



Newsletter for members

Welcome to your latest Scheme newsletter, keeping you up to date with Scheme developments and wider pensions news.

January 2022

As life continues to sway back towards uncertainty during these winter months, recent news regarding the Omicron variant and rising interest rates and inflation, reminds us all to stay vigilant about current affairs.

As ever, our role as the Trustee Board remains the same – to monitor the Scheme's development and to make any changes we feel are necessary to protect the Scheme and all members' best interests. Over the period we have continued to work with the Company and engaged in regular covenant updates keeping us fully informed with any activity and updates during these difficult times for everyone.

The triennial formal valuation of the Scheme's financial position as at 30 June 2021 is currently underway and we are hopeful to be able to share the results next summer. As a reminder, the estimated funding level as at 30 June 2020 was 103.8%.

We also include a summary of the year's accounts and an update on the Scheme's investments which again have performed positively in a period of volatility.

The Scheme recently secured a bulk annuity with Scottish Widows to cover some of the Scheme's liabilities. The Board expects the annuity to reduce risk and complements our current funding plan. It follows on from a similar investment in 2018.

Finally, on behalf of the Board, I would like to thank Richard Bell for his long and dedicated service to the Scheme. Richard was a Member Nominated Director for over ten years and the epitome of what is expected of a good Board member. We wish Richard well for the future and would like to take this opportunity to welcome Francis Patton & Maria Gavin, to the board.

Away from the Scheme, we look at the timetable for launching the pension industry's Pensions Dashboard, we include a warning of the threat of online fraud, and we report on the increasing importance of Environmental, Social and Governance (ESG) factors for investments.

As always, please do get in contact if you have a query about the Scheme or your benefits, or if there is a topic you would like us to feature in our next issue. The contact details are on page 7.

Iain Urquhart

Chair of the Trustee Board

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In numbers

The membership

At 30 June 2021 there were 6,556 members in the Scheme compared with 6,709 members at the same date last year.

41	Active members - working for the Company and paying regular contributions.
3,483	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire.
3,032	Pensioner members - receiving benefits from the Scheme (and including the dependants of members who have died).

The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts, as at 30 June 2021. If you would like more detail, please request a copy of the full report using the contact details on page 6 or please visit the Scheme website at <https://pensioninformation.aon.com/spiritgroup>.

The full report includes further details on the Scheme's professional advisers and fund managers, how the Trustee Board manage the Scheme's investments with comments on how the Scheme is governed and the actuary's certification of the adequacy of the Schedule of Contributions.

A small return on investment increased the underlying value of Scheme assets during the year, but the overall value of assets was of course depleted by payment of pensions and Scheme costs.

The value of the assets supporting the Scheme at 30 June 2021

£579.3M



The decrease in the value of the assets over the reporting year

-£14.8M



The total value of contributions paid in to the Scheme during the year

£1.35M



The total value of benefits paid to members during the year

£19.9M



Funding Position

This section summarises the results of the last valuation at 30 June 2018 as well as the funding position at more recent dates. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

This section summarises the results of the three-yearly formal actuarial valuation at 30 June 2018. It also looks at the funding updates at 30 June 2020 .

	Valuation	Update
Date	30 June 2018	30 June 2020
The funding level	102.3%	103.8%
The funding target	£488.9 million	£511.4 million
The value of the Scheme's assets	£500.2m million	£525.5 million
The overall position	Surplus of £11.3 million	Surplus of £14.1 million

The next financial check will be based on the Scheme's position at 30 June 2021. We will report on the results once the valuation has been completed and we expect for the valuation to show a further increase on the funding level since the previous triennial valuation.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

Reasons for the change

The increase in the surplus over the period is largely as a result of the positive returns on the Scheme's assets which have offset the increase in the liabilities, resulting in a stronger funding position. Decreases in yields available on Government bonds lead to an increase the amount of money that needs to be put aside now ("liabilities") to pay benefits at a later date.

Investment update

As the Trustee Board, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

DB asset allocation

At 30 June 2021, the Scheme held assets of £558million compared with £575 million at the same date last year (not including DC & AVC assets).

The bullets below show how the Scheme's investments were allocated at 30 June 2021, across asset types.

- Equity Funds 17% Property Funds 7%
- Bond Funds 31% Cash & Liquidity Funds 8%
- Buy-in / Annuity 7% Liability Driven Investment (LDI) 30%

DB asset strategy

As the funding level continues to increase and the Scheme continues to mature, we as Trustee of the Scheme have embarked on a journey to consolidate our investment position and to start taking steps to de-risk the assets held in the Scheme.

The changes to the portfolio by the end of 2021 included, replacing the diversified growth fund (DGF) with lower risk liquid credit funds, reduction of equity portfolio to balance strategic target and investing further in the LDI portfolio to increase the matching assets of the Scheme.

Overview of 2021

Global equities generated strong positive returns over 2021, boosted by optimism over Covid-19 vaccine roll-outs, major central bank support and improving economic data. However, fears over the Covid-19 Delta variant and rising inflation caused some concern.

Global equities continued to perform positively until late November and December, where performance was markedly lower, due to a result of numerous factors, including the discovery of the Omicron variant.

The beginning of 2021 saw a rise in government bond yields, driven by optimism in light of several vaccine discoveries and stimulus packages. However, later in 2021, yields fell back as variant virus risks, and worries over a slower pace of global economic recovery arose.

In December, the Bank of England increased its base rate from 0.1% to 0.25%, in response to inflation concerns. This is the first base rate increase in more than three years. Going into 2022, the market continues to digest the prospect of higher inflation, lower growth and the potential impact of the Omicron variant.

Performance

The table below shows how the Scheme's investments have performed compared with their agreed benchmarks. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

DB Investment Performance	Over the 12 month period from 30 June 2020 to 30 June 2021		Over three years (% per year)		Over five years (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Total Scheme	0.8%	1.0%	5.3%	5.9%	5.0%	5.5%

In the period 30 June 2021 to 30 September 2021 assets slightly increased, with a performance of 0.5%, but out-performing the relative benchmark by 0.1%.

You can see that performance was largely positive over the one, three and five-year periods, however investments fell short of their target returns for each. We continue to monitor investment performance closely including Investment Manager reviews and assessing alternative investment options and Manager performance.

We set out our agreed investment approach in the Scheme's formal Statement of Investment Principles (SIP) which is now held on a public website and can be found at: www.pensioninformation.aon.com/spiritgroup and contains information on the investment objective, the investment strategy and the Trustee Board's policy on Environmental, Social and Governance requirements.

Defined contribution (DC) and additional voluntary contributions (AVCs)

DC assets totaling £20.3m are invested with Standard Life, individual members have a range of funds to choose to invest their DC pension pot in. Individual member AVCs totaling £0.8m are invested with Aviva, Standard Life and Utmost Life.

Information on how different DC & AVC funds have performed over the year can be found in the Chair's Statement which is included in the Trustee Report & Accounts which can be found at <https://pensioninformation.aon.com/spiritgroup>

How the uncertain economic climate has impacted your retirement savings in the Scheme will vary depending on how they are invested. Remember that you can make changes as and when you feel it's necessary but do bear in mind that pensions are long-term investments and it's normal to experience shorter-term ups and downs. Remember too that you can also increase your level of contributions at any time by making AVCs to boost your future benefits.

Beware of cyber crime

Online fraud, or cyber crime, is an ongoing threat in today's device-led world. The Pension Regulator's new single code of practice aims to tackle this with more emphasis, making it more of a priority for the trustees of pension schemes.

As the Trustee Board, we are committed to maintaining the highest level of security of the Scheme's online systems and your personal data and will continue to work closely with our expert advisers to identify any areas for improvement.

We encourage you to be vigilant to help protect yourself from cyber crime. Things to look out for include:

Authority. Beware of emails claiming to be from someone official such as your bank or doctor. Criminals often pretend to be someone in a position of trust to gain your confidence and then trick you into doing what they want.

Similarly, a common scam is for fraudsters to set up a website that pretends to be a legitimate business – for example a firm that is regulated by the Financial Conduct Authority or FCA.

Urgency. Beware of urgent time periods (such as 'within 24 hours' or 'immediately').

Emotion. Beware of messages that make you panic or fearful of missing out on something. False claims of support or enticing you into wanting to find out more are common methods.

Topical. Criminals often exploit current news to make their scam seem more relevant to you. Sadly, the COVID-19 pandemic gave criminals a new opportunity to tempt people into mistakes.

Remember!

If an email, website or social media post looks suspicious, stop what you're doing and give yourself time to check whether it is what it claims to be. If a financial adviser or firm is genuine, they will be authorised by the FCA and their details will be on the FCA's register. You can check the register online at <https://register.fca.org.uk>. Or you

Do

Read the National Cyber Security Centre guidance at www.ncsc.gov.uk/guidance/suspicious-email-actions for further information on how to stay safe.

Visit the FCA's Scam Smart website at www.fca.org.uk/scamsmart.

Don't

Click on links, or share your bank details or personal information, following unsolicited requests.

New single code of practice

During 2021, the Pensions Regulator undertook a public consultation about combining its existing (multiple) codes of practice into one single, shorter code. The Regulator received more than 10,000 individual answers during the consultation. The outcome of the consultation will mean greater overall protection for your benefits.

The new single code is expected to come into force during 2022, with an increased focus on governance and, in particular, risk assessment and cyber risk (see note to the left).

FCA and TPR guidance on advice and support

The Financial Conduct Authority (FCA) has published new guidance on what is expected from financial advisers delivering advice on transfers out of Defined Benefit schemes. The guidance focuses on the processes that should be put into place to ensure firms deliver suitable advice for members interested in transferring out.

The guidance also includes a new version of the joint FCA and Pensions Regulator (TPR) publication '*Guide for employers and trustees on providing support with financial matters without needing to be subject to FCA regulation*'.

The key points are:

Trustees/employers can continue to provide information to help members understand their options for accessing their retirement benefits.

- Trustees/employers can continue to appoint and provide access to a preferred, FCA-regulated IFA.
- Factual numerical information about what members can do with a Defined Benefit transfer value can be provided but illustrative figures, using assumptions about the future, should not be provided.

Pensions Dashboards

A few years ago, the Government called on the pension industry to develop and launch an online Pensions Dashboard. The aim is to enable everyone to have quick and easy access to information on all their pension savings in one place. To achieve this, the Money and Pensions Service established a Pensions Dashboards Programme (PDP) team. The timeline for developing Pensions Dashboards is as follows.

From 2021

'Develop and test' phase – building, integration and testing of the digital architecture.

From 2022

Voluntary onboarding – connection of volunteer pension schemes to the service, using real data. A decision has yet to be taken if we will participate in the voluntary onboarding.

From 2023

Staged onboarding – pension schemes will be required by law to connect to the service. The PDP recently called for input on how this should be implemented. They are recommending three waves:

Wave 1: largest schemes (1,000+ members and relevant to this Scheme). This would run for up to two years from April 2023, split into three cohorts:

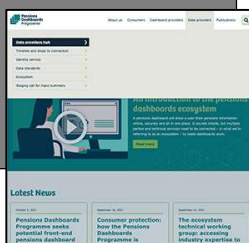
- Master trusts and FCA-regulated providers of personal pensions,
- Defined contribution schemes used for Automatic Enrolment, and
- All remaining occupational schemes with 1,000+ members (in order of size) with the largest defined benefit schemes to onboard in 2023.

Wave 2: medium schemes (100 to 999 members). This wave would be staggered by size and could go beyond the two-year timeline proposed for Wave 1. It would be unlikely to start before 2024.

Wave 3: small and micro schemes (fewer than 100 members). Staging of these would be deferred until after waves 1 and 2, so possibly after 2025.

The Government has said that the Pensions Dashboard will also be made available to the public around 2023, by which point the PDP believes there will be sufficient findable pensions to make dashboards useful to consumers.

To find out more about the PDP go to www.pensionsdashboardsprogramme.org.uk.



Responsible investing

You may have heard about responsible investing in the news recently as it's getting more attention across the pension industry. Responsible investing aims to incorporate environmental, social and governance (ESG) factors into investment decisions, which can help to create long-term sustainable returns.

- **Environmental:** the impact companies and their assets have on the environment.
- **Social:** how companies treat their employees, customers and the community.
- **Governance:** how companies and their assets are governed.

As Trustee of the Scheme, we assess ESG factors when agreeing how to invest the Scheme's assets. Our appointed investment managers also incorporate ESG factors into their day-to-day processes.

One of our duties is to make an appropriate range of investment options available to members. In doing so, we have assessed and incorporated ESG factors into the Scheme's available investment funds, enabling you to consider these.

From autumn 2021, Trustees must also comply with new duties to consider and assess climate-related risks and opportunities – this does not yet apply to Schemes with assets less than £5 billion. When these requirements begin to apply for the Scheme, we will issue a report setting out how we have done this and provide you with access to an appropriate range of funds.

Minimum retirement age set to increase

The Government has confirmed that the minimum retirement age will rise from 55 to 57 in April 2028, to broadly coincide with the rise in the State Pension Age to 67.

Pension savers considering taking early retirement in 2028 or later may need to take this into account – in particular, those that will turn 55 just after the change takes effect and those who reach age 55 shortly before then but have not accessed all their benefits.

Where the Scheme currently gives members a right to take benefits before age 57, this will be retained for members.

We will keep you updated when the legislation for this is finalised.

More information

To find out more about the Scheme, please use the contact details below.

There are lots of useful websites that can help you understand your options and support you with your retirement planning.

Get to know your pension at www.yourpension.gov.uk. The site has a tool that can quickly generate you a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

Picture your future at

<http://www.retirementlivingstandards.org.uk> The retirement living standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

The Money & Pensions Service brings together three main guidance bodies, the Money Advice Service, the Pensions Advisory Service and Pension Wise. The combined service recently relaunched as MoneyHelper. To find out more, go to www.maps.org.uk/moneyhelper/

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: spirit.group.mailbox@aon.com

Phone: 0370 850 6840 (lines are open Monday to Friday, 9am to 5pm)

Write to: Aon, PO Box 196, Huddersfield, HD8 1EG

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon Solutions UK Limited
Actuary	Roger Moring, FIA, Aon Solutions UK Limited
Auditor	Crowe UK LLP
Covenant Advice	Darren Masters, Mercer LLC
Investment Adviser	Aon Solutions UK Limited
Legal Adviser	Linklaters LLP

Behind the scenes

As the Trustee Board, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing. There have been some changes to the Trustee Board during the year and the current Trustee Directors on the Board are listed below. The Board is made up of Company-appointed Directors and member-nominated Directors. We would like to thank Richard Bell for his services to the Board during his tenure as a Director.

Company-appointed	Member-nominated
Iain Urquhart	Richard Bell (Resigned 28 September 2021)
John Freeman	Maria Gavin (Appointed 28 September 2021)
Nick Wilks (Appointed 4 January 2022)	Francis Patton (Appointed 28 September 2021)
Amy Newson (Resigned 4 January 2022)	Robert McDonald

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits. Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustee Board, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us. Please use the contact details on the left to request a blank form.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). Earlier this year, the Trustee appointed WPS Advisory to give you independent advice and support with your Scheme benefits and retirement options. If you wish to find out more information about this offering please contact the Scheme administrator using the contact details adjacent. You are also free to choose your own independent financial adviser. You can find an adviser in your area by searching the Money Advice Service directory at <https://directory.moneyadvice.service.org.uk/en>. Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

Your Data

If you wish to find out more about how your data is held and processed in the Scheme, you can access the Scheme's privacy notice on the member website via the link below. The bulk annuity purchase mentioned on page 1, also requires the use of some membership data, and we apply strict procedures to determine what data is shared and how it is shared securely. Scottish Widows have asked us to let you know that their data privacy notice, which describes how they use data that they receive, appears under "Privacy" at this link www.scottishwidows.co.uk/legal-information/legal-and-privacy/ or via the member website noted above: <https://pensioninformation.aon.com/spiritgroup>

Remember: if you would like more information about the Scheme, you can request a copy of the Trustee's Annual Report & Accounts. Contact the administration team (details on the left) or by visiting the member website <https://pensioninformation.aon.com/spiritgroup>.