

Registered number: 10251440

**SPIRIT (LEGACY) PENSION SCHEME  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 2021**

# SPIRIT (LEGACY) PENSION SCHEME

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## SPIRIT (LEGACY) PENSION SCHEME

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### TRUSTEE AND ITS ADVISERS YEAR ENDED 30 JUNE 2021

<b>Trustee</b>	Spirit (Legacy) Pension Trustee Limited
<b>Company Appointed Directors</b>	John Freeman Amy Newson BESTrustees Limited (represented by Iain Urquhart, Chairman) - Independent Trustee Director
<b>Member-Nominated Directors</b>	Richard Bell (Resigned 28/09/2021) Maria Gavin (Appointed 28/09/2021) Robert McDonald Francis Patton (Appointed 28/09/2021)
<b>Principal Employer</b>	Spirit Pub Company (Services) Limited
<b>Secretary to the Trustee</b>	Wendy Evershed Aon Solutions UK Limited
<b>Actuary (DB Section)</b>	Roger Moring, FIA Aon Solutions UK Limited
<b>Administrator</b>	Aon Solutions UK Limited
<b>Independent Auditor</b>	Crowe U.K. LLP
<b>Bankers</b>	Bank of Scotland plc HSBC Bank plc
<b>Covenant Adviser</b>	Darren Masters Mercer LLC
<b>Investment Adviser (DB and DC Section)</b>	Aon Solutions UK Limited
<b>Investment Managers (DB Section)</b>	Adept Investments ('Adept') Aviva Investors Global Services Limited ('Aviva') BlackRock Advisors (UK) Limited ('BlackRock') Invesco Fund Managers Limited ('Invesco') Russell Investments Limited ('Russell')
<b>Investment Managers (DC Section)</b>	Standard Life Assurance Limited ('Standard Life') The Prudential Assurance Company Limited ('Prudential')
<b>AVC Providers (DB Section)</b>	Aviva plc ('Aviva') Standard Life Assurance Limited ('Standard Life') The Prudential Assurance Company Limited ('Prudential') Utmost Life and Pensions Limited ('Utmost')
<b>Annuity Provider (DB Section)</b>	Scottish Widows Limited
<b>Custodian</b>	Bank of New York Mellon (International) Limited
<b>Legal Adviser</b>	Linklaters LLP

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **TRUSTEE AND ITS ADVISERS YEAR ENDED 30 JUNE 2021**

#### **Contact Details**

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# **SPIRIT (LEGACY) PENSION SCHEME**

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## **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

### **Introduction**

The Trustee of Spirit (Legacy) Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 30 June 2021.

### **Constitution and management**

The Scheme is a hybrid scheme comprising of Defined Benefit ('DB') and Defined Contribution ('DC') sections. The Scheme is governed by a Trust Deed as amended from time to time and is administered by Aon Solutions UK Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries.

The Scheme came into existence on 9 July 2014 to facilitate the merger of the Spirit Group Pension Scheme ('SGPS') and the Spirit Group Retail Pension Plan ('SGRPP'). A merger deed was signed on 2 June 2015. The assets and liabilities were transferred to the Scheme following the merger. Communications were issued to all members explaining the changes.

The Spirit Group Retail Retirement Savings Plan (the 'Plan') merged with the Scheme on 30 September 2019 as per the Transfer and Amendment Deed. The assets and liabilities were transferred to the Scheme via a Deed of Novation signed on 30 September 2019.

The DB section is no longer open to new members and was closed to future accrual under SGPS and SGRPP on 5 April 2005. The DC section was closed to new members under SGPS on 31 May 2000 and SGRPP on 31 January 2004.

The Trustee and the Trustee Directors are shown on page 1.

Under the Trust Deed and Rules of the Scheme, Trustee and Trustee Directors are appointed and removed by Principal Employer, subject to the Member- Nominated arrangements.

In accordance with the Pensions Act 2004 at least one third of the total number of Trustee Directors must be nominated by Scheme members. The Member-Nominated Trustee Directors ('MND's') are elected from the membership.

A Trustee Director can choose to retire from office at any time. A Member-Nominated Trustee Director can only be removed with the agreement of all other Trustee Directors.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

### **Trustee meetings**

In response to the COVID-19 pandemic, the Trustee reviewed the regularity and format of its meetings and shorter, virtual meetings were held more regularly during this time. The Trustee Board held eighteen meetings (including seven meetings of the various sub-committees) during the year to consider the business of the Scheme.

## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Financial statements

The financial statements included in this annual report have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

#### Membership

Details of the membership changes of the Scheme in the year are as follows:

	Actives	Deferreds	Pensioners	Total
Members at the start of the year	42	3,649	3,018	6,709
Adjustments to members	(1)	(23)	32	8
New spouses and dependants	-	-	33	33
Retirements	-	(71)	71	-
Members leaving with preserved benefits	-	(1)	(10)	(11)
Deaths	-	(10)	(110)	(120)
Trivial commutations	-	(35)	-	(35)
Cessation of pension	-	-	(2)	(2)
Transfers out	-	(26)	-	(26)
Members at the end of the year	41	3,483	3,032	6,556

Pensioners include 454 (2020: 440) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 11 (2020: 14) child dependants in receipt of a pension.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

These membership figures include 14 (2020: 14) members who have a separate DC record in addition to their DB record. The 14 members consists of 2 active members, 5 deferred members and 7 pensioner members.

The adjustments shown above are the result of retrospective updating of member records.

#### Pension increases

Pensions with an increase anniversary date of 1 November 2020 were increased in accordance with the Rules of the Scheme. Pensions in excess of Guaranteed Minimum Pensions ('GMP') were increased at 1.6% (minimum of 3% for the Ex-Allied Domecq pensioners), with the exception of a small number of pensions which do not increase in payment. Post 88 GMPs were increased at 1.7%, Pre-88 GMPs were not increased in accordance with the Scheme Rules and statutory requirements.

Pensions with an increase anniversary date of 1 May 2021 were increased in accordance with the Rules of the Scheme. Pensions in excess of Guaranteed Minimum Pensions ('GMP') were increased at 1.2% (minimum of 3% for the Ex-Allied Domecq pensioners), with the exception of a small number of pensions which do not increase in payment. Post 88 GMPs were increased at 0.5%, Pre-88 GMPs were not increased, in accordance with the Scheme Rules and statutory requirements.

There were no discretionary pension increases in the year.

Deferred benefits are increased in line with legislation and the Scheme Rules.

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **Transfers**

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary increases.

Members leaving service can normally transfer the value of their benefits under the Scheme to another scheme that they join or to an insurance contract or personal pension.

Transfers into the Scheme are allowed, however, this is restricted to active members transferring into the DC Section of the Scheme.

#### **Contributions**

Contributions were paid in accordance with the Schedules of Contributions certified by the Scheme Actuary on 9 May 2019 relating to the Spirit (Legacy) Pension Scheme members and 13 May 2019 relating to members of the Spirit Group Retail Retirement Savings Plan which merged with the Scheme on 30 September 2019.

#### **DB Section**

The Employer will contribute expense contributions of £82,683 per month up to August 2020 and £80,179 per month thereafter. It will also contribute an additional expense contribution for the Pension Protection Fund ('PPF') levy recalculated each year to reflect the expected levy.

#### **DC Section**

Employer normal contributions:

Clerical and retail staff – 4% of basic pay/salary for employees under the age of 40 and 6% of basic pay/salary for employees aged 40 and over.

Middle managers and retail management team – 6% of basic pay/salary for employees under the age of 40 and 9% of basic pay/salary for employees aged 40 and over.

Executives – 13% of basic salary.

All active members pay Employee contributions under a salary sacrifice arrangement and are reflected as Employer contributions in the financial statements.

Employees who are active members of the Scheme and who are not 25-year members, pay 3% of basic pay/salary. Additional voluntary contributions are paid at rates selected by the employee, in accordance with the Trust Deed and Rules.

### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **GMP equalisation**

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes which affects many defined benefit pensions contracted out of SERPS between 17 May 1990 and 5 April 1997. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. As Trustee, we are aware that the issue will affect the Scheme and we will be considering this at future meetings when decisions will be made as to the next steps. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the potential backdated amounts and related interest these are not expected to be material therefore we have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

There has been a recent further High Court judgement in relation to the equalisation of GMP benefits. This judgement focused on the GMP treatment of historic transfers out of members, an issue which had not been addressed in the 2018 GMP ruling. Under the recent ruling, the Trustee is required to review historic transfer values paid from May 1990 to assess if any top up payment is required to the receiving scheme, to reflect the member's right to equalised GMP benefits. The impact of this court case will be considered by the Trustee at future meetings and decisions will be made as to the next steps.

#### **Going Concern and COVID-19**

The Trustee continues to monitor the situation and liaise regularly with the investment adviser, Scheme actuary and Employer to consider any necessary actions to respond. This has included regular updates from the Scheme actuary and administrator in relation to operational matters and pensions administration and the covenant advisor, Mercer Limited. At the date of authorising of the financial statements, the Trustee does not consider that COVID-19 gives rise to material uncertainties that may cast significant doubt about the Scheme's ability to continue as a going concern. In coming to this conclusion, the Trustee has also taken into account the consolidated accounts as at 3 January 2021 for Greene King Limited.



## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Report on Actuarial Liabilities

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

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits 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 Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 30 June 2018. Additionally, Annual Actuarial Reports were produced as at 30 June 2019 and as at 30 June 2020. These showed that on these dates:

	30 June 2018	30 June 2019	30 June 2020
The value of the technical provisions was:	£488.9 million	£511.4 million	£554.5 million
The Scheme's assets were valued at:	£500.2 million	£525.5 million	£575.5 million
Surplus	£11.3 million	£14.1 million	£21.0 million
Value of assets as a percentage of the technical provisions	102.3%	102.8%	103.8%

The values of the assets and liabilities above include the value of insurance policies (annuities) held by the Scheme in the Trustee's name.

Actuarial valuations will normally be carried out every three years, with the next valuation of the Scheme due to take place no later than as at 30 June 2021, and is currently underway.

**Note:** the liabilities above do not include any allowance for the value of a defined benefit underpin that some former members of the Spirit Group Retail Retirement Savings Plan are entitled to, to the extent – if any – that it exceeds the value of their invested DC funds. This value is not expected to materially affect the funding position of the Scheme and will be assessed as part of the valuation as at 30 June 2021.

#### The method and significant assumptions used were as follows:

Method – the actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Report on Actuarial Liabilities (continued)

#### Significant actuarial assumptions

The key assumptions are:

Basis item	Description
Investment return	Based on the Bank of England ('BoE') gilt yield curve plus an outperformance premium.
Outperformance premium	The difference between corporate bond yields and UK gilt yields at the approximate duration of the liabilities, subject to a maximum of 1% p.a.
Retail Price Inflation ('RPI')	Based on the BoE inflation curve.
Consumer Price Inflation ('CPI')	<p>The difference between the long-term assumption for RPI and CPI inflation will vary over time to reflect the Scheme Actuary's views of long term structural differences between the calculation of RPI and CPI inflation at the date subsequent calculations are carried out.</p> <p>As at 30 June 2018 this was RPI less 1.1% p.a. at each term.</p> <p>As at 30 June 2019 this was RPI less 1.0% p.a. at each term.</p> <p>As at 30 June 2020 this was RPI less 0.7% p.a. at each term.</p>
Pension increases in payment: - GMP - Pension in excess of GMP	<p>Statutory</p> <ul style="list-style-type: none"><li>- RPI capped at 5% p.a.</li><li>- RPI capped at 5% p.a., subject to a 3% p.a. minimum</li><li>- Nil increases</li></ul>
Mortality post-retirement	In line with the standard SAPS S2 heavy tables scaled to reflect the demographic profile and experience of the Scheme, with an allowance for improvements in line with the CMI_2017 Core Projections with smoothing parameter of 7.5 and a long term annual rate of improvement in mortality rates of 1.5% p.a.

**Note:** Liabilities in respect of the insurance policy with Scottish Widows are valued making approximate allowance for insurer pricing at the calculation date.

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **Investment Matters**

##### **Management and custody of investments**

As required by the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP') setting out its policy on investment, which includes the Trustee's policy on Socially Responsible Investment. A copy of the SIP is shown on pages 34 to 49.

The Trustee has delegated management of investments to the investment managers shown on page 1. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in line with the investment managers agreements which are designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustee has considered environmental, social and governance factors for investments (including but not limited to climate change) and has delegated to the investment managers the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Scheme's investments.

The investment managers are paid fees for their services. The fees are calculated as a percentage of the market value of the part of the Scheme that they manage.

The Trustee has appointed the Bank of New York Mellon (International) Limited as the custodian of the Scheme's investments.

The Custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the Custodian's nominee company, in line with common practice for pension scheme investments.

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Investment report

##### Investment strategy and principles

The Trustee is responsible for determining the Scheme's investment strategy.

The Trustee's objectives for the investment strategy have been set with regard to the Scheme's Statutory Funding Objectives as set out in the Statement of Funding Principles. The Trustee's primary investment objectives are:

- Funding objective - to ensure that the Scheme's investments deliver sufficient return such that the Scheme attains and remains fully funded using assumptions that contain a margin for prudence;
- Stability objective - to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and
- Security objective - to ensure that the solvency position of the Scheme is expected to improve. The Trustee takes into account the strength of the employer's covenant when determining the expected improvement in the solvency position of the Scheme.

During the Scheme year, the Scheme reached the next funding level trigger of 95% self-sufficiency basis. The Trustee agreed to de-risk the Scheme to the 95% funding level trigger, however the legacy funding level trigger asset allocation was no longer appropriate given the Trustee's desire to disinvest from Invesco Diversified Growth Fund and the time constraints to reduce the allocation to Aviva Property. The Trustee took an initial step to de-risk the Scheme through redemption from the Diversified Growth Fund whilst the Trustee considered a revised de-risked investment strategy.

As at Scheme year end, the Trustee's investment strategy was to hold approximately:

- 75.6% matching assets, consisting of fixed interest gilts, index-linked gilts, interest rate swaps, inflation swaps, corporate bonds and liquid credit; and
- 24.4% growth assets, consisting of equities and property.

After the Scheme year end in July 2021, the Trustee agreed a revised de-risked investment strategy, which is to hold approximately:

- 79.7% matching assets, consisting of fixed interest gilts, index-linked gilts, interest rate swaps, inflation swaps, corporate bonds and liquid credit; and
- 20.3% growth assets, consisting of equities and property.

In addition to the Trustee may choose to invest in bulk annuity policies in order to reduce risk. Given the illiquid nature of these investments the Trustee considers these separately to the investment strategy. The actual allocation to these will change over time due to market movements and cashflow. The Trustee regularly reviews the allocation.

For the Defined Contribution Section, the Trustee offers three lifestyle strategies for members to choose from – Drawdown Targeting Lifestyle Strategy, Cash Targeting Lifestyle Strategy and Annuity Targeting Lifestyle Strategy. The objective of these arrangements is to automatically move members from higher return, higher risk investments to lower risk, lower return investments as they near their retirement age in order to protect the value of their fund and provide a mix of investments in assets broadly appropriate to how members in each strategy plan to take their benefits in retirement. The Drawdown Targeting and Cash Targeting Lifestyle Strategies are deemed to be the default strategies for active and deferred members respectively.

## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Investment performance

The Trustee assesses the performance of the Scheme's investments individually, and overall.

The Trustee receives reports from their investment advisers on a quarterly basis, showing performance of individual funds and the overall Scheme against both benchmark and target. Investment managers present to the Trustee upon request, to report on compliance with their agreements and to be questioned on fund performance and outlook.

Performance of the Scheme's DB investments over the 12 month, 3 year and 5 year periods are summarised as follows:

	12 months ending 30 June 2021	3 years p.a. ending 30 June 2021	5 years p.a. ending 30 June 2021
<b>Total Scheme (estimated)</b>	<b>0.8%</b>	<b>5.3%</b>	<b>5.0%</b>
Benchmark	1.0%	5.9%	5.5%

Notes: Performance, net of fees, estimated by Aon.

Performance of the Scheme's DC funds over a 12 month and 3 year periods are summarised as follows:

	12 months ending 30 June 2021	3 years p.a. ending 30 June 2021	5 years p.a. ending 30 June 2021
<b>Standard Life Vanguard Deposit and Treasury Pension Fund</b>	<b>-0.1%</b>	<b>0.3%</b>	<b>0.3%</b>
Benchmark	0.1%	0.4%	0.4%
<b>Standard Life Vanguard Developed World ex UK</b>	<b>25.4%</b>	<b>N/a</b>	<b>N/a</b>
Benchmark	25.4%	N/a	N/a
<b>Standard Life Vanguard UK All Share Index</b>	<b>21.3%</b>	<b>N/a</b>	<b>N/a</b>
Benchmark	21.5%	N/a	N/a
<b>Standard Life Vanguard Emerging Markets Stock Index</b>	<b>25.7%</b>	<b>N/a</b>	<b>N/a</b>
Benchmark	26.0%	N/a	N/a
<b>Standard Life Aberdeen Standard Absolute Return Global Bond Strategy</b>	<b>1.5%</b>	<b>N/a</b>	<b>N/a</b>
Benchmark	0.1%	N/a	N/a
<b>Standard Life Vanguard UK Investment Grade Bond Index</b>	<b>1.9%</b>	<b>N/a</b>	<b>N/a</b>
Benchmark	1.9%	N/a	N/a
<b>Standard Life Vanguard UK Inflation Liked Gilt Index</b>	<b>-4.1%</b>	<b>N/a</b>	<b>N/a</b>
Benchmark	-4.0%	N/a	N/a

Notes: Performance, net of fees, provided by Standard Life. Performance has only been shown for funds invested for the period.

The principal economic factors which have affected the benchmarks against which performance is compared, and implicitly the assets held, were as follows:

- After severe disruption in global markets in early 2020 from the Coronavirus pandemic, equity markets rebounded over the year as improving economic data in most countries and global vaccination rollouts drove optimism over economic recovery. Expanded fiscal spending following Joe Biden's victory in US elections and upgraded global growth forecasts for 2021 and 2022 also boosted markets. The MSCI AC World Index rose by 37.4% in local currency terms over the past twelve months and returned 25.1% in Sterling terms.

### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

- UK fixed-interest gilts fell in value by 6.2%, and index-linked gilts fell by 4.0% Gilt yields rose as global risk sentiment improved, vaccine optimism and inflation expectations gathered pace.
- Credit markets benefited from risk-on investor sentiment over the year, with credit spreads continuing to contract to ever tighter levels. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, fell by 53bps to 101bps.
- UK commercial property returned 9.1% over the period, supported by strong income and an increase in capital values. The retail and offices underperformed, whilst industrials outperformed.
- The DB Scheme slightly underperformed compared to its benchmark over the year largely due to underperformance from the Invesco Global Targeted Return Fund. The Trustee fully disinvested from this Fund during the Scheme year as part of de-risking the investment strategy.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

The Implementation Statement is on pages 13 – 19 which outlines how the policies within the SIP are followed and contains details of voting behaviour.

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Statement of Investment Principles ("SIP")

The SIP included in the Report & Accounts (and at <https://pensioninformation.aon.com/spiritgroup>) was in place as at 30 June 2021, following reviews in September 2020 and October 2020. The SIP was subsequently reviewed after the Scheme year end, in September 2021, to reflect the de-risked DB investment strategy following Trustee agreement. The SIP notes that the Scheme's actual asset allocation versus the target weight may deviate significantly from target due to factors such as market movements, investment views, governance constraints and implementation issues. The SIP does not have rebalancing ranges in place, and we are comfortable with the current asset allocation's deviation from the target given the nature of the Scheme's holdings.

#### Implementation Statement

##### Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations ("the Regulations"). The Regulations, among other things, require that the Trustee produces an annual implementation statement which outlines the following:

- A summary of the changes made to the Statement of Investment Principles ("SIP") over the Scheme year;
- Evidence on how the Trustee has fulfilled the objectives and policies included in the SIP over the Scheme year;
- Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast by Trustee or on its behalf) during the scheme year and state any use of the services of a proxy voter during that year.

This document sets out the details, as outlined above. This Implementation Statement for the Spirit (Legacy) pension scheme ("the Scheme") has been prepared by the Trustee of the Scheme ("the Trustee") and covers the Scheme year from 1 July 2020 to 30 June 2021.

##### Changes to the SIP

The Trustee has a SIP that covers both the DB and DC Sections of the Scheme. The Trustee undertakes a review of the SIPs at least triennially or after any significant change in investment strategy. The SIP was updated in September 2020 to:

- Take account of new regulations which came into effect from October 2020, requiring the Trustee to expand the Trustee policies on stewardship, voting and engagement and introduce policies on arrangements with investment managers, and cost and transparency.
- Reflect changes to the DB and DC investment arrangements.

After the Scheme year end, the SIP has been updated to reflect the de-risking of the DB investment strategy following the funding level reaching a predesignated de-risking trigger.

The Trustee consulted with the company when making these changes and obtained written advice from its investment consultant.

### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **Implementation Statement (Continued)**

##### **Joint DC and DC Policies**

##### **Environmental, Social and Governance ("ESG")**

During the year, the Trustee received Quarterly Monitoring Reports ("QMRs") which included Aon's rating of the Scheme's investments. The monitoring included underlying ratings of sub-categories, such as ESG, which the Trustee reviewed and considered. Where appropriate, the Trustee would question the managers on their ESG practices and, if necessary, change the investment arrangements, however, this was not necessary during the year.

During the year, the Investment Sub Committee ("ISC") met with the Scheme's investment managers and received an update on how ESG policies for the respective investments and how ESG is incorporated into the investment decision making process.

The Trustee is comfortable that the ESG policies and objectives have been met over the year.

##### **Stewardship**

The Trustee expects the Scheme's investment managers to, where appropriate, engage with investee companies and to exercise voting rights in relation to the Scheme's assets.

The Trustee has an active dialogue with the Scheme's investment managers and regularly reviews the continuing suitability of their appointment. This review includes consideration of stewardship matters and the managers' exercise of voting rights. The Trustee is supported in this review by their investment adviser, Aon.

Details of the managers' stewardship activities over the year are provided at the end of this statement including information on their voting behaviour, significant votes cast and the use of the services of a proxy voter.

##### **Members views**

In line with its policy, over the year, the Trustee has not explicitly taken into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters.

That's said, the Trustee is mindful of developments in this area and review this position as appropriate. Where a member does make a decision to share their views with the Trustee, the Trustee will note and discuss and minute any subsequent course of action.

##### **Arrangements with asset managers**

The Trustee is supported by Aon in monitoring the activity of its investments. As noted, the Trustee receives QMRs which include Aon's ratings of the investments.

Aon are responsible for researching, rating and monitoring asset managers across all asset classes. This includes some aspects on the manager's alignment with Trustee policies generally, for example, whether the manager is expected to achieve the performance objective and a review of their approach to ESG issues.

For the DB arrangements, the ISC aims to meet with each manager annually to receive an update on the investments performance, market outlook and positioning, ESG policies and how ESG is incorporated into the investment decision making process.

The Trustee is comfortable the investment strategy and decisions of the asset managers are aligned with the Trustee's policies.



### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Implementation Statement (Continued)

##### Costs, transparency and the monitoring of performance and remuneration

For the DB arrangements, the Trustee gathers cost information on its investments annually, to provide a consolidated summary of all the investment costs incurred. The cost report includes a breakdown of the costs into their various component parts, including the costs of buying and selling assets (transaction costs) incurred by the underlying managers.

During the year, Aon monitored portfolio turnover in among the investment managers and had no concerns about it. Additionally, the QMRs provided to the Trustee during the year consider the performance of the investment managers relative to their costs; no concerns were identified during the year.

For the DC arrangements, the Trustee provides cost information on its investments annually within the Chair's Statement in the Trustee Report & Accounts. The Trustee reviewed the data which included both explicit and implicit costs and charges. Aon also reviewed the member borne costs and none appeared to be unreasonable in their view.

##### DB Specific Policies

##### Investment risks

During the year, the Trustee received QMRs from Aon, monitoring the valuation of all investments held, the funding level, the performance the Scheme, performance of the investments against their respective benchmarks. The QMRs included details of any significant issues with the investments that may impact their ability to meet the performance targets. As mentioned above, the ISC also receives updates from the asset manager annually.

The Trustee is comfortable this policy has been met over the year.

##### Flight Plan

During the year, The Trustee received QMRs from Aon, monitoring the Scheme's funding level against the flight plan triggers. If a funding level trigger is breached, a corresponding increase in the matching component allocation would be proposed at the meeting, or as soon as is reasonably practical thereafter.

During the year, the Scheme reached a funding level trigger and the Trustee had a meeting to discuss the actions. The Trustee took action to reduce the risk in the investment strategy and delegated to the ISC to provide a recommendation on the de-risked investment strategy, with support and advice from Aon. The Trustee agreed and implemented the de-risked investment strategy in post Scheme year end.

##### DC Specific Policies

##### The Investment Strategy

The Trustee undertook an investment platform and strategy review during 2018/2019 and this was completed on 20 March 2019. The review took into account the membership profile of the Scheme and the way in which members are expected to take their benefits at retirement. Members were provided with suitable information about the new investment range and the implementation of the revised strategy was completed on 2 December 2019.

For members who do not wish to take an active role in managing their investment choices, three Lifestyle strategies are available as low-involvement options targeting Income Drawdown, Annuity or Cash at retirement. The default strategy for active members has been set as the Income Drawdown Targeting Lifestyle Strategy. Existing deferred members were transferred to the Cash Targeting Lifestyle Strategy.

## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Implementation Statement (Continued)

The default strategies manage risk automatically by moving from higher to lower risk funds as members approach their selected retirement age.

In addition to the three Lifestyle strategies, the Trustee makes available to members a range of 8 self-select funds which provide members with a diversified range of investment options covering the main asset classes, ranging from low to high risk / return options.

Based on the advice the Trustee received as part of the strategy review and subsequent updates from Aon during the year, the Trustee is comfortable that the Scheme provides a suitable range of investments and that the default strategies are aligned with the Trustee's objectives and are expected to meet the needs of members.

#### Risks

Consideration of different risks was an integral part of the strategy review the Trustees undertook in 2018/19 and the investment strategy was designed to appropriately manage those risks.

During the year, Aon provided regular updates to the Trustee on emerging risks and developments during the COVID-19 pandemic. This allowed to the Trustee to monitor risks over the year and make decisions as to the management of the DC investments.

Based on the advice and updates provided by Aon, The Trustee is comfortable that the investment strategy appropriately manages the various key risks associated with DC investments.

#### Voting and Engagement

Set out below is information on the two investment managers (BlackRock and Vanguard) who manage the most material funds in relation to the DB and DC sections plus Standard Life which manages funds which are included in the DC default strategies.

While voting is not applicable to fixed income funds, fixed income managers are increasingly influential in encouraging positive change through engagement with investee companies.

Fund Manager	Range of funds	Scheme
BlackRock	Equity, Fixed Income & LDI funds	DB
Vanguard	Equity & Fixed Income funds	DC
Standard Life	Fixed Income & Money Market funds	DC

#### BlackRock

The majority of the Scheme's DB investments were managed by Blackrock with the BlackRock Aquila Life MSCI World Index fund being the most material equity fund.

#### Voting policy

BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. BlackRock's voting decisions are informed by internally-developed proxy voting guidelines, its pre-vote engagements, research, and the situational factors for each underlying company. Voting guidelines are reviewed annually and are updated as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

Over 2020, BlackRock increased its level of reporting by publishing more voting bulletins with detailed information and rationale for voting decisions. These specific significant votes are chosen by BlackRock based on a number of criteria such as level of public attention, and impact of financial outcome.

## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Implementation Statement (Continued)

Fund name	For the period from 1 Jul 2020 – 30 Jun 2021		
	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % of resolutions voted against management	% of resolutions abstained
Aquila Life MSCI World Index Fund	99.0%	8.0%	0.0%

#### Engagement policy

BlackRock has increased its engagement activity year on year on a variety of key issues, including having over 400 engagements with companies where they discussed the impact of COVID-19. More information can be found in the BlackRock Investment Stewardship Annual Report 2020;

<https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf>

BlackRock states that engagement is not one conversation and it aims to have ongoing private dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it stands ready to vote against proposals from management or the board.

BlackRock's 2020 Sustainability Report found here:

<https://www.blackrock.com/corporate/literature/publication/our-commitment-to-sustainability-full-report.pdf> and BlackRock's quarterly and annual stewardship reports found here <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

#### Vanguard

The majority of the Scheme's DC investments were managed by Vanguard with the Vanguard FTSE Developed World ex UK Pension Fund being the most material fund.

#### Voting policy

Vanguard's Investment Stewardship team evaluates proxy ballot items presented to shareholders and casts votes on behalf of each fund's holdings in accordance with the funds' instructions set forth in the Voting Guidelines as well as local market standards and best practices.

In evaluating proposals, the team may consider information from many sources, including a company's independent board directors and executives, various research and data resources (such as Institutional Shareholder Services (ISS) or Glass Lewis) or other publicly available information. Vanguard periodically reviews its research and data providers, as well as its workflow and processes, to identify possible ways to enhance the inputs into proxy voting.

A wide variety of third-party research providers – including proxy advisers – are consulted based on their analysis of issues that bear on long-term shareholder value. These issues are then analysed in conjunction with the funds' proxy voting guidelines and other relevant data, including insights from company engagements, to reach independent decisions on behalf of each Vanguard fund.

## SPIRIT (LEGACY) PENSION SCHEME

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Implementation Statement (Continued)

Fund name	For the period from 1 Jul 2020 – 30 Jun 2021		
	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % of resolutions voted against management	% of resolutions abstained
SL Vanguard FTSE Developed World ex UK Pension Fund	99%	3%	0%

#### Engagement policy

While proxy voting is an important component of Vanguard's stewardship program, it recognises that candid dialogue during engagements can be more productive than its vote alone – particularly when it comes to environmental and social issues.

Engagement is the foundation of Vanguard's Investment Stewardship program. Because its index funds are long-term investors in portfolio companies, its engagement aim is to understand how corporate boards of directors govern long-term strategy and how they are setting themselves up to stay relevant today, tomorrow and well into the future. Vanguard does not seek to dictate company strategy or operations, but raise concerns with relevant parties when it feels the economic interests of its shareholders may be at risk.

More information can be found at: <https://global.vanguard.com/documents/Vanguard-Engagement-Statement.pdf>

More information on engagements and voting including case studies can be found in its 31 December 2020 investment stewardship report: [https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/2021\\_investment\\_stewardship\\_annual\\_report.pdf](https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/2021_investment_stewardship_annual_report.pdf)

#### **Standard Life (now known as ABRDN)**

Standard Life manages a very small proportion of the Scheme assets (less than 1%) and which are included in the DC default strategies. The investments that Standard Life manage do not have any voting rights associated with them.

#### Engagement policy

Standard Life seeks to integrate and appraise environmental, social and governance factors in its investment process. Its stated aim is to generate the best long-term outcomes for clients and aims to take steps to protect and enhance the value of its clients' assets.

Standard Life seeks to understand each company's specific approach to governance, how value is created through business success and how investors' interests are protected through the management of risks that materially impact business success. This requires Standard Life to engage in dialogue with management and non-executive directors to understand the material risks and opportunities; including those related to environmental and social factors.

Standard Life notes its commitment to exercising responsible ownership with a conviction that companies adopting improving practices in corporate governance and risk management will be more successful in their core activities and deliver enhanced returns to investors. Standard Life's fund managers and analysts regularly meet with the management and non-executive directors of companies in which it invests.

### TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021

#### Implementation Statement (Continued)

Further info on their stewardship code can be found here:

<https://www.aberdeenstandardcapital.com/en/uk/adviser/meeting-clients-needs/uk-stewardship-code>

#### Summary

Overall, the Trustee is of the opinion the SIP policies, including the stewardship carried out on behalf of the Scheme, has been adhered to in practice over the year.

#### Employer-related investments

Details of employer-related investments are given in note 23 to the financial statements.

#### Further information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles can be inspected.

Individual benefit statements are provided to active members annually. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Aon Solutions UK Limited at the contact details on page 2 who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

Aon Solutions UK Limited processes the personal data as contained in this report and financial statements for the purpose of providing the Trustee with a report and financial statements on the operation of the Scheme. Aon Solutions UK Limited processes personal data in the context of providing pension scheme administration services on behalf of the Trustee, the data controller. Aon Solutions UK Limited, when operating in its capacity as a data processor who provides the members of the Scheme with pension scheme administration services on behalf of the Trustee, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustee.

The Trustee or the Employer will ensure the data subjects of whom personal data is processed for the purposes of this report and financial statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

If any further information is required, this can be found at <https://pensioninformation.aon.com/spiritgroup>.

#### Compliance matters

##### HM Revenue & Customs Registration

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Principal Employer and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **Pension Tracing**

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members in tracing their rights if they have lost contact with the previous Employers' scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU

0800 731 0193  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

#### **The Pensions Regulator**

The Pensions Regulator ('TPR') is the United Kingdom ('UK') regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applies to occupational pension schemes.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrong doers.

TPR can be contacted at:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

0345 600 1011  
[customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

#### **The Pension Protection Fund**

The Pension Protection Fund was established to provide compensation to members of eligible pension schemes, when there is a qualifying insolvency event in relation to the Employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund can be contacted at:

PPF Member Services  
Pension Protection Fund  
PO Box 254  
Wymondham  
NR18 8DN

0330 123 2222  
[ppfmembers@ppf.co.uk](mailto:ppfmembers@ppf.co.uk)  
[www.ppf.co.uk](http://www.ppf.co.uk)

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **Questions about pensions**

If you have any questions about your pension, MoneyHelper, which is part of the Money and Pensions Service, provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters.

MoneyHelper can be contacted at:

Money and Pensions Service  
120 Holborn  
London  
EC1N 2TD

0800 011 3797  
[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

#### **Resolving difficulties/Internal Dispute Resolution**

It is expected that most queries relating to benefits can be resolved with the Scheme's Administrator. In the event that a complaint cannot be resolved members can make a formal complaint using the Scheme's Internal Dispute Resolution ('IDR') procedure details of which can be obtained from the Administrator or use the Pensions Ombudsman's informal Early Resolution Service.

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice due to bad administration either by the Trustee or the Scheme's Administrator, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

0800 917 4487  
[enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **TRUSTEE'S REPORT YEAR ENDED 30 JUNE 2021**

#### **Statement of Trustee's Responsibilities**

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

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

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

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

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

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

#### **Approval**

The Trustee's Report was approved by the Trustee and signed on its behalf by:

Trustee Director:

Trustee Director:

Date:



# SPIRIT (LEGACY) PENSION SCHEME

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## CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

### The Spirit Legacy Pension Scheme (the Scheme), including AVCs

#### Chair's Statement - DC Governance and charges statement

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee to prepare an annual statement regarding governance, which must be included in the annual Trustee's report and accounts. The governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustee covers the period from 1 July 2020 to 30 June 2021 and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The Default arrangements
2. Processing of core financial transactions
3. Member borne charges and transaction costs
  - i. Default arrangements
  - ii. Self-select funds
  - iii. Ex Spirit Group Retail Retirement Savings Plan and Additional Voluntary Contributions (AVCs)
  - iv. Illustrations of the cumulative effect of these costs and charges
4. Assessment of value for members
5. Trustee's knowledge and understanding

The Trustee has also taken actions required to manage the Scheme in light of the COVID-19 pandemic and have incorporated additional commentary into this statement.

#### 1. The default arrangements

The Scheme is used as a Qualifying Scheme for auto-enrolment purposes. The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangements. The default strategy for active members is the Drawdown Targeting Lifestyle Strategy, which targets income drawdown in retirement and is primarily provided for members who join the Scheme and do not choose an investment option for their contributions. Members can also choose to invest in this default investment arrangement.

#### Investment strategy review

The last review of the default arrangements and self-select funds by the Trustee was completed on 20 March 2019 and was implemented on 2 December 2019. The investment strategy is reviewed at least every three years. The next formal review is due to take place by 20 March 2022.

Following the investment strategy review, the default strategy for active members was changed to the Drawdown Targeting Lifestyle Strategy. The existing deferred members around the time of the transition were transferred to the Cash Targeting Lifestyle Strategy, which targets a full cash lump sum at retirement as this was deemed to be the most suitable strategy for these members based on their membership profile and how they are expected to take their benefits in retirement. This is also deemed to be a default strategy.

# SPIRIT (LEGACY) PENSION SCHEME

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## CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

### The default arrangement (continued)

Details of the objectives and the Trustee's policies regarding the default arrangements can be found in a document called the 'Statement of Investment Principles' (SIP). The latest SIP for the Scheme is attached to this statement and included in the Trustee Report and Accounts. The objective of the default arrangements (and the alternative Annuity Targeting Lifestyle Strategy) is to automatically move members from higher return, higher risk investments to lower risk, lower return investments as they near their retirement age in order to protect the value of their fund and provide a mix of investments in assets broadly appropriate to how members in each strategy plan to take their benefits in retirement.

The Trustee carried out an investment review for the Ex SGRRSP members during the Scheme year and, after taking advice from its investment adviser, Aon, the Trustee agreed that these members should be transitioned into the Scheme's default arrangements held with Standard Life, the Drawdown Targeting Lifestyle Strategy (for members more than five years to retirement) and the Cash Targeting Lifestyle Strategy (for members less than five years to retirement) as these strategies were expected to provide better retirement outcomes than the existing Prudential arrangements. The investment strategy review considered the membership profile of these members as well as how these members are expected to take their benefits in retirement. The changes were fully implemented on 25 June 2021.

As part of the review, the Trustee also considered the AVC policies with Prudential and Utmost Life and Pensions (Utmost), and the Scheme's legacy AVC policy with Utmost. These policies were also transitioned to the existing default arrangements as above as the Trustee, with advice from Aon, expects these arrangements to provide better retirement outcomes for these members,

The transition of these funds was also completed on 25 June 2021.

### Performance Monitoring

The Trustee also reviews the performance of the default arrangement against its aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

The Trustee reviews that took place in the year concluded that the default arrangements were performing broadly as expected.

## 2. Processing of core financial transactions

Core financial transactions include the investment of contributions, transfer of member funds into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries. The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Scheme administrator, Aon and the Company is responsible for ensuring that contributions are paid to the Scheme promptly. The timing of such payments is monitored by the Trustee from quarterly administration reports submitted by Aon.

In order to determine how well the administration is performing the Trustee has service level agreements ("SLA") in place with Aon. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete all financial transactions within 5 working days, except for the investment of contributions, which is within 3 working days of reconciliation of the amounts with the Company, and it aims to achieve these at least 95% of the time. This was achieved over the period covered by this Statement.

## SPIRIT (LEGACY) PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

The Trustee has also reviewed the key processes adopted by the administrator and their output in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- A full member and Scheme reconciliation being undertaken annually as part of the annual preparation of the Trustee Report & Accounts
- Provision of quarterly administration reports – enabling the Trustee to check core financial transactions and review processes relative to any member complaints made
- Monthly contribution checks and daily reconciliation of the Trustee's bank account
- Checks for all investment and banking transactions prior to processing
- Straight-through processing where possible, therefore avoiding the need for manual intervention and, in turn, significantly reducing the risk of error.
- Annual data reviews
- Documentation and operation in line with quality assurance policies and procedures
- Operation in line with the business continuity plan and confirmation that the administrator has prioritised core financial transactions during this period.

Controls around administration and the processing of transactions are being documented in the Scheme risk register for regular review. The Scheme audit also reviews a sample of calculations carried out during the Scheme year.

The Trustee is satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Scheme year.

### **3. Member borne charges and transaction costs**

The Trustee has set out the costs and charges that are incurred by members, rather than the employer, over the statement year in respect of each investment fund available to members. These comprise the Total Expense Ratio and insofar as we are able to, transaction costs.

The Total Expense Ratio is an explicit charge and represents the costs associated with operating and managing an investment fund. Transaction costs are not explicit and are incurred when the Scheme's fund manager buys and sells assets within investment funds.

Fund managers calculate transaction costs at fund-level not scheme-level therefore the Trustee requested details of transaction costs for the period 1 July 2020 to 30 June 2021 from the Scheme's providers.

The charges and transaction costs have been supplied by Standard Life, with the exception of the charges set out in 3(iii) which have been sourced from Utmost. Where transaction costs have been provided as a negative cost, a floor of zero has been set by the Trustee so as not to potentially understate investment management costs. The Trustee has requested cost and charge information from Prudential and Aviva but has not received this information in time to include in this report. The Trustee and its advisers continue to liaise with these providers to obtain this information.

## SPIRIT (LEGACY) PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

#### (i) Default arrangements

##### Drawdown Targeting Lifestyle Strategy

The Drawdown Targeting Lifestyle Strategy has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their target retirement date. Details of how the assets transition are included in the SIP.

The actual costs that a member paid over the year depends on their term to retirement. The TER ranged from 0.1191% p.a. to 0.2142% p.a., which was within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling their employees. Transaction costs ranged between 0.0035% p.a. and 0.0044% p.a.

The actual costs based on term to retirement during the year are shown in the table below:

Years to retirement	10+	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.1191	0.1363	0.1536	0.1708	0.1881	0.2053	0.2071	0.2089	0.2106	0.2124	0.2142
Transaction costs %	0.0044	0.0042	0.0041	0.0039	0.0037	0.0036	0.0036	0.0035	0.0035	0.0035	0.0035
Total costs %	0.1235	0.1405	0.1577	0.1747	0.1918	0.2089	0.2107	0.2124	0.2142	0.2159	0.2177

##### Cash Targeting Lifestyle Strategy

The Cash Targeting Lifestyle Strategy has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their target retirement date. Details of how the assets transition are included in the SIP.

The actual costs that a member paid over the year depends on their term to retirement. The TER ranged from 0.1231% p.a. to 0.2071% p.a., which was within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling their employees. Transaction costs ranged between 0.0007% p.a. and 0.0044% p.a.

The actual costs based on term to retirement during the year are shown in the table below:

Years to retirement	10+	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.1231	0.1399	0.1567	0.1735	0.1903	0.2071	0.1977	0.1883	0.1789	0.1694	0.1600
Transaction costs %	0.0044	0.0042	0.0041	0.0039	0.0037	0.0036	0.0030	0.0024	0.0019	0.0013	0.0007
Total costs %	0.1275	0.1441	0.1608	0.1774	0.1940	0.2107	0.2007	0.1907	0.1808	0.1707	0.1607

## SPIRIT (LEGACY) PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

#### (ii) Self-select investment funds

In addition to the Drawdown Targeting Lifestyle Strategy and the Cash Targeting Lifestyle Strategy shown above, members also have the option to invest in the Annuity Targeting Lifestyle Strategy or in one or more of 8 individual funds.

The Annuity Targeting Lifestyle Strategy has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their target retirement date. Details of how the assets transition are included in the SIP.

The actual costs that a member paid over the year depends on their term to retirement. The TER ranged from 0.1150% p.a. to 0.2071% p.a., which was within the 0.75% p.a. charge cap for schemes that are used for auto-enrolling their employees. Transaction costs ranged between 0.0024% p.a. and 0.0044% p.a.

The actual costs based on term to retirement during the year are shown in the table below:

Years to retirement	10+	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.1231	0.1399	0.1567	0.1735	0.1903	0.2071	0.1887	0.1703	0.1519	0.1334	0.1150
Transaction costs %	0.0044	0.0042	0.0041	0.0039	0.0037	0.0036	0.0034	0.0031	0.0029	0.0027	0.0024
Total costs %	0.1275	0.1441	0.1608	0.1774	0.1940	0.2107	0.1921	0.1734	0.1548	0.1361	0.1174

The TERs and transaction costs for each of the individual funds available to members are shown in the following table:

Self-select Fund name	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
SL Vanguard FTSE Developed World ex UK Pension Fund <sup>123</sup>	0.1050	0.0003	0.1053
SL Vanguard FTSE UK All Share Index Pension Fund <sup>123</sup>	0.1000	0.0021	0.1021
SL Vanguard Emerging Markets Stock Index Pension Fund <sup>123</sup>	0.2500	0.0010	0.2510
SL Vanguard UK Investment Grade Bond Index Pension Fund <sup>123</sup>	0.1000	0.0011	0.1011
SL Vanguard UK Inflation Linked Gilt Index Pension Fund <sup>123</sup>	0.1000	0.0030	0.1030
SL SLI Absolute Return Global Bond Strategies Pension Fund <sup>123</sup>	0.5300	0.0045	0.5345
Standard Life Deposit and Treasury Fund <sup>23</sup>	0.1600	0.0007	0.1607
SL Vanguard UK Long Duration Gilt Index Pension Fund	0.1050	0.0000	0.1050

1 Funds underlying the Drawdown Targeting Lifestyle Strategy

2 Funds underlying the Cash Targeting Lifestyle Strategy

3 Funds underlying the Annuity Targeting Lifestyle Strategy

## SPIRIT (LEGACY) PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

#### (iii) Ex Spirit Group Retail Retirement Savings Plan and Additional Voluntary Contributions (AVCs)

The Ex Spirit Group Retail Retirement Savings Plan members were invested in arrangements with Prudential until 25 June 2021 when these funds were transitioned to the Standard Life arrangements.

The Utmost costs and charges also apply for the small number of members with remaining Utmost AVCs.

There are also legacy AVC funds in which some members of the defined benefit section of the Scheme are invested, and which are no longer available for members to select. These are the Utmost and Standard Life funds shown in the table below.

Funds	TER % p.a.	Transaction Costs % p.a.	Total costs % p.a.
Utmost			
Managed Fund	0.75	0.14	0.89
Multi-Asset Moderate Fund	0.75	0.32	1.07
Multi-Asset Cautious Fund	0.75	0.36	1.11
Standard Life			
Money Market Fund	1.0100	0.0000	1.0100
Stock Exchange Fund	1.0220	0.0006	1.0226

#### (iv) Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided three illustrations of their cumulative effect on the value of typical scheme members savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

Each illustration is shown as a Table. As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, comparison figures with other investments have been included in the Tables. For comparison purposes, the projected retirement savings if the typical member were invested in the Developed World Equity Fund - which has the lowest charge level and a higher expected return (risk profile), and the Absolute Return Global Bond Strategies Fund - which has the highest charge level and a lower expected return (risk profile), is shown in the Tables.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

## SPIRIT (LEGACY) PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

**Illustration A:** is based on an existing active Scheme member who has 27 years to go until their retirement at age 65. The member has a current salary of £33,400 and starting fund value of £34,400.

Projected Pension Account in today's money									
Age	Drawdown Targeting Lifestyle Strategy			Developed World Equity Fund			Absolute Return Global Bond Strategies Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
40	43,040	42,950	90	42,930	42,850	80	39,830	39,430	400
45	72,880	72,410	470	72,330	71,930	400	57,950	56,300	1,650
50	108,430	107,300	1,130	107,100	106,160	940	75,450	72,160	3,290
55	150,750	148,600	2,150	148,230	146,440	1,790	92,370	87,080	5,290
60	191,100	187,290	3,810	196,880	193,840	3,040	108,720	101,110	7,610
65	217,070	210,920	6,150	254,420	249,640	4,780	124,520	114,310	10,210

**Illustration B:** is based on an existing deferred Scheme member who has 12 years to go until their retirement at age 65 and is invested in the Drawdown Targeting Lifestyle Strategy. The member is not contributing and has a starting fund value of £15,200.

Projected Pension Account in today's money									
Age	Drawdown Targeting Lifestyle Strategy			Developed World Equity Fund			Absolute Return Global Bond Strategies Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
55	16,300	16,260	40	16,260	16,220	40	14,990	14,830	160
60	18,410	18,230	180	19,230	19,090	140	14,490	13,950	540
65	18,980	18,590	390	22,740	22,470	270	14,000	13,120	880

## SPIRIT (LEGACY) PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

**Illustration C:** is based on an existing deferred Scheme member who has 12 years to go until their retirement at age 65 and is invested in the Cash Targeting Lifestyle Strategy. The member is not contributing and has a starting fund value of £15,200.

Projected Pension Account in today's money									
Age	Cash Targeting Lifestyle Strategy			Developed World Equity Fund			Absolute Return Global Bond Strategies Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
<b>55</b>	16,300	16,260	40	16,260	16,220	40	14,990	14,830	160
<b>60</b>	18,410	18,230	180	19,230	19,090	140	14,490	13,950	540
<b>65</b>	18,080	17,720	360	22,740	22,470	270	14,000	13,120	880

**Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the strategy) in making investment decisions.**

#### Assumptions and data for illustrations:

*The following assumptions have been made for the purposes of the above illustrations:*

- Annual salary growth and inflation is assumed to be 2.5% per annum
- The starting fund values and future contributions used in the projections is representative of the average for the Scheme. For illustrations based on active members of the Scheme, allowance has been made for total future contributions of 9% p.a. until age 40 and 12% p.a. until age 65
- The projected annual returns on assets are:

Fund	Return (% p.a.)
SL Vanguard FTSE Developed World ex UK Pension Fund	6.0
SL Vanguard FTSE UK All Share Index Pension Fund	6.5
SL Vanguard Emerging Markets Stock Index Pension Fund	7.0
SL Vanguard UK Investment Grade Bond Index Pension Fund	1.0
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	-0.1
SL SLI Absolute Return Global Bond Strategies Pension Fund	1.8
Standard Life Deposit and Treasury Fund	0.3



## SPIRIT (LEGACY) PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

- For the Drawdown Targeting Lifestyle Strategy and Cash Targeting Lifestyle Strategy, the projection takes into account the changing proportion invested in the different underlying funds. All funds shown above are underlying funds.
- The transaction costs have been averaged over a 3-year period in line with statutory guidance to reduce the level of volatility, and a floor of 0% pa has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- The projected fund values shown are estimates for illustrative purposes only and are not guaranteed
- Asset allocations for members invested in the lifestyle strategy are assumed to be rebalanced annually

#### 4. Assessment of Value for members

There is no legal definition of "good value" or the process of determining this for scheme members. Therefore, working in conjunction with its advisers, Aon, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Scheme relative to the costs and charges they pay.

#### Costs

The costs have been identified as TERs and transaction costs and are set out in section 3 of this statement. Benchmarking relative to other pension arrangements or industry best practice guidelines has been undertaken.

- Based on the profile of the Scheme's DC/AVC arrangements, we believe that the explicit charges are generally competitive when compared to current market rates on a like-for-like basis.
- The Trustee reviewed the investment strategy for Prudential and Utmost AVC members and transitioned the majority of members to the default arrangements in June 2021 to improve the value provided to them. The Trustee is currently reviewing the investment strategy for the remaining legacy AVC arrangements with the aim to improve value provided to them. This review is expected to be completed during the 2021/2022 Scheme year.

#### Benefits

The Trustee has considered the benefits of membership under the following four categories:

#### Scheme governance

The Scheme is governed by an experienced group of Trustee Directors including a professional, independent Chair. The Board regularly reviews information about the performance of Scheme investments and the DC members and decisions being made, amongst other information. This helps the Trustee to determine an appropriate strategy to support members and make improvements.

#### Investments

The Scheme provides members with an appropriate range of lifestyle and self-select fund options. The investment strategy and performance are regularly monitored and reviewed by the Trustee. An investment strategy review was completed for Ex Spirit Group Retail Retirement Savings Plan members during the Scheme year and changes were implemented on 25 June 2021 in order to provide higher retirement outcomes.

# SPIRIT (LEGACY) PENSION SCHEME

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## CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

### Administration

The Trustee regularly monitors the Scheme administration and over the period found that the necessary administration standards were being achieved.

### Member communications

The Scheme provides members with regular, clear communications regarding the choices open to members, as well as annual benefit statements and 'at retirement' communications.

### Assessment

The Trustee's assessment concluded that the charges and transaction costs borne by Scheme members represents good value for members relative to the benefits of Scheme membership. The Trustee is currently reviewing the investment strategy for members invested in legacy AVC arrangements with the aim to improve value for these members.

## 5. Trustee's Knowledge and Understanding

The comments in this section relate to the Scheme as a whole and not solely the DC Section.

The Trustee has processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- A structured training programme for newly appointed Trustee Directors including completion of the Pension Regulator's Trustees toolkit, which is an online learning programme.
- Assessing training needs and identifying gaps in knowledge through regular self-assessments.
- Undergoing regular training for the year, this included training on cyber security, DC investments and investment strategy training, and DC governance training in respect upcoming regulatory changes.
- Maintaining training logs for each individual Trustee Director which supports the above.

The Trustee has engaged with its professional advisers regularly throughout the year to ensure that it exercises its functions properly and take professional advice where needed. In exercising its functions this has required knowledge of key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts and Statement of Investment Principles. A few of the areas that support this statement are set out below:

- Updates to the Statement of Investment Principles for investment strategy changes and regulatory changes required by October 2020 and preparation for the production of an Implementation statement.
- Arrange preparation and audit of the annual Trustee's Report and Accounts.
- Review of Trust Deed & Rules for decisions taken in light of COVID-19 (e.g. additional pension flexibilities, changes permitted to pension contributions, quorum rules).
- The law relating to pensions and trusts through updating the risk register.
- Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
- Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the statement of Investment Principles.
- Maintaining a regime for proper governance - reviewing and updating the Trustee's governance framework for the DC Section of the Scheme.
- Implementing the investment strategy changes following completion of the investment strategy review.

## SPIRIT (LEGACY) PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 30 JUNE 2021

The Trustee also considered the impact of the COVID-19 pandemic on the Trustee board and put in place appropriate plans to ensure that the board could continue to perform effectively during this time. Specifically, the Trustee has reviewed the regularity of their Trustee meetings and the format (virtual, shorter Trustee meetings have been held more regularly during this time), identified key man risks, Trustee decision making protocols, and approvals processes and taken steps to mitigate these risks through appropriate identification of designated alternates on the Trustee board and all advisers and providers to ensure business continuity and appropriate Scheme governance during the pandemic. The Trustee held 18 meetings across the Scheme year.

The Trustee board is currently made up of six Trustee Directors with varying skill sets. The Chair of the Trustee is an independent professional trustee and there are two other Company appointed Trustee Directors and three member nominated Trustee Directors. The composition of the Trustee board aims to demonstrate diversification of skills and breadth and depth of pension knowledge. New Trustee Directors receive comprehensive introductory training which they are required to supplement with the Pensions Regulator's Trustee Toolkit (within 6 months of appointment).

The Trustee Directors consider that they meet the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as the Trustee of the Scheme.

The Trustee publish this statement on a publicly accessible website (<https://pensioninformation.aon.com/spiritgroup>) and confirm the location to members in their annual benefits statements.

Signed on behalf of the Trustee of the Spirit (Legacy) Pension Scheme.

Signature \_\_\_\_\_  
Name: Iain Urquhart, Chair of Trustee

Date \_\_\_\_\_

## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### Scheme Investment Objective

For the Defined Benefit Section, the Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Scheme's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy, while maintaining a prudent approach to meeting the Scheme's liabilities.

For the Defined Contribution Section, the Trustee's key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives, in order for the investing of the assets to be done in a prudent manner. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

#### STRATEGY

The Scheme has both a Defined Benefit Section and a Defined Contribution section.

#### Defined Benefit Section

In the Defined Benefit Section, the current planned asset allocation strategy is set out in the table below.

The Trustee has also adopted a flightplan, which is designed to reduce investment risk and protect the funding level as it improves. Following the breach of a trigger the Scheme's asset allocation will change in order to achieve these objectives. Further details of this strategy can be found within the 'Flightplan Parameters' section of this report.

In order to secure the benefits that are promised to members, the Trustee will consider whether opportunities to enter into buy-in arrangements with an insurance company are appropriate.

Following negotiations with the Company, the Trustee agreed to reduce investment risk and the Trustee entered into a buy-in policy with Scottish Widows during March 2018. This policy remains an asset of the Scheme and, at inception, was valued at c. £50m. As the buy-in policy held by the Trustee is an illiquid asset which will be held until the windup of the Scheme, this has been excluded from the target asset allocation strategy outlined below.

The current target asset allocation strategy chosen to meet the objective above is set out in the table below. The Trustee will monitor the actual asset allocation versus the target weight set out in the table below. The Trustee acknowledges that due to factors such as market movements, investment views, governance constraints and implementation issues the Scheme's strategic asset allocation may deviate significantly from the target. The Trustee does however monitor this regularly.

Asset Class	SLPS (%)
<b>Growth Assets</b>	<b>33.3</b>
Global Equities	16.7
Property	7.8
Diversified Growth Fund	8.9
<b>Matching Assets</b>	<b>66.7</b>
Liability Driven Investment	33.3
Corporate Bonds	33.3

## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

This strategy was set on advice from the Trustee's investment adviser and following consultation with the sponsoring employer. The strategy has been set on the assumption that growth assets such as equities would outperform gilts over the longer term and assumes that active fund management can be expected to add value. However, the Trustee recognises the potential volatility in equity returns, particularly relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set.

In combination with the Trustee's corporate bond holdings, the Liability Driven Investment portfolio is also designed to protect the Scheme's Technical Provisions funding level against adverse movements in interest rates and inflation expectations of the Scheme's uninsured liabilities.

In choosing the Defined Benefit Section's planned asset allocation strategy, it is the Trustee's policy to consider:

- A full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

#### **Defined Contribution Section**

The overall investment objective in respect of the Defined Contribution Section is implemented using the range of investment options set out in **Table 1**. Details of the Trustee's aims and objectives for the default investment strategies and other investment options are provided below.

**Default Strategies** – For members invested through Standard Life and who were contributing to the Scheme in November 2019, the default strategy is the Drawdown Targeting Lifestyle Strategy. For members invested through Standard Life and who had ceased contributing to the Scheme by November 2019, the default strategy is the Cash Targeting Lifestyle Strategy.

The Trustee has also determined that the Drawdown Targeting Lifestyle Strategy should be used as the default strategy for members currently invested through Prudential and Utmost Life & Pensions.

The Trustee's objectives for the default strategies are as follows:

- Aim for significant long-term real growth while members are further away from retirement.
- Manage down volatility in fund values as members near retirement.
- Target an end point portfolio that is appropriate and consistent with how members may take their benefits when they retire.

The objectives of the fund managers in respect of the underlying funds used within the default strategies are set out in **Table 1**, which also details the kinds of investments held and the balance between them.

Other investment policies relating to the default strategies are set out in the sections below.

Following analysis of the membership, the objectives and policies the Trustee has adopted for the default strategies are expected to meet the needs of members by providing the following:

- The opportunity to increase the value of their benefits with investment growth.
- An investment which manages risk in an appropriate and considered way.
- A portfolio commensurate with how members may take their benefits when they retire.

## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

**Other Investment Options** – It is the Trustee's policy to provide suitable information for members so that they can make the appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from its investment adviser. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management.
- The suitability of each asset class.
- The need for appropriate diversification.

The overall balance of assets held within the Defined Contribution Section will depend on the choices made by members for the investment of their pension accounts.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long-term returns on the bond and cash options are expected to be lower than the options which are predominantly equities. However, bond funds are expected to broadly match the price of annuities. Cash funds are expected to be stable in terms of nominal capital values.

## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### **Environmental, Social and Governance considerations**

In setting the Scheme's Defined Benefit and Defined Contribution investment strategies, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that incorporating appropriate consideration of environmental, social and governance factors including climate change can lead to better returns and lower risk, and therefore the Trustee believes these factors should be understood and evaluated. The Trustee considers these issues by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

#### **Stewardship – Voting and Engagement**

The Trustee recognises the importance of its role as a steward of capital and the need to encourage high standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from its investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the manager, either verbally or in writing, to understand the rationale and seek a more sustainable position but may look to replace the manager. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact, corporate governance, the capital structure, and management of actual or potential conflicts of interest.

The Trustee reviews the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions.

#### **Members' Views and Non-Financial Factors**

In setting and implementing the Scheme's Defined Benefit and Defined Contribution investment strategies the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"<sup>1</sup>).

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<sup>1</sup> The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### RISK

##### **Defined Benefit Section**

The Trustee maintains a 'Statement of Funding Principles' which specifies that the funding objective is to have sufficient assets so as to make provision for 100% of the Scheme's liabilities as determined by an actuarial calculation.

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Scheme's cash flows, taking into account the timing of future payments, in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer[s] ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk of a default by a bulk annuity provider (buy-in insurer) ("insurer default/credit risk"). The Trustee and its advisers considered the strength of the insurer before entering into the policy, whilst considering the wider regulatory framework within which they are required to operate.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews. In particular, the mismatching risk was modelled explicitly as part of the most recent investment strategy review.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks quarterly. The Trustee receives quarterly reports showing:

- Actual funding level versus the Scheme's specific funding objective.
- Performance versus the Scheme's investment objective.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.



## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### **Defined Contribution Section**

The Trustee has taken into consideration on behalf of the members the following aspects of risk:

1. The risk that low investment returns over members' working lives secures an inadequate retirement outcome.
2. The risk that unfavourable market movements in the years just prior to retirement lead to a substantial reduction in a member's account and hence in retirement outcome.
3. The risk of the chosen investment manager underperforming.
4. The risk that investment specific risks such as credit risk and market risk have an adverse impact on returns.

The first two risks identified above are managed by providing members with a choice of funds they can use to meet their requirements.

In addition, the default strategies are designed to be appropriate for a typical member with a predictable retirement date. The default strategies manage risk automatically by moving from higher to lower risk funds as members approach their selected retirement age.

To manage the third risk identified above, the Trustee regularly reviews the performance of the funds offered, as well as offering a range of index tracking funds to minimise the risk of underperformance.

The Trustee measures and manages investment specific risks, including market and credit risk, on a regular basis. All investments are subject to specific price risks that arise from factors peculiar to that asset class or individual investment, in addition to credit risk, currency risk and interest rate risk.

Before making any change to the default strategies or other investment options, the Trustee takes advice from its investment consultant. The decision as to whether to invest in a particular security is delegated to the investment managers of the underlying funds used.

The purpose of accepting these risks is to ensure that the default investment strategies offer members access to a suitably diversified portfolio, in terms of the type of risk taken over a member's lifecycle and the sources of expected future returns. In addition, members are able to construct a portfolio to meet their specific risk and return requirements using funds from the available range.

Within the default investment strategies, these risks are managed by ensuring that there is an appropriate balance between different asset classes at each stage of a member's working lifetime and that it is suitably diversified within each asset class. In addition, the Trustee takes advice from its investment consultant as to the continuing suitability of the default investment strategy, the available fund range, and underlying managers used.

Due to the complex and interrelated nature of all these risks, the Trustee generally considers them in a qualitative rather than quantitative manner as part of an ongoing review process. However, some aspects of the risks may be modelled more explicitly. In particular, the Trustee periodically commissions analysis of various demographic variables of the Scheme's members to ensure the default strategies and other investment options are sufficient to meet members' needs.

## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### FLIGHTPLAN PARAMETERS

The aim of a formal flightplan for the Scheme is to create a more structured method of implementing the long-term move from "growth" to "matching" assets, as and when the Scheme's funding level improves.

The Trustee has agreed to monitor the flightplan against the Scheme's funding level, measured on a self-sufficiency basis. This is a measure of the Scheme's funding level which would permit it to be run independent of the Sponsoring Employer.

The Trustee has also adopted a flightplan which is designed to reduce investment risk and protect the funding level as it improves. The flightplan does not serve to re-risk the Scheme if the funding level deteriorates, falling below a previous trigger level.

Triggers are monitored by the Trustee at a minimum on a quarterly basis (during regular Trustee meetings) and if a funding level trigger is breached a corresponding increase in the matching component allocation would be proposed at the meeting, or as soon as is reasonably practical thereafter.

The target allocations exclude the buy-in asset due to the illiquid nature of the asset, with the target allocations for the current flightplan as follows:

<b>Self-sufficiency funding level</b>	<b>90%</b>	<b>95%</b>	<b>100%</b>	<b>105%</b>
<b>Growth Assets</b>	<b>33.3</b>	<b>27.8</b>	<b>22.2</b>	<b>16.7</b>
Global equities	16.7	11.1	5.6	-
Property	7.8	3.9	-	-
Diversified Growth Fund	8.9	12.8	16.7	16.7
<b>Matching Assets</b>	<b>66.7</b>	<b>72.2</b>	<b>77.8</b>	<b>83.3</b>
Corporate bonds	33.3	33.3	33.3	33.3
LDI (assets)	33.3	38.9	44.4	50.0

## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### IMPLEMENTATION

Aon has been selected as the investment adviser to the Trustee. Aon provides the Trustee with any training that it requests in order to ensure directors have sufficient knowledge and experience to take decisions themselves and to monitor those it delegates. Aon is paid on either a fixed fee or time cost basis, dependent upon the nature of the work undertaken by Aon. This structure has been chosen to ensure that cost-effective, independent advice is received.

#### **Arrangements with asset managers**

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by its investment consultant.

The Trustee shares the policies, as set out in this SIP, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be reviewed periodically, and at least every three years.

#### **Costs, transparency and the monitoring of performance and remuneration**

The Trustee is aware of the importance of monitoring its asset managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by its asset managers that can increase the overall cost incurred by its investments.

The Trustee collects annual cost transparency reports covering all of its investments and asks that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what it is paying its investment managers.

The Trustee will only appoint investment managers who offer full cost transparency. This will be reviewed before the appointment of any new managers and includes the existing managers held by the Scheme.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics, manager's style, and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

## SPIRIT (LEGACY) PENSION SCHEME

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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Scheme's investment consultant monitors this on behalf of the Trustee as part of the manager monitoring it provides to the Trustee, and flags to the Trustee where there are concerns.

The Trustee undertakes analysis of the Scheme's costs and performance, on at least a triennial basis, by receiving benchmarking analysis comparing the Scheme's specific costs and performance of the underlying managers relative to those of the wider market. This is in line with the Trustee's policies on reviewing the kinds and balance of investments to be held.

The benchmarking analysis can be used to assess the value for money received from the Scheme's assets on a regular basis and challenge the Scheme's investment managers where appropriate. The Trustee will review the investment managers relative to its objectives to ensure that the net of fees performance has met its requirements.

The Trustee is open to managers implementing performance related fees if these are suitable for the Scheme and are aligned with the objectives of the Scheme.

**For the Defined Benefits Section the following pooled funds are used:**

#### **Growth Assets**

##### ***Global Equity – BlackRock Aquila Life MSCI World Index Fund***

This is a passively-managed fund with the objective to achieve index returns in line with the MSCI World Index.

##### ***Global Equity – Russell World Equity Fund***

This is an unconstrained fund and the objective is to outperform the Russell Developed Large Capitalisation Index +2.0% p.a. (gross) over rolling three-year periods.

##### ***Property Fund – Aviva Pooled Pension Limited***

To outperform the IPD UK Pooled Property All Balanced Funds Index Median by 0.5% p.a. (net) over rolling three-year periods.

##### ***Diversified Growth Fund – Invesco Global Targeted Returns Fund***

This is a diversified growth fund and the objective is to produce stable absolute returns.

## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### Matching Assets

##### ***Liability Driven Investment – BlackRock***

The Trustee is the sole investor in a bespoke pooled fund that has an objective to match the movement of a portion of the Scheme's liabilities for changes in interest rates and inflation, therefore providing interest rate and inflation protection.

##### ***BlackRock –ICS Institutional Sterling Liquidity Fund***

This is a cash fund that provides a low-risk investment and the objective is to perform in line with 7 Day Sterling LIBID.

##### ***Corporate Bonds – BlackRock***

The objective of these funds is to perform in line with their respective benchmarks, the Over 15 Years Corporate Bond Index Fund.

#### Bulk annuity policies

##### ***Scottish Widows***

This is a bulk annuity policy which insures approximately £50m of the Scheme's pensioner liabilities.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

#### **Defined Contribution Section**

The Trustee has made available various investment options for members. These fall into two categories:

- Lifestyle – with this option, the member's account is invested according to a fixed investment pattern, based on the number of years to the member's retirement date.
- Freestyle – with this option, the member has the freedom to choose how their account is invested from the funds provided; what funds to invest in; and how much to invest in each fund.

#### Lifestyle Strategies

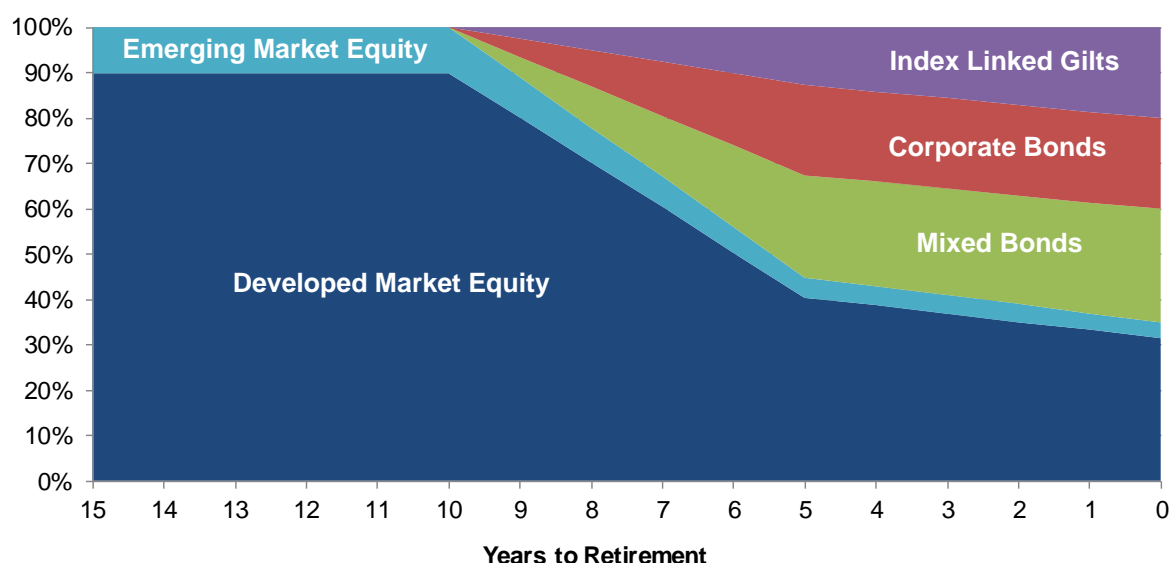
The Trustee offers three lifestyle strategies for members to choose from. These strategies are:

- Drawdown Targeting Lifestyle Strategy (Default for active members)
- Cash Targeting Lifestyle Strategy (Default for deferred members)
- Annuity Targeting Lifestyle Strategy

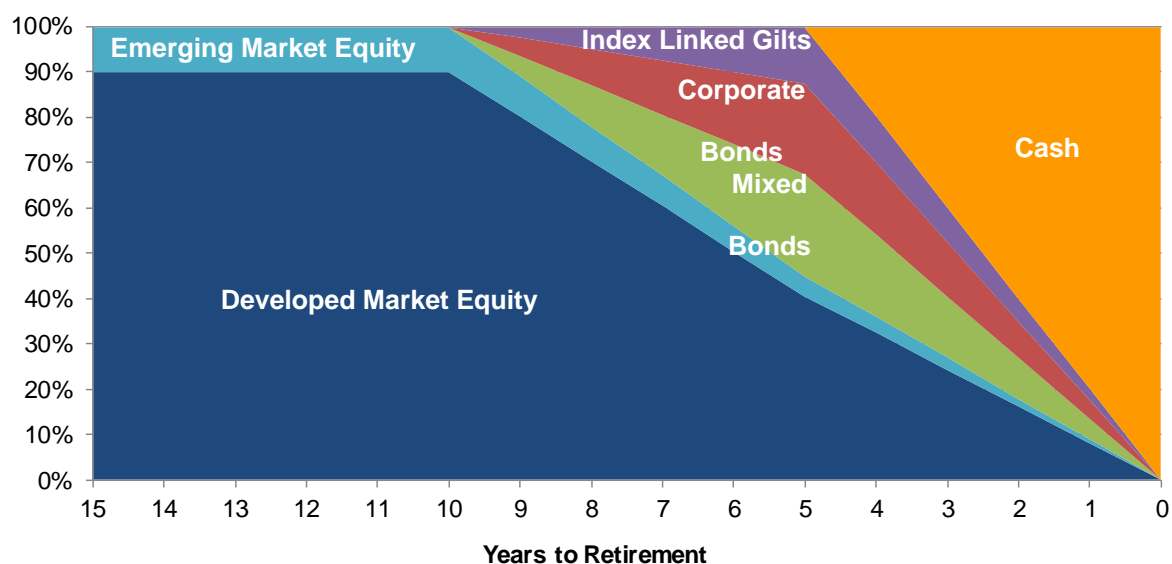
## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

The Drawdown Targeting Lifestyle Strategy is the default strategy for those who were contributing to the Scheme in November 2019 and for members currently invested through Prudential. It is designed to be suitable for members who are considering income drawdown at retirement (i.e. those members who plan to withdraw money as a regular or series of one-off amounts, leaving the rest invested), while also recognising it will need to provide appropriately for those who do not know in what form they will be drawing their benefits. A chart setting out the asset allocation of the Drawdown Targeting Lifestyle Strategy is shown below:



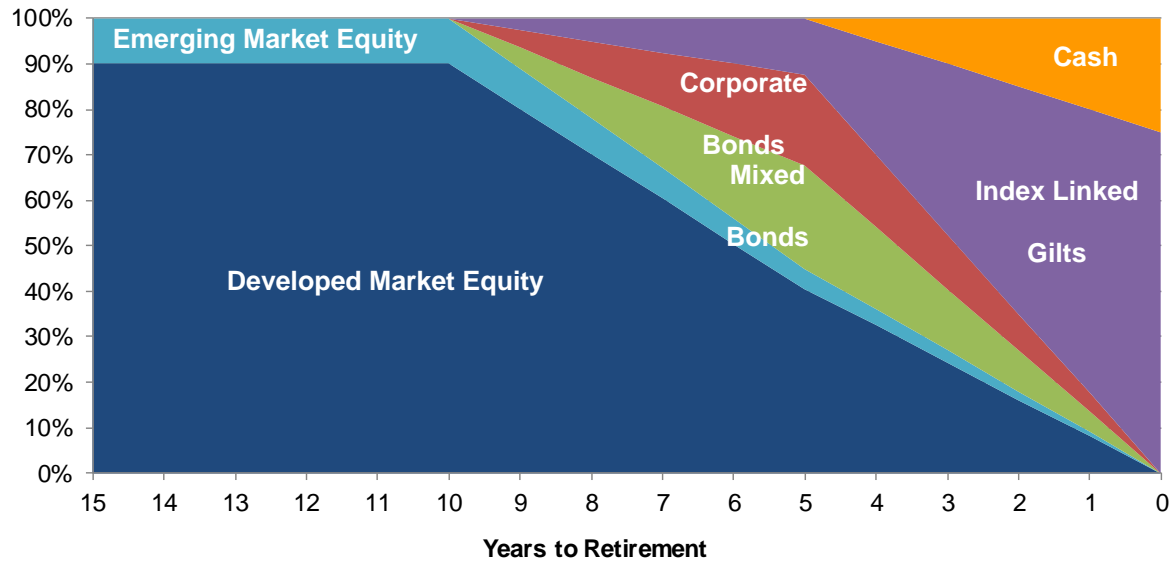
The Cash Targeting Lifestyle Strategy is the default strategy for members invested through Standard Life and who had ceased contributing to the Scheme by November 2019. It is designed to be suitable for members who are considering taking their DC benefits as a cash lump sum at retirement. A chart setting out the asset allocation of the Cash Targeting Lifestyle Strategy is shown below:



## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

Members can opt to invest in the Annuity Cash Targeting Lifestyle Strategy. It is designed to be suitable for members who are considering using their DC funds to purchase an annuity at retirement. A chart setting out the asset allocation of the Cash Targeting Lifestyle Strategy is shown below:



#### Freestyle Options

The table below provides details of the funds that are used in the lifestyle strategy (shown in bold) and are available on a standalone basis for members who wish to make their own investment choices.

## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

**Table 1 - Fund Details**

<i>Asset Class</i>	<i>Passive/ Active</i>	<i>Fund</i>	<i>Benchmark</i>	<i>Objective</i>
UK Equity	Passive	SL Vanguard FTSE UK All Share Index Pension Fund	FTSE All-Share Total Return GBP index	To track the benchmark
Global Equity	Passive	SL Vanguard FTSE Developed World ex UK Pension Fund	FTSE Developed ex-U.K. Index	To track the benchmark
Emerging Markets Equity	Passive	SL Vanguard Emerging Markets Stock Index Pension Fund	MSCI Emerging Markets Total Return (net) GBP index	To track the benchmark
Corporate Bonds	Passive	SL Vanguard UK Investment Grade Bond Index Pension Fund	Bloomberg Barclays GBP Non-Government Float Adjusted Bond Total Return GBP index	To track the benchmark
Index Linked Gilts	Passive	SL Vanguard UK Inflation Linked Gilt Index Pension Fund	Bloomberg Barclays U.K. Government Inflation-Linked Bond Float Adjusted Total Return GBP index	To track the benchmark
Mixed Bonds	Active	SL SLI Absolute Return Global Bond Strategies Pension Fund	3 month LIBOR	To achieve 3 month LIBOR + 3% pa
Cash	Active	Standard Life Deposit and Treasury Pension Fund	SONIA	To outperform the benchmark
Fixed Interest Gilts	Passive	SL Vanguard UK Long Duration Gilt Index Pension Fund	Bloomberg Barclays U.K. Government 15+ Years Float Adjusted Total Return GBP index	To track the benchmark

Members invested through Prudential are currently invested in the following funds:

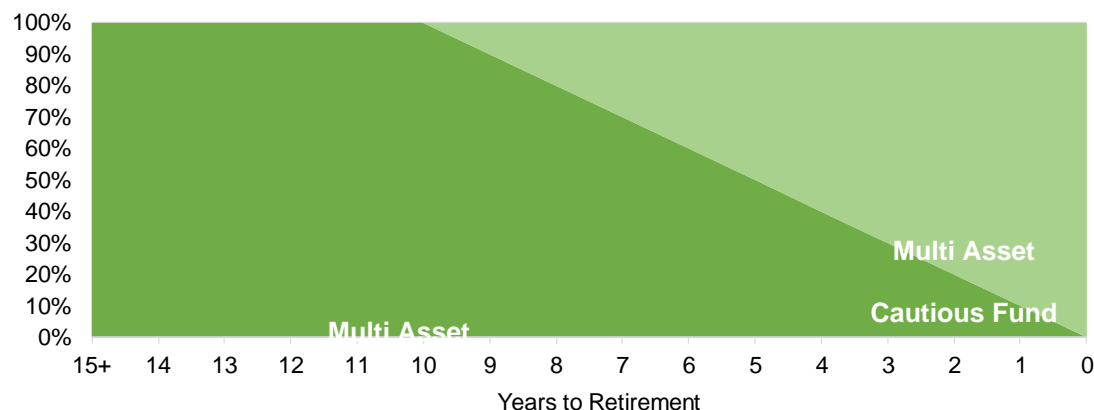
- Prudential Long-Term Bond Fund with a benchmark of 50% FTSE Actuaries UK Conventional Gilts Over 15 Years Index and 50% iBoxx Sterling Over 15 Years Non-Gilts Index and objective to track its benchmark.
- Prudential With Profits Fund which has an objective to achieve competitive long-term returns.



## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

Members invested through Utmost Life & Pensions are currently invested in the Investing By Age Strategy which is a lifestyle strategy invested as follows:



The investment objective of the Multi Asset Moderate Fund is to provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income, property and cash, with the potential for moderate to high levels of price fluctuations.

The investment objective of the Multi Asset Cautious Fund is to provide capital growth in the long term by investing in a combination of asset classes including equities, fixed income and cash, with the potential for low to moderate levels of price fluctuations.

#### Further considerations

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

BlackRock, Russell, Aviva, Invesco, Vanguard and Standard Life are responsible for appointing a custodian for the pooled funds in which the Scheme's funds are invested. The custodian provides safekeeping for all the funds' assets and performs the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions. The Trustee has also appointed BNY Mellon in order to hold the pooled funds managed by BlackRock.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy or breach of funding level trigger. The Trustee will take investment advice and consult with the sponsoring employer over any changes to the SIP.

## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

#### GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:

<b><u>Trustee</u></b> <ul style="list-style-type: none"><li>• Sets structures and processes for carrying out its role</li><li>• Selects and monitors planned asset allocation strategy for Defined Benefits Section</li><li>• Selects and monitors type and range of units on offer in Defined Contribution Section</li><li>• Appoints Investment Committee</li><li>• Selects direct investments (see below)</li><li>• Considers recommendations from the Investment Committee</li></ul>	<b><u>Investment Committee</u></b> <ul style="list-style-type: none"><li>• Makes recommendations to the Trustee on:<ul style="list-style-type: none"><li>– selection of investment advisers and fund managers</li><li>– structure for implementing investment strategy</li></ul></li><li>• Monitors investment advisers and fund managers</li><li>• Monitors direct investments</li><li>• Makes ongoing decisions relevant to the operational principles of the Scheme's Defined Benefits Section's investment strategy</li></ul>
<b><u>Investment Adviser</u></b> <ul style="list-style-type: none"><li>• Advises on all aspects of the investment of the Scheme's assets, including implementation</li><li>• Advises on this statement</li><li>• Provides required training</li></ul>	<b><u>Fund Managers</u></b> <ul style="list-style-type: none"><li>• Operate within the terms of this statement and their written contracts</li><li>• Select individual investments with regard to their suitability and diversification</li><li>• Advise the Trustee on suitability of the indices in their benchmark</li><li>• Provide pooled funds for the Defined Contribution Section</li></ul>

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments**.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' AVCs and the Defined Contribution Section pooled funds. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

## SPIRIT (LEGACY) PENSION SCHEME

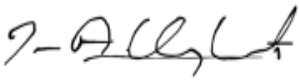
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### STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 30 JUNE 2021

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

Signature	
Name (print)	Iain Urquhart
Date	13-Oct-2020

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2021**

#### **Opinion**

We have audited the financial statements of Spirit (Legacy) Pension Scheme for the year ended 30 June 2021 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2021**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Responsibilities of the Trustee**

As explained more fully in the Statement of Trustee's Responsibilities set out on page 22, the Trustee is responsible for the preparation of the financial statements, 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intend to wind up the Scheme or have 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the scheme. This is addressed by obtaining direct confirmation from the investment managers of investments held at the Statement of Net Assets date.
- Non-receipt of contributions due to the scheme from the employer. This is addressed by testing contributions due are paid to the scheme in accordance with the schedules of contributions agreed between the employer and the Trustee.

## SPIRIT (LEGACY) PENSION SCHEME

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### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 30 JUNE 2021

- Payment of large transfers out to invalid schemes or members. This is addressed through testing that there is evidence the receiving scheme is valid, the member identity is verified and of the authorisation of the amount and approval of the payment of the transactions.
- Payment of large retirement lump sum benefits to invalid members. This is addressed through sample testing that there is evidence that the member's identity is verified and of the authorisation of the amount and approval of the payment of the transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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 Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them 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 Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Crowe U.K. LLP**  
Statutory Auditor  
Oldbury

Date:

## SPIRIT (LEGACY) PENSION SCHEME

### FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

	Note	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Employer contributions	4	1,165	180	1,345	1,040	191	1,231
		1,165	180	1,345	1,040	191	1,231
Group transfers in	5	-	-	-	48	878	926
Other income	6	61	-	61	-	-	-
		1,226	180	1,406	1,088	1,069	2,157
Benefits paid or payable	7	(14,076)	(436)	(14,512)	(13,618)	(394)	(14,012)
Payments to and on account of leavers	8	(5,193)	(177)	(5,370)	(6,589)	(685)	(7,274)
Administrative expenses	9	(2,841)	-	(2,841)	(2,652)	(1)	(2,653)
		(22,110)	(613)	(22,723)	(22,859)	(1,080)	(23,939)
<b>Net withdrawals from dealing with members</b>		(20,884)	(433)	(21,317)	(21,771)	(11)	(21,782)
Investment income	10	103	-	103	51	-	51
Change in market value of investments	11	4,082	2,554	6,636	72,193	845	73,038
Investment management expenses	12	(242)	-	(242)	(641)	-	(641)
<b>Net returns on investments</b>		3,943	2,554	6,497	71,603	845	72,448
<b>Net (decrease)/increase in the fund during the year</b>		(16,941)	2,121	(14,820)	49,832	834	50,666
Transfers between sections		(384)	384	-	161	(161)	-
<b>Net assets of the fund at 1 July</b>		576,183	17,940	594,123	526,190	17,267	543,457
<b>at 30 June</b>		558,858	20,445	579,303	576,183	17,940	594,123

The notes on pages 55 to 72 form part of these financial statements.

## SPIRIT (LEGACY) PENSION SCHEME

### STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2021

	Note	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
<b>Investment assets</b>							
Pooled investment vehicles	14	518,838	20,338	539,176	530,428	17,917	548,345
Insurance policies	15	39,800	-	39,800	44,900	-	44,900
AVC investments	16	270	-	270	652	-	652
Cash account	17	-	-	-	-	6	6
		<u>558,908</u>	<u>20,338</u>	<u>579,246</u>	<u>575,980</u>	<u>17,923</u>	<u>593,903</u>
<b>Current assets</b>	21	1,042	118	1,160	1,185	42	1,227
<b>Current liabilities</b>	22	(1,092)	(11)	(1,103)	(982)	(25)	(1,007)
<b>Net assets available for benefits at 30 June</b>		<u>558,858</u>	<u>20,445</u>	<u>579,303</u>	<u>576,183</u>	<u>17,940</u>	<u>594,123</u>

The financial statements summarise the transactions of the Scheme 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 Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included in the Trustee's Report. These financial statements and Actuarial Certificates should be read in conjunction with this report.

The notes on pages 55 to 72 form part of these financial statements.

These financial statements on pages 53 to 72 were approved by the Trustee and were signed on its behalf by:

Trustee Director:

Trustee Director:

Date:



# **SPIRIT (LEGACY) PENSION SCHEME**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

### **1. Basis of preparation**

The individual 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 ('FRS 102') – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes, published by the Pensions Research Accountants Group ('PRAG').

As stated in the Statement of Trustee's Responsibilities on page 22, the Trustee is responsible for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue on this basis. As disclosed in the Trustee's Report on page 6 under the heading "Going Concern and COVID", the Trustee has undertaken an assessment in relation to going concern and has considered such matters as the potential impact on the Scheme's investment strategy, the Employer's business and its ability to pay contributions to the Scheme. The Trustee has determined that there is not a material uncertainty as to the Scheme's ability to continue as a going concern for the foreseeable future and the Trustee therefore believes it remains appropriate to prepare the financial statements on a going concern basis.

### **2. General information**

Spirit (Legacy) Pension Scheme is a hybrid occupational pension scheme established under trust under English Law.

The address of the Scheme's principal office is Spirit Pub Company (Services) Limited, Westgate Brewery, Bury St Edmunds, Suffolk, United Kingdom, IP33 1QT.

### **3. Accounting policies**

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### **Functional and presentational currency**

The Scheme's functional and presentational currency is Pounds Sterling (GBP).

#### **Contributions**

Normal contributions, both from employees and Employer, are accounted for on an accruals basis in the period to which they relate.

Expense contributions made by the Employer to reimburse costs and levies are accounted for in accordance with the Schedules of Contributions.

Employee's contributions made under a salary sacrifice arrangement are accounted for on an accruals basis and are categorised as Employer's contributions.

#### **Transfers in**

Individual transfers from other schemes are accounted for when member liability is accepted which is normally when the transfer amount is received.

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

## SPIRIT (LEGACY) PENSION SCHEME

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 3. Accounting policies (continued)

##### **Benefits paid or payable**

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type and amount of the benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

##### **Payments to and on account of leavers**

Individual transfers to other schemes are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Refunds and opt-outs are accounted for when the Trustee is notified of the member's decision to leave the Scheme.

##### **Administrative expenses**

Administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

##### **Other receipts**

Other receipts are accounted for on an accruals basis.

##### **Investment income**

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising from the underlying investments of the pooled investment vehicles, which is reinvested within the pooled investment vehicles, is reflected in the unit price. Such income is reported within the change in market value.

Income from cash and short-term deposits is accounted for in these financial statements on an accruals basis.

Income arising from annuity policies held by the Trustee to fund benefits payable to the Scheme members is included as sales proceeds within the investment reconciliation table.

##### **Change in market value of investments**

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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

##### **Investment management expenses**

Investment management fees and rebates are accounted for on an accruals basis, net of recoverable VAT.

Management fees for pooled investment vehicles are incorporated in the unit price and reflected in change in the market value of investments in the Fund Account.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 3. Accounting policies (continued)

##### Valuation of investment assets

##### Investments

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are:

Pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment managers at the year end.

Insurance policies are valued by the Actuary at the amount of the present value related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date. Insurance policies bought to provide a member's benefits are included in the Statement of Net Assets at their actuarial value as determined by the Actuary as at 30 June 2021.

With profits insurance policies held as AVC investments are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.

AVC funds are included within the Statement of Net Assets (Available for Benefits) on the basis of fair values provided by the AVC provider at the year end. At the year end a valuation for Utmost had not been received, as a result the valuation at the year end is based on the previous valuation, adjusted for cash movements.

#### 4. Contributions

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
<b>Employer</b>						
Normal	-	180	180	-	191	191
PPF Levy	198	-	198	70	-	70
Expense	967	-	967	970	-	970
	1,165	180	1,345	1,040	191	1,231

Employer normal contributions include £55k (2020: £63k) contributions in respect of salary sacrifice arrangements made available to members by the Employer.

#### 5. Transfers in

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Group transfers in	-	-	-	48	878	926

The group transfer in in the previous year of £926k represents the assets transferred to the Scheme in respect of members of the Spirit Retail Savings Plan who transferred on 30 September 2019. The group transfer

comprised £136k cash, (£2k) of accrued benefits and (£86k) of accrued expenses into the DB Section and £878k of invested assets into the DC Section.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 6. Other income

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Other income	61	-	61	-	-	-

The other income includes a property fund rebate and a refund due to an error made in the payment on bridging pensions.

#### 7. Benefits paid or payable

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Pensions	11,687	-	11,687	11,604	-	11,604
Commutations of pensions and lump sum retirement benefits	2,263	417	2,680	1,715	366	2,081
Purchase of annuities	52	-	52	-	-	-
Lump sum death benefits	74	19	93	299	28	327
	14,076	436	14,512	13,618	394	14,012

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

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Individual transfers to other schemes	5,193	177	5,370	6,588	685	7,273
Payments to members joining state scheme	-	-	-	1	-	1
	5,193	177	5,370	6,589	685	7,274

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 9. Administrative expenses

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Administration and processing	757	-	757	627	-	627
Actuarial fees	913	-	913	1,088	-	1,088
Audit fees	15	-	15	12	-	12
Legal fees	107	-	107	131	-	131
Other professional fees	769	-	769	661	-	661
Scheme levies	236	-	236	88	-	88
Trustee fees and expenses	39	-	39	40	-	40
Sundry expenses	1	-	1	-	-	-
Bank charges	4	-	4	5	1	6
	2,841	-	2,841	2,652	1	2,653

Administration costs for the DC Section are included in the DB Section administrative expenses, other than bank charges. Administration and processing expenses relate to day to day administration of the Scheme and ad hoc projects (for example projects relating to GMP equalisation and GMP reconciliation).

The increase in the other professional fees during the year relates largely to the appointment of an IFA to the Scheme, the investment strategy review and related work, and additional Trustee meetings.

Scheme levies include levies paid to the Pension Protection Fund ("PPF") and The Pensions Regulator ("TPR"). The increase in the levies over 2020/2021 is due to a change in the way the PPF determined the levy for the year.

#### 10. Investment income

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Income from pooled investment vehicles	103	-	103	45	-	45
Interest on cash deposits	-	-	-	6	-	6
	103	-	103	51	-	51

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 11. Investments

	Opening value at 1 Jul 2020 £000	Purchases at cost £000	Sales Proceeds £000	Change in market value £000	Closing value at 30 Jun 2021 £000
<b>DB section</b>					
Pooled investment vehicles	530,428	148,890	(164,735)	4,255	518,838
Insurance policies	44,900	-	(4,676)	(424)	39,800
AVC investments	652	-	(633)	251	270
	<u>575,980</u>	<u>148,890</u>	<u>(170,044)</u>	<u>4,082</u>	<u>558,908</u>
<b>Total DB net investments</b>	<u>575,980</u>				<u>558,908</u>
<b>DC section</b>					
Pooled investment vehicles	17,917	3,519	(3,652)	2,554	20,338
	<u>17,917</u>	<u>3,519</u>	<u>(3,652)</u>	<u>2,554</u>	<u>20,338</u>
Cash	6				-
<b>Total DC net investments</b>	<u>17,923</u>				<u>20,338</u>
<b>Total net investments</b>	<u>593,903</u>				<u>579,246</u>

Included in the pooled investment vehicles purchases and sales figures above are transitions between funds in the year. £39,334k was disinvested from the Invesco PGTR Fund and invested in the BlackRock GBP Liquidity Fund. £47,507k was disinvested from the Russell World Equity Fund and invested in the BlackRock GBP Liquidity Fund and the BlackRock Aquila Life MSCI World Fund. £50,000k was transferred from the BlackRock Aquila Life Corp Fund to the Adept Strategy 29 Fund.

An analysis of the DC Section investment assets is as follows:

	2021 £000	2020 £000
Allocated to members	20,344	17,923
Not allocated to members	-	-
	<u>20,344</u>	<u>17,923</u>

DC section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid.

There are no direct transaction costs in the year nor in the previous year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 12. Investment management expenses

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Administration and management fees	324	-	324	719	-	719
Management fee rebates	(82)	-	(82)	(78)	-	(78)
	242	-	242	641	-	641

Administration and management fees include a release of a provision of £327k charged in the previous year.

#### 13. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Employer and the members qualify for full tax relief, and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income.

#### 14. Pooled investment vehicles

	DB 2021 £000	DC 2021 £000	Total 2021 £000	DB 2020 £000	DC 2020 £000	Total 2020 £000
Bond funds	171,099	4,480	175,579	176,350	4,446	180,796
Cash & liquidity funds	44,537	2,933	47,470	7,502	2,123	9,625
Diversified growth funds	-	-	-	40,297	-	40,297
Equity funds	95,918	12,925	108,843	76,323	11,348	87,671
LDI fund	167,497	-	167,497	193,938	-	193,938
Property funds	39,787	-	39,787	36,018	-	36,018
	518,838	20,338	539,176	530,428	17,917	548,345

The Diversified growth fund invests across traditional equity and bond markets, as well as other asset classes including commodities and currencies to diversify returns.

The legal nature of the Scheme's pooled arrangements is:

	DB 2021 £000	DC 2021 £000	Total 2021 £000	DB 2020 £000	DC 2020 £000	Total 2020 £000
Open ended investment company	22	-	22	38,502	909	39,411
UCITS fund	479,029	-	479,029	415,611	-	415,611
Unit linked insurance policies	39,787	20,338	60,125	76,315	17,008	93,323
	518,838	20,338	539,176	530,428	17,917	548,345

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 14. Pooled investment vehicles (continued)

The Scheme is the sole investor in an LDI fund which is managed by BlackRock. The LDI fund is part of the matching portfolio and invests in various investment instruments to move in a similar way to the Scheme's liabilities for changes in interest rate and inflation expectations. A breakdown of the underlying assets at the year end is set out below:

	Expires within	Notional amounts £000	2021 £000 Assets	2021 £000 Liabilities	2020 £000 Assets	2020 £000 Liabilities
Bonds			260,401	-	303,263	-
Cash			11,364	-	4,756	-
Derivatives – interest rate swaps	1-40 years	131,818	612	(2,128)	6,756	-
Derivatives – inflation swaps	1-25 years	(77,850)	1,319	(728)	97	(4,055)
Repurchase agreements			-	(103,342)	-	(116,879)
			<u>273,696</u>	<u>(106,198)</u>	<u>314,872</u>	<u>(120,934)</u>

The notional amount represents the value of the interest rate and inflation exposure agreed within the swap contracts. The assets and liabilities figures represents the market value of the investment instruments at year end, with the sum of assets and liabilities included as the market value in the pooled investment vehicle table.

At the year end the Scheme held collateral of £1,175k (2020: £6,225k) and had pledged collateral of £6,382k (2020: £2,573k) in respect of over-the-counter (OTC) swaps.

At the year end, the Scheme held repurchase agreements within its pooled investment vehicles using its government bonds as the underlying security. The Scheme retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date. The securities are included in the financial statements as assets of the Scheme at their market value. At 30 June 2021, the market value of the securities sold under repurchase agreements was £103,342k (2020: £116,879k).

#### 15. Insurance policies

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Insurance policies	39,800	-	39,800	44,900	-	44,900

The Trustee holds an insurance policy with Scottish Widows Limited which provides annuity income to cover pensions for some members.

The valuation in respect of the annuity insurance policy has been estimated by rolling forward the respective solvency liabilities from the 30 June 2020 valuation, reflecting changes in actual cashflows, market conditions and estimated insurers' terms to 30 June 2021. In line with the approach adopted in previous years, there have been no adjustments for differences between actual and assumed deaths over the roll forward periods.



## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 16. Additional Voluntary Contributions (AVCs)

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Aviva	260	-	260	226	-	226
Utmost	1	-	1	124	-	124
Prudential	-	-	-	294	-	294
Standard Life	9	-	9	8	-	8
	270	-	270	652	-	652

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 30 June each year confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown above.

In addition to the investments shown above, £569k is included in the value of the pooled investments, following a transfer of the AVC funds from Utmost and Prudential to the DC Section of the Pooled Investment Vehicles during the year.

A valuation at the year end for Utmost has not been received, as a result the valuation shown above is based on the previous valuation, adjusted for subsequent cash movements.

AVC investments can be further analysed as:

	2021 £000	2020 £000
With profits	260	226
Unit profits/unit linked	-	294
Unit linked	10	132
	270	652

#### 17. Cash and other investment balances

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Cash	-	-	-	-	6	6

The cash balance listed above was allocated to members.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 18. Fair value of investments

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable (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.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	2021 Total £000
<b>DB section</b>				
<b>Investment assets</b>				
Pooled investment vehicles	-	479,051	39,787	518,838
Insurance policies	-	-	39,800	39,800
AVC investments	260	10	-	270
	<u>260</u>	<u>479,061</u>	<u>79,587</u>	<u>558,908</u>
<b>DC section</b>				
<b>Investment assets</b>				
Pooled investment vehicles	-	20,338	-	20,338
Cash	-	-	-	-
	<u>-</u>	<u>20,338</u>	<u>-</u>	<u>20,338</u>
	<u>260</u>	<u>499,399</u>	<u>79,587</u>	<u>579,246</u>

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 18. Fair value of investments (Continued)

DB section	Level 1 £000	Level 2 £000	Level 3 £000	2020 Total £000
<b>Investment assets</b>				
Pooled investment vehicles	-	494,410	36,018	530,428
Insurance policies	-	-	44,900	44,900
AVC investments	226	364	62	652
	226	494,774	80,980	575,980
<b>DC section</b>				
<b>Investment assets</b>				
Pooled investment vehicles	-	17,917	-	17,917
Cash	6	-	-	6
	6	17,917	-	17,923
	232	512,691	80,980	593,903

Valuation techniques as described in note 3 and note 15 are applied.

#### 19. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

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

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

- **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 determines the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 19. Investment risks (continued)

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

Category	Credit Risk	Market risk			2021 £	2020 £
		Currency	Interest rate	Other price		
Defined Benefit Section						
Pooled investment vehicles						
Direct	●	○	○	●	518,838	530,428
Indirect	●	●	●	●		
Annuity	●	○	●	○	39,800	44,900
Total DB Investments					558,638	575,328

Category	Credit Risk	Market risk			2021 £	2020 £
		Currency	Interest rate	Other price		
Defined Contribution Section						
Pooled investment vehicles						
Direct	●	○	○	●	20,338	17,917
Indirect	●	●	●	●		
Total DC Investments					20,338	17,917

In the above table, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly/ not at all.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

#### Investment strategy

The investment objective is set out in the Investment strategy and principles section on page 10.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 19. Investment risks (continued)

##### Credit risk

The Scheme is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the security of the pooled investment vehicles themselves, and the fund manager. The Scheme is also indirectly exposed to credit risks arising on underlying holdings within the funds, most notably through underlying corporate bond holdings, money market holdings and derivative contracts.

A summary of exposures to credit risk is given in the following table, the notes below which explain how this risk is managed and mitigated for the different classes:

##### Defined Benefit

Category	2021 £000	2020 £000
<b>Pooled investment vehicles</b>	<b>518,838</b>	<b>530,428</b>
Bond funds (direct and indirect risk)	171,099	176,350
Liability Driven Investment funds (direct and indirect risk)	167,497	193,938
Other funds (direct and indirect risk)	180,242	160,140
<b>Annuity</b>	<b>39,800</b>	<b>44,900</b>
<b>Total</b>	<b>558,638</b>	<b>575,328</b>

##### Defined Contribution

Category	2021 £000	2020 £000
<b>Pooled investment vehicles</b>	<b>20,338</b>	<b>17,917</b>
Bond funds (direct and indirect risk)	4,480	4,446
Other funds (direct and indirect risk)	15,858	13,471
<b>Total</b>	<b>20,338</b>	<b>17,917</b>

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers, receive ongoing monitoring of those pooled managers from the Scheme's investment consultant, and on an ongoing basis monitor changes to the operating environment of the pooled managers.

Indirect credit risk arises in relation to underlying investments held primarily in the bond pooled investment vehicle. This risk is mitigated by only investing in funds which hold at least investment grade credit rated investments.

The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 19. Investment risks (continued)

##### Interest rate risk

The Scheme is subject to interest rate risk because of the Scheme's investments in bonds, liability driven investment, diversified growth funds and cash through pooled investment vehicles. As at Scheme year end, the Trustee set a benchmark for total investment in bonds and liability driven investment of 75.6% of Scheme assets. Typically, should interest rates rise, while the value of the bond portfolio will fall, so will the value of the liabilities, and vice versa. This helps the Scheme to be better matched to the interest rate exposures of the payments that the Scheme needs to make to beneficiaries.

##### Defined Benefit

Category	2021 £000	2020 £000
<b>Pooled investment vehicles</b>	<b>383,133</b>	<b>418,087</b>
Bond funds (indirect risk)	171,099	176,350
Liability Driven Investment funds (indirect risk)	167,497	193,938
Diversified growth funds (indirect risk)	-	40,297
Cash funds (direct and indirect risk)	44,537	7,502
<b>Annuity</b>	<b>39,800</b>	<b>44,900</b>
<b>Total</b>	<b>422,933</b>	<b>462,987</b>

##### Defined Contribution

Category	2021 £000	2020 £000
<b>Pooled investment vehicles</b>	<b>7,413</b>	<b>6,569</b>
Bond funds (indirect risk)	4,480	4,446
Cash funds (indirect risk)	2,933	2,123
<b>Total</b>	<b>7,413</b>	<b>6,569</b>

##### Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets through pooled investment vehicles (indirect exposure). The Trustee has no set benchmark exposure.

Defined Benefit	Indirect Exposure	
	2021 £000	2020 £000
US dollars (USD)	32,291	26,141
Euros (EUR)	4,700	9,177
Japanese Yen	3,246	6,100
Other currencies	5,612	11,376
<b>Total</b>	<b>45,849</b>	<b>52,794</b>

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 19. Investment risks (continued)

Defined Contribution	Indirect Exposure	
	2021 £000	2020 £000
US dollars (USD)	7,232	6,156
Euros (EUR)	911	847
Japanese Yen	729	799
Other currencies	2,231	1,813
<b>Total</b>	<b>11,103</b>	<b>9,615</b>

#### Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes pooled holdings in property, equities and diversified growth funds. As at Scheme year end, the Scheme had set a target asset allocation of 24.4% of investments being held in return seeking investments. The Scheme manages this exposure to overall price movements by appointing suitable funds as to create a diverse portfolio of investments across markets.

Additionally, before each appointment, the Scheme receives advice from the Scheme's investment consultant on the suitability and risks to the Scheme of both the asset class and fund manager being appointed. Ongoing, the Trustee takes advice from the investment consultant as to the continuing suitability of the asset classes and managers in which the Scheme invests.

#### Inflation risk

The Scheme's assets are subject to inflation risk because some of the Scheme's assets are held in inflation-linked bonds, via pooled funds. However, the inflation exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the Scheme's funding level, and so the Trustee believes that it is appropriate to have exposures to these risks in this manner.

## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 20. Concentration of investments

##### DB Section

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Scheme, however, each of these investments is made up of a number of individual securities, none of which exceeds 5% of the funds/net assets:

	2021		2020	
	Value £000	%	Value £000	%
BlackRock Sole Investor LDI Fund	167,497	29	193,938	33
BlackRock Aquila Life Corp BD IDX Over 15Y S1	121,633	21	176,350	30
BlackRock GBP Liquidity Fund	44,535	8	-	-
BlackRock Aquila Life World Equity Fund GBP Hedged	48,096	8	37,821	6
BlackRock Aquila Life MSCI World Fund S1	47,836	8	-	-
Adept Strategy 29 Fund GBP Dist 9 Class	50,134	8	-	-
Scottish Widows insurance policy	39,800	7	44,900	8
Aviva IGSL Property Fund – Class C	39,787	7	36,018	6
Invesco Perpetual Global Targeted Returns Pension	-	-	40,297	7
Russell World Equity	-	-	38,502	6

Funds in both the Invesco Perpetual Global Targeted Returns Pension and Russell World Equity fund have been disinvested in full. Aquila Life MSCI World Fund S1 is a new fund this year.

##### DC Section

There are no DC section investments in excess of 5% of the net assets of the Scheme.

#### 21. Current assets

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Employer contributions due	-	10	10	-	10	10
Employee contributions due	-	4	4	-	3	3
Cash balances	1,022	104	1,126	1,165	29	1,194
Sundry debtors	20	-	20	20	-	20
	1,042	118	1,160	1,185	42	1,227

All contributions due to the Scheme were received in accordance with the Schedule of Contributions and Payment Schedule.

Included in the DC section bank balance is £2,485 (2020: £18,744) which is not allocated to members. All other DC section assets are allocated to members.



## SPIRIT (LEGACY) PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 22. Current liabilities

	DB £000	DC £000	2021 Total £000	DB £000	DC £000	2020 Total £000
Accrued expenses	995	-	995	860	-	860
Accrued benefits	30	11	41	62	25	87
HM Revenue & Customs	67	-	67	60	-	60
	1,092	11	1,103	982	25	1,007

#### 23. Employer related investments

There were no direct Employer related investments during the year or at the year end (2020: Nil).

The Trustee recognises that indirect investment in the Employer's parent company is possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, there was no indirect exposure to the parent company (2020: £49,998).

CK Noble (UK) Limited, a wholly owned subsidiary of CK Asset Holdings Limited, acquired Greene King Limited with effect from 30 October 2019.

The Trustee believes that any indirect exposure to shares in the Employer sponsor group were less than 5% of the Scheme assets at any time during the year and at year end.

- Invesco Global Targeted Returns Fund had an exposure of nil% to CK Asset Holdings (2020: 0.11%) as at 30 June 2021.
- Standard Life Vanguard Developed World ex UK Equity Fund had an exposure of nil% to CK Asset Holdings (2020: 0.04%) as at 30 June 2021.

#### 24. Related Party Transactions

Related party transactions and balances comprise:

##### Employer and other related parties

The Principal Employer is considered a related party. All transactions involved with this entity relate to remittance of monthly contributions required under the Rules of the Scheme and reimbursed fees and expenses.

##### Key management personnel

Contributions received into the Scheme and any benefits paid in respect of the Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Expenses incurred by Trustee Directors are reimbursed by the Scheme. The total Trustee expenses for the year to 30 June 2021 were £nil (2020: £2k). Fees were paid during the year to the Independent Trustee, BESTrustees Limited in the amount of £39k (2020: £38k) by the Scheme. At the year end a creditor balance of **£10k** (2020: £10k) is due to be paid.

The membership status of the Trustee Directors at the year end is as below:

Amy Newson – not a member of the Scheme (2020: not a member of the Scheme)

John Freeman – not a member of the Scheme (2020: not a member of the Scheme)

## SPIRIT (LEGACY) PENSION SCHEME

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 24. Related Party Transactions (Continued)

Richard Bell – pensioner member (2020: pensioner member)

Robert McDonald – pensioner member (2020: pensioner member)

BESTrustees Limited is an independent Trustee, whose representative is not a member of the Scheme.

#### 25. GMP equalisation

As explained on page 6 of the Trustee's report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the potential backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

There has been a recent further High Court judgement in relation to the equalisation of GMP benefits. This judgement focused on the GMP treatment of historic transfers out of members, an issue which had not been addressed in the 2018 GMP ruling. Under the recent ruling, the Trustee is required to review historic transfer values paid from May 1990 to assess if any top up payment is required to the receiving scheme, to reflect the member's right to equalised GMP benefits. The impact of this court case will be considered by the Trustee at future meetings and decisions will be made as to the next steps.

## **SPIRIT (LEGACY) PENSION SCHEME**

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### **INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE SPIRIT (LEGACY) PENSION SCHEME FOR THE YEAR ENDED 30 JUNE 2021**

#### **Statement about contributions payable under the Schedules of Contributions**

We have examined the summary of contributions to the Spirit (Legacy) Pension Scheme for the scheme year ended 30 June 2021 which is set out in the Trustee's Report on page 74.

In our opinion contributions for the Scheme year ended 30 June 2021 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 9 May 2019.

#### **Scope of work on Statement about Contributions**

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

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

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions/ payment schedule.

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

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

This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's 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 Scheme's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

**Crowe U.K. LLP**  
Statutory Auditor  
Oldbury

Date:

## SPIRIT (LEGACY) PENSION SCHEME

### SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 30 JUNE 2021

During the year ended 30 June 2021 the contributions payable to the Scheme were as follows:

	DB	DB	DB	DC	DC	DC
	Employer	Employees	Total	Employer	Employees	Total
	2021	2021	2021	2021	2021	2021
	£000	£000	£000	£000	£000	£000

#### Contributions payable under the Schedules of Contributions and as reported by the Scheme auditor

Normal	-	-	-	180	-	180
PPF levy	198	-	198	-	-	-
Expense	967	-	967	-	-	-
<b>Total contributions reported in the financial statements</b>	<b>1,165</b>	<b>-</b>	<b>1,165</b>	<b>180</b>	<b>-</b>	<b>180</b>

The Summary of Contributions was approved by the Trustee and signed on its behalf:

Trustee Director:

Trustee Director:

Date:

## SPIRIT (LEGACY) PENSION SCHEME

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### ACTUARIAL CERTIFICATES

Spirit (Legacy) Pension Scheme

#### **Adequacy of rates of contributions**

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

#### **Adherence to statement of funding principles**

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 9 May 2019.

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 scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

**Signature**

**Date** 9 May 2019

**Name** Roger Moring FIA

**Qualification**

Fellow of the Institute and Faculty of Actuaries

**Address** Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE

**Name of employer** Aon Hewitt Limited

## SPIRIT (LEGACY) PENSION SCHEME

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### ACTUARIAL CERTIFICATES

Spirit Group Retail Retirement Savings 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 13 May 2019.

#### 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 13 May 2019.

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 scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

**Signature**

**Date** 13 May 2019

**Name** Roger Moring FIA

**Qualification**

Fellow of the Institute and Faculty of Actuaries

**Address** Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE

**Name of employer** Aon Hewitt Limited