

UNITED WIRE (2002) PENSION SCHEME

**Trustees' Annual Report and
Financial Statements**

For the year ended 31 March 2020

Pension Registration Number: 10259349

UNITED WIRE (2002) PENSION SCHEME

TRUSTEES' ANNUAL REPORT & FINANCIAL STATEMENTS 2020

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UNITED WIRE (2002) PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS 2020

TRUSTEES AND PROFESSIONAL ADVISERS

TRUSTEES

The Trustees of the United Wire (2002) Pension Scheme (“the Scheme”) during the year and to the date of this report are set out below:

George Stevens
Simon Smoker
Gary Barker (Member Nominated Trustee)
Jane Hughes (until 31 December 2019)

ADVISERS

The advisers to the Trustees during the year and up to the date of this report are set out below:

Administrator	Royal London
Consultant	Buck Consultants Limited
Independent Auditor	Deloitte LLP
Banker	Natwest Group Plc
Investment managers	Royal London
AVC Provider	Royal London & Equitable Life Assurance Society (Utmost Life and Pensions from 1 January 2020)
Legal adviser	CMS Cameron McKenna Nabarro Olswang LLP
Life assurance provider	Assicurazioni Generali S.p.A.
Sponsoring employer	MI Drilling Fluids UK Ltd (until 1 January 2020) Peregrine Road Westhill Business Park Westhill Aberdeen AB32 6JL Schlumberger Oilfield UK PLC (from 1 January 2020) Schlumberger House Buckingham Gate Gatwick Airport West Sussex RH6 0NZ
Pensions registration number	10259349

UNITED WIRE (2002) PENSION SCHEME

TRUSTEES' REPORT

INTRODUCTION

The Trustees of the United Wire (2002) Pension Scheme ('the Scheme') are pleased to present their report together with the financial statements of the Scheme for the year ended 31 March 2020. The purpose of the report is to:

- provide details of the financial position of the Scheme and also information on the Scheme's financial statements during the year ended 31 March 2020; and
- provide additional information about the Scheme as required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

The Scheme was established by a Definitive Trust Deed dated 22 March 2002 (as amended).

The Scheme is a money purchase pension Scheme. The contributions for each member are invested until retirement when the accumulated value of each member's investment account becomes available to purchase benefits.

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

TRUSTEES

The Trustees of the Scheme during the year and to the date of this report are set out on page 1.

The Scheme rules contain provisions for the appointment and removal of trustees. The Trustees are appointed and removed by the Principal Employer subject to the provisions of the Pensions Act 2004 in relation to the appointment of Member Nominated Trustees (MNT). The Scheme complies with the MNT provisions stipulated by the Pensions Act 2004.

The Trustees met twice during the year.

CHANGE OF EMPLOYER

Please note that on the 1st January 2020, the principal employer changed to Schlumberger Oilfield UK Plc.

FINANCIAL DEVELOPMENT OF THE SCHEME

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995. The fund account shows that the net assets of the Scheme have decreased from £4,599,082 at 1 April 2019 to £4,267,161 at 31 March 2020. The decrease in net assets is accounted for by:

	£
Net reduction from dealings with members	(25,092)
Net returns on investments	(306,921)
	<hr/>
Decrease in net assets	(331,921)
	<hr/>

The financial statements for the year ended 31 March 2020 are shown on pages 28 to 38.

Just before the end of the scheme year, consequent on the global impact of the COVID-19 pandemic, the value of members' pension savings has been impacted. Longer-term 'growth' assets, like shares and diversified growth funds are likely to have suffered significant falls. Other types of investment options, such as bonds are unlikely to have been affected as much as shares. Cash funds will have provided protection from the volatility that most other types of investments have experienced.

It is not possible, at this time, to quantify the change in market value as the situation is fluid and unpredictable.

At the point of approval of the Trustees' report, the Trustees do not believe there to be a material impact on the employer's ability to pay contributions in accordance with the Payment Schedule. However, as the situation is fluid and unpredictable the Trustees will keep the situation under review.

PENSIONS INCREASES

As the Scheme is a money purchase arrangement, increases to pensions in payment depend upon the type of annuity purchased at retirement. There are no discretionary pension increases.

UNITED WIRE (2002) PENSION SCHEME

TRUSTEES' REPORT (CONTINUED)

TRANSFER VALUES

Cash equivalents paid during the Scheme year in respect of transfers to other pension schemes have been calculated and verified in accordance with the Pension Schemes Act 1993.

Transfer values paid represented the full value of members' benefits. No discretionary benefits are included in the calculation of the transfer values.

PAYMENT SCHEDULE

A Payment Schedule has been agreed between the Trustees and the sponsoring employer. Members' contributions (including AVCs) must be paid to the Scheme within 14 days of the end of the tax month to which the contributions relate. The Pensions Act 1995 requires employee contributions to be paid to the Scheme within 19 days of the end of the month to which the contribution relates.

All contributions during the year have in all material respects been received in accordance with the payment schedule with the exception of the April payment of £11,833.12, this was not processed in time owing to an oversight by the accounts department and was paid as soon as they realised the payment had not been made. The payment was made on 7th June 2019, the only reason for lateness of payment was the oversight by the accounts team.

EMPLOYER RELATED INVESTEMENTS

Employer-related investments during the year was £11,833.12 (2019: £nil).

RISK REVIEW

Under the Pensions Act 2004 there is a requirement for occupational pension schemes to have in place adequate internal controls in relation to the administration and management of the Scheme and the safe custody and security of assets of the Scheme. The Pensions Regulator has published a code of practice and guidance for Trustees on the implementation of adequate controls. Following the guidance, the Trustees set up a risk register and have undertaken a comprehensive review of the risks and the controls in place to minimise these risks. The Trustees regularly review their risk register and keep an up to date copy.

TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Pensions Act 2004 requires that individual trustees of an occupational pension scheme have appropriate knowledge and understanding of the law relating to pensions and trusts, the principles relating to the funding of occupational pension schemes and the investment of the assets of such schemes. The Trustees regularly review their training needs and receive ongoing training based upon the needs identified.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

It is a requirement of the Pensions Act 1995 that the Trustees of all occupational pension schemes have Internal Dispute Resolution Procedures (IDRP) in place for dealing with any disputes between the Trustees and the Scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustees, details of which can be obtained by writing to the contact name below.

SUBSEQUENT EVENTS

During the Scheme year end there has been the emergence and spread of the new Coronavirus that is causing disruption and volatility on the financial markets. The Trustees will continue to monitor the developments and the potential impact on the Scheme investments across the year. Further details of the financial impact on the investment assets of the Scheme are detailed in the investment report

GOING CONCERN

The Scheme financial statements have been prepared on the going concern basis. In making this assessment, the Trustees have assessed the ability of the sponsoring employer to continue to meet its obligations to the Scheme and for the Scheme to meet its future obligations to pay member benefits as they fall due. The Trustees have reviewed information available to them from the sponsoring employer and their advisors and as a consequence, the Trustees

UNITED WIRE (2002) PENSION SCHEME

TRUSTEES' REPORT (CONTINUED)

believe the Scheme is well positioned to manage its risks successfully. In light of this the Trustees have a reasonable expectation that the Scheme will continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Scheme financial statements.

SCHEME MEMBERSHIP

The membership of the Scheme as at 1 April 2019 and 31 March 2020 is shown below:

ACTIVE MEMBERS		NUMBER
At 1 April 2019		49
New Joiners		0
Lump sums and commutations		(2)
To Deferred Members		(9)
		<hr/>
As at 31 March 2020		38
PENSIONER MEMBERS		NUMBER
At 1 April 2019		21
Retirements		0
Deceased		0
		<hr/>
As at 31 March 2020		21
DEFERRED MEMBERS		NUMBER
At 1 April 2019		60
Employees transferring to deferred pension		9
Deceased		-
Transfers Out		(1)
		<hr/>
As at 31 March 2020		68

UNITED WIRE (2002) PENSION SCHEME

TRUSTEES' REPORT (CONTINUED)

CONTACT FOR FURTHER INFORMATION

Any enquiries or complaints about the Scheme including requests from individuals about their benefits or for a copy of Scheme documentation should be sent to:

The Trustees of the United Wire (2002) Pension Scheme
c/o Gary Barker
Trustee
Schlumberger Oilfield UK PLC
Granton Park Avenue
Edinburgh
EH5 1HT

Email: GBarker@unitedwire.com

APPROVAL OF THE REPORT BY THE TRUSTEES

Signed for and on behalf of the Trustees of the United Wire (2002) Pension Scheme by:

_____ Trustee

_____ Trustee

29 October 2020

UNITED WIRE (2002) PENSION SCHEME

STATEMENT OF TRUSTEES' RESPONSIBILITIES

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees 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 that 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 Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have 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.

TRUSTEES' RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a payment schedule 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 Trustees are 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 payment schedule. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

UNITED WIRE (2002) PENSION SCHEME

INVESTMENT REPORT Year Ended 31 March 2020

INVESTMENT MANAGER

The Scheme's investments are managed by Royal London who were appointed by the Trustees. The Trustees agree the investment strategy after taking appropriate advice. Subject to the investment strategy laid down by the Trustees, day to day management of the Scheme's portfolio, which includes full discretion over investment, is the responsibility of the investment manager.

Investment manager's fees are determined as a percentage of the market value of the fund under management; in addition, commissions and fees are also levied on investment transactions.

STATEMENT OF INVESTMENT PRINCIPLES

The Trustees have produced a Statement of Investment Principles, which incorporates the investment strategy, in accordance with section 35 of the Pensions Act 1995. A copy of the statement is included as Appendix 1 on page 40.

CUSTODIAL ARRANGEMENTS

The portfolios of securities and cash underlying the units issued by the investment manager are held by independent corporate custodians and are regularly audited by external auditors. Custodial arrangements are provided by each of the investment managers under their standard pooled fund arrangements. These are detailed below:

Manager	Custodian
BlackRock	BNY Mellon
Royal London	HSBC Bank plc
Aberdeen Standard Investments	Citibank NA London Branch

The Trustees are responsible for ensuring that the Scheme's assets continue to be held securely. The custodian arrangements are reviewed from time to time and the auditor is authorised to make whatever investigations they deem are necessary as part of the annual audit procedures.

The Trustees determine the broad investment policy to be adopted by each of the Scheme's investment managers, choosing specific pooled funds or setting benchmarks and outperformance targets where appropriate. There were no changes to the Scheme's investment managers or investment strategy during the year.

The proportion of the Scheme assets managed by each of the investment managers as at 31 March 2020 (excluding cash held in the Trustees' bank account) is shown below. Valuations are shown at the bid price where available.

Fund manager	Fund	£	%
BlackRock	Aquila UK Equity Index	1,319,660	31.0319
	Aquila Consensus	467,658	10.9970
Royal London	Fixed Interest	1,052,530	24.7503
	Deposit	146,005	3.4333
	Managed	163,801	3.8518
	UK Equity	48,176	1.1329
	Crest Secure	414,066	9.7368
Aberdeen Standard Investments	Global Absolute Return Strategies Fund	344,089	8.0913
Prudential / Royal London	Annuity Policies	290,621	6.8340
Equitable Life	Equitable Life AVC	5,985	0.1407
Total		4,252,591	100%

UNITED WIRE (2002) PENSION SCHEME

INVESTMENT REPORT (CONTINUED)

Year Ended 31 March 2020

REVIEW OF PERFORMANCE

The table below shows a summary of the Scheme's investment managers' performance for the twelve months, and over the last 5 scheme years to 31 March 2020, together with benchmarks adopted by the Trustees.

FUND PERFORMANCE	Percentage Growth					
		31/03/19	31/03/18	31/03/17	31/03/16	31/03/15
		31/03/20	31/03/19	31/03/18	31/03/17	31/03/16
	amc%	pgr%	pgr%	pgr%	pgr%	pgr%
Royal London Deposit Pension fund	0.53%	-0.20	-0.22	-0.67	-0.58	-0.47
Benchmark		-0.34	-0.33	-0.66	-0.67	-0.52
Difference		0.14	0.11	0.01	0.09	0.05
Royal London UK Equity Pension fund	0.53%	-14.96	-1.01	1.73	18.38	-5.14
Benchmark		-14.32	-0.43	0.24	20.74	-4.88
Difference		-0.64	-0.58	1.49	-2.36	-0.26
Royal London Fixed Interest Pension fund	0.53%	8.00	3.96	-0.13	6.29	2.28
Benchmark		8.85	3.11	-0.54	5.57	2.22
Difference		-0.85	0.85	0.41	0.72	0.06
Royal London Managed Pension fund	0.53%	-8.70	1.07	1.07	16.22	-1.16
Benchmark		-8.14	1.32	1.32	16.59	-0.63
Difference		-0.56	-0.25	-0.25	-0.37	-0.53
RL/UK BlackRock Aquila UK Equity Index	0.53%	-19.90	-4.74	-0.25	21.05	-6.08
Benchmark ¹		-19.27	-4.13	-0.28	20.93	-5.96
Difference		-0.63	-0.61	0.03	0.12	-0.12
RL/BlackRock Aquila Consensus Pension Fund	0.53%	-8.62	0.34	-1.52	21.65	-3.60
Benchmark ¹		-8.07	0.33	0.96	18.05	-3.38
Difference		-0.55	0.01	-2.48	3.60	-0.22
Aberdeed Standard Global Absolute Return Strategies Fund	1.31%	0.30	-0.20			
Benchmark ¹		-0.87	-0.77			
Difference		-0.57	0.57			
Scottish Life With Profits and Crest Secure Fund (no benchmark applies)	n/a	2.00	2.00	2.00	-0.58	2.00

amc% is the percentage Annual Management Charge

pgr% is the Percentage Change in Prices.

Source: Lipper, as at 31.03.2020. All performance figures have been calculated net of the Fund Management Charge applicable to the fund.

¹ The performances of the benchmark above has been calculated using prices for the last pricing date previous to that shown i.e. to compare fund price movements for the period to 31.03.2019, benchmark prices to 30.03.2019 have been used. This calculation allows a more accurate comparison between the fund and its benchmark, due to a one day delay in the pricing of the external fund.

UNITED WIRE (2002) PENSION SCHEME

INVESTMENT REPORT (CONTINUED)

Year Ended 31 March 2020

SCHEME LEVEL GROWTH YEARS 1, 3 & 5

Name	% Growth TR Def ExD Def GBP		
	31/03/2019 To 31/03/2020	31/03/2017 To 31/03/2020	31/03/2015 To 31/03/2020
	1 Year	3 Years	5 Years
RLP Deposit-Pen	-0.20	-1.10	-2.13
RLP Deposit Benchmark	-0.34	-1.37	-2.53
RLP Fixed Interest-Pen	8.00	10.91	20.57
RLP Fixed Interest Benchmark	8.85	11.15	19.95
RLP Standard Life GARS-Pen	0.30	-1.39	-7.52
RLP/Standard Life Global Absolute Return Strategies Benchmark	-0.87	-2.80	-4.81
RLP/BlackRock ACS UK Equity Index-Pen	-19.90	-16.97	-5.60
RLP Blackrock ACS UK Equity Index Benchmark	-19.27	-14.79	-2.13
RLP/BlackRock ACS Global Equity Index (60:40)-Pen	-14.96	-10.09	7.14
RLP/BlackRock ACS Global Equity Index (60:40) Benchmark	-14.32	-7.97	11.50
RLP/BlackRock Consensus 85-Pen	-8.62	-5.21	11.17
RLP/BlackRock Consensus Benchmark	-8.07	-3.21	10.25

STEWARDSHIP OF INVESTMENTS

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment manager and they expect the investment manager to use its discretion to maximise financial returns for members and others over the long term.

FINANCIALLY MATERIAL CONSIDERATIONS

The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustees have reviewed the investment managers' policies in respect of financially material considerations and are satisfied that they are consistent with the above approach.

EMPLOYER-RELATED INVESTMENTS

There are no directly held employer-related investments and the level of indirect investments held through pooled funds is understood to be significantly below the 5% limit.

UNITED WIRE (2002) PENSION SCHEME

ANNUAL GOVERNANCE STATEMENT

Year Ended 31 March 2020

Introduction

Governance standards apply to defined contribution pension arrangements like the Scheme. These are designed to help members achieve a good outcome from their pension savings.

As Chair of the Trustees of the Scheme, I have to provide you with a yearly statement which explains what steps the Trustees (with guidance from our professional advisers) have taken to meet these standards within the Scheme. The information included in my statement is set out in law and regulation.

This Statement covers the period from 1 April 2019 to 31 March 2020.

The Trustees are committed to having high governance standards and we meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration. The Trustee board was reduced to two Trustees over the Scheme year due to the resignation of Jane Hughes from the sponsoring employer, but we have recently welcomed Simon Smoker onto the Trustee board as a company-nominated Trustee. Simon is the former UK Corporate Controller at Schlumberger UK and has been a pension trustee for over 9 years. We welcome Simon to the board.

I have also attached in appendix A information relating to the Crest Growth Pension Plan and Crest Secure Pension Plan (the 'Crest Plans'). As neither of the Crest Plans are being used as the relevant qualifying scheme for any members for the purposes of automatic enrolment, the Trustees have applied a proportionate approach to meeting the relevant governance standards for the Crest Plans. In particular, the Trustees have considered the Crest Plans within the assessment of Value for Member and Value for Money for the Scheme as a whole.

The majority of the UK's response to the worldwide spread of Coronavirus, or COVID-19, were introduced at around the same time as the end of the Scheme year and therefore the majority of the investigations and actions taken by the Trustees will be covered in next year's annual governance statement.

However, the Trustee would like to reassure members that:

- Royal London moved their entire service operations out of their offices and into home-working within 6 days of the lockdown. As of the middle of April 2020, 99% of the Royal London teams were working from home and all of the Royal London processes were fully operational, with telephone lines open as normal; and
- Due to the COVID-19 outbreak, longer-term 'growth' assets like equity funds and diversified funds are likely to have suffered significant falls in the first quarter of 2020. Other types of investment options, such as bonds, are unlikely to have been affected as much as shares. Cash funds will have provided protection from the volatility that most other types of investments have experienced. As pensions are a long-term savings plan, it is expected that there will be some short-term fluctuations. The current situation is extreme but, looking back over history, there have been many periods of turmoil that global economies and markets have recovered from.

Assisted by our advisers and through hosting virtual meetings, we are also monitoring the impact of the COVID-19 pandemic on the Scheme, particularly on ongoing investment returns, administration standards, member support service levels and the ability of the Company to pay contributions on time and fulfil other financial obligations.

Feedback

I welcome this opportunity to explain what the Trustees do to help to ensure the Scheme is run as effectively as it can be. If you have any questions about anything that is set out in this Statement, or any suggestions about what can be improved, please do let us know.

UNITED WIRE (2002) PENSION SCHEME

ANNUAL GOVERNANCE STATEMENT

Year Ended 31 March 2020

Default investment strategies

A default investment arrangement is set up by the Trustees and provided for members who do not choose an investment option for their contributions. Members can also choose to invest in this default investment arrangement.

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the default arrangements. Members can also self-select from a range of funds that the Scheme offers. We take professional advice from regulated investment advisers when setting the default investment strategy and the self-select fund range.

Setting an appropriate investment strategy

Details of the strategy and objectives of the default investment arrangement are recorded in a document called the Statement of Investment Principles. A copy of the latest statement of investment principles is attached to this statement.

The Scheme offers two lifestyle investment options for members:

1. The default strategy is the **Lifestyle Option for Annuities**. It is designed for those members who, at retirement, wish to buy a guaranteed pension income for life (an annuity). The strategy assumes that members will take 25% of the value of their retirement account as cash (currently tax free) with the balance of the retirement account being used to purchase an annuity. If a member has selected the Lifestyle Option for Annuities (or this has been selected by default), the monies are moved to assets that are deemed more suitable should that member wish to take 25% of the value of their retirement account as cash (currently tax free) with the balance of the retirement account being used to purchase an annuity.
2. The alternative lifestyle strategy is the **Lifestyle Option for Cash Lump Sums**. It is designed for those members who wish to take all of their retirement account as a cash lump sum (25% currently tax free) on their retirement date. If a member has selected the Lifestyle Option for Cash Lump Sums, the monies are moved to assets that are deemed more suitable should that member plan to draw cash from their Retirement Account as a single cash lump sum.

When deciding on the investment strategy, the Trustees recognise that the majority of members do not take active investment decisions and instead invest in the default option.

Therefore, the Trustees' primary objective in deciding on an investment strategy is to ensure that the strategy is appropriate for a typical member, taking into account their age and planned retirement date.

When choosing the lifestyle strategies, it is the Trustees' policy to consider a range of asset classes, together with their expected returns and the expected volatility of those returns, the suitability of styles of investment management, and the need for diversification. The Trustees also recognise that there are various investment and operational risks and give qualitative and quantitative considerations to such risks.

Both lifestyle options are structured to provide the potential for a level of growth over and above inflation in the long term. In addition, as members approach retirement the monies in the Lifestyle Options are gradually switched to less volatile investments that aim to protect members' potential income in retirement.

UNITED WIRE (2002) PENSION SCHEME

ANNUAL GOVERNANCE STATEMENT

Year Ended 31 March 2020

Reviewing the default investment arrangement

The Trustees are expected to review the strategy and objectives of the default investment arrangement regularly, and at least once every three years, and take into account the needs of the Scheme membership when designing it.

The Trustees review the investment objectives on a regular basis. As part of any review, and to fulfil our fiduciary duty to act in members' best interests, we will first confirm our understanding of the current and expected membership. We will use this information to develop an understanding of members' needs, attitudes and expectations. This will enable us to make assumptions as to what members' reasonable expectations could be. We will then consider members' attitudes to risk and their retirement expectations to analyse different default strategies before deciding on what, if any, changes are appropriate at the time. The Trustees also consider the number of investment funds offered to members.

The Trustees' last review of the default investment arrangement was in November 2017, when the Lifestyle Option for Cash Lump Sums was introduced and the switching period for both the Lifestyle Option for Annuities and the Lifestyle Option for Cash Lump Sums was reduced from fifteen years to ten years. The Trustees also implemented the Standard Life Investments Global Absolute Return Strategies fund into both lifestyle strategies and offered this fund as an option for self-selection during this review.

In addition to the three-yearly strategy review, the Trustees monitor the performance of the default arrangement once a year as part of the process of drafting the Trustee Report and Financial Statements and will formally review both this and the strategy at least every three years or immediately following any significant change in investment policy or the Scheme's member profile, taking advice from the Trustees' investment consultant and the investment manager.

The Trustees commenced but did not complete a review of the default investment arrangement during the Scheme year. The Trustees have requested from Royal London more regular investment monitoring reports going forward to monitor the performance of the default strategy and the self-select fund choices. In particular, the Trustees will monitor the impact of the COVID-19 pandemic on investment performance and volatility.

Self-select investment choices

In addition to the default lifestyle strategy and the alternative lifestyle strategy, the Trustees allow members to self-select from the following range of funds:

- Royal London Deposit Pension Fund
- Royal London Fixed Interest Pension Fund
- BlackRock Aquila Consensus Pension Fund
- BlackRock Aquila UK Equity Index Pension Fund
- BlackRock Aquila Global Equity Index (60:40) Pension Fund
- Standard Life Investments Global Absolute Return Strategies Fund

Members are expected to take independent financial advice before choosing between these funds. Any members considering switching funds during the COVID-19 pandemic should consider the risk involved and take any advice they feel is necessary. Free impartial guidance is available from the Pensions Advisory Service. Visit their website at <https://www.pensionsadvisoryservice.org.uk/>

UNITED WIRE (2002) PENSION SCHEME

ANNUAL GOVERNANCE STATEMENT Year Ended 31 March 2020

Charges and transaction costs paid by members

The Trustees are required to explain the charges and transaction costs in the Scheme that are paid by members rather than the employer. As the Scheme is a 'bundled' scheme, the costs borne by the members include:

- the investment management and investment transactions costs associated with the funds that the member is invested in; and
- the other costs incurred by Royal London in running the Scheme, such as administration and the governance provided by Royal London.

The costs borne by the employer include the costs of providing secretarial services to the Trustees plus other costs associated with the Trustees (for instance, audit fees, adviser fees, group life premiums, etc).

The investment management and transaction costs in particular can be explained as follows:

- The ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge and any additional fund expenses, as well as any other charges levied by Royal London for administering the Scheme. The charges for the default investment strategy are compared against the 0.75% charge cap set by legislation.
- Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments *within* each fund or strategy. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. Unlike ongoing charges figures, transaction costs are not compared against the 0.75% charge cap set by legislation – instead, the reported performance of the fund is typically net of these transaction costs. It should be noted that transaction costs are likely to vary from fund to fund and from year to year.
- In addition, there can be switching costs occurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching their investment arrangements) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.

The ongoing charges figures applicable to the funds during the Scheme year to 31 March 2020 and transaction costs during the 12 months to 31 December 2019 were confirmed by Royal London as being:

Fund	Ongoing charges figure	Transaction costs ¹
Royal London Deposit Pension Fund	0.53%	0.00%
Royal London Fixed Interest Pension Fund	0.53%	(0.28%)
BlackRock Aquila Consensus Pension Fund	0.53%	0.05%
BlackRock Aquila UK Equity Index Pension Fund	0.53%	0.03%
BlackRock Aquila Global Equity Index (60:40) Pension Fund	0.53%	0.00%
Standard Life Investments Global Absolute Return Strategies Fund	1.31%	0.33%

The charges on the lifestyle strategies are the weighted averages of the charges on the above funds, using the allocation to each fund at each point in time. Both lifestyle strategies have ongoing charges figures that range between 0.53% per annum and 0.73% per annum depending on how far away the member is from their selected retirement date, with the charges being:

- 0.53% for any period up to 10 years from retirement; increasing to
- 0.73% maximum for the period from 7 years to 3 years from retirement; and
- 0.53% within a year of retirement.

¹ A charge in (brackets) is effectively a negative cost i.e. it boosts net return, rather than detracting from it. This can happen when buying an asset, if the actual price paid ends up being lower than the mid-market price at the time of placing the order.

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Completeness of transaction cost information

Where information about the member costs and charges is not available, we have to make this clear to you, together with an explanation of what steps we are taking to obtain the missing information.

Royal London had informed the Trustees last year that they were working with an external third party who should be able to provide them with costs for all of the externally managed funds this year. The Trustees' advisers also engaged with Royal London as early as December 2019 to commence gathering the information needed for this year's exercise.

As a result, the Trustees had hoped to receive full and complete transaction cost information this year.

However:

- The process to obtain the charges and transaction costs was more involved than anticipated and desired by the Trustees. The Trustees' advisers had to have repeated conversations with Royal London over a number of months, dealing with multiple teams within Royal London and receiving contradictory information. In the end, Royal London were still unable to provide transaction costs for the Scheme year to 31 March 2020, instead providing the transaction costs for the 12 months to 31 December 2019. As a result, the transaction costs for the Scheme year may differ to the costs disclosed in the table on the previous page.
- While Royal London were able to provide the transaction costs for the Global Absolute Return Strategies ('GARS') Fund for the period to 31 December 2019, they were still unable to provide the transaction costs for this fund for the previous Scheme year to 31 March 2019.
- Finally, transaction costs prior to 1 April 2018 were still unavailable.

As a set of Trustees, we will continue reviewing our processes for monitoring transaction costs. In particular, we will discuss the above points with Royal London to understand how they plan to improve their processes and their ability to provide complete and historic information for these funds, in an efficient manner, for the relevant time periods.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on members' savings.

We have prepared examples that can be found in Appendix B, having taken account of the statutory guidance issued by the Department of Work and Pensions² in preparing this section of our statement.

² <https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes>

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Core financial transactions

The Trustees are required to report to you about the processes and controls in place in relation to 'core financial transactions'. The law specifies that these include the following:

- investing contributions paid into the Scheme;
- transferring assets relating to members into and out of the Scheme;
- transferring assets between different investments within the Scheme; and
- making payments from the Scheme to, or on behalf of, members.

The Trustees must ensure that these important financial transactions are processed promptly and accurately. In practice, we delegate responsibility for this to Royal London.

There is a Service Level Agreement ('SLA') in place between the Trustees and Royal London to ensure accurate and timely processing of the core financial transactions for which it is responsible. Royal London is required to carry out services in accordance with good industry practice and, more specifically, payments in respect of members must reach the recipients as agreed with the Trustees and in accordance with the Scheme's trust deed and rules. Any mistakes or delays are investigated thoroughly and action is taken to put things right as quickly as possible.

This administration service includes key financial tasks such as managing the investment of contributions, paying benefits (or making transfers) and keeping track of changes in members' circumstances.

In order to monitor this service, the Trustees receive regular reports confirming the payment and allocation of contributions, as well as information on events such as cash management and pension payroll. The Trustees also monitor transactions made via the Trustees bank account on a regular basis. The Scheme Auditor tests a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

As administrator, Royal London provides the Trustees with a six-monthly administration report that sets out the general Service Level Agreements for the efficient processing of scheme events and the Trustees discuss these at each of the two Trustee meetings per year, noting any specific issues that have arisen with the administration services provided (covering both core financial transactions and member processing).

There were no material administration service issues discussed in the last Scheme year which need to be reported here by the Trustees. However, the Trustees did note that the proportion of events processed by Royal London that met their SLAs dropped from the 93% observed during 1 April 2019 to 31 October 2019 to 61% observed during 1 October 2019 to 31 March 2020. The average completion time for a Scheme event increased from around 3 days during 1 April 2019 to 31 October 2019 to around 5 days during 1 October 2019 to 31 March 2020. The Trustees will continue to monitor these statistics over the Scheme year to 31 March 2021 and discuss any continued underperformance with Royal London.

Although Royal London has targets in place within the SLAs around such items as the monitoring of bank accounts, investment and banking transactions, investment switches, etc, improvements could be made to the statistics provided on the actual targets and timescales and the level of service that is provided in comparison to these targets and timescales.

Overall, despite the underperformance against SLAs during 1 October 2019 to 31 March 2020, the Trustees are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly, particularly as the average completion time during 1 October 2019 to 31 March 2020 was still around 5 days. As a result, I am confident that all core financial transactions have been processed accurately and within a reasonable time.

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Trustee knowledge and understanding

The law requires the Trustees to be conversant with the Scheme's documents and to possess, or have access to, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relevant to funding and investment to be able to run the Scheme effectively. As mentioned in the introduction, the Trustee board was reduced to two Trustees over the Scheme year due to the resignation of Jane Hughes from the sponsoring employer, but we have returned to three Trustees following the introduction of Simon Smoker after the Scheme year-end. Simon Smoker was provided with details of the Scheme and participated in calls with Buck Consultants and the existing trustees in order to familiarise himself with the individual details regarding this scheme. He was present in the trustees meeting in August and has been involved with all aspect of the accounts prior to these being sent to the auditors.

The existing Trustees (Gary Barker and George Stevens) meet all the knowledge and understanding requirements and understand the Scheme and its documents. The Trustees (including Simon Smoker) are aware that they must have a working knowledge of the trust deed and rules of the Scheme, the statement of investment principles and the documents setting out the Trustees' current policies.

The Trustees are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustees do this by regularly reviewing the relevant Scheme documents. Over the Scheme year, for example, the Trustees have investigated the death-in-service benefits payable from the Scheme and initiated updates to the Trust Deed and Rules and relevant documentation.

The Trustees have assessed the Scheme against the standards set out in the code of practice for trustees of pension schemes providing money purchase benefits (the DC code) via assessing themselves against the requirements of the Regulator's 21st Century Trusteeship campaign and related guides. As a result, the Trustees have put in place a business plan (covering strategic goals and interim objectives) and an action plan to ensure we can demonstrate that we are offering a quality scheme.

The Trustees take their training and development responsibilities seriously and keep a record of the training completed by each Trustee. The training log is reviewed at each Trustee meeting to identify any gaps in the knowledge and understanding across the Trustee Board as a whole. Although Trustees must review the toolkit on an on-going basis to ensure their knowledge remains up to date, no progress has been made over the Scheme year by the existing Trustees in completing the essential modules within the Pensions Regulator's on-line trustee toolkit. As a new Trustee, Simon Smoker will be required to complete the Toolkit within six months of starting his role as a Trustee. Simon has confirmed that he has already completed all of the essential learning modules within the toolkit, as a result of being a Trustee of the Schlumberger UK Pension Scheme.

The Trustees also receive "on-the-job" training. This means that as new topics arise, their professional advisers attending the Trustee meetings will provide wider briefing notes and topical digests as well as training during the meeting, so that the Trustees may engage on such topics in an informed manner. Relevant advisers attend Trustee meetings and are in frequent contact with the Trustees to provide information on topics under discussion, either specific to the Scheme or in respect of pension or trust law. During the Scheme year, the Trustees undertook training and development on topics like:

- Conflicts of Interest – including trustees' duties and possible actions to manage conflicts of interests;
 - Responsible investing – including taking account of financially material considerations such as environmental, social and governance considerations;
 - 21st century trusteeship and governance, tPR/FCA joint regulatory strategy, DWP consultations on investment and consolidation;
 - Key findings from the Pensions Regulator's 2019 survey of trust-based DC pension schemes;
 - Member communications – including consideration of key stages and drivers throughout a member's time in the Scheme;
 - At-retirement overview – covering potential options available for the member journey for DC retirement options;
- as well as receiving technical updates on other topics during Trustee meetings (e.g. the PLSA retirement living standards).

As a result of the training activities which have been completed by the Trustees, individually and collectively, and taking into account the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the

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Trustees (including Simon Smoker, following his introduction after the Scheme year-end) enables us to properly exercise our functions as Trustees to the Scheme.

Assessing value for members and wider value for money

Introduction and main conclusions

As part of our assessment of the charges and transaction costs, the Trustees are required to consider the extent to which member-borne costs and charges within the Scheme represent good value for members when compared to other options available in the market.

Based on our assessment, we have concluded that

- the areas where the Scheme underperformed relative to the benchmarks used for this exercise prevent us from assessing the Scheme as offering ‘satisfactory’ or ‘good’ ‘value for members’ over the year to 31 March 2020, when measured against the definition required by legislation; however
- when we take into account the overarching governance provided by the Trustees and the wider elements of value that members receive as a result of costs paid by the employer, we have concluded that the Scheme offered satisfactory ‘value for money’ overall over the Scheme year.

Appendix C sets out the approach that the Trustees have taken, the conclusions we have reached (including our definition of ‘satisfactory’ and ‘good’) and an explanation of how and why we have reached those conclusions.

There are areas where overall ‘value for money’ could be improved for members. The Trustees have already taken action to improve some areas and plan to perform further investigations into other areas and take action where appropriate over the year to 31 March 2021.

Follow-on actions and investigations

Over the year to 31 March 2021, the Trustees plan to continue pursuing the following actions:

- Liaison with Royal London (and the fund managers directly, if necessary) to ensure that complete and accurate disclosure of transaction costs is provided, in line with FCA rules;
- A review of the at-retirement tools/guidance/advice provided to members, as well as the options available within or outside the Scheme;
- A review of the Trustees’ investment beliefs and the aims of the default investment strategy and self-select fund range, particularly the use of the Global Absolute Return Strategies fund in both;
- Consideration of whether to tailor communication messages/approaches to different segments of the membership, utilise alternative media, etc;
- Liaison with Royal London to receive further regular reporting on service levels related to the processing of core financial transactions and to receive further regular reporting on investment performance.

The Trustees will also discuss this analysis with the employer to obtain their views and, in particular, will consider any proposals put forward by the employer to improve outcomes for members of the Scheme, including but not limited to any proposals to wind up the Scheme and replace it with a pension scheme or schemes that the employer feels would provide greater value for members.

**Signed for and on behalf of the Trustees of the United Wire (2002) Pension Scheme
by Gary Barker, Chair of Trustees**

.....

Date

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Appendix A – Crest Growth Pension Plan and Crest Secure Pension Plan

Royal London also administers savings for Scheme members in respect of the above historic arrangements. Within the Crest Plans, members can choose to invest in a variety of Unit-Linked or with-profit funds, although they do not benefit from any discounts on standard annual management charges.

Neither of the Crest Plans are being used as the relevant qualifying scheme for any members for the purposes of automatic enrolment. As a result, the Trustees have applied a proportionate approach to meeting the relevant governance standards. In practice, this means that these plans have received more of a 'light touch' review, particularly in assessing value for members.

Core financial transactions and trustee knowledge and understanding

My comments under these headings in the main section of this Chair's Statement also apply to the Crest Plans, so I will not duplicate them here.

Assessing value for members and wider value for money

The Trustees have taken a proportionate approach to reviewing the investments based on the size of the funds invested compared to the size of the funds invested in the main Scheme and relatively small number of members who are invested in these arrangements.

The Crest Plans have been taken into account when assessing the extent to which member-borne costs and charges within the Scheme represent good 'value for members' or good 'value for money' when broader elements of value from the employer-financed costs are taken into account.

Investment choices (including default arrangements) and charges and transaction costs paid by members

None of the investment options in the Crest Plans are a default arrangement for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, because none are used as a qualifying scheme for automatic enrolment purposes. As a result, no default investment strategy review was undertaken during the Scheme year and there is no planned future date for such a review.

The self-select funds that members can invest in within the Crest Plans, plus the ongoing charges figures applicable to the funds during the Scheme year to 31 March 2020 and transaction costs during the 12 months to 31 December 2019, were confirmed by Royal London as being:

Plan	Fund	Ongoing charges figure	Transaction costs ³
Growth	Balanced Retirement Investment Strategy	1.00%	0.08%
	Royal London Deposit Pension Fund	1.00%	0.00%
	Royal London Fixed Interest Pension Fund	1.00%	(0.28%)
	Royal London Managed Pension Fund	1.00%	0.10%
	Royal London UK Equity Pension Fund	1.00%	0.08%
Secure	Secure Fund	1.45%	Unknown

As per the main Scheme investments, we have to make it clear to you if information about the member costs and charges is not available, together with an explanation of what steps we are taking to obtain the missing information. The transaction costs for the Secure Fund were not provided and all transaction costs prior to 1 April 2018 were unavailable.

³ A charge in (brackets) is effectively a negative cost i.e. it boosts net return, rather than detracting from it. This can happen when buying an asset, if the actual price paid ends up being lower than the mid-market price at the time of placing the order.

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We have prepared the following examples of the impact of costs and charges, having again taken account of the statutory guidance issued by the Department of Work and Pensions:

Typical' deferred
Scheme member:

		Fund choice				
		Balanced Retirement Investment Strategy	UK Equity Fund		Secure Fund	
		15 year Royal London Lifestyle Strategy				
Age	Before charges £	After all charges & costs deducted £	Before charges £	After all charges & costs deducted £	Before charges £	After all charges & costs deducted £
55	18,000	18,000	18,000	18,000	18,000	18,000
56	18,283	18,090	18,439	18,242	17,930	17,675
58	18,862	18,270	19,349	18,737	17,790	17,043
60	19,459	18,452	20,305	19,245	17,652	16,433
65	19,143	17,267	22,905	20,576	17,310	15,003

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation and inflation is assumed to be 2.5% each year.
2. The starting pot sizes are assumed to be £18,000 for the 'typical' deferred Crest Plans member.
3. Starting ages are assumed to be 55 for the 'typical' deferred Crest Plans member.
4. For the Secure Fund, we have used assumed future transaction costs of 0.00% per annum in the absence of historic transaction cost information.
5. The projected growth rate for each fund (before total expense ratio and transaction costs are deducted), projected total expense ratio and transaction costs are as follows. The projected transaction costs are the average of the transaction costs provided for the 12 months to 31 March 2020 and the 12 months to 31 December 2019:

Fund	Projected growth rate	Projected total expense ratio	Projected transaction costs
BRIS (growth phase)	1.57% above inflation	1.00% per annum	0.12% per annum
UK Equity Fund	2.44% above inflation	1.00% per annum	0.12% per annum
Secure Fund	0.39% below inflation	1.45% per annum	0.00% per annum

As with the funds available within the main section of the Scheme, members are expected to take independent financial advice before choosing between these funds. Any members considering switching funds during the COVID-19 pandemic should consider the risk involved and take any advice they feel is necessary. Free impartial guidance is available from the Pensions Advisory Service. Visit their website at <https://www.pensionsadvisoryservice.org.uk/>

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Appendix B – Examples of the impact of costs and charges

Each table in this section shows the projected pension savings (or ‘retirement pot’) in today’s money for a different representative member, using median statistics as at 31 March 2020 and using the Statutory Money Purchase Illustration (SMPI) assumptions as at 1 April 2020 that featured in the Scheme’s 2020 annual benefit statements (with the exception of historic transaction costs being taken into account in the enclosed tables, when these are ignored within SMPI statements).

It should be noted that the funds disclosed in this section differ to the funds disclosed last year, as the examples below reflect the funds held by members as at 31 March 2020.

‘Typical’ active
Scheme member:

Age	Fund choice							
	Lifestyle option for Annuities		Lifestyle option for Cash Lump Sums		Blackrock Aquila UK Equity Index		Blackrock Aquila Consensus	
	The default Annuity Target lifestyle option with a 10 year lifestyling period		The Cash Lump Sum Target lifestyle option with a 10 year lifestyling period					
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
	£	£	£	£	£	£	£	£
53	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
54	23,488	23,366	23,488	23,366	23,488	23,366	23,231	23,108
56	28,647	28,233	28,647	28,233	28,647	28,233	27,780	27,367
58	33,449	32,644	33,449	32,644	34,061	33,284	32,444	31,687
63	42,626	40,427	42,597	40,399	48,794	46,769	44,632	42,754
65	45,257	42,613	45,187	42,548	55,202	52,525	49,727	47,291

‘Typical’ youngest active
Scheme member:

	Fund choice							
	Lifestyle option for Annuities		Lifestyle option for Cash Lump Sums		Blackrock Aquila UK Equity Index		Blackrock Aquila Consensus	
	The default Annuity Target lifestyle option with a 10 year lifestyling period		The Cash Lump Sum Target lifestyle option with a 10 year lifestyling period					
Age	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
	£	£	£	£	£	£	£	£
25	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
26	4,537	4,518	4,537	4,518	4,537	4,518	4,497	4,478
28	8,760	8,668	8,760	8,668	8,760	8,668	8,567	8,475
30	13,192	12,976	13,192	12,976	13,192	12,976	12,741	12,528
35	25,253	24,475	25,253	24,475	25,253	24,475	23,647	22,913
40	38,858	37,099	38,858	37,099	38,858	37,099	35,264	33,668
45	54,205	50,957	54,205	50,957	54,205	50,957	47,635	44,806
50	71,518	66,170	71,518	66,170	71,518	66,170	60,812	56,341
55	91,047	82,870	91,047	82,870	91,047	82,870	74,845	68,287
60	106,034	94,364	106,034	94,364	113,077	101,202	89,791	80,658
65	110,914	96,431	110,735	96,275	137,928	121,327	105,710	93,470

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‘Typical’ deferred
Scheme member:

	Fund choice							
	Lifestyle option for Annuities		Lifestyle option for Cash Lump Sums		Blackrock Aquila UK Equity Index		Blackrock Aquila Consensus	
	The default Annuity Target lifestyle option with a 10 year lifestyling period		The Cash Lump Sum Target lifestyle option with a 10 year lifestyling period					
Age	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
	£	£	£	£	£	£	£	£
48	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
49	7,171	7,132	7,171	7,132	7,171	7,132	7,089	7,049
51	7,525	7,403	7,525	7,403	7,525	7,403	7,270	7,149
53	7,896	7,684	7,896	7,684	7,896	7,684	7,455	7,249
58	8,739	8,264	8,739	8,264	8,907	8,436	7,940	7,508
63	8,615	7,838	8,609	7,832	10,048	9,260	8,457	7,775
65	8,369	7,519	8,355	7,506	10,544	9,612	8,673	7,885

‘Typical’ youngest
deferred Scheme member:

	Fund choice							
	Lifestyle option for Annuities		Lifestyle option for Cash Lump Sums		Blackrock Aquila UK Equity Index		Blackrock Aquila Consensus	
	The default Annuity Target lifestyle option with a 10 year lifestyling period		The Cash Lump Sum Target lifestyle option with a 10 year lifestyling period					
Age	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
	£	£	£	£	£	£	£	£
26	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
27	6,146	6,113	6,146	6,113	6,146	6,113	6,076	6,042
29	6,450	6,345	6,450	6,345	6,450	6,345	6,231	6,127
31	6,768	6,587	6,768	6,587	6,768	6,587	6,390	6,214
36	7,635	7,230	7,635	7,230	7,635	7,230	6,806	6,435
41	8,613	7,937	8,613	7,937	8,613	7,937	7,249	6,664
46	9,715	8,713	9,715	8,713	9,715	8,713	7,720	6,902
51	10,959	9,565	10,959	9,565	10,959	9,565	8,222	7,147
56	12,363	10,500	12,363	10,500	12,363	10,500	8,757	7,402
61	12,713	10,420	12,711	10,419	13,946	11,527	9,327	7,666
65	12,188	9,715	12,168	9,698	15,357	12,420	9,809	7,883

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Inflation is assumed to be 2.5% each year.
3. For active members only, future contributions are assumed to be paid from assumed age to 65 and increase in line with assumed earnings inflation of 2.5% each year.
4. Total contribution rates and pensionable salaries for the active member illustrations in the Scheme are assumed to be 9% and £22,000 respectively for the ‘typical’ active member and 9% and £22,000 respectively for the ‘typical youngest’ active member.
5. The starting pot sizes are assumed to be £21,000 for the ‘typical’ active member, £7,000 for the ‘typical’ deferred member, £2,500 for the ‘typical youngest’ active member and £6,000 for the ‘typical youngest’ deferred member.
6. Starting ages within the Scheme are assumed to be 53 for the ‘typical’ active member, 48 for the ‘typical’ deferred member, 25 for the ‘typical youngest’ active member and 26 for the ‘typical youngest’ deferred member.

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7. The projected growth rate for each fund (before total expense ratio and transaction costs are deducted), projected total expense ratio and transaction costs are as follows. The projected transaction costs are the average of the transaction costs provided for the 12 months to 31 March 2020 and the 12 months to 31 December 2019:

Fund	Projected growth rate	Projected total expense ratio	Projected transaction costs
Default lifestyle (growth phase)	2.44% above inflation	0.53% per annum	0.04% per annum
Alternative lifestyle (growth phase)	2.44% above inflation	0.53% per annum	0.04% per annum
BlackRock Aquila UK Equity Index Fund	2.44% above inflation	0.53% per annum	0.04% per annum
Blackrock Aquila Consensus Fund	1.27% above inflation	0.53% per annum	0.05% per annum

Appendix C – assessing value for member and wider value for money

Categorising costs/charges and how these impact on our assessment

There is no legal definition of ‘good value’ and so the process of determining good value for members is a subjective one. We note that value for members does not necessarily mean the lowest charges, and the overall quality of the service received has been taken into account in the assessment of value to members.

In line with our legal duties and guidance issued by the Pensions Regulator, our first step has been to identify the services that members directly pay for, either through costs that only members pay, or costs that are shared with the employer.

As set out in the section entitled “Charges and transaction costs paid by members”, the costs of the Scheme are borne by the member or employer as follows.

Member charges cover such costs as:

- investment support and governance provided by Royal London (e.g. the costs of Royal London regularly reviewing and updating the funds available to members, etc);
- administration of the Scheme by Royal London (e.g. the costs of Royal London updating and maintaining member records, processing contributions and pension payments, dealing with member queries, producing annual financial statements, etc);
- member communications (e.g. the costs of Royal London producing and issuing materials for members, annual benefit statements, etc); and
- Royal London’s management and governance of the Scheme (e.g. any other expenses incurred by Royal London).

Employer charges cover the wider support provided to members and governance provided by the Trustees, such as:

- life assurance premiums on the group life cover in place for Scheme members through the Schlumberger Excepted Life Assurance Trust;
- at-retirement support, including the cost of support provided to members relating to the purchase of annuities at retirement, provided by Buck;
- investment support and governance provided by the Trustees (e.g. the costs of regularly reviewing the default investment strategy, etc);

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- ad-hoc member training/communications from the Trustees (e.g. any training/communications issued to members by the Trustees, etc); and
- the Trustees' management and governance of the Scheme (e.g. the costs associated with the Trustees exercising their fiduciary duties in respect of the Scheme, including all Trustee meeting or training costs, all costs levied by the Pensions Regulator, all legal/actuarial/audit/consultancy fees, etc).

As a result, the Trustees have undertaken two analyses:

1. First, we have assessed the 'value for members' arising from the benefits that members receive from the charges and transaction costs that they directly pay. This assessment is required by legislation but, for the Scheme, is limited to the services provided by Royal London versus the charges that members pay. As a result, it omits the overarching governance provided by the Trustees;
2. We have also assessed the overall 'value for money' offered to members of the Scheme, with the aim of capturing not only the value from member-borne costs but also the broader elements of value that members receive from the employer-financed costs (such as the overall governance provided by the Trustees), as well as wider factors such as the generosity of the employer contribution rates above the automatic enrolment minimum contribution levels.

Our approach

Assisted by our advisers and in line with the Pensions Regulator's guidance, we have taken the following approach:

1. We have collated information on services that members receive and the total costs that members pay (including transaction costs where available) and the costs that the employer pays;
2. We have assessed the scope and quality of the services that members receive, in line with criteria agreed by the Trustees;
3. We have compared the value that members receive from the services against the cost of those services, on both the 'value for member' basis required by legislation and the wider 'value for money' basis; and
4. We have reflected on our key findings and suggested courses of action to maintain areas of good value and improve areas where value could be better.

Overall, the above approach ensures that not only are we comparing the level of charges in each fund with the levels of return they have delivered to members, we are also comparing the overall *costs* of membership of the Scheme against the *benefits* of membership (i.e. the services provided by the Scheme).

In attempting to compare these against other options available in the market, the Trustees have found that there are limited industry-wide benchmarks for each service area and so the Trustees have relied on the market knowledge of its advisers.

Preparation for the assessment

The Trustees received support from advisers around how to undertake assessments of value for member and value for money and also considered the statutory guidance.

A number of key decisions were made as part of these preparations:

- The Trustees will use a scoring system for each assessment;

UNITED WIRE (2002) PENSION SCHEME

ANNUAL GOVERNANCE STATEMENT Year Ended 31 March 2020

- Individual areas of service were given scores by considering the scope and quality of the services under those areas;
- Two overall weighted scores ranging from 0% to 100% were produced, one for 'value for member' and one for 'value for money';
- The Trustees agreed that any score between 50% to 75% represented 'satisfactory' value and scores of 75% or over represented 'good' value; and
- Scores will be compared from year to year from now on, with a view to measuring and monitoring changes to the 'value for members' and wider 'value for money'.

Process followed for the assessment, including key factors considered

The Trustees, assisted by their advisers, then considered the services provided by the Scheme in the main areas where costs are borne (whether by members or by the employer), such as investment, communications, scheme management and governance, and administration.

While a number of factors contribute to whether a scheme is well run, the Trustees believe that two of the biggest factors that can influence retirement outcomes from the Scheme are the level of contributions paid into the Scheme and the level of investment performance net of fees.

As the level of contributions is not covered under the 'value for member' (amongst other factors), this means that different services and weightings are used for each assessment, as follows.

For the 'value for member' analysis, the assessment covers the following

Area	Examples	Weighting applied
Investments / charges	The historic return and volatility of the default fund versus a benchmark derived for this exercise, and the charges and transaction costs of that fund versus a benchmark derived for this exercise	70%
Communications / member support	Whether bespoke/tailored or event-driven communications are used by Royal London, the at-retirement communications/guides/modellers/support provided by Royal London, access to pension freedoms by Royal London, etc	20%
Administration / online services	Online fund values/switching provided by Royal London, use of service level agreements by Royal London, core administration team/helpline offered by Royal London, etc	10%

For the wider 'value for money' analysis, the assessment covers a larger set of services paid for by both members and the employer, including the following:

Area	Examples	Weighting applied
Investments / charges	As for 'value for member' plus the quality / governance of the default fund and alternative choices provided by the Trustees	50%

UNITED WIRE (2002) PENSION SCHEME

ANNUAL GOVERNANCE STATEMENT Year Ended 31 March 2020

Communications / member support	As for 'value for member' plus the communications provided by the Trustees	10%
Scheme management and governance	The governance provided by the Trustees, such as their understanding of membership characteristics/attitudes/needs, compliance with the Pensions Regulator's Codes of Practice, Trustee Knowledge and Understanding practices, use of expert advisers, etc	5%
Administration / online services	As above plus any services financed by employer costs	5%
Employer contribution to member funds	The generosity of the employer contributions over and above the automatic enrolment minimum.	30%

Explanation of the results of the assessment

Our conclusion that the Scheme does not offer 'satisfactory' or 'good' value for members over the year to 31 March 2020 is based on aspects such as:

- The default investment strategy has underperformed the benchmark used for this exercise over the 1 year and 5 years to 31 March 2020, mainly as a result of the growth phase using UK equities rather than a mix of UK and overseas equities. The volatility of the default investment strategy over the year to 31 March 2020 was also higher than the benchmark used for this exercise;
- The at-retirement tools/guidance/advice provided to members is lower than can be available in the market; and
- The default investment strategy also has an annual charge of 0.53% throughout its growth phase (rising to 0.73% through the pre-retirement consolidation phase), compared to the 0.4% average charge for default funds within trust-based DC schemes that featured in the 2017 PLSA annual survey, while the costs for the Crest Growth Funds are high compared to the cost of funds within the Scheme, given the absence of the discount applied to Scheme funds.

Our conclusion that the Scheme offers satisfactory value for money over the year to 31 March 2020, taking into account employer-borne costs, is based on aspects such as:

- The contribution structure is generous compared to the automatic enrolment minimum, with most members receiving employer contributions that are at least double the employee contributions and approximately 50% above the government minimum;
- The Trustees meet around twice a year, discussing DC-specific matters at each Trustee meeting, with a Trustee training plan in place and ad-hoc training received before major decisions;
- The default investment strategy and self-select fund range were selected with reference to the membership profile of the Scheme and have their performance reviewed on an annual basis;
- The Trustees also have clear contracts with external advisers, whose fees are reviewed regularly and benchmarked against the market; and
- The level of transaction costs within the growth phase of the default strategy were low relative to the benchmark transaction costs used for this exercise.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF UNITED WIRE (2002) PENSION SCHEME

REPORT ON THE ADUTI OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of the United Wire Pension Scheme (the "Scheme"):

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2019 and of the amount and disposition at that date of its assets and liabilities, other than the 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 including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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.

We have audited the financial statements of the Scheme which comprise:

- the Scheme Accounts;
- the Statement of Net Assets available for benefits; and
- the related notes 1 to 17.

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).

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 Financial Reporting Council (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Trustees have 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.

We have nothing to report in respect of these matters.

Other information

The Trustees are 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 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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF UNITED WIRE (2002) PENSION SCHEME

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

Other information (continued)

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 respect of these matters.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are 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 Trustees either intend to liquidate the Scheme or to cease operations, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Scheme's Trustees, 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 Trustees 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.

Deloitte LLP

Statutory Auditor

Belfast, United Kingdom

October 2020

UNITED WIRE (2002) PENSION SCHEME

FUND ACCOUNT

Year ended 31 March 2020

		2020	2019
	Notes	£	£
<i>Contributions and benefits</i>			
Contributions	3		
- employer		92,961	120,366
- employee		48,496	61,360
		<u>141,457</u>	<u>181,726</u>
Benefits paid and payable	4	(154,436)	(214,507)
Payments to and on account leavers	5	(12,050)	(46,205)
Administrative expenses	6	<u>(60)</u>	<u>(60)</u>
Net withdrawals from dealings with members		<u>(25,092)</u>	<u>(79,046)</u>
<i>Returns on investments</i>			
Change in market value of investments	7	<u>(306,829)</u>	<u>284,144</u>
Net return on investments		<u>(306,829)</u>	<u>284,144</u>
Net increase/(decrease) in the Scheme during the year		(331,921)	205,098
Net Assets of the Scheme at the start of year		<u>4,599,082</u>	<u>4,383,984</u>
Net Assets of the Scheme at end of year		<u><u>4,267,161</u></u>	<u><u>4,599,082</u></u>

The notes on pages 28 to 35 form an integral part of these financial statements.

UNITED WIRE (2002) PENSION SCHEME

NET ASSETS STATEMENT (AVAILABLE FOR BENEFITS) As at 31 March 2020

NET ASSETS STATEMENT (AVAILABLE FOR BENEFITS)

	Notes	2020 £	2019 £
Investments	7		
Pooled Investment Vehicles		3,541,918	3,829,749
With Profit Insurance Policies		414,066	442,817
Annuity policies		290,621	282,583
AVCs		5,985	2,609
		<u>4,252,590</u>	<u>4,557,758</u>
Current assets	11	14,571	41,324
		<u>14,571</u>	<u>41,324</u>
Net assets of the Scheme at 31 March		<u><u>4,267,161</u></u>	<u><u>4,599,082</u></u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

Signed for and on behalf of the Trustees of the United Wire (2002) Pension Scheme by:

_____ Trustee

_____ Trustee

29 October 2020

The notes on pages 30 to 38 form an integral part of these financial statements.

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised July 2018) (“the SORP”). This is the first year that the Scheme has adopted the 2018 SORP. There were no transitional arrangements required as a result of adopting the 2018 SORP in the current year and accordingly there were no adjustments to comparative balances.

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee’s Report.

2. Accounting policies

The principal accounting policies are set out below and have been applied consistently in the current and prior years except as noted above in note 1.

Accruals concept

These financial statements have been prepared on an accruals basis.

Annuities

Annuities purchased in the name of the Trustees which fully provide the pension benefits for certain members are included in these Financial Statements at the amount of the related obligation, determined using a standard valuation technique and in accordance with our understanding of Section 34 of the Financial Reporting Standard 102 (“FRS 102”) and the Statement of Recommended Practice on ‘Financial Reports of Pension Schemes’. Annuity valuations are provided by Royal London. Annuities are issued by Royal London and Prudential.

Contributions

Contributions relating to wages and salaries earned up to 31 March 2020 and AVCs have been included in the financial statements.

Investments

Investment valuations are at bid value which represents fair value. Fair value is the amount at which an investment can be exchanged between unrelated, willing and knowledgeable parties at arm’s length. The investments are held in deposit administration and unit-linked insurance policies and are included at the bid price at the accounting date as advised by the investment manager.

With profits insurance policies are valued by the insurance provider and include interim and terminal bonuses.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Benefits payable

Benefits payable include all valid benefit claims notified to the Trustees during the Scheme year. Pensions are paid on a cash basis and all other benefits are paid on a cash basis.

Transfers

Individual transfer values to and from other pension schemes are accounted for when risk has been assumed or transferred.

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

3. Contributions receivable

	2020 £	2019 £
Employer		
Normal	92,961	120,366
Member		
Normal	43,034	55,930
Additional voluntary contributions	5,462	5,430
	<u>141,457</u>	<u>181,726</u>

All contributions during the year have in all material respects been received at least in accordance with the payment schedule. With the exception of the April 2019 payment of £11,833.12 which was not made until 7th June 2019 owing to an oversight by the accounts team. This was the only reason for the late payment and payment was made as soon as it became knowledge that this had not been paid.

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Benefits paid and payable

	2020	2019
	£	£
Pensions	17,675	17,679
Purchase of annuities	85,359	-
Lump sum on retirement	51,402	137,580
Tax Payable to HMRC	-	59,248
	<u>154,436</u>	<u>214,507</u>

Included in the pension above is annuity income of £17,675 (2019: £17,679) derived from the annuity policies that secure pensions payable to specified beneficiaries. In accordance with the SORP the annuity income is disclosed as sales transactions in Note 7.

5. Payments to and on account leavers

	2020	2019
	£	£
Individual Transfers out to other schemes	12,050	46,205
	<u>12,050</u>	<u>46,205</u>

6. Administrative expenses

Administrative expenses of the Scheme are met by the sponsoring company, including the audit fee of £11,900 (2019: £10,250). Expenses incurred by the Scheme during the year relate to bank charges and contributions refunded and include:

	2020	2019
	£	£
Bank charges	60	60
	<u>60</u>	<u>60</u>

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investments

The market value of the investments can be analysed as follows:

	At 01/04/19	Purchases at Cost	Sale Proceeds on Disposals	Transfers	Change in market value	At 31/03/20
	£	£	£	£	£	£
Pooled Investment Vehicles	3,829,749	168,146	(93,807)	(12,050)	(350,120)	3,541,918
With Profit Insurance Policies	442,817	-	(42,953)	-	14,203	414,066
Annuity Policies	282,583	-	(17,675)	-	25,713	290,621
AVC's	2,609	-	-	-	3,376	5,985
Total	4,557,758	168,146	(154,436)	(12,050)	(306,829)	4,252,590

The change in market value of the investments during the year comprises all increases and decreases in the market value of the investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the current and prior year are insignificant. In addition to the transaction costs disclosed above, indirect costs are incurred through the bid offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

The following investments represented more than 5% of the Scheme's net assets at 31 March.

	At 31 March 2020		At 31 March 2019	
	% of total assets	Market value £	% of net assets	Market value £
Blackrock Aquila UK Equity Index Fund	30.9	1,319,660	37.72	1,734,796
Royal London Fixed Interest Pension Fund	24.75	1,052,530	18.49	850,512
Blackrock Aquila Consensus Pension Fund	11.00	467,658	11.99	551,302
Cash Deposits – Crest Secure Fund	9.74	414,066	9.63	442,817
RLP/Standard Life Global Abs Return Strategies	8.09	344,089	7.47	343,558
Annuity Policies	6.83	290,621	6.14	282,583

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investments (continued)	2020	2019
Pooled Investment Vehicles	£	£
Equities	1,367,836	1,812,054
Bonds	1,052,530	850,512
Multi-asset	975,547	1,086,574
Cash	146,005	80,609
	<u>3,541,918</u>	<u>3,829,749</u>

There are no unallocated units.

AVC Investments

The Trustees hold assets within the main fund in the form of individual insurance policies securing 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 31 March confirming the amounts held to their account and the movements in the year. Amounts relating to AVCs are invested in and spread across a number of the investment classes noted above. The amounts of AVC investments (split by asset class) are shown below:

	2020	2019
	£	£
Pooled Investment Vehicles	344,931	354,176
Insurance Policies	28,235	27,330
AVCs – Equitable Life	5,985	2,609
	<u>379,151</u>	<u>384,115</u>

8. Fair Value Hierarchy

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

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable for the asset or liability.

The Scheme's investment assets and liabilities have been fair-valued using the above hierarchy categories as follows:

As at 31 March 2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled Investment Vehicles	-	3,541,918	-	3,541,918
With profit - Insurance Policies	-	-	414,066	414,066
Annuity policies	-	-	290,621	290,621
AVC Investments	-	-	5,985	5,985
	<u>-</u>	<u>3,541,918</u>	<u>710,672</u>	<u>4,252,590</u>

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled Investment Vehicles	-	3,829,749	-	3,829,749
Insurance Policies (including annuities)	-	-	725,400	725,400
AVC Investments	-	-	2,609	2,609
	-	3,829,749	728,009	4,557,758

9. Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

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

- **Currency risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value of future cash flows of a financial asset 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 Trustees determine their investment strategy after taking advice from a professional investment adviser.

Fund	Direct Credit Risk	Exposed to				Value (£)	
		Indirect Credit Risk	Indirect Currency risk	Indirect Interest rate risk	Indirect Other price risk	31 March 2019	31 March 2020
Royal London Deposit Pension Fund	X	X		X		80,609	146,005
Royal London UK Equity Pension Fund	X				X	77,258	48,176
Royal London Fixed Interest Pension Fund	X	X		X		850,512	1,052,530
Royal London Managed Fund	X	X	X		X	191,714	163,801
Royal London / BlackRock Aquila UK Equity Index	X				X	1,734,796	1,319,660
Royal London / Blackrock Aquila Consensus Pension Fund	X		X		X	551,302	467,658
Royal London Crest Secure Growth	X	X				442,817	414,066
RLP/Standard Life Global Abs Return Strategies	X		X		X	343,558	3344,089
Annuity Policies	X	X				282,583	290,621
Equitable Life AVC	X	X			X	2,609	5,985

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 INVESTMENT RISKS (CONTINUED)

Credit Risk - Credit risk 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.

The Scheme invests primarily in pooled investment vehicles. Through these it is directly exposed to credit risk in respect of the pooled fund units held and indirectly exposed to credit risks from the underlying assets held within the pooled funds.

Direct credit risk is mitigated either by the underlying assets of the pooled arrangements being ring-fenced from the assets of the investment manager or, in the case of insurance policies, by capital requirements and the Prudential Regulatory Authority's regulatory oversight.

In addition, investments are made only with suitably regulated investment managers. The Trustees carry out due diligence checks when appointing new investment managers to ensure the credit risk to which the Scheme will be exposed through the appointment is appropriate.

Indirect credit risk arises primarily through the bond assets held and is mitigated by the use of suitably diversified pooled funds and by the majority of these investments being held in investment-grade bonds.

The following funds have some exposure to indirect credit risk:

- Royal London Deposit Pension Fund
- Royal London Fixed Interest Pension Fund
- Royal London Managed Fund
- Royal London Crest Secure Growth
- Annuity Policies
- Equitable Life AVC

There is also some indirect credit risk exposure within the Scheme's multi-asset and with profits funds when viewed on a look-through basis.

The return expected from these assets is believed to be sufficient to compensate for the level of credit risk involved.

In addition to the above, the Scheme's government bond holdings have a theoretical credit risk exposure however as this credit exposure is to the UK government the risk of default is judged to be sufficiently low that these have been excluded.

Market Risk - Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Currency Risk - is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Scheme has no direct currency risk exposure as all of the pooled funds held are denominated in Sterling. However, it is subject to indirect currency risk as a number of the underlying investments held through its pooled fund arrangements are held in non-Sterling denominated securities.

The following funds have some exposure to currency risk:

- Royal London Managed
- Royal London/BlackRock Aquila Consensus
- Royal London Standard Life Global Abs Return Strategies

There is also likely to be some currency risk exposure within the Scheme's multiasset and with profit funds when viewed on a look-through basis.

UNITED WIRE (2002) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Interest Rate Risk - is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Scheme is subject to indirect interest rate risk from the bond assets which it holds through pooled investment vehicles. These vehicles primarily use gilts, corporate bonds, swaps and repos to obtain interest rate exposure.

The following funds have exposure to interest rate risk:

- Royal London Fixed Interest
- Royal London Deposit

There may be some interest rate risk exposure within the Scheme's multi-asset and with profit funds, when viewed on a look-through basis.

Other Price Risk - 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 financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This risk is managed for the default option through the Scheme's chosen investment strategy. For self-select options members are made aware of the risks associated with each investment available and encouraged to consider these when determining their individual asset allocation.

It is also managed through using pooled funds which invest in a suitably diversified manner, or which, when combined into the overall portfolio, provide this suitable level of diversification.

The key sources of other price risk are listed below.

Fund Risk	Risk
RLP UK Equity	Equity
Royal London Managed Fund	Equity
RLP/BlackRock Aquila UK Equity Index	Equity
RLP/BlackRock Aquila Consensus	Equity
RLP/Standard Life Global Abs Return Strategies	Equity
Equitable Life AVC	Equity

There will be other price risk (including equity) within the Scheme's multi-asset and with profit funds, when viewed on a look-through basis.

10. Investment management expenses

The Royal London (formerly Scottish Life) Insurance Policy units are held under an insurance policy in the name of the Scheme. Income generated by these units is not distributed but retained within the insurance policy and reflected in the market value of the units. Royal London (formerly Scottish Life) levies a management charge which is taken from the fund assets and reflected in the market value of the insurance policy units.

11. Current assets

	2020	2019
	£	£
Cash balances	326	386
Employer contributions receivable	9,652	27,898
Member contributions receivable	4,594	13,040
	<u>14,572</u>	<u>41,324</u>

The contributions receivable at 31 March 2020 were received after the year end in accordance with the due dates set out in the Payment Schedule.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Related party transactions

The Scheme has received contributions in respect of certain Trustees who are contributing members of the Scheme. The sponsoring employer, MI Drilling Fluids UK Limited to 31.12.19 and Schlumberger Oilfield UK Plc from 01.01.20, provides secretarial services to the Trustees and bears these costs and certain other costs of the Scheme itself. The costs borne by MI Drilling Fluids UK Limited and Schlumberger Oilfield UK Plc in relation to the Scheme are not reflected in these financial statements.

All of the above transactions were made in accordance with the Scheme rules. There were no other related party transactions during the year.

13. Employer-related investments

Employer-related investments during the year was £11,833.12 (2019: £nil).

14. Taxation

The Scheme is registered under the Finance Act 2004. It is therefore exempt from income and capital gains tax.

15. Subsequent events

There are no subsequent events

16. Brexit

On 31 January 2020, the UK left the EU. Whilst there is little agreement on the terms of the final exit deal, it is unlikely there will be long-term and short-term ramifications on the Scheme. The Trustees continue to monitor progress and is taking appropriate advice on the impact to the investment portfolio.

17. Coronavirus

On the 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. The Trustee is closely monitoring the evolution of this pandemic, including how it may affect the Scheme, the Principal and Participating Employers, financial markets, the economy and the general population. The extent of the impact of COVID-19 outbreak on the financial performance of the Scheme's investments will depend on future developments, including the duration and spread of the outbreak and related advisories, and restrictions and the impact of COVID-19 on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. The effects of COVID-19 may materially and adversely impact the value and performance of the Scheme's assets and liabilities. Markets experienced significant negative performance and extreme market volatility in March and April 2020 which has had a direct impact on the performance of the Scheme in the current year.

The Trustees continue to monitor the value of investments. In accordance with the requirements of FRS 102 and the Pensions SORP, the fair valuations at the date of the statement of net assets reflect the economic conditions in existence at that date.

INDEPENDENT AUDITORS STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE UNITED WIRE (2002) PENSION SCHEME

We have examined the summary of contributions to the United Wire (2002) Pension Scheme for the Scheme year ended 31 March 2020 to which this statement is attached.

Qualified Statement About Contributions Payable Under the Payment Schedule

In our opinion, except for the effects of the departure from the payment schedule, contributions for the Scheme year ended 31 March 2020, as reported in the summary of contributions and payable under the payment schedule have in all material respects been paid at least in accordance with the payment schedule dated 19 November 2014.

Basis for Qualified Statement About Contributions

As explained on page 40, £11,833 of employer and employee contributions for the month of April 2019 were paid on 7 June 2019, which is 16 days later than the due date set out in the payment schedule.

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 payment schedule. 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 payment schedule.

Statement of Trustees' Responsibilities

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for securing that a payment schedule is prepared, maintained and from time to time revised and for monitoring whether contributions are made to the Scheme by the employer in accordance with the payment schedule.

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

Use of our report

This statement is made solely to the trustees, as a body, in accordance with Regulation 4 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 work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP

Statutory Auditor

Belfast, United Kingdom

October 2020

UNITED WIRE (2002) PENSION SCHEME

SUMMARY OF CONTRIBUTIONS

During the year ended 31 March 2020 the contributions payable to the Scheme under the payment schedule were as follows:

	2020	2019
	£	£
Employer normal contributions	92,962	120,366
Member normal contributions	43,033	55,930
	<hr/>	<hr/>
Total contributions payable under the payment schedule and reported on by the Scheme Auditor	135,995	176,296
In addition, further contributions were payable:		
Member additional voluntary contributions	5,462	5,430
	<hr/>	<hr/>
Total contributions included in the financial statements	141,457	181,726
	<hr/> <hr/>	<hr/> <hr/>

All contributions during the year have in all material respects been received at least in accordance with the payment schedule. With the exception of the April 2019 Payment of £11,833.12 which was paid on the 7th June 2019. The lateness of the payment was an oversight by the accounts team and payment was made as soon as the knowledge of the lack of payment came to light

Approved by the Trustees on 29th October 2020 and signed on their behalf by:

_____ Trustee

Appendix 1

United Wire (2002) Pension Scheme

Statement of Investment Principles

July 2020

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10 INTRODUCTION

(a) Scheme background

- This Statement of Investment Principles (the “Statement”) details the principles governing investment decisions for United Wire (2002) Pension Scheme (the “Scheme”).
- The Scheme:
 - operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries,
 - provides benefits calculated on a defined contribution (DC) basis,
 - is open to new members.
- Buck are investment consultants to the Trustees.
- Contributions are directed to an occupational money purchase pension policy with Royal London.

(b) Regulatory requirements and considerations

- This statement covers the requirements of, and the Scheme’s compliance with the provisions of the Pensions Act 1995 and subsequent legislation, as well as additional non-statutory information recommended to be included following the Myners review of “Institutional Investing in the UK”, the results of which were first published in 2001 (referred to as the “Myners Principles”).
- The Myners Principles require Trustee Boards to act in a transparent and responsible manner. The information set out in this document helps ensure that the Trustees are complying with this requirement.
- The Trustees have taken into account the requirements and recommendations within the Pension Regulator’s DC code and regulatory guidance. Information on the Trustees’ approach to investment matters within the Scheme, and in particular in setting the default arrangement, are included within this document.

11 STATEMENT OF INVESTMENT PRINCIPLES

(a) Introduction

- This section of the Statement covers the requirements of the Pensions Act 1995 and subsequent legislation.
- In accordance with section 35 of the Pensions Act 1995, the Trustees have reviewed and considered written advice from the investment consultant prior to the preparation of this Statement and have consulted the Sponsoring Employer.
- The Trustees will review this Statement, in consultation with the investment consultant and the Sponsoring Employer, at least once every three years, or more frequently if there are any significant changes in the Scheme's circumstances. However, ultimate power and responsibility for deciding investment policy lies solely with the Trustees.

(b) Key investment principles

(i) Kind of investments to be held

- The Trustees have full regard to their investment powers under the Trust Deed and Rules and the suitability of the various types of investments, the need to diversify, the custodianship of assets and any self-investment.
- The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index-linked bonds, cash, property and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes. The Trustees have considered the attributes of the various asset classes, these attributes being:
 - security (or quality) of the investment,
 - yield (expected long-term return),
 - spread (or volatility) of returns,
 - term (or duration) of the investment,
 - exchange rate risk,
 - marketability/liquidity (i.e., the tradability on regulated markets),
 - taxation.
- The Trustees consider all of the stated classes of investment to be suitable to the circumstances of the Scheme.

(ii) Investment Decisions

All investment decisions are taken by the Trustee Board as a whole. The Trustees

believe that collective responsibility is the appropriate structure, given

- the size of the board. The Trustees will examine regularly whether additional investment training is desirable for any individual Trustee.
- Investment decisions relating to the Scheme are under the Trustees' control without constraint by the Sponsoring Employer. The Trustees are obliged to consult with the Sponsoring Employer when changing this Statement.
- Day-to-day investment decisions are delegated to properly qualified and authorised investment managers of pension scheme portfolios. An insurance contract has been exchanged with the platform provider and is reviewed from time-to-time. In addition, the underlying managers accessed via the platform provider are reviewed regularly to ensure that the manner in which they make investments on the Trustees' behalf is suitable for the Scheme, and appropriately diversified.

(iii) Investment Objectives and Suitability of Investments

- The Trustees believe that fund selection is an important decision for all members since it is likely to have an important influence on the risk taken and return achieved on members' pension savings. The Trustees regularly communicate with members to enable them to understand the importance of this area and to provide them with education to help them to make informed choices about their selection of funds.
- However, the Trustees also recognise that in practice many members do not actively make an investment choice and are instead invested in the default option. The Trustees therefore recognise the importance of designing an appropriate default option for the Scheme's membership.
- Whilst the Trustees believe the chosen default option is a reasonable choice for a lot of the membership, ultimately each member should take into account their own personal circumstances when determining whether the default option or an alternative strategy would best meet their needs.
- The default option has been designed having taken due regard to the membership profile of the Scheme, including consideration of:
 - the size of members' retirement savings within the Scheme,
 - members' current level of income and hence their likely expectations for income levels post retirement,
 - the fact that members may have other retirement savings invested outside of the Scheme, and
 - the ways members may choose to use their savings to fund their retirement.
- These factors have also been considered when setting the range of alternative investment options from which members can choose. The objective of the default option is to provide a balanced investment strategy for members who do not make an active investment choice. The strategy aims to maximise the level of return (net of fees) that a member could expect to receive from the Scheme over the course of their working lifetime, while reducing the risk of them having income provision in retirement significantly below what may reasonably be expected.
- The objective of the alternative investment options available is to allow members to tailor their investments based on their individual investment requirements, while avoiding complexity. The range should assist members in achieving the following:

- maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement,
 - protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs, and
 - tailoring a member's investments to meet his or her own needs, and how the member intends to make use of their benefits at and through retirement.
- The Trustees recognise that members using the default option are likely to be less financially aware than those using self-select options and have taken this into account in the strategy design.
 - The Trustees' investment consultant provides advice regarding the suitability of both the default option and the self-select options available.
 - Details of the default and self-select options chosen (including the investment objectives of the individual funds), are shown in the appendices.
 - Members are advised to take independent financial advice before choosing between these funds.
 - The Trustees are satisfied that the funds offered to members and the appointed investment managers are consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity.

(iv) Risk

- The Trustees have considered risk from a number of perspectives. These are the risk that:
 - the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
 - investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
 - investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
 - the default option is not suitable for members who invest in it, and
 - fees and transaction costs reduce the return achieved by members by an inappropriate extent.
- The investment strategy for the default option has been chosen with the aim of reducing these risks. The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves.
- To mitigate some of these risks, the Trustees have made available two lifestyle options, which transition members' investments from higher return orientated investments (which typically carry a higher level of investment risk) to lower risk bond and cash investments as members approach retirement.

To help address these risks, the Trustees also review the lifestyle options used and the fund range offered at least every three years, taking into account changes to the membership profile, developments within DC markets (including

- both product development and trends in member behaviour) and changes to legislation.

(v) Expected Return on investments

- The default option is expected to provide an appropriate return on members' investments, based on the Trustees' understanding of the Scheme's membership and having taken into account the risk considerations set out above. The Trustees have also considered the return expectations of each of the alternative fund options offered.

(vi) Balance between different types of investments

- The investment managers will maintain a diversified portfolio of stocks or bonds within each of the funds offered under the Scheme (both within the default and self-select options).
- In addition, the design of the default option provides further diversification through the use of multiple funds throughout a member's working lifetime.

(vii) Investment Manager Monitoring

- The Trustees will assess the performance, processes and cost effectiveness of the investment managers by means of regular reviews of the results and other information, in consultation with the investment consultant.
- All investment decisions, and the overall performance of the investment managers, are monitored by the Trustees with the assistance of the investment consultant.
- The platform provider will provide the Trustees with quarterly statements of the assets held along with a quarterly report on the results of the past investment policy and the intended future policy, and any changes to the investment processes applied to the portfolios. The investment managers will also report verbally on request to the Trustees.
- The investment managers will inform the Trustees of any changes in the internal performance objective and guidelines of any pooled funds used by the Scheme as and when they occur.
- The Trustees will assess the quality of the performance and processes of the investment managers and platform provider by means of a review at least once every three years in consultation with the investment consultant.
- Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers or platform provider.

(viii) Performance Monitoring

- Each of the funds in which the Scheme invests has a stated performance objective against which the performance is measured.
- The Trustees will review the performance of the investment managers from time to time, based on the results of their performance and investment process.
- The platform provider is expected to provide written reports on a quarterly basis.

(ix) Realisation of investments

In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the platform provider to be able to realise the

- Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate. This applies both to the default option and to the alternative fund options offered.

(x) Financially material considerations

- The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.
- The Trustees have been provided with the investment managers' policies in respect of financially material considerations and are satisfied that it is consistent with the above approach.
- The Trustees will take into account the investment managers' ESG policies when appointing and reviewing investment managers.

(xi) Non-financial matters

- The Trustees objective is that the financial interests of the Scheme members is their first priority when choosing investments. They have decided not to take members' preferences into account when considering these objectives.

(xii) Stewardship in relation to the Scheme's assets

- The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximize financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

(xiii) Engagement and monitoring

- The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and the Trustees expect the investment managers to use their discretion to maximize financial returns for members and others over the long term.

(xiv) Voting Rights

- The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the investment managers to exercise those rights. The Trustees will take corporate governance policies into account when appointing and reviewing investment managers.

The Trustees' policy in relation to their investment manager

- In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustees is to select investment managers that meet the primary objectives of the Trustees. As part of the selection process and the ongoing review of the investment managers, the Trustees consider how well each investment manager meets the Trustees' policies and provides value for money over a suitable timeframe.

How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustees' policies

- The Trustees have delegated the day to day management of the Scheme's assets to investment managers, accessed through a platform arrangement. The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment managers and platform provider, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term

- The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific Scheme policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.
- The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustees' investment policies

- The Trustees expect their investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their documentation. The Trustees review the investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g. looking at five years of performance.
- If the Trustees determine that the investment managers are no longer managing the assets in line with the Trustees' policies they will make their concerns known to the investment managers and may ultimately disinvest.
- The Trustees pay their investment managers a management fee which is a fixed percentage of assets under management.
- Prior to agreeing a fee structure, the Trustees, in conjunction with their investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment managers.

- **How the Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

- The Trustees, in conjunction with their investment consultant, have processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustees receive a report which includes the turnover costs incurred by the investment managers used by the Scheme.
- The Trustees expect turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.
- The Trustees do not explicitly monitor turnover, set target turnover or turnover ranges. The Trustees believe that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**

- The Trustees do not in general enter into fixed long-term agreements with their investment managers and instead retain the ability to change investment managers should the performance and processes of the investment managers deviate from the Trustees' policies. However, the Trustees expect their manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of their ability to meet their performance objectives.

12 APPOINTMENTS & RESPONSIBILITIES

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Scheme.

(i) Trustees

The Trustees' primary responsibilities include:

- preparation of this Statement, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The Statement will also be reviewed following a significant change to investment strategy and/or the investment managers and/or platform provider,
- appointing investment consultants, a platform provider and investment managers as necessary for the good stewardship of the Scheme's assets,
- reviewing the investment strategy at least every three years, and taking advice from the investment consultant,
- assessing the processes (and therefore the performance) of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance),
- monitoring compliance of the investment arrangements with this Statement on a regular basis, and
- monitoring risk and the way in which the investment managers have cast votes on behalf of the Trustees in respect of the Scheme's equity holdings.

(ii) Investment Consultant

The main responsibilities of the investment consultant include:

- assisting the Trustees in the preparation and periodic review of this Statement in consultation with the Sponsoring Employer,
- undertaking project work including reviews of investment strategy, investment performance and manager structure as required by the Trustees,
- advising the Trustees on the selection and review of the investment managers and platform provider,
- providing training or education on any investment related matter as and when the Trustees see fit.

(iii) Investment Managers

The investment managers' main responsibilities include:

- investing assets in a manner that is consistent with the objectives set,
- ensuring that investment of the Scheme's assets is compliant with prevailing legislation and the constraints detailed in this Statement,
- providing the Trustees with quarterly reports including any changes to their investment process and a review of the investment performance,
- attending meetings with the Trustees as and when required,
- informing the Trustees (or platform provider) of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund used by the Scheme as and when they occur, and
- exercising voting rights on shareholdings in accordance with their general policy.

(iv) Custodian

The custodians used are responsible for the safe-keeping of the Scheme's assets.

- The custodianship arrangements are those operated by the investment manager for all clients investing in their pooled funds.

(v) Administrators

- The administrator's primary responsibilities are the day to day administration of the Scheme and the submission of specified statutory documentation, as delegated by the Trustees.
- The Scheme's administrator is Royal London.

Signed on behalf of the Trustees of the Scheme:

.....

Name

Signature

.....

Date

APPENDIX 1– FUND RANGE

(a) Fund options

The funds available to members are included in the table below.

Manager	Fund	Benchmark Index	Management Style	Label used in accompanying lifestyle charts
BlackRock	Aquila Global Equity Index (60:40)	Composite Benchmark	Passive	-
	Aquila UK Equity Index	FTSE All Share Index	Passive	UK equities
	Aquila Consensus	ABI Mixed Investment (40-85% Shares) Sector Average	Passive	Consensus Fund
Royal London	Fixed Interest	FTSE Actuaries UK Conventional Gilts All Stocks Index	Passive	Fixed interest
	Deposit	LIBID 7 days	Active	Deposit Fund
Aberdeen Standard Investments	Global Absolute Return Strategies Fund	LIBOR GBP 6 Months Index	Active	DGF (i.e. Diversified Growth Fund)

The Trustees allow members to opt-out of the lifestyle investment strategies and select from a range of funds that suit their individual circumstances.

To aid their decisions, information about the funds offered and the lifestyle strategies available is made available to members. Members are advised to take financial advice before choosing between these funds / strategies.

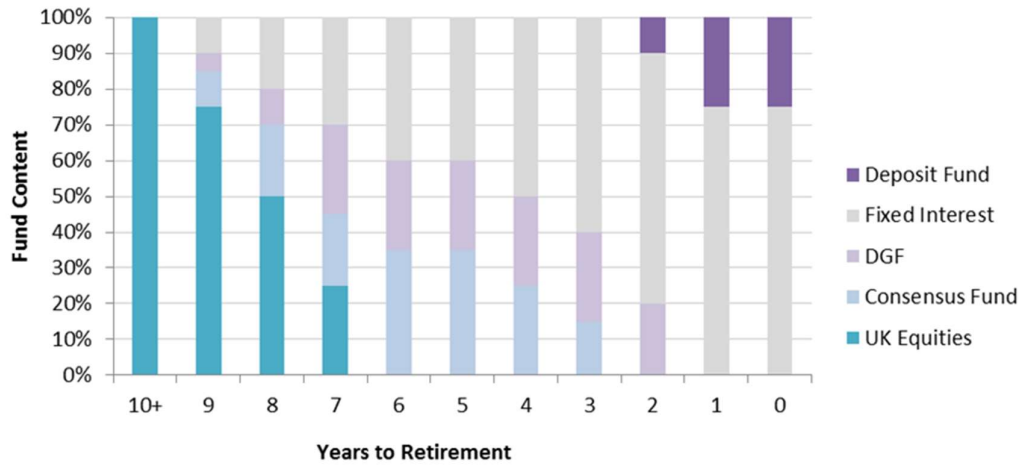
(b) Lifestyle strategies

The lifestyle strategies entail members' assets being switched between funds as they approach their target retirement date.

There are two Lifestyle Options used by the Scheme as described overleaf.

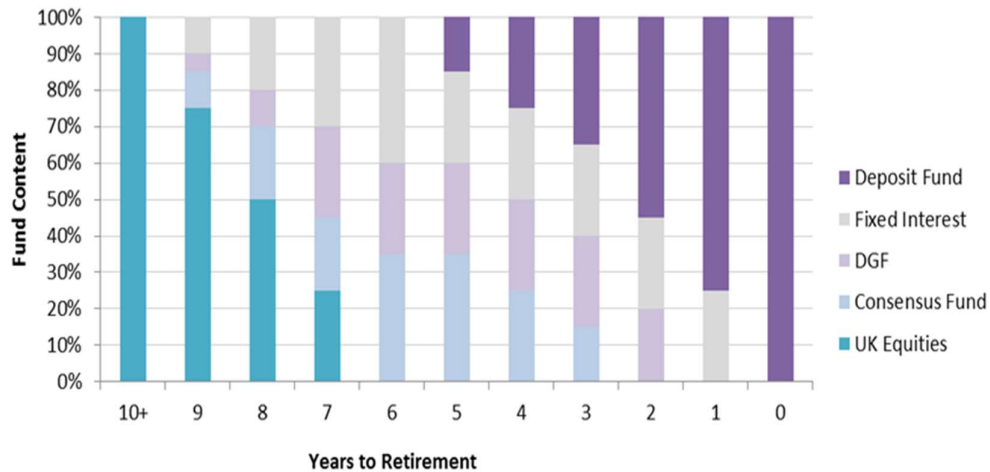
(a) Lifestyle Option for Annuities (Default option)

The chart below demonstrates how the transition under the Lifestyle Option will take place in the years leading up to members' chosen retirement age:



(b) Lifestyle Option for Cash Lump Sums

The chart below demonstrates how the transition under the Lifestyle Option will take place in the years leading up to members' chosen retirement age:



APPENDIX 2 – FEES

(a) Investment manager fees

(i)

Manager	Fund	Investment Style	Total Expense Ratio % p.a.
BlackRock	Aquila Global Equity Index (60:40)	Passive	0.53
	Aquila UK Equity Index	Passive	0.53
	Aquila Consensus	Passive	0.53
Royal London	Fixed Interest	Passive	0.53
	Deposit	Passive	0.53
Standard Life	Global Absolute Return Strategies	Active	1.31

(b) Note: Total expense ratios as per 2019 Chair's Statement

(c) Investment consultancy fees

The fees in respect of the investment consultant are paid for by the Company and therefore has no impact on the size of members' retirement savings.

The basis of remuneration is kept under review.

Review Notes Appendix									
Review Note Number	Text	Status	Priority	Creator	Create Date	Clearer	Clear Date	Closer	Closed Date
1	partner comments within	Open	Normal	JO	21/10/2020				
2	see comments within	Open	Normal	EB	23/10/2020				

UNITED WIRE (2002) PENSION SCHEME
IMPLEMENTATION STATEMENT
FOR THE YEAR ENDING 31 MARCH 2020

Introduction

This implementation statement has been prepared by the Trustees of the United Wire (2002) Pension Scheme (the Scheme). The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (the SIP) have been followed during the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustees over the same period.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 31 March 2020.

Review of the SIP

The Trustees' policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

The SIP was reviewed during the Scheme year as a result of changes in legislation effective from 1 October 2019. This review resulted in the following policies being updated in the SIP dated August 2019:

- Policy in relation to financially material considerations, including environmental, social and governance (ESG) factors.
- Policy in relation to non-financial matters.
- Policy in relation to stewardship.

The SIP was subsequently reviewed following the Scheme year end as a result of changes in legislation effective from 1 October 2020. This review resulted in the Trustees' policy in relation to their arrangements with their investment managers being updated in a revised SIP dated July 2020.

Investment strategy

The Scheme provides members with a range of funds, accessed through a platform arrangement, in which to invest together with some lifestyle strategies from which to make their investment choices. These aim to allow members to achieve the following:

- maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement;
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and
- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

The Trustees also provide a default strategy to provide a balanced investment strategy for members who do not make an active investment choice. The current default investment strategy was implemented in November 2017. A review of the default strategy is on hold pending implementation of a review of pension provision by the Sponsor.

Policies in relation to the kinds of investments to be held, the balance between various kinds of investments and the realisation of investments.

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Scheme invests in pooled funds to manage costs, diversify investments and improve liquidity.

The investment managers maintain a diversified portfolio of stocks or bonds within each of the funds offered under the Scheme (both within the default and self-select options). In addition, the design of the default strategy provides further diversification through the use of multiple funds throughout a member's working lifetime.

As part of the review of the investment strategy and the appointment of the investment managers the Trustees discussed the degree of diversification within the strategy.

Under normal market conditions the Trustees expect to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress. Dealing spreads and liquidity are monitored periodically by the investment consultant, particularly during periods of heightened volatility such as during the recent COVID-19 pandemic.

Property funds and illiquid assets, such as private equity, have been excluded from the current defined contribution investment strategy to help ensure the Scheme is able to meet potential liquidity demands.

Policy in relation to risks

The Trustees have considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
 - investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
 - investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
 - the default option is not suitable for members who invest in it, and
 - fees and transaction costs reduce the return achieved by members by an inappropriate extent.
- The investment strategy for the default option has been chosen with the aim of reducing these risks.

The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves.

The Trustees monitor the fees and transaction costs risks through cost disclosure documents provided by the investment consultant.

Policies in relation to their investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The Trustees, in conjunction with their investment consultant, have introduced a process to obtain and review the investment holding turnover and the associated costs incurred on the pooled funds used by the Scheme on an annual basis. The Trustees will receive an annual report detailing the turnover costs incurred for each pooled fund used by the Scheme.

Trading costs are incurred in respect of member switches (including within the lifestyle strategy), and wider (Trustee-led) asset transfer work. The Trustees receive information on the expected costs of Trustee-led exercises as and when they occur, and the exercise is only undertaken if the expected benefits outweigh the expected costs. There was no Trustee-led switching exercise during the year.

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the investment managers on behalf of the Trustees, including performance reviews, manager oversight meetings and operational due diligence reviews.

Investment manager monitoring and changes

The Trustees receive an annual update from the platform provider which details the performance of the pooled funds made available to members. There have been no changes to the Scheme's existing investment manager arrangements during the year.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

Stewardship of investments

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

During the year, the Trustees received training from their investment consultant on ESG issues, including stewardship and engagement.

Stewardship – monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix. These policies are publicly available on each investment manager's websites.

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers publish online the overall voting records of the firm on a regular basis.

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers is as follows:

Voting behaviour			
Investment Manager	Period	Proportion of votes cast	Proportion of votes against management
BlackRock Investment Management	01/07/2018 - 30/06/2019	N/A	8%
Aberdeen Standard Investments	01/01/2019 - 31/12/2019	100%	13%

Trustees' engagement

The Trustees have undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations.

The Trustees have reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy
BlackRock Investment Management	https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf
Aberdeen Standard Investments	https://www.aberdeenstandard.com/en/responsible-investing
Royal London Asset Management	http://www.rlam.co.uk/Documents-RLAM/Sustainable%20Investing/53887%20Stewardship%20Statement%202019.pdf