

**Wood Pension Plan**  
**Trustee's report**  
**and financial statements**

**Year ended 31 March 2023**

**Registered number 10093871**

## Wood Pension Plan

Year ended 31 March 2023

# Contents

<b>Trustee and advisers</b>	<b>3</b>
<b>Trustee’s report</b>	<b>5</b>
<b>Approval of Trustee’s report</b>	<b>16</b>
<b>Independent auditor’s report to the Trustee of the Wood Pension Plan</b>	<b>17</b>
<b>Trustee’s Summary of Contributions payable in respect of the Plan year ended 31 March 2023</b>	<b>20</b>
<b>Independent auditor’s statement about contributions to the Trustee of the Wood Pension Plan</b>	<b>21</b>
<b>Financial Statements</b>	<b>22</b>
<b>Notes (forming part of the Financial Statements)</b>	<b>26</b>
<b>Appendix 1 Actuary’s Certification of Schedule of Contributions</b>	<b>54</b>
<b>Appendix 2 Report on Actuarial Liabilities (forming part of the Trustee’s report)</b>	<b>55</b>
<b>Appendix 3 DC Governance (Chair’s) Statement for the Year ended 31 March 2023</b>	<b>57</b>
<b>Appendix 4 Wood Pension Plan — Statement of Investment Principles, March 2023</b>	<b>72</b>
<b>Appendix 5 Wood Pension Plan - Annual Implementation Statement</b>	<b>85</b>
<b>Appendix 6 Wood Pension Plan – Annual Implementation Statement – DB Legal Section</b>	<b>105</b>

## Wood Pension Plan

Year ended 31 March 2023

## 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
	G W Lloyd	Company Nominated Director
	R Thetford	Member Nominated Director
	S C Bubb	Member Nominated Director (until October 2022)
	P J F Gladman	Member Nominated Director
	M A T Reading	Member Nominated Director
	F Leith	Member Nominated Director (from 1 April 2023)

### Company Secretary

I A Jones

### Actuary

S Jones, FIA  
Mercer Limited

### Independent Auditor

Grant Thornton UK LLP

### Solicitors

Gowling WLG (UK) LLP

### Investment managers – DB Legal section

Magellan Asset Management Ltd (Until April 2022)  
LaSalle Investment Management  
Royal London Asset Management  
Dunedin Capital Partners Ltd  
Coller Capital  
Veritas Asset Management (until December 2022)  
PGIM Limited  
Blackrock Life Limited  
Axa Investment Managers

### Investment Platform – DC Legal Section

Scottish Widows Limited

## **Wood Pension Plan**

Year ended 31 March 2023

### **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  
Booths Park  
Chelford Road  
Knutsford  
CHESHIRE  
WA16 8QZ  
United Kingdom

Tel No: 01565 683295  
Email: [pensions@woodplc.com](mailto:pensions@woodplc.com)

## Wood Pension Plan

Year ended 31 March 2023

# Trustee's report

## Introduction

This report and the financial statements for the year ended 31 March 2023 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.

During the year, the Trustee considered a request to replace the current Principal Employer, Amec Foster Wheeler Limited, with Wood's main UK employing entity, Wood Group UK Limited. Following legal advice, the Trustee agreed to this change, and it was executed by deed on 21 December 2022.

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 was satisfied with Wood's continued ability to meet its obligation under the Plan. Importantly, the Trustee has concluded that it remains appropriate to presume that the Plan will continue as a going concern.

## Management of the Plan

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

## Wood Pension Plan

Year ended 31 March 2023

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.

	<b>DB</b>	<b>DC</b>	<b>Total</b>	Total
	<b>2023</b>	<b>2023</b>	<b>2023</b>	2022
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Member related income	<b>30,000</b>	<b>52,533</b>	<b>82,533</b>	<b>76,532</b>
Member related payments	<b>(120,195)</b>	<b>(26,583)</b>	<b>(146,778)</b>	<b>(152,402)</b>
Net (withdrawals)/additions	<b>(90,195)</b>	<b>25,950</b>	<b>(64,245)</b>	<b>(75,870)</b>
Net returns on investments	<b>(661,718)</b>	<b>(20,094)</b>	<b>(681,812)</b>	<b>85,132</b>
Transfers between sections	<b>1,944</b>	<b>(1,944)</b>	-	-
Net (decrease)/increase in fund	<b>(749,969)</b>	<b>3,912</b>	<b>(746,057)</b>	<b>9,262</b>
Net assets at start of year	<b>3,042,308</b>	<b>520,481</b>	<b>3,562,789</b>	<b>3,553,527</b>
Net assets at end of year	<b>2,292,339</b>	<b>524,393</b>	<b>2,816,732</b>	<b>3,562,789</b>

#### DB Legal Section

During the year, member related payments exceeded income by £90.2 million (2022: payments exceeded income by £105.8 million).

The net returns on investments were made up of a decrease in the market value of investments of £707.22 million (2022: increase of £18.1 million) and investment income of £49.0 million (2022: £49.2 million) while investment management expenses were £3.5 million (2022: £5.0 million).

The net assets of the Section amounted to £2,292 million at 31 March 2023 (2022: £3,042 million).

#### DC Legal Section

During the year, member related income exceeded payments by £26.0 million (2022: £29.9 million).

The net returns on investments were made up of a decrease in the market value of investments of £20.2 million (2022: increase of £22.8 million) and investment income (bank interest) of £77,000 (2022: £2,000). 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 £524.4 million at 31 March 2023 (2022: £520.5 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 2020 and the results were published in the Plan Actuary's report dated January 2021.

## Wood Pension Plan

Year ended 31 March 2023

### Latest valuation — DB Legal Section

#### (a) Past Service Position

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

The 31 March 2020 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 2020. 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 77%

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 October 2021.

Pension Protection Fund coverage 109%

#### (c) Future contributions

As the DB Legal Section is closed to future accrual, no employer contributions are required to fund future benefit provision. Wood Group UK Ltd has agreed, however, to make additional funding contributions of £8 million per annum until December 2030. The terms are included in the DB Legal Section's Schedule of Contributions dated 28 October 2022, except in respect of the calendar year 2023 when no contributions were required to be paid. This was as a result of the average funding level in 2022 hitting the 98% funding level trigger for contributions to be paused in the following calendar year. The remainder of the past service shortfall is expected to be covered by investment returns and plan experience. In addition to the additional funding contribution, the Employer also paid an additional covenant-related contribution of £24m in the year, following the activation at 31 December 2021 and 30 June 2022 of one of the additional contribution triggers that had been agreed as part of the 2020 valuation. 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.

## Wood Pension Plan

Year ended 31 March 2023

### Actuarial Update:

The latest actuarial update of the DB Legal Section as at 31 March 2022 reported a shortfall of £117m, representing a funding level of 96%. The next full valuation of the DB Legal Section is being carried out as at 31 March 2023.

### 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 01/04/2022	-	7,882	10,145	18,027
Adjustments	-	(20)	5	(15)
New	-	-	461	461
Deaths	-	(16)	(370)	(386)
Retirements	-	(284)	-	(284)
Leavers	-	(69)	(63)	(132)
As at 31/03/2023		7,493	10,178	17,671
<b>Defined Contribution Section</b>				
As at 01/04/2022	5,418	12,686	-	18,104
Adjustment	5	(9)	-	(4)
New	1,275	1,628	-	2,903
Deaths	(4)	(32)	-	(36)
Leavers	(1,709)	(551)	-	(2,260)
As at 31/03/2023	4,985	13,722	-	18,707

#### Notes:

- Pensioners include 1,919 (2022: 1,923) 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 77 pensioners (2022: 82) for whom the Plan receives annuities in respect of part or all of their pension. There are also 30 beneficiaries (2022: 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.

## Wood Pension Plan

Year ended 31 March 2023

### 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 were pensioners at 31 July 2022 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 if 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 August 2022 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 2023 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

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

At 1 April 2022 and 1 April 2023, the Trustee agreed pension increases of:

	2022	2023
In respect of pension between 6 April 1997 and 5 April 2005	5%	5%
In respect of pension after 5 April 2005	2.5%	2.5%

No discretionary increases were applied during the year under review.

## Wood Pension Plan

Year ended 31 March 2023

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

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

At 1 April 2022 and 1 April 2023, the Trustee agreed pension increases of:

	2022	2023
In respect of pension between 6 April 1997 and 30 June 2005	4.9%	5%
In respect of pension after 30 June 2005	2.5%	2.5%

No discretionary increases were applied during the year under review.

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

### 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 for Amec Staff members and an initial assessment of likely backdated amounts and related interest for Foster Wheeler and John Wood Group pensioners, 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 Amec Staff phase one liability is reflected in these accounts. The 31 March 2020 valuation allowed for a GMP equalisation 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 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.

## Wood Pension Plan

Year ended 31 March 2023

### DB Legal Section – Investment Management

#### Market commentary – Year to 31 March 2023

At the start of the period the conflict in Ukraine continued and the resulting humanitarian crisis worsened. Russia's continued invasion of Ukraine pushed commodity prices higher, which exacerbated inflationary pressures and supply-chain concerns. Furthermore, UK Prime Minister Boris Johnson resigned following a series of high-profile ministers resigning from government.

Over Q1 2022 UK inflation rose to a 40-year high, which prompted the Bank of England to vote twice to raise the base rate by 0.5% to 1.25%. The US Federal Reserve also raised US interest rates by 0.75%, as inflation in the US accelerated to 8.6% in May.

Risk assets continued to underperform during 2022 and global developed equity markets performed particularly poorly with inflation creating significant economic headwinds. Credit spreads continued to widen in response to the perceived likelihood of rising corporate default rates and gilt yields rose at their fastest rate in decades. This was triggered by the monetary policy response to rising inflation by major central banks.

In the second half of 2022, the new Chancellor of the Exchequer unveiled his plan to stimulate growth in the UK economy in the "mini budget". The fallout from the UK Government's fiscal announcement prompted the Bank of England to instigate a short-term gilt-buying programme to prop up government bond markets.

The Bank of England raised the base rate to 2.25% in September and the US Federal Reserve also raised rates by 0.75% for a third time in a row. In Europe, the European Central Bank also raised its base rate by 0.75%, a record rise for the ECB.

Inflation concerns continued to weigh heavy over September 2022, capping off a dismal Q3 for most major asset classes. Global equities and high yield bonds managed positive returns, but UK equities and Sterling corporate bonds performed poorly due to the depreciation of sterling. Gilt yields skyrocketed in response to the mini budget announcement, before falling back sharply after the Bank of England's intervention.

The final quarter of 2022 saw Rishi Sunak appointed as the new Prime Minister and the incumbent Chancellor of the Exchequer Jeremy Hunt quickly replaced mini-budget tax cuts with tax increases. Additionally, industrial action continued across the public sector with pay disputes across a number of industries remaining unresolved. Elsewhere, China ramped up its response to coronavirus following its latest surge in cases.

UK CPI inflation began to ease slightly at the end of 2022, falling to 10.7% in November from a 41-year high of 11.1% in October. The Bank of England increased interest rates for the ninth meeting in a row, raising by 0.5% to 3.5%. In Europe, the US Federal Reserve also raised rates by 0.5% to a range of 4.25%-4.50%. Over the quarter, Sterling appreciated by 8% versus the US dollar, a sign of improving perception of the UK on the international markets.

Global developed equities, particularly UK equities, posted positive returns over the Q4 2022. Meanwhile in bond markets, credit spreads tightened over the quarter for both investment grade and high yield bonds. UK DB pension scheme funding levels were highly volatile in October during the gilts crisis but were much more stable over November and December.

The near collapse of Credit Suisse in the aftermath of Silicon Valley Bank and Signature Bank raised fears of a global banking crisis in the first quarter of 2023. However, the \$3 billion deal for UBS to purchase Credit Suisse combined with wider industry support from central banks was relatively successful in reassuring markets. Industrial action across the public sector continued in the UK and February saw the UK's biggest day of industrial action in more than a decade.

After 3 consecutive months of falls, UK CPI inflation rose by 0.3% in February to 10.4%, largely driven by rising energy costs and food prices. As a result, the Bank of England raised interest rates by 0.75% in total over Q1 2023 to 4.25%. In the US, the Federal Reserve also increased interest rates by 0.5% over the quarter to a range of 4.75% - 5.0%. In Europe, the European Central Bank (ECB) also raised interest rates by 1% over the quarter.

## Wood Pension Plan

Year ended 31 March 2023

Global equities and UK equities posted positive returns over Q1 2023 despite significant volatility in banking shares. UK corporate bonds also fared well due to falling long-term gilt yields. Additionally, both fixed interest and index-linked gilts posted positive returns due to yields falling in March.

### Strategy and Performance

The Plan's assets can be considered in two parts: the matching assets and the growth assets. As at 31 March 2023 the Plan's matching assets and growth assets were invested with seven investment managers; BlackRock, Dunedin, Coller 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 is 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 2023.

Manager	Fund	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
Coller Capital	Private Equity Fund <sup>2</sup>	Gross	n/a	n/a	n/a	n/a
LaSalle	Core Property Fund <sup>3</sup>	Gross	-11.3%	-15.4%	9.1%	2.1%
LaSalle	Inflation Linked Property Fund <sup>4</sup>	Gross	-10.9%	17.0%	12.9%	11.4%
AXA	Buy & Maintain Credit Fund <sup>5 and 6</sup>	Gross	-11.2%	-10.2%	n/a	n/a
RLAM	UK Buy & Maintain Credit Fund <sup>6</sup>	Gross	-12.0%	-10.2%	-3.6%	-3.1%
PGIM	Buy & Maintain Credit Fund <sup>6</sup>	Gross	-9.2%	-10.2%	-2.1%	-3.1%
BlackRock	LDI Portfolio <sup>7</sup>	Gross	-40.0%	-43.6%	-15.8%	n/a

#### Notes:

- 1) All Fund returns are sourced from the investment manager.
- 2) Performance figures not available as the funds are illiquid, private equity investments.
- 3) LaSalle Core Property has a target return of the XPS Property Index. Quarterly performance estimate as at 31 March 2023. 1y and 3y performance calculated using quarterly performance estimates.
- 4) LaSalle Inflation Linked Property has a real return target of RPI + 3.5% p.a. Quarterly performance estimate as at 31 March 2023. 1y and 3y performance calculated using quarterly performance estimates.
- 5) Fund Inception was 29/01/2021.
- 6) iBoxx Sterling Non-Gilt All Maturities Index used for the benchmark.
- 7) There is no target available for the 3 year figure

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

	2023 (£m)	2022 (£m)
Unit linked insurance contracts	0	170.5
Alternative Investment Fund	7.5	12.6
<b>TOTAL</b>	<b>7.5</b>	<b>183.1</b>

### 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.

## Wood Pension Plan

Year ended 31 March 2023

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 £517.8 million (2022: £512.9 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 2023, the returns achieved by those funds that have been in place for the full year, net of fees, have been as per the table below.

## Wood Pension Plan

Year ended 31 March 2023

Fund	Return (%)	Benchmark (%)	Fund	Return (%)
Multi Asset Growth	-3.5	6.4	Target Drawdown 2023 Retirement*	-2.4
Drawdown Retirement	-2.0	2.3	Target Drawdown 2024 Retirement*	-2.9
Annuity Retirement	-14.7	-14.0	Target Drawdown 2025 Retirement*	-3.4
Cash Retirement	2.1	2.2	Target Drawdown 2026 Retirement*	-3.5
Active UK Equity	-2.4	2.9	Target Drawdown 2027 Retirement*	-3.5
Active Global Equity	-1.2	-1.0	Target Drawdown 2028 Retirement*	-3.5
Active Emerging Markets Equity	-6.8	-4.9	Target Drawdown 2029 Retirement*	-3.5
Active Sustainable Global Equity	-2.7	-1.0	Target Drawdown 2030 Retirement *	-3.5
Active UK Corporate Bonds	-11.9	-13.3	Target Drawdown 2031 Retirement *	--
Diversified Growth	-2.2	5.8	Target Annuity 2023 Retirement *	-14.5
Active Property	-13.4	-14.5	Target Annuity 2024 Retirement *	-14.3
Active Cash	2.2	2.2	Target Annuity 2025 Retirement *	-14.0
Passive UK Equity	1.8	1.8	Target Annuity 2026 Retirement *	-12.8
Passive Overseas Equity	-4.1	-4.0	Target Annuity 2027 Retirement *	-10.7
Passive Ethical Global Equity	-1.9	-1.6	Target Annuity 2028 Retirement *	-8.7
Passive Sustainable Global Equity	-1.3	-1.1	Target Annuity 2029 Retirement *	-6.7
Passive Emerging Markets	-4.7	-4.9	Target Annuity 2030 Retirement *	-4.6
Passive Shariah	-3.0	-2.9	Target Cash 2024 Retirement *	--
Passive Equity Global Equity	-0.9	-1.0	Target Cash 2027 Retirement *	-6.5
Passive Bond Fixed Interest Gilts	-30.1	-29.9	Target Cash 2028 Retirement *	-5.6
Passive Bond UK Corporate Bonds	-10.7	-10.2	Target Cash 2029 Retirement *	-4.7
Passive Bonds Inflation Linked Gilts	-29.6	-29.5	Target Cash 2030 Retirement *	-4.0

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

## Wood Pension Plan

Year ended 31 March 2023

representative of returns on the constituent investments held in the DGF. Performance is shown over 12 months or since inception for all funds.

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

### Statement of Trustee's responsibilities

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

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

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

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

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

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

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

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

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

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

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

## Wood Pension Plan

Year ended 31 March 2023

### Approval of Trustee's report

The Trustee's report on pages 5–16 which includes the Statement of Trustee's Responsibilities on page 15, Report on Actuarial Liabilities in Appendix 2 (pages 55-56) and the Implementation Statements in Appendix 5 and 6 (page 85 onwards) was approved by the Trustee and signed for on its behalf by:



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

Date: 27 October 2023

## Wood Pension Plan

Year ended 31 March 2023

# 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 2023, 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 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

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

### Conclusions relating to going concern

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

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Plan including effects arising from macro-economic uncertainties such as 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.

## Wood Pension Plan

Year ended 31 March 2023

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

### Other information

The other information comprises the information included in the 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 annual report<sup>2</sup>. 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, 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

## Wood Pension Plan

Year ended 31 March 2023

enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee;

- We assessed the susceptibility of the Plan's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets and the valuation of property 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 and investment property asset valuations at the year end produced by the Trustee's valuation experts
  - Obtaining independent confirmations of material investment valuations and cash balances at the year end

In addition, we completed audit procedures to conclude on the compliance of disclosures in the 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.
- 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: 27/10/2023

## Wood Pension Plan

Year ended 31 March 2023

# Trustee's Summary of Contributions payable in respect of the Plan year ended 31 March 2023

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and employee contributions payable to the Plan in accordance with the Schedules of Contributions dated 31 December 2020 and 28 October 2022 (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		6,000
<b>Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditor)</b>		6,000
Contributions payable under the Payment Schedule - DC Section		£'000s
<b>Employer:</b> Normal contributions		49,463
<b>Contributions payable under the Payment Schedule (as reported on by the Plan Auditor)</b>		49,463
Other contributions received and not reported on by the Plan Auditor		£'000s
<b>Employer:</b> Covenant -related contributions		24,000
<b>Employee:</b> Additional voluntary contributions (AVC)		660
<b>Other Contributions received and not reported on by the Plan Auditor</b>		24,660

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

	£'000s
Contributions payable under the Schedules of Contributions (as above)	6,000
Contributions payable under the Payment Schedule (as above)	49,463
Other contributions received and not reported on by the Plan Auditors (as above)	24,660
<b>Total contributions reported in the Financial Statements</b>	80,123

Signed on behalf of the Trustee of the Wood Pension Plan on 27 October 2023.



**M A S Walker**  
Trustee Director



**C N Yule**  
Trustee Director

## Wood Pension Plan

Year ended 31 March 2023

# 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 2023, which is set out on the previous page.

In our opinion, contributions for the Plan year ended 31 March 2023 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 31 December 2020 and 28 October 2022 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 trustees and the auditor

As explained more fully in the statement of trustee's responsibilities set out on page 15, the trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and securing that a payment schedule is prepared, maintained and from time to time revised and for monitoring whether contributions are made to the Plan by the employer in accordance with the schedule of contributions and payment schedule.

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

### Use of our statement

This statement is made solely to the 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: 27/10/2023

## Wood Pension Plan

Year ended 31 March 2023

# Financial Statements

## Fund account

for the year ended 31 March 2023							
	Note	DB	DC	Total	DB	DC	Total
		£'000	£'000	£'000	£'000	£'000	£'000
				2023			2022
<b>Contributions and benefits</b>							
Contributions	4						
Employer		30,000	50,123	80,123	20,000	49,792	69,792
Employee		-	-	-			
Transfers in	5	-	886	886	-	4,045	4,045
Other income	6	-	1,524	1,524	-	2,695	2,695
		30,000	52,533	82,533	20,000	56,532	76,532
Benefits paid or payable	7	(106,218)	(4,979)	(111,197)	(101,587)	(7,263)	(108,850)
Payments to and on account of leavers	8	(10,171)	(21,330)	(31,501)	(19,511)	(18,999)	(38,510)
Administrative expenses	9	(3,806)	(274)	(4,080)	(4,693)	(349)	(5,042)
		(120,195)	(26,583)	(146,778)	(125,791)	(26,611)	(152,402)
<b>Net (withdrawals)/additions from dealings with members</b>		(90,195)	25,950	(64,245)	(105,791)	29,921	(75,870)
<b>Returns on investments</b>							
Investment income	10	48,959	77	49,036	49,284	2	49,286
Change in market value of investments	13	(707,220)	(20,171)	(727,391)	18,068	22,834	40,902
Investment management expenses	11	(3,457)	-	(3,457)	(5,056)	-	(5,056)

## Wood Pension Plan

Year ended 31 March 2023

<b>Net returns on investments</b>	(661,718)	(20,094)	(681,812)	62,296	22,836	85,132
<b>Transfers Between Sections</b>	17	1,944	(1,944)	-	(4,180)	4,180
<b>Net (decrease)/increase in the fund during the year</b>	(749,969)	3,912	(746,057)	(47,675)	56,937	9,262
<b>Net assets of the Plan at start of year</b>	3,042,308	520,481	3,562,789	3,089,983	463,544	3,553,527
<b>Net assets of the Plan at end of year</b>	2,292,339	524,393	2,816,732	3,042,308	520,481	3,562,789

The notes on pages 26 to 53 form part of these Financial Statements.

## Wood Pension Plan

Year ended 31 March 2023

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

At 31 March 2023			
	Note	2023	2022
<b>DB Legal Section</b>		£'000	£'000
<b>Investment assets:</b>			
Bonds	13	2,307,733	2,530,547
Equities	13	-	321,643
Property	13	62,750	86,250
Pooled investment vehicles	14	81,864	224,697
Derivatives	15	77,859	41,416
Cash	13	115,489	76,236
Other investment assets	13	19,394	13,861
AVC investments	16	557	916
		2,665,646	3,295,566
<b>Investment liabilities:</b>			
Derivatives	15	(66,083)	(16,058)
Amounts payable under Repurchase agreements	18	(326,522)	(242,176)
Other investment liabilities	13	(14,445)	(30,479)
Total investments		2,258,596	3,006,853
<b>Current assets</b>	21	37,322	39,339
<b>Current liabilities</b>	21	(3,579)	(3,884)
Total net assets of the DB Legal Section		2,292,339	3,042,308
<b>DC Legal Section</b>			
<b>Investment assets:</b>			
Pooled investment vehicles	14	517,804	512,930
<b>Current assets</b>	21	7,302	8,567
<b>Current liabilities</b>	21	(713)	(1,016)

## Wood Pension Plan

Year ended 31 March 2023

Total net assets of the DC Legal Section	524,393	520,481
Total net assets available for benefits	2,816,732	3,562,789

The notes on pages 26 to 53 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 22 to 53 were approved by the Trustee and signed on their behalf on 27 October 2023.



**M A S Walker**  
Trustee Director



**C N Yule**  
Trustee Director

## Wood Pension Plan

Year ended 31 March 2023

# 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 2020, these were valued at £7.7 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 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 2023 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 2023

- 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 2023

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 in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (a) and (b) above and within note 19.

## Wood Pension Plan

Year ended 31 March 2023

### 4. Contributions receivable

	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>

	DB	DC	2022
	£'000	£'000	£'000
Employer:			
Normal	-	49,285	49,285
Convenant-related funding	12,000	-	12,000
Additional Funding	8,000	-	8,000
Other: Additional AVC	-	507	507
<b>Total Contributions</b>	<b>20,000</b>	<b>49,792</b>	<b>69,792</b>

Additional funding contributions are being paid by the Employer into the Plan to improve its funding position. The amounts to be paid are set out in the Schedules of Contributions agreed in December 2020 and October 2022. Under the Schedule £8m per annum, in respect of the Defined Benefit Legal Section, is payable from 1 January 2021 to December 2030 except in respect of the calendar year 2023 when no contributions were required to be paid. This was as a result of the average funding level in 2022 hitting the 98% funding level trigger for contributions to be paused in the following calendar year. In addition to the funding contribution, the Employer also paid an additional £24m following the activation as at 31 December 2021 and 30 June 2022 of one of the additional contribution triggers that had been agreed as part of the 2020 valuation. These covenant -related contributions are not covered under the Schedule of Contributions.

Employer normal contributions include £25.859m (2022: £25.480m) of DC contributions payable to the Plan under salary sacrifice arrangements made available to all members by the Employer. Contributions noted as Employer Other: Additional AVC represent lump sum AVC contribution payments to the Plan under salary sacrifice arrangements.

## Wood Pension Plan

Year ended 31 March 2023

### 5. Transfers in

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

	DB	DC	2022
	£'000	£'000	£'000
Individual Transfers in	-	4,045	4,045
Total	-	4,045	4,045

### 6. Other income

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

	DB	DC	2022
	£'000	£'000	£'000
Claims on insurance policies	-	2,695	2,695
Total	-	2,695	2,695

## Wood Pension Plan

Year ended 31 March 2023

### 7. Benefits paid or payable.

	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

	DB	DC	2022
	£'000	£'000	£'000
Pensions	88,671	-	88,671
Commutations and lump sum retirement benefits	12,188	2,732	14,920
Purchase of annuities	-	812	812
Balance of 5-year guarantee on deaths of pensioners	367	-	367
Return of members' DC account balances on death	-	984	984
Lump sum death benefits	-	2,695	2,695
Taxation where lifetime or annual allowance exceeded	361	40	401
	101,587	7,263	108,850

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

## Wood Pension Plan

Year ended 31 March 2023

	DB	DC	2022
	£'000	£'000	£'000
Individual transfers out	19,511	18,999	38,510

### 9. Administrative expenses

	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

	DB	DC	2022
	£'000	£'000	£'000
Wood Administration charge	1,090	158	1,248
Audit and professional fees	1,727	105	1,832
Other administrative expenses	223	40	263
Pension Protection Fund levy	1,653	46	1,699
	4,693	349	5,042

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 £86,250 (2022: £73,950). 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 2023

### 10. Investment income

	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

	DB	DC	2022
	£'000	£'000	£'000
Dividends from equities	4,116	-	4,116
Income from bonds	38,984	-	38,984
Net rental income	4,340	-	4,340
Interest on cash deposits	39	2	41
Stock Lending Commission	1,509	-	1,509
Interest on repurchase agreements	(301)	-	(301)
Annuity income	597	-	597
	49,284	2	49,286

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.

In October 2022 the Trustee agreed to cease the stock lending programme, which lends certain bond investments to approved borrowers, due to the increased collateral adequacy needed to support the LDI assets. At the year end the fair value of bonds on loan was £Nil (2022: £1,067.4m) with collateral of £Nil (2022: £1,205m).

## Wood Pension Plan

Year ended 31 March 2023

### 11. Investment Management expenses

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

	DB	DC	2022
	£'000	£'000	£'000
Investment, administration, management and custody fees (including performance related fees where applicable)	5,056	-	5,056

### 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 2023

### 13. Investment reconciliation

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

#### DB Legal Section

	Value at 1 April 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Market Value	Cash	Value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	2,530,547	928,976	(481,874)	(669,916)	-	2,307,733
Equities	321,643	45,196	(357,941)	(8,898)	-	-
Property	86,250	-	(11,538)	(11,962)	-	62,750
Pooled Investment vehicles	224,697	823,935	(948,434)	(18,326)	(8)	81,864
Derivative net assets/(liabilities)						
- Swaps	28,236	(70,376)	39,801	7,645	-	5,306
- Futures	1,992	121,036	(122,713)	(1,236)	-	(921)
- FX	(4,870)	84,463	(60,403)	(11,800)	-	7,390
AVC investments	916	-	(526)	167	-	557
<b>Plan Net Assets</b>	<b>3,189,411</b>	<b>1,933,230</b>	<b>(1,943,628)</b>	<b>(714,326)</b>	<b>(8)</b>	<b>2,469,679</b>
Other net investment assets	13,861	-	-	-	-	19,394
Other net investment liabilities	(30,479)	-	-	-	-	(14,445)
Cash deposits	76,236	-	-	7,106	32,147	115,489
Amounts payable under repurchase agreements	(242,176)	-	-	-	-	(326,522)
<b>Total net investments</b>	<b>3,006,853</b>	<b>1,933,230</b>	<b>(1,943,628)</b>	<b>(707,220)</b>	<b>32,139</b>	<b>2,258,595</b>

The equities sales and purchase values include amounts totalling £24,867,000 relating to corporate action transaction which have no cash impact.

## Wood Pension Plan

Year ended 31 March 2023

Included within the Plan purchases and sales are direct transaction costs of £224,043 (2022: £527,000) 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	-	11	117	128
Commissions	30	65	-	95
Taxes	1	-	-	1
2023 total	31	76	117	224
2022 total	43	212	272	527

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 2022	Purchases	Sales	Change in Market Value	Value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	512,930	65,298	(40,253)	(20,171)	517,804

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 2023

### 14. Pooled Investment Vehicles

The Plan's holdings of PIVs are analysed below:

	2023	2022
	£'000	£'000
<b>DB Legal Section</b>		
Liquidity Fund	74,381	41,589
Equity	-	170,446
Private Equity	7,483	12,662
	81,864	224,697

	2023	2022
	£'000	£'000
<b>DC Legal Section</b>		
Equities	55,495	56,531
Annuity	19,211	25,411
Cash Funds	491	430
Multi Asset Drawdown	96,905	103,388
Multi Asset Growth	335,855	316,392
Property	621	726
Money Market	3,277	2,545
Bonds	3,940	4,729
Index Linked Gilts	2,009	2,778
	517,804	512,930

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 2023

### 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).

	2023		2022	
DB Legal Section	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Futures	1,316	(2,237)	2,459	(467)
FX	8,259	(869)	1,150	(6,020)
Swaps	68,284	(62,977)	37,807	(9,571)
	77,859	(66,083)	41,416	(16,058)

#### (i) Futures

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

## Wood Pension Plan

Year ended 31 March 2023

Nature	Expires Within	Nominal '000	Asset value at year end	Liability value at year end
			£'000	£'000
UK Long Gilt Future	3 Months	61,700,000	1,316	-
EuroBund	3 Months	(14,400,000)	-	(620)
US 10YR Treasury Note	3 Months	(61,700,000)	-	(1,617)
<b>Total 2023</b>			1,316	(2,237)
Total 2022			2,459	(467)

## Wood Pension Plan

Year ended 31 March 2023

### (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
GBP/EUR	361,045	(409,098)	1,364	(2)
GBP/USD	363,316	(443,183)	6,873	(2)
USD/GBP	194,870	(158,128)	-	(524)
EUR/USD	946	(1,000)	22	-
EUR/GBP	201,400	(177,277)	-	(308)
USD/EUR	3,348	(3,116)	-	(33)
<b>Total 2023</b>	<b>1,124,925</b>	<b>(1,191,802)</b>	<b>8,259</b>	<b>(869)</b>
Total 2022	862,880	(943,322)	1,150	(6,020)

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	55,551	2,656	(247)
	5-10 years	374,943	13,387	(2,294)
	10-20 years	30,652	1,358	(3,727)
Inflation rate swaps	Less than 5 years	233,545	6,913	(10,620)
	5-10 years	429,925	30,131	(29,809)
	10-20 years	84,200	8,018	(9,034)
	20-30 years	43,435	5,821	(7,246)
<b>Total 2023</b>		<b>1,252,251</b>	<b>68,284</b>	<b>(62,977)</b>
Total 2022			37,807	(9,571)

At the year end £7,548,000 (2022: £nil) was held and £46,050,000 (2022: £8,983,375) 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 2023

### 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:

	2023	2022
	£'000	£'000
<b>DB Legal Section</b>		
Prudential	290	222
Phoenix Life Limited (Prev London Life Limited)	3	3
Standard Life	186	351
Aviva (Prev Friends Life)	78	340
	557	916

## Wood Pension Plan

Year ended 31 March 2023

### 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	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)	-

	DB	DC	2022
	£'000	£'000	£'000
DC to DB transfers			
- Commutations and lump sum retirement benefits	2,858	(2,858)	-
- Float transfer	(2,500)	2,500	-
DB to DC transfers			
- Pension sharing payments for ex-spouses	(1,151)	1,151	-
- Additional voluntary DB contributions transferred to DC	(3,387)	3,387	-
	(4,180)	4,180	-

## Wood Pension Plan

Year ended 31 March 2023

### 18. Repurchase agreements.

	2023	2022
	£'000	£'000
<b>DB Legal Section</b>		
Amounts payable under repurchase agreements	(326,522)	(242,176)
	(326,522)	(242,176)

Bonds with a fair value of £320,568m have been sold subject to repurchase contracts and therefore continue to be recognised in the financial statements. There are 10 (2022: 5) repurchase agreements with maturity dates between April and September 2023. Bonds with a value of £1,354m are being held as collateral and bonds with a value of £9,798m 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 2023

	Level 1	Level 2	Level 3	2023
<b>DB Legal Section</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
31 March 2023				
Equities	-	-	-	-
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>

### DC Legal Section

Pooled Investment Vehicles	-	517,183	621	517,804
----------------------------	---	---------	-----	---------

	Level 1	Level 2	Level 3	2022
<b>DB Legal Section</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 31 March 2022				
Equities	321,643	-	-	321,643
Bonds	-	2,530,547	-	2,530,547
Property	-	-	86,250	86,250
Pooled investment vehicles	41,589	170,446	12,662	224,697
Net Derivative assets and liabilities	1,992	23,366	-	25,358
Cash	76,236	-	-	76,236
Repurchase Agreements	-	(242,176)	-	(242,176)
Other investment balances	(16,618)	-	-	(16,618)
AVC investments	-	916	-	916
<b>Total</b>	<b>424,842</b>	<b>2,483,099</b>	<b>98,912</b>	<b>3,006,853</b>

### DC Legal Section

Pooled Investment Vehicles	-	512,202	728	512,930
----------------------------	---	---------	-----	---------

## Wood Pension Plan

Year ended 31 March 2023

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 2023 or 5 April 2022. 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>2023 Source: XPS Defined Benefit Section</b>	
<b>Category</b>	<b>Total</b>
BlackRock Passive Global Equity Fund	£0
Dunedin Private Equity Fund	£1,850,946
Coller Capital Private Equity Fund	£5,631,884
Veritas Global Equity Fund	£214,500
Magellan Global Equity Fund	£0
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
<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>

<b>2022 Source: XPS Defined Benefit Section</b>	
<b>Category</b>	<b>Total</b>
BlackRock Passive Global Equity Fund	£170,446,565
Dunedin Private Equity Fund	£4,515,654
Coller Capital Private Equity Fund	£8,147,485
Veritas Global Equity Fund	£193,769,890
Magellan Global Equity Fund	£167,537,573
LaSalle Core Property Fund	£60,565,772
LaSalle Inflation Linked Property Fund	£27,786,573
AXA Buy & Maintain Credit Fund	£284,648,926
RLAM UK Buy & Maintain Credit Fund	£272,123,922
PGIM Buy & Maintain Credit Fund	£300,139,647
BlackRock LDI Portfolio	£1,516,254,491
<b>AVC Investments</b>	<b>£916,502</b>
Prudential	£222,177
Phoenix Life Limited	£2,547
Standard Life	£350,735
Aviva	£341,043
<b>Total</b>	<b>£3,006,853,000</b>

## Wood Pension Plan

Year ended 31 March 2023

### 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 2023 and 31 March 2022 are detailed in the Statement of Net Assets on page 22.

## Wood Pension Plan

Year ended 31 March 2023

### 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 target allocation of 50% to LDI and 50% to buy and maintain credit. Over the reporting period, the Plan fully disinvested from the BlackRock Passive Global Equity Fund, Veritas Global Equity Fund and Magellan Global Equity Fund.

The Plan invests in pooled investment vehicles operated by three investment managers: BlackRock, 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' role 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.0.3% of total Plan value) were alternative investment funds.

Risk exposures over combined period	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
<i>BlackRock Passive Global Equity Fund</i>	✗	✓	✗	✓
<i>Dunedin Private Equity Fund</i>	✓	✗	✓	✓
<i>Collier Capital Private Equity Fund</i>	✓	✓	✗	✓
<i>Veritas Global Equity Fund</i>	✗	✓	✗	✓
<i>Magellan Global Equity Fund</i>	✗	✓	✗	✓
<i>LaSalle Core Property Fund</i>	✓	✗	✗	✓
<i>LaSalle Inflation Linked Property Fund</i>	✓	✗	✗	✓
<i>AXA Buy &amp; Maintain Credit Fund</i>	✓	✗	✓	✓
<i>RLAM UK Buy &amp; Maintain Credit Fund</i>	✓	✗	✓	✓
<i>PGIM Buy &amp; Maintain Credit Fund</i>	✓	✗	✓	✓
<i>BlackRock LDI Portfolio</i>	✓	✗	✓	✓

*Source: Investment managers. Please note the LaSalle's risk disclosures have been updated in line with comments from the manager.*

## Wood Pension Plan

Year ended 31 March 2023

### 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 pooled investment vehicles. 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 pooled investment vehicles, 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 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 their 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.

As at 31 March 2023, the Plan's total exposure to credit risk was c£2,258m, c.100% 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 BlackRock Passive Global Equity Fund and Collier Capital Private Equity Fund. The Plan had direct exposure to currency risk through Veritas Global Equity Fund and Magellan Global Equity Fund. All these funds have the remit to invest a portion of holdings in overseas assets that may be non-sterling denominated. The Scheme has fully disinvested from the BlackRock Passive Global Equity Fund, Veritas Global Equity Fund and Magellan Global Equity Fund over the accounting period. 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.£6m, 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 their 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

## Wood Pension Plan

Year ended 31 March 2023

Portfolio, this means that although c.48% 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.

The Trustee also has indirect exposure to interest rate risk as a result of its allocations to the Dunedin Private Equity Fund. The interest rate risks taken by this mandate are done so as part of the investment manager's strategy to add value on a risk-adjusted returns basis.

The Plan's total exposure to interest rate risk at the end of the accounting period was c.£2,187m, c.97% 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.£2,258m, 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, to their own needs, their investment strategy.

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

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

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

### 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.

## Wood Pension Plan

Year ended 31 March 2023

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

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

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

### Market Risk

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

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

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

## Wood Pension Plan

Year ended 31 March 2023

### 21. Net Current assets

#### DB Legal Section

	2023	2022
	£'000	£'000
Current Assets		
Other debtors	84	54
Cash balance held in bank	37,238	39,285
	37,322	39,339
Current liabilities		
Unpaid benefits	(2,268)	(2,134)
Other creditors and accruals	(1,311)	(1,750)
	(3,579)	(3,884)
Net current assets	33,743	35,455

#### DC Legal Section

	2023	2022
	£'000	£'000
Current Assets		
Contributions due	3,873	4,015
Investments due	-	66
Other debtors	292	-
Cash balance held in bank	3,137	4,486
	7,302	8,567
Current liabilities		
Unpaid benefits	(685)	(985)
Other creditors and accruals	(28)	(31)
	(713)	(1,016)
Net current assets	6,589	7,551

All contributions due as at 31 March 2023 were paid into the Plan after the year end in line with the Schedule of Contributions dated 28 October 2022 (DB Section) and the Payment Schedule dated 11 September 2019 (DC Section).

At year-end there was £Nil of investments due to the Plan (2022: £66,000), which was cash in transit, disinvested from the investment platform but not yet received by the Plan.

At the year-end, there was £2.060m undesignated cash held in the DC Legal Section (2022: £2.202m). 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 2023

### Employer related investments

There was no direct self-investment in John Wood Group plc or any related company, including the Principal Employer. 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 2023, any indirect exposure to shares in John Wood Group plc was 0.002% (2022: 0.001%) of the net assets of the Plan.

### 22. Concentration of investments

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

	2023		2022	
	Value	%	Value	%
	£'000		£'000	
DB Legal Section				
None to report				
DC Legal Section				
	Value	%	Value	%
	£'000		£'000	
Multi Asset Growth Fund	332,637	11.8	312,984	8.8

### 23. Related party transactions

#### Employer related parties

The Plan is administered by Wood Pensions, the personnel of which are employed by Wood Group UK Limited. Fees payable in respect of administration are disclosed in note 9. At the year end, there were £Nil administration expenses outstanding (2022: £Nil).

#### Key management personnel

At the year-end, 1 of the Trustee directors are active members of the Plan (2022: 1); Nil are deferred members (2022: 2); and 3 are pensioner members (2022: 2). 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 £183,962 (2022: £168,699).

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

### 24. Capital commitments

The Plan has capital commitments with Dunedin Capital Partners Limited to the value of £181,035 (2022: £201,332) and Coller Capital to the value of \$2,341,200 (2022: \$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.

### 25. 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 for Amec Staff members and an initial assessment of likely backdated amounts and related interest for Foster Wheeler and John Wood Group pensioners, the Trustee does not consider the expected effect to be material to

## Wood Pension Plan

Year ended 31 March 2023

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 Amec Staff phase one liability is reflected in these accounts. The 31 March 2020 valuation allowed for a GMP equalisation reserve. In the opinion of the Trustee, the Plan had no other contingent liabilities at 31 March 2023 (2022: Nil).

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. We do not know at this stage whether the case will be appealed but, as matters stand, 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.

### **26. Subsequent events**

Subsequent to the year end, gilt yields have risen which has reduced the value of the Plan's LDI hedging and buy and maintain credit assets. The fall in the value of these assets will be expected to have been accompanied by a similar sized fall in the value placed on the Plan's liabilities. Investment grade credit spreads have narrowed since 31 March 2023 and this in isolation will have been positive for the returns achieved by the Plan's buy and maintain credit assets. From 31 March 2023 to 31 August 2023, total Plan assets have declined from c£2.3bn to c.£2.1bn. This fall in asset value will have been accompanied by a fall in the value placed on the Plan's liabilities. The amounts recognised in these financial statements have not been adjusted for these movements.

## Wood Pension Plan

Year ended 31 March 2023

### 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

Steve Jones

Date of signing

28 October 2022

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of employer

Mercer Limited

Address

Belvedere, 12 Booth Street, Manchester, M2 4AW

## Wood Pension Plan

Year ended 31 March 2023

### 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 2020. This showed:

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

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

#### Method

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

Significant actuarial assumptions

Principal actuarial assumptions for valuation as at 31 March 2020

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

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

Derivation of actuarial assumptions for valuation as at 31 March 2020

#### Discount rate

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

The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the "discount rate" is

## Wood Pension Plan

Year ended 31 March 2023

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

### **Next valuation**

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

## Wood Pension Plan

Year ended 31 March 2023

### Appendix 3 DC Governance (Chair's) Statement for the Year ended 31 March 2023

#### 1. Introduction

- 1.1. This statement describes how the Trustee has governed the DC Section of the Wood Pension Plan ('the Plan') during the year.
- 1.2. The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report. This statement covers the period from 1 April 2022 to 31 March 2023 ('the Plan Year').
- 1.3. The Trustee Board has at least four DC focussed meetings per year to specifically consider matters relating to the DC Section.
- 1.4. The statement covers four principal areas:
  - Investment, focusing on the Plan's default investment arrangements.
  - Internal controls, including the processing of core financial transactions.
  - Value, with particular focus on charges and transaction costs deducted from members' funds.
  - The knowledge and resources available to the Trustee, including how the Trustee 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

- 2.1 A copy of the Plan's latest Statement of Investment Principles (SIP), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is attached and is available to view online at 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.
- 2.2. The SIP was last revised in March 2023.

#### Default Investment Arrangement

- 2.3. The Plan's default investment arrangement during the period covered by this statement has been the Target Drawdown strategy. This strategy was put in place during February and March 2019.
- 2.4. In summary, the Target Drawdown default investment arrangement is a target date fund approach designed for members planning to withdraw their benefits in a flexible way, typically through staying invested in retirement and drawing down on their savings over time (at the current time, this needs to be outside of the Plan). The default investment arrangement invests in equities and other growth-seeking assets during the 'growth' phase of the strategy. Eight years prior to each member's selected retirement year (or the Plan's normal retirement year where none is selected), investments are transferred to a Target Drawdown Retirement Fund based on the targeted retirement year for a member. The Target Drawdown Retirement Fund gradually switches members into a balanced mix of instruments at the point of retirement, including cash, corporate and government bonds, equities and alternative asset classes such as listed property and listed infrastructure investments.
- 2.5. The default investment arrangement is kept under regular review. Members are also able to access alternative strategies and a range of self-select funds. They are also supported by clear communications.
- 2.6. The last detailed independent strategic review of the default investment arrangement was completed in the second half of 2020 by Isio. The outcome of the review did not lead to any strategic changes being made to the Plan's default investment arrangements.

## Wood Pension Plan

Year ended 31 March 2023

- 2.7. 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. In addition, at the time of writing, Mercer was carrying out its own strategic review of the asset allocation of the default and alternative lifestyle strategies which will be considered by the Trustee during 2023.
- 2.8. Performance and risk-based reviews are also undertaken each quarter. In these reviews, the following issues are considered:
- Performance (net of fees) relative to fund benchmarks, objectives, inflation measures and peer groups for the default arrangement.
  - The investment manager research ratings from Mercer. These ratings include an assessment of each manager's environmental, social and governance capabilities and the extent to which these issues are integrated into investment processes.
  - Risk analysis, including the volatility and experience of capital loss ("drawdowns") within the strategy.
- 2.9. The Trustee discusses the reports at each quarterly meeting.

### 3. Internal Controls and Core Financial Transactions

#### Introduction

- 3.1. The requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately.
- 3.2. The Trustee has received assurance from the Plan's appointed in-house administrator, and has taken steps to seek to ensure, that there are adequate internal controls to ensure that core financial transactions relating to the Plan were processed promptly and accurately during the year. This includes the investment of contributions, processing of transfers in and out of the Plan, transfers of assets between different investments within the Plan, and payment of benefits to members.
- 3.3. Our processes in this regard are documented below.

#### Administration

- 3.4. The Trustee has established Service Level Agreements (SLAs) with the Plan's in-house administrator. These include target timescales for processing core financial functions relating to contribution handling, quotations and paying benefits which are all well within applicable statutory timescales. Performance against the SLAs is monitored each quarter by the Trustee.
- 3.5. There were no administration issues identified during the Plan year. From time to time, higher than average work volumes were experienced. During these periods, clear priorities are established for working through queries and requests (for example, completing retirement estimates for forthcoming retirements by "date of retirement" order).
- 3.6. The administrator uses high quality pensions administration software in record-keeping and calculation activities.

#### Broader Controls

- 3.7. The Trustee has ensured that disaster recovery plans are in place with the in-house administrator, other relevant third parties, and within the sponsoring employer.
- 3.8. The Trustee maintains a Risk Register which outlines the risks to members and the Plan, including those in relation to financial transactions, and considers the impact, likelihood, controls and mitigation steps for each risk. The Risk Register also confirms any actions required and the due date for such actions, along with documentation of the last risk review date and the assigned owner of each risk.
- 3.9. Specific DC risks are reviewed as part of the overall risk review conducted twice a year.
- 3.10. The Trustee reviews the output from the annual external audit and periodic internal audits.

## Wood Pension Plan

Year ended 31 March 2023

- 3.11. The Plan uses an investment platform operated by Scottish Widows Limited ("Scottish Widows"), who were selected (following professional advice) for their efficient unit price administration systems, ability to process investment switches efficiently and their rigorous risk management processes, amongst other factors.
- 3.12. 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.
- 3.13. The Trustee ensures that all third party providers share their data security and cyber risk policies with the Trustee. These policies are reviewed by the Trustee and the providers are questioned on any areas requiring further clarity.

### Experience during the Plan Year

- 3.14. 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.

### Value, Charges and Transaction Costs

- 3.15. 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.
- 3.16. 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. Charges

- 4.1. 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.
- 4.2. 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.

### Transaction Costs

- 4.3. When buying and selling investments, transaction costs can be incurred.
- 4.4. Transaction costs are not explicitly deducted from a fund but are captured in its performance (that is, the higher the transaction costs, the lower the returns produced, all else being equal). The Financial Conduct Authority has provided guidance in Policy Statement 17/20 to investment managers regarding calculation and disclosure of transaction costs. Due to the way in which costs are required to be calculated, they can be negative or positive; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.
- 4.5. The following tables below show the transaction costs incurred in the Plan's default investment arrangement and other investment funds held as at 31 March 2023.

## Wood Pension Plan

Year ended 31 March 2023

Fund	Total Expense Ratio (% p.a.)	2022/2023 Transaction Costs (% p.a.)	Average Transaction Costs (% p.a.) *
<b>Funds used in Default</b>			
Multi Asset – Growth	0.213	0.160	0.134
Target Drawdown 2023	0.265	0.082	0.109
Target Drawdown 2024	0.268	0.093	0.115
Target Drawdown 2025	0.270	0.107	0.120
Target Drawdown 2026	0.280	0.123	0.123
Target Drawdown 2027	0.269	0.130	0.123
Target Drawdown 2028	0.257	0.137	0.151
Target Drawdown 2029	0.246	0.144	0.149
Target Drawdown 2030	0.235	0.151	0.152
Target Drawdown 2031	0.225	0.158	0.158
Drawdown Retirement	0.265	0.082	0.095
<b>Other Multi – Asset</b>			
Multi Asset – Diversified Growth	0.322	0.227	0.165
<b>Equity</b>			
Passive Equity - UK Equity	0.070	0.066	0.039
Passive Equity - Overseas Equity	0.077	0.000	0.007
Passive Equity - Global Equity	0.092	0.017	0.006
Passive Equity – Sustainable Global Equity	0.132	0.099	0.050
Passive Equity - Ethical Global Equity	0.242	0.001	0.003
Passive Equity - Emerging Markets Equity	0.172	-0.088	0.040
Passive Equity - Shariah	0.342	0.017	0.028
Active Equity - UK Equity	0.592	0.646	0.379
Active Equity - Global Equity	0.641	0.433	0.292
Active Equity – Sustainable Global Equity	0.632	0.156	0.199

## Wood Pension Plan

Year ended 31 March 2023

Fund	Total Expense Ratio (% p.a.)	2022/2023 Transaction Costs (% p.a.)	Average Transaction Costs (% p.a.) *
Active Equity - Emerging Markets Equity	0.862	0.905	0.707
<b>Bond</b>			
Active Bonds - Broad Market Bonds	0.376	0.000	0.027
Passive Bonds - UK Corporate Bonds	0.082	0.032	0.016
Passive Bonds – Fixed Interest Government Bonds	0.071	-0.028	0.000
Passive Bonds – Inflation-Linked Government Bonds	0.071	0.022	0.019
<b>Property</b>			
Active Property - Property	0.692	0.270	0.179
<b>Cash</b>			
Active Money Market – Cash	0.132	0.015	0.015
<b>Alternative Target Retirement Funds</b>			
Target Cash 2023	0.152	0.015	0.029
Target Cash 2024	0.162	0.031	0.049
Target Cash 2025	0.163	0.051	0.065
Target Cash 2026	0.165	0.071	0.091
Target Cash 2027	0.166	0.091	0.094
Target Cash 2028	0.175	0.108	0.131
Target Cash 2029	0.189	0.124	0.136
Target Cash 2030	0.203	0.140	0.145
Target Cash 2031	0.216	0.156	0.156
Cash Retirement	0.152	0.015	0.015
Target Annuity 2023	0.134	0.004	0.033
Target Annuity 2024	0.141	0.018	0.047
Target Annuity 2025	0.151	0.037	0.062
Target Annuity 2026	0.160	0.056	0.076
Target Annuity 2027	0.178	0.076	0.091

## Wood Pension Plan

Year ended 31 March 2023

Fund	Total Expense Ratio (% p.a.)	2022/2023 Transaction Costs (% p.a.)	Average Transaction Costs (% p.a.) *
Target Annuity 2028	0.189	0.096	0.126
Target Annuity 2029	0.199	0.115	0.132
Target Annuity 2030	0.210	0.135	0.141
Target Annuity 2031	0.221	0.155	0.155
Annuity Retirement	0.134	0.004	0.010

Source: Mercer as at 31 March 2023.

\* 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 2023 retirement funds closed at the end of 2022 (in line with the lifestyle) however we have included as were in use during the scheme year.

### 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, the providers were unable to provide transaction cost information.

### Impact of Costs and Charges

- 4.6. 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 SMPs. No allowance is made for outperformance in respect of actively managed funds.
- 4.7. The illustrations have considered the following elements:
- Contribution levels
  - Real terms investment returns gross of costs and charges
  - Adjustment for the effect of costs and charges
  - Time period of investment.
- 4.8. 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,

## Wood Pension Plan

Year ended 31 March 2023

using a starting fund size of £0 (i.e., a new joiner) and a salary of £19,000. The Trustee has also included a representative median member aged 35, with a normal retirement age of 65, using a starting fund size of £0 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.

## Wood Pension Plan

Year ended 31 March 2023

18 year old active member– future contributions assumed investing in the default lifestyle arrangement			
18 year old, with a starting pot of £0, paying £2,850 annual contributions			
Age	Years from 31/03/23	Before charges (£)	After all costs and charges deducted (£)
19	1	2,904	2,899
21	3	9,046	9,000
23	5	15,664	15,530
28	10	34,540	33,933
33	15	57,285	55,739
38	20	84,693	81,580
43	25	117,719	112,200
48	30	157,515	148,485
53	35	205,470	191,481
58	40	262,783	241,819
63	45	320,244	290,395
65	47	339,154	305,863

18 year old active member– future contributions assumed investing in the fund with the lowest and highest charges					
Age	Years from 31/03/23	Passive Over 15 Year Gilt (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	2,857	2,856	2,906	2,884
21	3	8,614	8,605	9,073	8,865
23	5	14,429	14,404	15,742	15,141
28	10	29,223	29,119	34,895	32,213
33	15	44,390	44,152	58,197	51,464
38	20	59,940	59,511	86,548	73,170
43	25	75,882	75,202	121,041	97,647
48	30	92,228	91,233	163,008	125,246
53	35	108,986	107,610	214,066	156,367
58	40	126,167	124,342	276,186	191,459
63	45	143,782	141,436	351,765	231,028
65	47	150,952	148,376	386,398	248,235

## Wood Pension Plan

Year ended 31 March 2023

18 year old active member– future contributions assumed investing in the fund with the lowest and highest returns					
Age	Years from 31/03/23	Active Money Market (lowest returning fund, net of fees)		Passive Overseas Equity (highest returning fund, net of fees)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
19	1	2,857	2,855	2,906	2,905
21	3	8,614	8,595	9,073	9,062
23	5	14,429	14,376	15,742	15,709
28	10	29,223	29,008	34,895	34,745
33	15	44,390	43,900	58,197	57,810
38	20	59,940	59,056	86,548	85,760
43	25	75,882	74,482	121,041	119,627
48	30	92,228	90,181	163,008	160,664
53	35	108,986	106,160	214,066	210,391
58	40	126,167	122,423	276,186	270,646
63	45	143,782	138,974	351,765	343,658
65	47	150,952	145,677	386,398	377,022

### Notes on member illustrations

- 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.
- 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 £19,000 a year and a total contribution rate of 15% per year.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Inflation is assumed to be 2.5% each year.
- Salary is assumed to increase by 2.5% each year.
- Values shown are estimates and are not guaranteed.
- Transaction costs have been estimated based on the data available from Mercer and the underlying fund managers.
- Average transaction costs from across the last 5 years from 2023 (where possible) have been used and zero transaction costs assumed in the projection calculations if the actual transaction cost was negative.
- The projected growth rates in relation to inflation for each fund are:
  - Active Money Market – 0.5%
  - Passive Overseas Equity – 4.0%
  - Passive Over 15 Year Gilts – 0.5%
  - Active Emerging Market Equity – 4.0%

## Wood Pension Plan

Year ended 31 March 2023

35 year old active member– future contributions assumed investing in the default lifestyle arrangement			
35 year old, with a starting pot of £0, paying £6,750 annual contributions			
Age	Years from 31/03/23	Before charges	After all costs and charges deducted
36	1	6,877	6,866
38	3	21,425	21,316
40	5	37,100	36,781
45	10	81,805	80,367
50	15	135,675	132,014
55	20	200,588	193,216
60	25	275,884	262,498
65	30	347,807	326,784

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

Age	Years from 31/03/22	Passive Over 15 Year Gilt (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	6,767	6,764	6,884	6,832
38	3	20,402	20,381	21,488	20,997
40	5	34,174	34,114	37,284	35,859
45	10	69,212	68,966	82,646	76,294
50	15	105,134	104,571	137,836	121,887
55	20	141,963	140,948	204,983	173,298
60	25	179,722	178,111	286,677	231,269
65	30	218,434	216,078	386,071	296,636

## Wood Pension Plan

Year ended 31 March 2023

35 year old active member– future contributions assumed investing in the fund with the lowest and highest return fund					
Age	Years from 31/03/23	Active Money Market (lowest returning fund, net of fees)		Passive Overseas Equity (highest returning fund, net of fees)	
		Before Charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
36	1	6,767	6,762	6,884	6,881
38	3	20,402	20,357	21,488	21,461
40	5	34,174	34,049	37,284	37,206
45	10	69,212	68,703	82,646	82,290
50	15	105,134	103,973	137,836	136,920
55	20	141,963	139,869	204,983	203,115
60	25	179,722	176,404	286,677	283,327
65	30	218,434	213,587	386,071	380,521

### Notes on member illustrations

- 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.
- The starting fund size for the member is assumed to be £0 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.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Inflation is assumed to be 2.5% each year.
- Salary is assumed to increase by 2.5% each year.
- Values shown are estimates and are not guaranteed.
- Transaction costs have been estimated based on the data available from Mercer and the underlying fund managers.
- Average transaction costs from across the last 5 years from 2023 (where possible) have been used and zero transaction costs assumed in the projection calculations if the actual transaction cost was negative.
- The projected growth rates in relation to inflation for each fund are:
  - Active Money Market – 0.5%
  - Passive Overseas Equity – 4.0%
  - Passive Over 15 Year Gilts – 0.5%
  - Active Emerging Market Equity – 4.0%

### 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 2023 for members where lifestyling takes place.

## Wood Pension Plan

Year ended 31 March 2023

### Default lifestyle (Target Drawdown)

Time period	1 year (%) 31/03/2022 - 31/03/2023	5 years (% p.a.) 31/03/2018- 31/03/2023
Age of member at beginning of period (years)		
25	-3.5	5.1
45	-3.5	5.1
55	-3.5	4.8

### Target Cash Retirement lifestyle

Time period	1 year (%) 31/03/2022 - 31/03/2023	5 years (% p.a.) 31/03/2018- 31/03/2023
Age of member at beginning of period (years)		
25	-3.5	5.1
45	-3.5	5.1
55	-3.5	3.7

### Target Annuity Retirement lifestyle

Time period	1 year (%) 31/03/2022 - 31/03/2023	5 years (% p.a.) 31/03/2018- 31/03/2023
Age of member at beginning of period (years)		
25	-3.5	5.1
45	-3.5	5.1
55	-3.5	2.8

Below are the annualised net investment returns to 31 March 2023 for all other funds i.e. where no lifestyling takes place.

## Wood Pension Plan

Year ended 31 March 2023

Fund	1 year (%) 31/03/2022 - 31/03/2023	5 years (% p.a.) 31/03/2018- 31/03/2023
Passive Equity - UK Equity	1.8	4.9
Passive Equity - Overseas Equity	-4.1	11.1
Passive Equity - Global Equity	-0.9	n/a
Passive Equity - Sustainable Global Equity	-1.3	n/a
Passive Equity - Ethical Global Equity	-1.9	11.7
Passive Equity - Emerging Markets Equity	-4.7	1.8
Passive Equity - Shariah	-3.0	14.7
Active Equity - UK Equity	-2.4	3.0
Active Equity - Global Equity	-1.2	9.7
Active Equity - Sustainable Global Equity	-2.7	n/a
Active Equity - Emerging Markets Equity	-6.8	-0.9
Active Bonds - Broad Market Bonds	-11.9	-1.2
Passive Bonds - UK Corporate Bond	-10.7	-0.9
Passive Bonds - Over 15 Year Gilt	-30.1	-6.4
Passive Bonds - Over 5 Years Index Linked Gilt	-29.6	-4.0
Active Property	-13.4	1.2
Multi Asset - Growth	-3.5	5.1
Multi Asset - Diversified Growth	-2.2	4.8
Active Money Market	2.2	0.7

Source: Mercer, Scottish Widows, Isio calculations

Notes:

- Returns calculated as the annual geometric average
- Age-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 as such do not have 5 year performance returns available

### 5. Value for Members

5.1. The Trustee received advice on how to assess “good value” from its appointed DC adviser, Isio, and considered regulatory guidance. As a result, the Trustee with the assistance of Isio carried out a value for money assessment of the Plan across seven key areas. In each area, the Plan was compared against a “basic scheme”, an “average scheme” and an “above average scheme” and given a prescribed score. What constitutes 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.

5.2. The seven key areas considered by the Trustee included:

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

## Wood Pension Plan

Year ended 31 March 2023

- Education & engagement.
- 5.3. Based on the above review, the Trustee has concluded that the Plan offers good value for members relative to the market.
  - 5.4. Following the 2020-21 value for member assessment, the Trustee developed an improvement plan which identified a number of areas to focus on over the next few years to improve value for members,
  - 5.5. Over the last twelve months, the Trustee has improved the range of targeted communication support available to members including the introduction of pre retirement seminars. Following member feedback from the 2022 survey, a series of member education sessions are also scheduled for 2023 including pension workshops and topical pension webinars. Members are also signposted to the Scottish Widows drawdown arrangement which will be reviewed on an annual basis going forward.
  - 5.6. 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

- 6.1. The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Plan Year by the Trustee as a body in dealing with the whole Plan (not just the DC Section).
- 6.2. The Trustee has procedures for ensuring its Trustee Directors take personal responsibility for keeping up to date with relevant developments. Training logs are maintained for each Director and training is provided regularly and reviewed every quarter. Training plans are tailored to issues that arise on the Trustee's business plan.
- 6.3. The Trustee has 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.
- 6.4. During the Plan Year, the training topics considered by the Trustee were delivered via various means, for example, through Isio and Mercer's "current topics" training material.
- 6.5. Specific DC training topics discussed during the Plan year included:
  - Introduction of Pension dashboards
  - Increasing Normal Minimal Pension Age
  - Simplified Annual Benefit Statements
  - Stronger "nudge" to pensions guidance
  - Regulator combined Code of Practice
  - Options for dealing with small pension pots
  - PLSA Responsible Investment Quality Mark
  - Value for money framework consultation
  - Insights of a Master Trust engagement offering

## Wood Pension Plan

Year ended 31 March 2023

- Provider market default strategy peer group performance
- 6.6. The Trustee also periodically conducts assessments of its effectiveness as a Trustee Board. These assessments include candid feedback on the Trustee's operating framework and performance generally. The results are collated and discussed openly at Trustee meetings. This was last carried out in Q1 2022 and will be carried out biennially.
- 6.7. The Trustee is conversant with, and has a working knowledge of, the Statement of Investment Principles, including the requirements which have been in place since October 2020 in relation to arrangements with the appointed investment managers and the Trustee's engagement activities.
- 6.8. There are two independent professional Trustee Directors, one of whom Chairs the overall Trustee Board. The independent professional Trustee Directors bring a wide range of experience and skills to complement the knowledge and understanding of the Employer and Member nominated Trustees.
- 6.9. In addition, the Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.
- 6.10. All of the Trustee Directors in office during the period have undertaken and completed the Pension Regulator's Trustee Toolkit.
- 6.11. Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustee Directors consider they are enabled properly to exercise their function as a Trustee.

### 7. Trustee Statement of DC Governance

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

Signed for and on behalf of the Wood Pension Plan

Date: 27 October 2023

By



Chair of Trustee

## Appendix 4 Wood Pension Plan — Statement of Investment Principles, March 2023

### Wood Pension Plan

#### Statement of Investment Principles – March 2023 (replaces September 2022)

##### 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, Amec Foster Wheeler Limited and its parent company John Wood Group plc (together, referred to in this document as “Wood”), to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Plan’s investment arrangements and, in particular on the Trustee’s objectives.

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

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

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

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

## 2. Defined Benefit Section

### 2.1 Process For Choosing Investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives
- Consider the broad level of risk consistent with meeting the objectives set
- 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 with regard to the potential size and incidence of contribution payments, and the degree to which Wood accepts variation in the Plan's surplus or deficit as a consequence of the investment policy adopted.

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

### 2.3 Portfolio Construction

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

- There is a role for both active and passive management. Passive management will be used for one of several reasons, namely:
  - To diversify risk;
  - To invest in markets deemed efficient where the scope for active management to add value is limited;
  - As a temporary home pending investment with an active manager.

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

## 2.4 Investment Strategy

The Trustee has defined a strategic objective to reach full funding on a gilts re-investment basis and de-risk the Plan's assets accordingly. However, it recognises that at 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.

<b>Asset Class</b>	<b>Benchmark Allocation (%)</b>
<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>100.0</b>

- 1 *Committed capital of £10m to a buyout private equity fund and £30m to a secondaries private equity fund. These positions are intended to be held to maturity and will therefore represent a varying portion of total Plan assets. As such, they are held outside the Plan's strategic benchmark allocation.*
- 2 *The Plan is currently in the process of selling down these assets over time, as opportunities in the 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 with regard to the potential size and incidence of contribution payments, and the degree to which Wood accepts variation in the Plan's surplus or deficit as a consequence of the investment policy adopted.

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

The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure that the asset allocation and manager structure policies in place result in an adequately diversified portfolio. The Trustee invests 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.

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

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

Details of the Plan's current benchmark 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. 0.8% 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 31 December 2022*

## 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 retirement against:

- Sudden (downward) volatility in capital values;
- Fluctuations in the cost of taking retirement benefits in the member's chosen form.

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

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

### 3.3 Risk Management and Measurement

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

The primary risks considered are:

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

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

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

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

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

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

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

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

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

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

### **3.4 Investment Strategy**

#### *Default investment option*

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

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

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

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

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

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

*Hence, eight years before their target retirement date (or normal retirement date, if no target is specified), members in the default investment option will have their holdings transferred into a target date fund ("Target*

*Drawdown Retirement 20XY Fund”, based on the expected date of retirement in year 20XY). These target date funds aim to gradually move investments from higher-risk growth-seeking assets to assets aiming for income and less volatile growth, along with an allowance for tax-free cash benefits through an allocation to money market investments.*

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

*By the start of the year of their expected retirement, members’ accumulated savings in the default investment option will be moved to the Target Drawdown Retirement Fund, which aims to broadly match these benefits through investment of 25% of the portfolio in a mix of high quality short-term sterling denominated money market instruments and 75% in a Diversified Retirement Fund, which aims to generate income and maintain the purchasing power of members’ savings until they retire from the 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 lifestyle strategy. Moreover, members do not have to take their retirement benefits in line with those targeted by the default investment option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- The default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee considers risk qualitatively in the context of the variability of expected retirement outcomes and quantitatively in the context of the variability of investment returns. Investment risk levels are monitored by the Trustee on a quarterly basis. In designing the default investment option, the Trustee has explicitly considered the trade-off between risk and expected returns and has taken advice from an independent investment adviser on the suitability of the Plan’s arrangements.
  - Assets in the default investment option are invested in daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various Investment Managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective Investment Managers in line with the mandates of the funds.
  - Likewise, the Investment Managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental and governance considerations are taken into account in the selection, retention and realisation of investments. However, the Trustee has in place a policy regarding such issues, which is detailed in Section 5 of this Statement. Currently, no additional policies in this regard have been applied to the default arrangement, and the core policy in section 5 applies.

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

*Other Investment Arrangements*

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

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

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

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

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

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

**3.6 Realisation of Assets**

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

**4. Additional Assets**

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

**5. ESG, Stewardship (including Engagement Activities) and Climate Change Considerations***Defined Benefit and Defined Contribution*

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

The Trustee accordingly considers these issues in the context of anticipated time horizon over which the assets will be held. The Trustee does not directly manage its investments and Investment Managers have full discretion to buy and sell guidelines of their mandates. ESG considerations are however taken into account in the selection, retention and realisation of investments in the following ways:

- The Trustee considers the ESG research ratings published by their Investment Consultant when monitoring the Plan's Investment Managers' capabilities. These ratings are also considered as part of any new selection of investment funds.
- In meetings with the Plan's Investment Managers, where relevant, ESG issues are discussed, and the manager is expected to discuss voting and engagement activities carried out on behalf of the Trustee for mandates where this is appropriate.

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

#### *Defined Benefit Section*

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

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

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

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

The Trustee reviews these policies through a review of stewardship compliance. The Trustee will, where it is deemed necessary, engage the managers in discussion on their policies. It will however be made clear to the managers that any decisions taken by the managers should be in the best long-term financial interest of the Plan and its members. To enable ongoing monitoring by the Trustee of manager activity, reporting on voting and engagement activities should be provided to the Trustee by the managers on a regular basis.

#### *Defined Contribution Section*

The Trustee has delegated day to day management of the 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 an ethical investment fund and a Sharia-compliant investment fund for those members with beliefs in this regard. The ethical fund is passively managed against an index which explicitly incorporates ethical considerations in the selection of its constituents. The Sharia-compliant fund is passively managed against an index of global companies engaged in Sharia compliant activities.

## **6. Investment Manager Arrangements**

### **6.1 Overview**

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

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

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

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

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

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

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

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

## **6.2 Investment Manager Evaluation and Remuneration**

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

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

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

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

Personnel and business change

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

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

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

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

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

### **6.3 Portfolio Turnover Costs**

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

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

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

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

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

### **7. Compliance with this Statement**

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

## Appendix 5 Wood Pension Plan - Annual Implementation Statement

### DC Section

#### Introduction

This statement sets out how, and the extent to which, the Trustee's Statement of Investment Principles (SIP) has been followed during the year to 31 March 2023. This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, and guidance published by the Pensions Regulator.

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

#### Investment Objectives of the Plan

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

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

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

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

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

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

The policies in the SIP are 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 in September 2022.

In addition to the above, further revisions to the SIP were agreed in March 2023. The changes related to the DB Section.

#### Assessment of how the SIP policies have been followed for the year to 31 March 2023

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 2023.

	<b>Requirement</b>	<b>Policy/paragraph of SIP</b>	<b>In the year to 31 March 2023</b>
<b>1</b>	Securing compliance with the legal requirements about choosing investments	Paragraph 2.1	The Trustee did not choose any new investments for the DC Section of the Plan during the year.
<b>2 &amp; 3</b>	Kinds of investments to be held and the balance between different kinds of investments	Paragraph 3.4 of the SIP details the asset classes used and their proportions (where relevant), with a focus on the default option.	The investments (fund type, management style and objectives) used within the DC Section did not change during the year and the SIP was implemented in line with the stated policy.
<b>4</b>	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>

<b>5</b>	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.
<b>6</b>	Realisation of investments	Paragraph 3.4 (regarding the default strategy) and paragraph 3.6.	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.
<b>7</b>	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 SIP review in September 2022. There were no significant changes to this policy during the year.
<b>8</b>	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. No member views on investment matters (financial or non-financial) were received by the Trustee.
<b>9</b>	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.

10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor & engage with relevant persons about relevant matters)		<p>However, stewardship monitoring on investment manager voting and engagement activity and adherence to the UK Stewardship Code is part of the Trustee's policy. In September 2022, the Trustee considered the 2021 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>
11	How the manager arrangement(s) incentivise the manager to align its investment strategy and decisions with trustees' policies.	Paragraph 6.	Disclosures on the Trustee's policies were reviewed in the SIP in September 2022 which reflect current practice. The SIP has been shared with the fiduciary manager in order to ensure that the Trustee's policies are appropriately articulated.
12	How the arrangement incentivises the manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt/equity and engage with issuers to improve their performance in the medium to long-term.	Paragraph 6.	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2022 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>

<b>13</b>	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.	Paragraph 6.	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2022 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 November 2021 meeting.</p>
<b>14</b>	How trustees monitor portfolio turnover costs incurred by the manager, and how they define and monitor targeted portfolio turnover or turnover range.	Paragraph 6.	<p>Disclosures on the Trustee's policies were reviewed in the SIP in September 2022 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>
<b>15</b>	The duration of the arrangement with the asset manager	Paragraph 6.	Policy reviewed in September 2022 which reflects current practice.

## 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	<p>At each investment focused Trustee meeting, requirements in respect of TCFD reporting are discussed.</p> <p>The four key areas of the TCFD governance, strategy, risk management, and metrics &amp; targets. were considered and the Plan's framework was agreed and signed in October 2022</p> <p>A cross party working group has been established including DB and DC investment advisers. The first TCFD report will be available in October 2023 and will be available on the Wood Pension website  <a href="https://www.woodplc.com/pages/ukpensions">https://www.woodplc.com/pages/ukpensions</a></p>
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**

<b>Fund</b>	<b>Issuer Name</b>	<b>Engagement Date</b>	<b>ESG Category</b>	<b>Engagement Description</b>	
<b>Mercer Growth / Mercer Diversified Growth / Mercer Diversified Retirement</b>	Link Real Estate Investment Trust	2022	Environmental	As identified, as recently as 2021, Link didn't even have a 2050 commitment – the sub investment manager undertook significant engagement with the company on disclosure of Scope 3 emissions from leased assets; operational emissions targets; life cycle assessment; climate change strategy and targets; improved disclosures; and governance and resources.	In the 2022 AGM season, the sub investment manager was satisfied with the substantial progress the Company had made since the previous year and felt comfortable in supporting all resolutions. The sub investment manager will continue engagement with Link REIT through climate and ESG-targeted calls; will continue to monitor sector-specific emissions targets and progress on climate risk management strategy.

<b>Mercer Growth / Mercer Diversified Growth / Mercer Diversified Retirement</b>	Wells Fargo	2022	Governance	<p>Wells Fargo is included on the sub investment manager Future World Protection List because the company has been considered in violation of Principle 10 (Business Ethics) of the UN Global Compact ('UNGC') for at least three continuous years. The initial objective of the engagement was to help the company take necessary steps to avoid being in violation of the UNGC, and to explain the sub investment manager's minimum expectations.</p> <p>In April 2019, the sub investment manager explained to Wells Fargo the risk of being included on LGIM's Future World Protection List ('FWPL') and why; i.e. at the time, they had been identified as a violator of the UNGC by our ESG data provider for two years running, with the possibility for FWPL exclusion at three years. The sub investment manager shared some key feedback from the ESG data provider on what they would need to do to remove this classification. The sub investment manager continues to engage with the company to explain our expectations and where we have ongoing concerns; under the 'Human Capital' element of our ESG score, business ethics is a component, and is still flagged as one area (among others) where Wells Fargo falls below our minimum standards.</p>	<p>The Sub investment manager continue to vote at their AGMs in accordance with our relevant policies and principles; accordingly, at their 2022 AGM, we voted against the Chair of the Remuneration Committee on account of our ongoing concerns, particularly around the alignment between pay and performance, and also against the ratification of named executive officers' compensation. We supported shareholder proposals calling for reports on human rights and diversity-related topics. We also supported a resolution requesting a report on incentive-based compensation and risks of material losses, as we believe shareholders would benefit from additional disclosure surrounding broad-based incentive compensation programs that could lead to material losses due to excessive risk taking, given that such structures played a key role in recent high-profile controversies that caused financial and reputational harm at the company.</p>
--	-------------	------	------------	---	---

<b>Mercer Growth / Mercer Diversified Growth / Mercer Diversified Retirement</b>	Top Glove	2022	Social	<p>The sub investment manager engaged so that the company should end any forced labour practices and ensure appropriate health and safety protocols, both in factories and dormitories. The company is also expected to ensure practices to mitigate forced labour in the future, and to act to proactively protect worker health, in line with internationally accepted labour rights standards. The sub investment manager is participating in a collaborative engagement with Top Glove Corp. Bhd. and has participated in an engagement call with the company in Q2 2022.</p>	<p>The company is taking steps to resolve labour rights issues and has put in place remedial strategies. Top Glove has set targets related to labour rights and health and safety and has linked remuneration to its corporate health and safety KPI.</p>
<b>Significant holding across various funds available to members.</b>	HSBC	2022	Environmental	<p>A small group of institutional investors were invited to a sustainability roundtable to discuss HSBC' climate-related financing with the bank's Chief Sustainability Officer and head of sustainable finance. The sub investment manager raised several concerns related to the banks overall net-zero approach.</p>	
<b>Significant holding across various funds available to members.</b>	Samsung Electronics	2022	Environmental	<p>They have been engaging with Samsung Electronics in recent months with regards to their development of a transition plan which allows them to reach net zero emissions by 2050 or sooner.</p>	

<b>Significant holding across various funds available to members.</b>	Ashtead Group	2022	Environmental	Had an open and wide-ranging discussion that covered various emission reduction initiatives that Ashtead is spearheading. These include the trialed use of HVO (hydrogenated vegetable oils) in the company's diesel engines for large transportation vehicles in California to the ordering of electric versions of large plant equipment from their key OEM suppliers.	
<b>Significant holding across various funds available to members.</b>	Link Real Estate Investment Trust	2022	Environmental	As identified, as recently as 2021, Link didn't even have a 2050 commitment – the sub investment manager undertook significant engagement with the company on disclosure of Scope 3 emissions from leased assets; operational emissions targets; life cycle assessment; climate change strategy and targets; improved disclosures; and governance and resources.	
<b>Significant holding across various funds available to members.</b>	Teleperformance (TEP)	2022	Social	The sub investment manager held joint engagements with the company regarding these human capital-related issues. Specifically, they sought to better understand TEP's approach to revamping their employment practices to reflect the NCP's findings and recommendations.	

<b>Significant holding across various funds available to members.</b>	Union Pacific Corporation	2022	Governance	The sub investment manager engaged with senior management and board members of Union Pacific to discuss diversity and inclusion. During the call the sub investment manager explained the need for EEO-1 data and that they would be supporting the proposal in advance of their forthcoming proxy voting policy which would take effect during the 2022 proxy season.	
---	---------------------------	------	------------	--	--

## 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
Cash	Active Cash – Cash
Alternatives	Active Property – Property

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

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

## Investment Manager Voting Disclosures

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

Fund	12 Months to 31 March 2023					
	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	11,049	119,851	99.80%	82.90%	16.10%	1.00%
Multi-Asset – Diversified Growth	11,049	119,851	99.80%	82.90%	16.10%	1.00%
Multi-Asset – Diversified Retirement	6,153	69,990	99.10%	81.80%	16.60%	1.50%
<b>Equity Funds</b>						
Passive Equity – UK Equity	680	10,135	99.00%	96.00%	3.00%	0.00%
Passive Equity – Global Equity	1541	21,475	99.90%	90.20%	9.20%	0.60%
Passive Equity – Overseas Equity	1,991	25,196	95.00%	93.00%	6.00%	0.00%
Passive Equity - Emerging Market Equity	2,693	26,187	99.70%	79.60%	17.70%	2.70%
Passive Equity – Sustainable Global Equity	1,182	16,150	99.90%	77.20%	22.30%	0.50%
Active Equity – Sustainable Global Equity	1123	15785	99.88%	83.15%	16.54%	0.31%
Active Equity - UK Equity	62	1,082	100.00%	99.40%	0.60%	0.10%
Active Equity - Global Equity	415	5,968	99.90%	91.30%	7.80%	0.90%
Active Equity - Emerging Markets Equity	765	7,765	99.70%	81.70%	15.4%	3.00%
Passive Equity – Shariah	95	1423	97.00%	80.50%	19.80%	0.00%

## Wood Pension Plan

Year ended 31 March 2023

### 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

Multi-Asset – Growth	
<b>Company Name</b>	Amazon.com Inc.
<b>Date of Vote</b>	25/05/2022
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.044%
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Report on Freedom of Association
<b>Link to stewardship priorities</b>	
<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>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>Rationale for the voting decision</b>	Given Amazon's significant controversies related to working conditions and treatment of workers, and the perceived lack of awareness of Amazon's Board and leadership on ongoing concerns relative to the Company's industrial relations management, we believe that a report such as the one requested is in investors' interest.
<b>Outcome of the vote</b>	Not Approved
<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>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>On which criteria have you assessed this</b>	- Shareholder Proposal - Engagement Priority (Human Rights)

## Wood Pension Plan

Year ended 31 March 2023

<b>vote to be "most significant"?</b>	- Industry Guidance (ShareAction)
---------------------------------------	-----------------------------------

<b>Multi-Asset – Diversified Retirement Fund</b>	
<b>Company</b>	Standard Bank Group Ltd.
<b>Date of Vote</b>	31/05/2022
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.004%
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Disclosure of GHG Emissions
<b>Link to stewardship priorities</b>	
<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>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>Rationale for the voting decision</b>	Support for all climate-related shareholder proposals at Standard Bank Group's 2022 AGM is considered warranted in light of the benefits of progressive disclosure on the company's financed emissions and climate strategy, noting that the company considering to put the proposals to vote is a positive development.
<b>Outcome of the vote</b>	Approved
<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>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	- Shareholder Proposal - Engagement Priority (Climate Change)

<b>Multi-Asset – Diversified Growth Fund</b>	
<b>Company</b>	Alphabet Inc
<b>Date of Vote</b>	01/06/2022
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of</b>	0.080%

## Wood Pension Plan

Year ended 31 March 2023

portfolio)	
<b>Summary of the resolution</b>	Management Proposal Regarding Election of Inside Director
<b>Link to stewardship priorities</b>	
<b>How you voted</b>	"Against" Proposal
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>Rationale for the voting decision</b>	A vote in favour is applied because the manager believes that a well governed and diverse board is more likely to perform over the long term.
<b>Outcome of the vote</b>	Not Approved
<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>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<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 (Diversity)</li> </ul>

### Equity Funds

Passive Global Equity Fund	
<b>Company</b>	Microsoft Corporation
<b>Date of Vote</b>	13/12/2022
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	4.000%
<b>Summary of the resolution</b>	Shareholder Proposal Regarding Managing Climate Risk in Employee Retirement Options
<b>Link to stewardship priorities</b>	
<b>How you voted</b>	"Against" Proposal
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>Rationale for the voting decision</b>	Shareholder proposal: A vote AGAINST this resolution is warranted. The company offers an option to employees that want to invest more responsibly,

## Wood Pension Plan

Year ended 31 March 2023

	and the Department of Labor is finalizing rules on how ESG factors should be considered by fiduciaries.
<b>Outcome of the vote</b>	Not Approved
<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>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<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> <li>- Size of Holding</li> </ul>

Passive Emerging Market Equity Fund	
<b>Company</b>	Samsung SDI
<b>Date of Vote</b>	15/03/2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	1.000%
<b>Summary of the resolution</b>	Management Proposal Regarding Election of Inside Director
<b>Link to stewardship priorities</b>	
<b>How you voted</b>	"Against" Proposal
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
<b>Rationale for the voting decision</b>	A vote AGAINST the non-independent board chair. The manager believes that, in order to fulfill its duties effectively, a board of directors should have independent leadership. This is because the role of the Board Chair is fundamental to the effectiveness of the board and should be undertaken by an independent nonexecutive director.
<b>Outcome of the vote</b>	Approved
<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the</b>	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.

## Wood Pension Plan

Year ended 31 March 2023

<b>outcome?</b>	
<b>On which criteria have you assessed this vote to be "most significant"?</b>	" - Engagement Priority (Diversity) - Size of Holding"

## Wood Pension Plan

Year ended 31 March 2023

Mercer Passive Sustainable Global Equity Fund	
Company	Apple Inc
Date of Vote	04/03/2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	6.000%
Summary of the resolution	Shareholder Proposal Regarding Report on Effectiveness of Supply Chain Policies on Forced Labor
Link to stewardship priorities	
How you voted	"For" Proposal
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
Rationale for the voting decision	A vote in favour is applied as the manager supports proposals that are set to improve human rights standards or policies because we consider this issue to be a material risk to companies.
Outcome of the vote	Not Approved
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Mercer requested that the investment managers confirm whether they communicated their intent to vote against management to the company ahead of the vote, as well as next steps taken by the investment managers following the vote. This information was not made available by investment managers at the time of writing, but Mercer have received confirmation that it will become available for reporting of significant votes from Q2 2023 onwards.
On which criteria have you assessed this vote to be "most significant"?	<ul style="list-style-type: none"> <li>- Shareholder Proposal</li> <li>- Engagement Priority (Human Rights)</li> <li>- Size of Holding</li> </ul>

Shariah Global Equity Fund	
Company	Visa Inc.
Date of Vote	24/01/2023
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2%
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation
Link to stewardship priorities	Inclusive Growth and Shared Prosperity
How you voted	Against (Vote Against Mgmt )
Where you voted against management, did	No

## Wood Pension Plan

Year ended 31 March 2023

<b>you communicate your intent to the company ahead of the vote?</b>	
<b>Rationale for the voting decision</b>	AGAINST grant of shares or options to executives within the LTIP that are not majority (+51%) linked to performance criteria. AGAINST grant of shares or options to executives within the LTIP if the vesting period is less than 3 years.
<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.

### Passive Equity – Ethical Global Equity

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.

### Passive UK & Global 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 2023

### Appendix 6 Wood Pension Plan – 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 2023 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during 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 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 the 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 2022.

#### 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.

## Wood Pension Plan

Year ended 31 March 2023

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. The Trustee considers the ESG research ratings published by the Investment Consultant when monitoring the Plan's Investment Managers' capabilities.

### Adherence to the Statement of Investment Principles

---

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') has been amended twice over the reporting period (August 2022 & January 2023), to reflect changes to the Plan's investment strategy. These changes include an adjustment to the strategic benchmark allocation to reflect a target 50/50 split between cashflow matching assets and liability matching assets, and the updated target hedge ratio of 100% of the Plan's liabilities on a gilts+0.25% basis.

### Responsible investment and corporate governance

---

#### 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 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

---

The main asset class where the investment managers will have voting rights is equities. During the accounting period the Plan held specific allocations to both public and private equities. A summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations for the Plan's public equity holdings is shown below. The Plan's private equity mandates did not provide any voting information given they are not invested in publicly listed companies. Based on this summary, the Trustee concludes that the investment managers have

## Wood Pension Plan

Year ended 31 March 2023

exercised their delegated voting rights on behalf of the Trustee in a way that aligns with the Trustee's relevant policies in this regard.

Voting Information
<b>Veritas Global Equity Fund</b>
The manager voted on 100% of resolutions of which they were eligible out of 355 eligible votes. 86% voted with management and 13% voted against management on the resolutions voted.
Investment Manager Client Consultation Policy on Voting
Segregated clients may choose to instruct their own votes, and in these instances, Veritas will vote in line with a client's wishes, even if the instruction is contrary to the house view.
Investment Manager Process to determine how to Vote
<p>Veritas have mandated Institutional Shareholder Services ("ISS") to construct a customised screen for ESG issues which incorporates the Association of Member Nominated Trustees ("AMNT") Red Lines, on a best endeavours basis. The AMNT Red Line Voting Policy contains 29 guidelines covering topics associated with ESG. Should any of the 29 red lines be breached, the instruction is to either comply or explain. As the Red Line Voting Policy was developed principally for pooled fund investors (who have been unable to direct votes) and for UK stocks only, Veritas have instructed ISS to apply the guidelines globally where applicable and apply the policy across all Global Strategy Funds. In addition, ISS provide vote recommendations based on their benchmark policy. This ensures that guidance is provided for ballots related to topics that are not captured by the ESG voting policy.</p> <p>The investment analyst will receive all proxies and determine if he or she believes that Veritas should vote in favour or against management. The investment analyst will consider the vote recommendations and any research when making their decision. Following a discussion with the Portfolio Manager, the analyst will instruct the custodian or prime broker via the Operations Team on how to instruct the vote. In the case where Veritas decides to vote against management or the ESG policy vote recommendation, an explanation will be provided to clients. Veritas use Institutional Shareholder Services ("ISS") to execute voting on behalf of clients. The role of the Operations Team is to ensure that all votes are instructed a timely manner. The Role of the Chief Operating Officer ("COO") is to monitor the effectiveness of these policies.</p>
How does this manager determine what constitutes a 'Significant' Vote?
For the purposes of PLSA reporting, Veritas define "significant votes" as votes cast that result in a vote against management. The voting information provided did not rank these in order of significance, therefore a selection of votes against management is shown below.
Does the manager utilise a Proxy Voting System? If so, please detail
Veritas have appointed, Institutional Shareholder Services ("ISS"), for vote execution and policy application.

## Wood Pension Plan

Year ended 31 March 2023

Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
<b>Amazon.com, Inc</b>	<b>Commission a Third Party Audit on Working Conditions</b>	<b>For</b>	<b>Not Approved</b>
A vote for this proposal is warranted. Shareholders would benefit from increased disclosure through third-party auditing on warehouse working conditions.			
<b>Meta Platforms, Inc.</b>	<b>Report on Charitable Contributions</b>	<b>For</b>	<b>Not Approved</b>
A vote for this proposal is warranted because the company provides no information regarding its policies nor the recipients of its charitable contributions.			
<b>Alphabet Inc.</b>	<b>Report on Risks of Doing Business in Countries with Significant Human Rights Concerns</b>	<b>For</b>	<b>Not Approved</b>
A vote for this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.			
<b>CVS Health Corporation</b>	<b>Reduce Ownership Threshold for Shareholders to Call Special Meeting</b>	<b>For</b>	<b>Not Approved</b>
A vote for this proposal is warranted as a lower ownership threshold would provide for a more useful special meeting right for shareholders.			
<b>Charter Communications, Inc.</b>	<b>Require Independent Board Chair</b>	<b>For</b>	<b>Not Approved</b>
A vote for this proposal is warranted given that the lead directors' duties are not considered robust, there is a concern regarding a director, and concerns have been noted regarding certain executive compensation decisions in recent years, suggesting that shareholders would benefit from the most robust form of independent oversight in the form of an independent board chair.			

**Disclaimer:** Voting information is provided for the period between 1<sup>st</sup> April 2022 to 27<sup>th</sup> October 2022, when Veritas confirmed the Plan had fully disinvested from the fund. Neither XPS Investment Limited nor the Trustee have vetted these votes. Veritas deem votes against management as significant votes but do not rank these in order of significance. Over the period, Veritas voted against management 20 times. As such, XPS Investment Limited have sampled 5 from the list.

## Wood Pension Plan

Year ended 31 March 2023

### Voting Information

#### Magellan Global Fund

The manager voted on 89% of resolutions of which they were eligible out of 514 eligible votes.

### Investment Manager Client Consultation Policy on Voting

The implementation of Magellan's voting policy is always subject to any directions from its clients. Generally, Magellan does not seek the views of clients before exercising its discretion to vote or initiating shareholder action as to individual issues. This is primarily due to the time constraints usually experienced in exercising proxy votes, the number of clients and the often routine nature of many voting issues.

Some clients will from time to time direct Magellan on specific proxy voting issues, including where Magellan has disclosed a conflict of interest to a client. Magellan will implement that direction to the extent that it is able and subject to the terms of the applicable Investment Management Agreement. Magellan is open to collaboration with clients on some voting topics.

### Investment Manager Process to determine how to Vote

Magellan's ESG team is responsible for stewardship activities. Magellan view it important to approach stewardship at the portfolio level to ensure that a consistent approach is taken. In saying that, the ESG team does engage with the investment team on ballots that relate to material company risks and on all remuneration metrics and hurdles. Portfolio Managers must approve all votes proposed by the ESG team.

### How does this manager determine what constitutes a 'Significant' Vote?

As a concentrated portfolio, votes where Magellan voted against management's recommendations have been determined as "most significant". In addition, Magellan included votes that are relevant to engagement activities or topics Magellan view as important.

### Does the manager utilise a Proxy Voting System? If so, please detail

Magellan enters proxy votes through Glass Lewis's ViewPoint system, but does not use Glass Lewis' research for voting decisions.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
---------	----------------	--------------------------------------	--------

## Wood Pension Plan

Year ended 31 March 2023

<b>Apple</b>	<b>Shareholder proposal regarding Median Pay gap</b>	<b>For</b>	<b>Not Approved</b>
Magellan intend to monitor improvements in diversity across the organisation.			
<b>Visa</b>	<b>Shareholder Proposal Regarding Independent Chair</b>	<b>For</b>	<b>Not approved</b>
Magellan intend to continue to engage on this topic			
<b>Brookfield Asset Management Inc.</b>	<b>Shareholder Proposal Regarding Independent Chair</b>	<b>For</b>	<b>Not approved</b>
Magellan intend to continue to engage on this topic.			
<b>PepsiCo</b>	<b>Shareholder Proposal Regarding Independent Chair</b>	<b>For</b>	<b>Not approved</b>
Magellan intend to continue to engage on this topic.			
<b>Crown Castle</b>	<b>Increase in Authorized Common Stock</b>	<b>Against</b>	<b>Approved</b>
Magellan intend to continue to engage on this topic.			

*Disclaimer: Voting information is provided for the 12-month period to 31<sup>st</sup> March 2023, as provided by the investment manager. Neither XPS Investment Limited nor the Trustee have vetted these votes.*

### Voting Information

#### BlackRock Passive Global Equity Fund

The manager voted on 88% of resolutions of which they were eligible out of 14,092 eligible votes. 93% voted with management and 6% voted against management on the resolutions voted.

#### Investment Manager Client Consultation Policy on Voting

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, BlackRock believe it has a responsibility to monitor and provide feedback to companies, in their role as stewards of our clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given BlackRock authority, through voting proxies in the best long-term economic interests of our clients. BlackRock also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with their clients' interests as long-term shareholders.

## Wood Pension Plan

Year ended 31 March 2023

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with BlackRock's view of what supports sustainable long-term value creation, BlackRock will engage with a company and/or use our vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides them with the opportunity to improve their understanding of the business and ESG risks and opportunities that are material to the companies in which their clients invest. As long-term investors on behalf of clients, BlackRock seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where BlackRock believe they could be enhanced. BlackRock primarily engage through direct dialogue but may use other tools such as written correspondence to share perspectives. Engagement also informs BlackRock's voting decisions.

BlackRock's approach to corporate governance and stewardship is explained in BlackRock's Global Principles. These high-level Principles are the framework for their more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe BlackRock's philosophy on stewardship (including how they monitor and engage with companies), their policy on voting, their integrated approach to stewardship matters and how they deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews their Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock's Principles are available on their website at

<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

### Investment Manager Process to determine how to Vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. They inform vote decisions through research and engage as necessary. Their engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update their regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcome discussions with clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

As outlined in their Global Principles, BlackRock determine which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of any engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock inform their vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy, but the client would engage a third-party voting execution platform to cast the votes.

### How does this manager determine what constitutes a 'Significant' Vote?

## Wood Pension Plan

Year ended 31 March 2023

BlackRock Investment Stewardship prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes BlackRock have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which BlackRock look at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on their Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. These bulletins are intended to explain their vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to clients and other stakeholders, and potentially represent a material risk to the investment BlackRock undertake on behalf of clients. BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of vote determination when it is most relevant to them. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

### Does the manager utilise a Proxy Voting System? If so, please detail

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines.

While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company’s own reporting (such as the proxy statement and the website), their engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help BlackRock deploy their resources to greatest effect in meeting client expectations

- BlackRock see their investment stewardship program, including proxy voting, as part of their fiduciary duty to and enhance the value of clients’ assets, using their voice as a shareholder on their behalf to ensure that companies are well led and well managed.
- BlackRock use proxy research firms in their voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that their analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial.
- BlackRock do not follow any single proxy research firm’s voting recommendations and in most markets, they subscribe to two research providers and use several other inputs, including a company’s own disclosures, in their voting and engagement analysis.
- BlackRock also work with proxy research firms, which apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.
- The proxy voting operating environment is complex and BlackRock work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

## Wood Pension Plan

Year ended 31 March 2023

Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
<b>Woodside Petroleum Ltd</b>	<b>Approve the BHP Petroleum Merger</b>	<b>For</b>	<b>Approved</b>
BIS supported the resolution seeking shareholder approval for the merger. After a combination of careful analysis and engagement with management and members of the Board, BIS concluded that support for this resolution is in the best economic interests of long-term investors like their clients.			
<b>Uniper SE</b>	<b>Approve creation of EUR 25 Billion Pool of Authorized Capital 2022 without pre-emptive rights</b>	<b>For</b>	<b>Approved</b>
BIS supported these items given their view that the issuance authorities were necessary to help stabilise and support the continuity of Uniper's business operations. It was therefore in the best financial interests of their clients to support these proposals.			
<b>Equinor ASA</b>	<b>Introduce a Climate Target Agenda and Emission Reduction Plan</b>	<b>Against</b>	<b>Not Approved</b>
BIS did not support this shareholder proposals because they believe that the company has disclosed a plan to manage climate-related risks and opportunities. They also recognise the progress Equinor has made against this plan to date.			
<b>Ocado</b>	<b>Approve remuneration policy</b>	<b>Against</b>	<b>Approved</b>
BIS did not support the extension of the Value Creation Plan introduced in 2019, and the Remuneration Policy of which it formed a significant part, due to their concerns about its appropriateness as a tool for measuring performance and incentivising management.			
<b>Barclays</b>	<b>Approve Barclays' Climate Strategy, Targets and Progress 2022</b>	<b>For</b>	<b>Approved</b>
BIS supported this proposal in recognition of the company's disclosed plan to manage climate-related risks and opportunities and the company's progress against this plan. They do, however, believe there are areas where the company could enhance its disclosure.			

**Disclaimer:** BlackRock highlighted 61 significant votes over the period, with no ranking of significance. As such, XPS Investment Limited have sampled 5 from the list.

Signed: \_\_\_\_\_, Chair of Trustee

Date: \_\_\_\_\_