amazon's sustainability initiatives mitigate risk of supply chain disruptions, support its brand and reputation, contribute to operational efficiencies and long-term cost savings.</p>	<p>Amazon has actively pursued a low-carbon strategy, notably co-founding The Climate Pledge in 2019 with Global Optimism, aiming for net-zero carbon by 2040, achieving net-zero carbon shipments by 2030, and using 100% renewable energy by 2025. These initiatives positioned Amazon as a leader in renewable energy and a proponent of corporate environmental responsibility. However, Amazon's 2023 withdrawal from the Science Based Targets initiative (SBTi) raised concerns. The SBTi's credibility as a climate standard makes finding a suitable alternative challenging, and Amazon's lack of transparency about its next steps has led to apprehensions about shifting commitments. In discussions about Amazon's net-zero goal, we've highlighted the narrow scope of its Scope 3 emissions boundary, which</p>	<p>Our engagement with Amazon continues, and in December 2023 we were invited to join their shareholder roundtable on ESG topics at their corporate headquarters in Arlington. We were encouraged that the company continues to take a considered approach, is open to challenge, and is continually improving its disclosure.</p>

				<p>inadequately reflects its supply chain's full extent and influence potential. Currently, Amazon's Scope 3 emissions account for only 1-2% of its platform sales, primarily from private label products. This narrow focus limits Amazon's engagement with a broader supplier base and its ability to drive conversations with end customers about sustainability. We've urged Amazon to broaden its emissions boundary to include all first-party sales, not just private labels, to enhance its decarbonisation efforts and include international logistics and major global manufacturers. As long-term investors, we see Amazon's leadership in sustainability as key to its competitive advantage.</p>	
<p>Significant holding across various funds available to members.</p>	<p>EOG Resources, Inc</p>	<p>Environmental</p>	<p>Improved disclosure regarding Scope 3 carbon emissions and Net Zero target setting.</p>	<p>We met with members of the company's Investor Relations and Climate team to discuss their latest sustainability report and accomplishments, and for insight as to where the company is headed in terms of emissions reductions. In previous engagements, we communicated our desire for EOG to report on Scope 3 targeting. To take escalating action on this matter at the 2023 AGM, we voted against a member of the Sustainability Committee to express our concerns with the lack of progress being made.</p>	<p>The latest sustainability report addresses this matter, with Scope 3 estimates being reported, as well as setting a Net Zero target for Scopes 1 and 2 emissions for 2040. The company also reached their interim targets ahead of schedule and provided our team detail on expectations for the next set of targets, both in their content and when we should expect them. We dove deeper into the team's emissions strategy, getting a stronger understanding of each approach used (Reduce, Capture, Offset). This involved discussing methodologies as well as capital expenditure and technology updates required to meet ambitions in the coming years. When pressed on where they see their industry moving in the future, EOG</p>

					stated they believe there will be a strong shift to natural gas as a big driver of the energy transition, for which they are well positioned to perform in that market. We will continue to discuss this topic with the company in the future to get clarity on progress being made and further discuss the company's next set of climate targets.
Significant holding across various funds available to members.	Montrose Environmental Group ("MEG")	Environmental	We met the Vice President of Sustainability to discuss and provide feedback on the firm's sustainability strategy.	On the discussion regarding the sustainability strategy, the Vice President of Sustainability joined in July 2022. She has conducted a materiality assessment, agreed ESG targets and has received board approval to submit the company's emissions reduction targets to SBTI for verification, and has set a gender balance target to be achieved by 2040. We provided feedback on communication of MEG's real-world impact. We also suggested MEG set up a Stakeholder Advisory Board suggestion taken on-board to gain insights/ regular, formal feedback from clients, investors, Non-Government Organisations.	MEG was very open to our feedback to explore how they can enhance their quantitative reporting on Per- and polyfluoroalkyl substances and Methane leak detection to incorporate the real-world impact that the company has on the community and local environment, and to explore our suggestion to go one step further than its current messaging from; Opportunity, Challenge, Solution (to also including) Impact (what the broader result/ affect their solution has had not only with the client directly but on local society/ environment). We will continue monitoring progress and engaging with the company.

## 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.

Fund Type	Fund
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 Sustainable Global Equity
	Passive Equity - Emerging Market Equity
	Passive Equity – Ethical Global Equity
	Active Equity - UK Equity
	Active Equity - Global Equity
	Active Equity - Emerging Markets Equity
	Active Sustainable Global 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 (closed at end of year)
	Active Bonds – Short Dated Global Bond Fund (available Feb 24)
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 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.

Fund	12 Months to 31 March 2024					
	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	11,179	125,611	97.60%	84.40%	15.00%	0.07%
Multi-Asset – Diversified Growth	11,179	125,611	97.60%	84.40%	15.00%	0.07%
Multi-Asset – Diversified Retirement	6,513	74,896	97.20%	84.20%	14.80%	1.00%
<b>Equity Funds</b>						
Passive Equity – UK Equity	1,036	14,654	96.70%	96.30%	3.70%	1.10%
Passive Equity – Global Equity	1,463	21,503	99.60%	91.10%	8.50%	0.40%
Passive Equity – Overseas Equity	1,920	24,856	97.70%	94.00%	6.00%	0.40%
Passive Equity - Emerging Market Equity	2,809	22,915	96.00%	81.20%	17.40%	1.40%
Passive Equity – Sustainable Global Equity	1,178	17,113	98.00%	77.00%	22.00%	1.00%
Active Equity – Sustainable Global Equity	378	6,381	100.00%	89.00%	11.00%	1.00%
Active Equity - UK Equity	97	2,132	100.00%	98.10%	1.60%	0.30%
Active Equity - Global Equity	546	7,684	97.00%	90.00%	9.00%	1.00%
Active Equity - Emerging Markets Equity	376	3,785	98.50%	82.60%	13.40%	4.00%
Passive Equity – Shariah	104	1,702	96.00%	76.70%	23.30%	0.10%

## Wood Pension Plan

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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. The votes listed are those deemed most significant within the largest funds within the Plan's default range

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

<b>Multi-Asset – Diversified Growth Fund</b>	
<b>Company Name</b>	Fedex Corp.
<b>Date of Vote</b>	21/09/2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.030%
<b>Underlying Fund</b>	Mercer Passive Fundamental Indexation Global Equity Fund
<b>Manager</b>	UBS Asset Management (UK) Ltd
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Paid Sick Leave
<b>How you voted</b>	For Proposal
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
<b>Rationale for the voting decision</b>	The manager voted in favour of this proposal, and are supportive of the company putting policies in place and making them more publicly accessible to stakeholders and investors seeking to assess key social issues in companies
<b>Outcome of the vote</b>	Not Approved
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	None to report
<b>On which criteria have you assessed this vote to be "most significant"?</b>	<ul style="list-style-type: none"> <li>- Shareholder Proposal</li> <li>- Engagement Priority (Human Rights)</li> </ul>

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Multi-Asset – Diversified Retirement Fund	
<b>Company name</b>	<b>EDP-Energias DE Portugal S.A.</b>
<b>Date of vote</b>	<b>12/04/2023</b>
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<b>0.078%</b>
<b>Underlying Fund</b>	<b>Mercer Passive Global Listed Infrastructure UCITS</b>
<b>Manager</b>	<b>Legal &amp; General Investment Management Limited</b>
<b>Summary of the resolution</b>	<b>Assessment of 2030 Climate Change Commitment</b>
<b>How you voted</b>	<b>For Proposal</b>
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	<b>No</b>
<b>Rationale for the voting decision</b>	The manager supported this proposal as they felt the current level of disclosures are sufficient to allow shareholders to understand and evaluate how the company intends to meet its climate objectives. The company has adopted a net zero ambition and has set reduction targets for its Scope 1, 2, and 3 emissions. The Company also provides reporting aligned with the TCFD and information concerning its scenario analysis.
<b>Outcome of the vote</b>	Approved
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	- Engagement Priority (Climate Change)

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<b>Multi-Asset – Growth</b>	
<b>Company Name</b>	Fedex Corp
<b>Date of Vote</b>	21/09/2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.071%
<b>Underlying Fund</b>	Mercer Passive Fundamental Indexation Global Equity Fund
<b>Manager</b>	UBS Asset Management (UK) Ltd
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Just Transition Reporting
<b>How you voted</b>	For Proposal
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
<b>Rationale for the voting decision</b>	While the company is making good progress (for example the new electric vehicle fleet and its long term effect on GHG emissions), the manager supported this proposal as they felt it would further enable shareholders to determine the strength of company policy, strategy and actions in regards to climate change.
<b>Outcome of the vote</b>	Not Approved
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	The shareholder proposal received support of 30% of votes cast. Manager will be reviewing whether Fedex take further steps in regard to Just Transition reporting.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	- Shareholder Proposal - Engagement Priority (Climate Change)

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### Equity Funds

<b>Passive Global Equity Fund</b>	
<b>Company name</b>	Alphabet Inc
<b>Date of vote</b>	02/06/2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	2.484%
<b>Manager</b>	State Street Global Advisors (Ireland) Limited
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Human Rights Impact Assessment (Social)
<b>How you voted</b>	Abstain
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	Yes
<b>Rationale for the voting decision</b>	While the manager was not supportive of the proposal's specific ask, they abstained rather than voting against, as they did identify opportunities for Alphabet to enhance its human rights-related disclosures
<b>Outcome of the vote</b>	Not Approved
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	The manager noted that outside of these shareholder proposals, they were particularly concerned with their inability to access directors as part of the manager's pre-AGM engagement... They therefore reflected this in their voting on other matters.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	- Shareholder Proposal - Engagement Priority (Human Rights)

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<b>Mercer Passive Sustainable Global Equity Fund</b>	
<b>Company name</b>	Alphabet Inc
<b>Date of vote</b>	02/06/2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	2.397%
<b>Manager</b>	Legal & General Investment Management Limited
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement
<b>How you voted</b>	For Proposal
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
<b>Rationale for the voting decision</b>	The manager voted for this proposal, noting their encouragement of all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.
<b>Outcome of the vote</b>	Not Approved
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	<ul style="list-style-type: none"> <li>- Shareholder Proposal</li> <li>- Engagement Priority (Climate Change)</li> </ul>

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<b>Mercer Passive Global Equity Fund</b>	
<b>Company name</b>	Microsoft Corporation
<b>Date of vote</b>	07/12/2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	2.609%
<b>Manager</b>	State Street Global Advisors (Ireland) Limited
<b>Summary of the resolution</b>	"Shareholder Proposal Regarding EEO Policy Risk Report
<b>How you voted</b>	(Social)"
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	Against
<b>Rationale for the voting decision</b>	No
<b>Outcome of the vote</b>	This proposal did not merit support as the company's disclosures pertaining to the item were reasonable.
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Not Approved
<b>On which criteria have you assessed this vote to be "most significant"?</b>	The manager is currently coordinating engagements with Microsoft on relevant issues following its 2024 annual meeting.

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<b>Shariah Global Equity Fund</b>	
<b>Company</b>	ABB Ltd.
<b>Date of Vote</b>	03/21/2024
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.27%
<b>Summary of the resolution</b>	Approve Remuneration Report (Non-Binding)
<b>Link to stewardship priorities</b>	Inclusive Growth and Shared Prosperity
<b>How you voted</b>	Vote Against Management
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
<b>Rationale for the voting decision</b>	We consider the quantum of the total pay excessive.
<b>Outcome of the vote</b>	The resolution passed.
<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	We will likely vote against a similar proposal should we see insufficient improvements.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	The company has a significant weight in the portfolio and we voted against management.

<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.

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### Passive UK & Overseas Equity

The BlackRock Stewardship team publishes statements on our analysis, engagements and votes in relation to certain high-profile proposals at company shareholder meetings. We publish these bulletins to highlight several of our key voting rationales as informed by our global voting guidelines, including when we vote against directors due to: insufficient progress on climate-related disclosures (particularly with regard to TCFD/SASB-aligned reporting); concerns about remuneration and/or overboarding; concerns about board oversight; and risk management in high profile situations, among others. We do not disclose our vote intentions in advance of shareholder meetings as we do not see it as our role to influence other investors. Our role is to send a signal to the company about how well we believe the board and management has done in delivering long-term shareholder value. Our vote bulletins can be found here:

<https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

## Wood Pension Plan

Year ended 31 March 2024

### Appendix 6 Annual Implementation Statement – DB Legal Section

#### Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Wood Pension Plan (“the Plan”) has followed its policy in relation to the exercising of rights (including voting rights) attached to the Plan’s investments, and engagement activities during the year ended 31 March 2024 (“the reporting year”).

#### The Trustee’s policy

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 Plan’s 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.

The Trustee sets out how it plans to respond to requirements in the Climate Change Regulations in the annual Task Force on Climate-related Financial Disclosures (‘TCFD’) report. The Trustee is in the process of producing the TCFD report as at 31 December 2023.

#### Manager selection exercises

One of the main ways in which this policy is expressed is via manager selection exercises: the Trustee seeks advice from its Investment Consultant, XPS, on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the financial year, there were no such selection exercises.

#### Ongoing governance

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

The Trustee meets with its investment managers as deemed appropriate. 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.

The Trustee considers the ESG research ratings published by the Investment Consultant when monitoring the Plan’s Investment Managers’ capabilities. During the reporting year, the Trustees commissioned the report from XPS on the extent to which ESG considerations are incorporated into the investment processes of the investment manager organisations appointed to the Plan. The Trustee

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recognises that the level of ESG integration within the investment processes is dependent on the asset class in question.

The report was received by the Trustee over the reporting period. One of the areas considered by the report was stewardship, which relates to influencing a company in which the Plan is ultimately invested via the funds held within the Plan's portfolio. Companies can be influenced through meaningful engagement and using voting rights to drive long term positive change in their policies and practices. The report rated each investment manager organisation in this area and on ESG matters overall. ESG issues will be kept under review as part of the quarterly monitoring process and the Trustee will communicate their concerns with the relevant investment manager organisations when, for example, they present at meetings.

This statement includes high level reporting on engagement activities and outcomes from the Plan's investment managers which includes the proportion of the portfolio which was engaged with on environmental, social and governance issues and number of engagements taking place within certain topics such as climate change, executive remuneration and others.

### Adherence to the Statement of Investment Principles

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During the reporting year the Trustee is satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

The Statement of Investment Principles ('SIP') was not amended over the reporting period. The latest SIP is dated January 2023.

### Responsible investment and corporate governance

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#### Exercise of rights (including voting rights):

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 the investment managers who are regulated in the UK to comply with the UK Stewardship Code.

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

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

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

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

#### 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.

### Voting activity

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The main asset class where the investment managers will have voting rights is equities. During the accounting period the Plan did not hold allocations to both public equities. The Plan's private equity

## Wood Pension Plan

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mandates did not provide any voting information given they are not invested in publicly listed companies.

### Engagement information

Engagement is an effective method of driving long-term positive change in company policies and practices and is applicable across all asset classes.

A high-level summary of the number of engagement activities, as well as examples of engagement, by each of the relevant investment manager organisations is as follows.

LaSalle only provided engagement data at a firm level. LaSalle confirmed that no engagement data could be provided at a fund level, given the two LaSalle portfolios only comprise of properties directly owned by the Plan, which are in the process of being sold down.

Dunedin confirmed that no engagement activity occurred during the reporting year as the Fund is in liquidation.

Coller Capital confirmed that no engagement activity occurred during the reporting year as the Fund is being liquidated. Coller also highlighted that they are removed from underlying portfolio company exposures, as private market secondaries. They confirmed that they have no direct contact with portfolio companies, no management power over portfolio companies and no day-to-day operational responsibility for portfolio companies.

Fund level engagement data was received from AXA, PGIM, and RLAM. The Plan holds LDI with BlackRock. Given the nature of these funds, substantial engagement information has not been provided.

#### Engagement data provided by AXA IM as at 31 December 2023

Please note AXA IM only provide engagement data on a semi-annual basis. All AXA IM data displayed below is as at 31 December 2023.

#### AXA IM Buy & Maintain Credit Fund

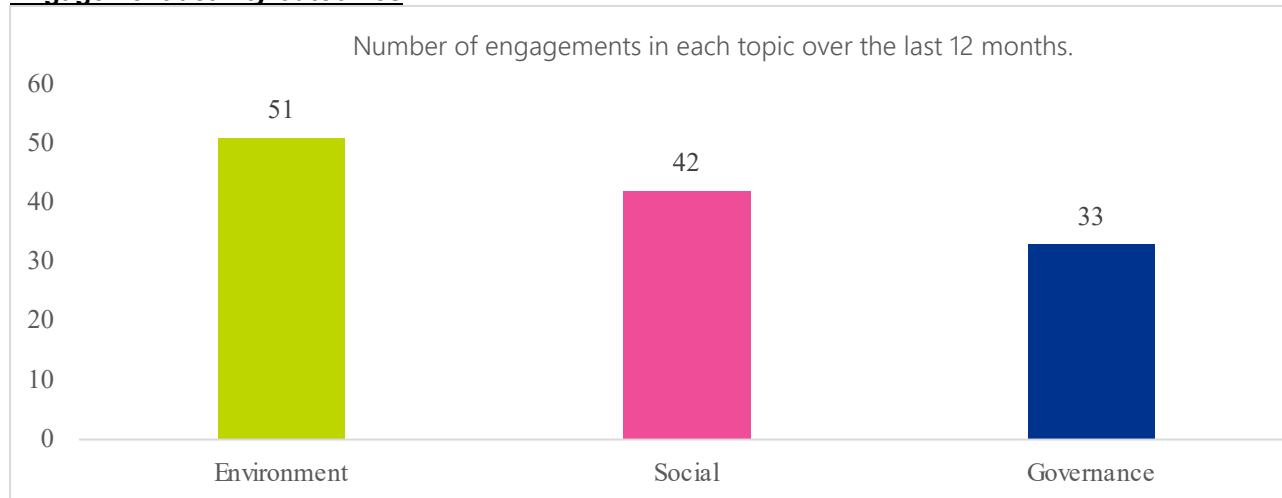
Fund Level engagement Information	
Engagement focus	Over the last 12 months, AXA IM engaged with corporates, supranationals and regulators. AXA IM's engagement priorities are determined based on their observation of global market developments, emerging ESG practices and their thematic focus areas.
How many entities did you engage with over the last 12 months which were relevant to this strategy?	45
How many engagements took place over the last 12 months which were relevant to this strategy?	61*

\*A single engagement may be included under multiple categories and therefore the below chart will total to more than 61.

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### Engagement activity outcomes



Topic	Number of engagements over the 12 months to 31 December 2023
<b>Environment</b>	
<i>Climate change</i>	35
<i>Natural resource use/impact (e.g. water, biodiversity)</i>	16
<b>Social</b>	
<i>Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)</i>	6
<i>Human and labour rights (e.g. supply chain rights, community relations)</i>	11
<i>Human capital management (e.g. inclusion &amp; diversity, employee terms, safety)</i>	14
<i>Inequality</i>	9
<i>Public health</i>	2
<b>Governance</b>	
<i>Board effectiveness - Diversity</i>	4
<i>Board effectiveness - Independence or Oversight</i>	15
<i>Board effectiveness - Other</i>	2
<i>Remuneration</i>	9
<i>Shareholder rights</i>	3

The section below provides examples of where the investment manager has engaged with the underlying companies which the Fund invests in over the 12-month period to 31 December 2023.

Name of entity you engaged	Aegon NV
Topic of engagement	Corporate governance
Rationale for engagement	Concerns with Aegon NV shareholder rights (on binding remuneration policy, dividend approval, share buybacks and pre-emptive rights) being removed.
Engagement activity carried out	AXA IM had a discussion with the CEO of Aegon NV in July 2023 related to the announced relocation to Bermuda. Following this, the Eumedion Collaborative Initiative, a foundation that aims to promote good corporate governance and sustainability policies, held a separate call with the Chair of the Supervisory Board to reiterate AXA IM's concerns in relation to several shareholder rights (on binding remuneration policy, dividend approval, share buybacks and pre-emptive rights) being removed.

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Outcomes and next steps	On 15 September 2023, the company published a commitment to revise several shareholders' rights that would have been undermined following the transfer to Bermuda. All of AXA IM's engagement objectives have been answered. AXA IM have therefore approved the company's transfer and consider that they reached an engagement success milestone.
Name of entity you engaged	Banco Bilbao Vizcaya Argentaria SA (BBVA)
Topic of Engagement	Corporate governance
Rationale for engagement	AXA IM discussed individually with BBVA's corporate secretary ahead of its Annual General Meeting (AGM) – they expect the bank to detail how ESG expertise is being fostered on the board through appointments and training, to increase the share of long-term remuneration in the variable pay and to include relevant ESG indicators in the long-term incentives Plan (LTIP).
Engagement activity carried out	AXA IM already met with the company in their Paris office in November 2023 to discuss a wide range of corporate governance-related issues. They provided their comments on the draft remuneration policy that would be submitted at the 2023 AGM (mainly on the LTIP structure and objectives).
Outcomes and next steps	In February 2024, the company came back to AXA IM via e-mail to provide them with the finalised remuneration policy. AXA IM were pleased to see their feedback considered and supported the new remuneration policy – therefore, AXA IM consider this is a successful engagement.

### **Engagement data provided by PGIM as at 31 March 2024**

Please note that PGIM have not provided engagement data split via topics.

### **PGIM Buy & Maintain Credit Fund**

Fund Level engagement Information*	
Engagement focus	PGIM discuss ESG concerns with issuers by making them aware of how concerns factor into their investment decision, while at the same time gaining a better understanding of what the issuer is doing to address them. PGIM believe this can increase focus on ESG at the issuer level, while at the same time enriching PGIM's investment analysis and capturing nuances typically overlooked by ESG rating providers.
How many entities did you engage with over the last 12 months which were relevant to this strategy?	28
How many engagements took place over the last 12 months which were relevant to this strategy?	29

\*PGIM's engagement approach does not capture fund level engagement data by theme/topic.

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### Engagement activity outcomes

The section below provides examples of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period to 31 March 2024.

Name of entity you engaged	Agence France Tresor (AFT)
Topic of Engagement	Environmental/Governance
Rationale for engagement	PGIM engaged with the Head of Sustainable Finance from AFT to discuss sustainable finance. In PGIM's view, green financing should fund activities that offer additionality compared to the national budget.
Engagement activity carried out	PGIM explained the focus should be on the issuer first and then the instrument. In their view, green financing should fund activities that offer additionality. PGIM expressed their view on data disclosure and transparency.
Outcomes and next steps	AFT acknowledged the importance of international climate finance and transparency around it. PGIM are hopeful that AFT will contact them for a follow up discussion, but if PGIM do not hear from AFT within 6 months, PGIM will attempt to re-establish contact.

Name of entity you engaged	Bayer
Topic of Engagement	Environmental
Rationale for engagement	PGIM considered Bayer to be a laggard, mainly due to the controversies and business practices within its crop science business. Bayer announced in 2021 that it would replace the herbicide glyphosate in all lawn and garden products sold in the US by 2023.
Engagement activity carried out	PGIM requested a call with Bayer to discuss updates on their various products within the crop science business as well as targets Bayer have set on biodiversity. After questioning the company, PGIM understood that it may take a number of years before the herbicide was replaced, because Glyphosate cannot be replaced with a single molecule, however they had a replacement in the pipeline. Bayer have set a target to reduce its global treated area weighted crop protection environmental impact per hectare by 30% by 2030 against a 2014-2018 average baseline.
Outcomes and next steps	Bayer have shared their vision for how the crop business could become more service/outcome based in the future versus the current product-based business. PGIM will monitor the progress of Bayer and will follow up with Bayer on their progress later this year.

### Engagement data provided by Royal London Asset Management as at 31 March 2024

#### Royal London UK Buy & Maintain Credit Fund

Fund level engagement information*	
Engagement focus	Firm-wide engagement activity is centred around six themes which RLAM have identified in consultation with their clients. These are: climate change; biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focused on issues specific to managing the portfolio and meeting the investment objective. Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.
How many entities did you engage with over the last 12 months at firm level?	47

## Wood Pension Plan

Year ended 31 March 2024

How many engagements took place over the last 12 months at firm level?	87
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*\*RLAM's engagement approach does not capture fund level engagement data by theme/topic.*

**The section below provides examples of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period to 31 March 2024.**

Name of entity you engaged	HSBC Bank Plc
Topic of Engagement	Just Transition
Rationale for engagement	RLAM sought to review and provide feedback on the company's draft Net Zero Transition Plan.
Engagement activity carried out	HSBC's Net Zero Transition Plan sets a strategic vision for sector specific transitions and an actionable plan. In a feedback session with the Chief Sustainability Officer, the company highlighted its commitment to the real economy decarbonisation, especially in developing markets. The plan details a sectoral approach based on global financing needs, and HSBC's strategies to support decarbonisation and leverage financing opportunities. It also emphasises a fair and inclusive transition, with ongoing efforts to integrate just transition principles.
Outcomes and next steps	RLAM will continue to engage with the company, placing particular emphasis on the operationalisation of their commitment to a just transition.

Name of entity you engaged	BP Plc
Topic of Engagement	Cyber Security
Rationale for engagement	As BP transitions from an international oil company to an integrated energy company, it faces unique cyber security challenges and opportunities.
Engagement activity carried out	RLAM engaged in a constructive dialogue with BP Plc and evaluated the company against their established cyber investor expectations of best practice to identify areas where improvements were needed. RLAM communicated these findings to the company and encouraged the adoption of stronger practices.
Outcomes and next steps	RLAM found an above average approach to managing suppliers, conducting cyber due diligence and integrating cyber security measures through inorganic growth.

### **Engagement data provided by LaSalle Investment Management as at 31 March 2024**

Firm level engagement Information	
Engagement focus	LaSalle engages with a range of groups, including regulators, industry bodies, clients, investors, suppliers and tenants. LaSalle believe active participate in industry body initiatives and policy-making is the most effective way to contribute to market-wide risk mitigation.
How many entities did you engage with over the last 12 months at firm level?	LaSalle regularly engages with the industry groups, their clients, suppliers and tenants.
How many engagements took place over the last 12 months at firm level?	Individual engagements per entity are not tracked given the nature of the relationship, ranging from periodic workshops and involvement in industry working groups as well as the continual discourse with individual entities such as tenants.

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Signed:

A handwritten signature in blue ink, appearing to read "Henry Lahn".

Chair of Trustee

Date: 22 October 2024