

Registered number: 12007216

**BRIDON GROUP (2013) PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

BRIDON GROUP (2013) PENSION SCHEME

CONTENTS

Trustee and its Advisers	1
Trustee's Report	2
Independent Auditor's Report to the Trustee of Bridon Group (2013) Pension Scheme	25
Fund Account.....	28
Statement of Net Assets (Available for Benefits).....	29
Notes to the Financial Statements.....	30
Independent Auditor's Statement about Contributions to the Trustee of Bridon Group (2013) Pension Scheme	42
Summary of Contributions	43
Actuarial Certificate.....	44

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 DECEMBER 2021

Trustee	Bridon Scheme Trustees Limited
Company Appointed Directors	Capital Cranfield Pension Trustees Limited, represented by S Anyan G Cook (resigned 4 November 2021) J Nightingale-Newton (appointed 4 November 2021)
Member-Nominated Directors	G Dallard C Finlay (appointed 14 May 2021) G Peters
Principal Employer	Bridon International Limited
Secretary to the Trustee	I Emery Aon Solutions UK Limited
Actuary	A Shah, FIA Aon Solutions UK Limited
Administrator	Aon Solutions UK Limited
Independent Auditor	Ernst & Young LLP
Bankers	Bank of Scotland plc HSBC plc (appointed 1 August 2021)
Investment Adviser	Aon Investments Limited ('AIL')
Investment Manager	Aon Investments Limited ('AIL')
AVC Provider	Aviva UK Limited ('Aviva')
Fiduciary Manager	Aon Investments Limited ('AIL')
Legal Adviser	Squire Patton Boggs (UK) LLP (removed 18 March 2021) Gunnercooke LLP (appointed 18 March 2021)
Contact Details	Bridon Group (2013) Pension Scheme Aon Solutions UK Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD bridonpensions@aon.com 0345 268 8476

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Introduction

The Trustee of Bridon Group (2013) Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 31 December 2021.

Constitution and management

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

The Scheme came into existence during 2013 following the demerger of the FKI Group Pension Scheme. The Definitive Deed was signed on 4 April 2013. A Deed of Amendment was subsequently signed on 27 June 2013 following agreement to the demerger. Some deferred members of the FKI Group Pension Scheme were transferred to the Bridon Group (2013) Pension Scheme. The Scheme is closed to new entrants.

The Trustee is shown on page 1.

Under the Trust Deed and Rules of the Scheme, the Trustee is appointed and removed by the Principal Employer, Bridon International Limited, subject to the Member-Nominated arrangements.

The power of appointing and removing a Trustee Director is contained in the Articles of Association of Bridon Scheme Trustees Limited, subject to the Member-Nominated arrangements.

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

The Trustee Board is comprised of five Directors, two Company-Appointed Directors and three Member-Nominated Directors

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

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

Trustee meetings

The Trustee Board met formally six times during the year to consider the business of the Scheme.

Scheme changes

There were no significant changes to the Scheme in the year.

Financial statements

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

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Guarantee

A parent company guarantee was put in place with NV Bekaert SA and came into force on 28 February 2020. As a result, the previous guarantee from Bridon Limited was released. In the event of the failure of Bridon International, certain obligations would pass to NV Bekaert SA unless the Scheme was sufficiently well funded. The Trustee received actuarial, covenant and legal advice and believes that the Scheme now benefits from a much stronger guarantee.

Membership

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

	Deferreds	Pensioners	Total
Members at the start of the year	197	119	316
Adjustment to members	(1)	-	(1)
New spouses	-	2	2
Retirements	(7)	7	-
Deaths	-	(2)	(2)
Transfers out	(4)	-	(4)
Members at the end of the year	<u>185</u>	<u>126</u>	<u>311</u>

Pensioners include 12 (2020: 10) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include Nil (2020: Nil) child dependants in receipt of a pension.

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

The adjustment to members shown above is the result of retrospective updating of member records.

Pension increases

Pensions in payment in excess of the Guaranteed Minimum Pension ('GMP') were increased on 1 May 2021 by 3.0% for pensions earned prior to 6 April 1997 and for pensions earned after 6 April 1997 either 3.0% or 2.5% in accordance with Scheme Rules. Post 88 GMP's were increased at 3.0%, Pre-88 GMP's were not increased in accordance with the Scheme Rules and statutory requirements.

There were no discretionary pension increases in the year.

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

Transfers

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

Transfers into the Scheme are not allowed.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Contributions

No contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 17 June 2020.

Employer contributions

The Trustee and Employer agreed that no deficit reduction contributions will be paid to the Scheme. This is because the Scheme was in surplus on the technical provision basis as at 31 December 2019 and no additional contributions are required.

The expenses of administering the Scheme (excluding the Pension Protection Fund Levy) are met directly by the Employer with any expenses above £0.33M per annum ('p.a.') (excluding VAT) being reimbursed by the Scheme to the Employer.

The Pension Protection Fund Levy will be met directly by the Employer.

Investment management charges are excluded from Scheme expenses as these are deducted from the assets directly.

Going concern

The Trustee Directors review employer covenant at each Trustee meeting and maintain dialogue with senior representatives of the parent company.

Regular updates continue to show that the business has weathered the pandemic well and has seen limited disruption due to Brexit and the war in Ukraine.

The Scheme ended 2021 in a similar funding position to the start of the year, despite ongoing market turmoil. The latest estimates show that the funding level continues to be above 100% on the technical provisions basis.

The Scheme now holds about half of its assets in matching assets with interest and inflation exposures fully hedged. In addition, the Scheme holds around 20% of its assets in diversifying assets that are designed to provide further protection against market volatility.

Reliance on employer covenant is somewhat limited given the strong funding position of the Scheme and low risk investment strategy. However, in addition to recourse to the statutory employer in the UK, the Trustee Directors have also negotiated a parent company guarantee, in a PPF compliant format, for an amount that is intended to cover the solvency deficit.

Taking all these factors into consideration, in particular the stable funding position of the Scheme, the low risk investment strategy and the favourable covenant position, the Trustee Directors consider that the Scheme remains a going concern for the foreseeable future.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Report on Actuarial Liabilities

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

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2019.

This showed that on that date:

The value of the technical provisions was: £83.3 million

The value of the assets at that date was: £90.0 million

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

Method

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

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the UK government fixed interest gilt yield curve at the valuation date plus an addition of 0.75% p.a.

Future Retail Price inflation ('RPI'): term dependent rates derived from the difference in market yields on fixed interest and index-linked gilts at the valuation date.

Future Consumer Price inflation ('CPI'): RPI inflation curve with a deduction equal to Aon's prevailing best estimate of the difference between RPI and CPI inflation. As at 31 December 2019 this difference was 1.0% p.a.

Pension increases: derived from the RPI or CPI price inflation as appropriate, allowing for the maximum and minimum annual increases, and for inflation to vary from year to year.

Mortality: for the period in retirement standard tables S3PMA "Heavy" for males and "Middle" for females with a scaling factor of 99% (for members) and 112% (for future dependents) and an allowance for improvements in mortality in line with the CMI 2018 core projections with parameters $Sk=7.0$ and $A=0.5\%$, subject to a long-term rate of improvement of 1.5% p.a.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Investment matters

Management and custody of investments

As required by Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP').

A copy of the SIP can be found on the Scheme's website at <https://www.bridonpensions.co.uk/investment/> and is available on request from the Secretary to the Trustee.

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

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

The investment manager is paid fees for its services. The fees are calculated as a percentage of the market value of the part of the Scheme that it manages.

The Trustee has not appointed a custodian to the Scheme as the investment manager appoints a custodian for the assets underlying the investments it manages for the Trustee. The Custodian appointed by the investment manager is shown below:

Manager	Custodian
Aon Investment Limited	BNY- Mellon Company (Ireland) Limited

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

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Investment report

Asset allocation as at 31 December 2021

	31 December 2021	
	£'000s	%
Growth Component	46,563	49.0
Managed growth	20,208	21.3
Low risk bonds	26,358	27.7
Hedging Component	48,188	50.7
Cash	316	0.3
Total	95,067	100.0

Source: Aon Hewitt. Figures may be subject to rounding.

Performance returns to 31 December 2021

	Quarter	One Year	Since Inception (p.a.)
Asset Return (%) :	+6.2	-1.0	+7.9
Liability Benchmark Return (%) :	+5.7	-2.7	+6.2
Relative (%) :	+0.5	+1.7	+1.7
Investment Objective :	To outperform the Liability Benchmark* by 0.75% per annum over rolling three year periods		
Investment Objective Return (%) :	+5.9	-1.8	+7.4
Relative (%) :	+0.3	+0.8	+0.5

Source: Aon Hewitt / Bank of New York Mellon. Returns are in GBP and quoted net of fees. Scheme returns are based on an inception date of 30 April 2019. Figures may be subject to rounding.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Investment report (continued)

Market background: 12 months to December 2021

General background

Global equities generated strong positive returns over the last twelve months, boosted by optimism over Covid-19 vaccine roll-outs, supportive monetary and fiscal policies, and improving economic data. However, the discovery of the new Covid-19 variants cast doubts over the prospect of global economic growth in 2021. Inflation rates worldwide continued to increase, as supply chain problems and rising wages persisted. Leading to major central banks indicating the end of pandemic-era asset purchase programs and hinting at accelerated interest rate hikes to help ease persistent inflation. Yet, equity markets were able to shrug most of these concerns posting solid gains in 2021.

Geopolitical tensions remained elevated, as Joe Biden warned his Russian counterpart, Vladimir Putin, that the US and its allies would respond “decisively” if Russia invaded Ukraine. Russia has placed roughly 100,000 troops on Ukraine’s border. Elsewhere, tensions between China and Taiwan escalated as Xi Jinping, China’s president, insisted that peaceful reunification between the two countries ‘must be fulfilled’. Taiwanese president, Tsai Ing-Wen, stated that Taiwan would not ‘bow’ to Beijing’s pressure.

US equities posted the strongest local and sterling returns over the year, helped by their high exposure to large technology companies. The US Senate approved a \$1.9tn economic relief package soon after Democrat Joe Biden was sworn in as US President in January 2021, which fed market expectations of more substantial US growth and inflation. Later in the year, a \$1.2tn bipartisan infrastructure bill was passed. However, President Biden’s ambitious \$1.75tn “Build Back Better” bill suffered a significant setback after his fellow Democratic Senator, Joe Manchin, opposed the bill due to rising inflation, a surging pandemic, and global uncertainty.

UK equities were the second-best performing equity market in sterling terms over the last year. The UK’s impressive vaccination program suppressed hospitalizations and deaths, and Brexit fears eased. The reopening of the global economy bolstered the UK’s Energy and Industrials sectors during 2021. However, the UK reported approximately 5 million Covid-19 cases in Q4 2021 due to the newly discovered Omicron variant, dampened equity returns relative to other regions such as the US and Europe over Q4.

Emerging markets (‘EM’) were the worst-performing market in local currency and sterling terms over the last twelve months. EM equities had held up well over the early stages of the pandemic, supported by the low global interest rate backdrop and the weak dollar in 2020. However, the risk of a reversal in both of these drivers resulted in EM returns lagging other markets in 2021. A poor return from Chinese equities due to state regulatory clampdowns across many of China’s corporate sectors, and concern over the Chinese property sector, particularly the collapse of Evergrande Group, a large indebted property developer, caused sharp falls in equity prices. Elsewhere, Brazilian equities suffered as the central bank hiked rates and political uncertainty remained ahead of the upcoming presidential election.

On a global sector level, Energy (38.4%), Information Technology (28.9%) and Financials (26.9%) were the best performing sectors in local currency terms. Consumer Discretionary (11.5%) was the worst-performing sector, followed by Communication Services (12.0%) and Utilities (12.6%).

Sterling ended the twelve months 4.4% higher on a trade-weighted basis. The relief rally in sterling in Q1 2021 in the wake of the Brexit deal was boosted by a successful UK vaccination program launch. More recently, in Q4 2021, the Bank of England was the latest of the major central banks to raise rates, upping its benchmark interest rate by 15bps to 0.25% to combat inflation. This earlier than expected tightening in monetary policy supported sterling against currencies such as the euro, given that a policy rate rise in the Eurozone is not expected so soon.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Investment report (continued)

Brent crude oil prices rose by 50.2% to \$78/BBL over the last twelve months. Economic recovery and a cutback in production over the pandemic supported oil prices. In Q3 2021, OPEC+ reached an agreement to increase crude oil production by 400,000 barrels a day from August until the end of 2022, although this pace disappointed expectations. In the fourth quarter, the momentum in oil prices dropped as Omicron, and resurgent Covid fears surfaced.

Optimism over global economic recovery in the light of several vaccine discoveries and stimulus packages drove global government bond yields higher at the beginning of 2021. However, in Q2 2021, yields fell back as variant virus risks and worries over a slower pace of global economic recovery arose. Nominal yields then picked up once more over the third quarter, driving the negative performance of UK fixed-interest government bonds. Yields rose on the back of brought-forward interest rate hike expectations against the background of rising inflation and central bank indications that they were considering policy rate increases. However, longer-dated yields fell back in the fourth quarter due to heightened uncertainty surrounding Omicron. Short-dated yields began to factor in potential monetary policy changes and saw notable increases. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts fell by 5.2%, whilst index-linked gilts rose by 4.2% over the last twelve months. Index-linked gilts significantly outperformed nominal gilts due to increased breakevens driven by expectations of more persistent inflation.

Credit markets were underwhelmed over the year as they declined from risk-averse sentiment during the fourth quarter. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, were unchanged at 108bps.

UK commercial property returned 19.9% over the period, supported by an income return of 5.3% and a 13.9% increase in capital values. The easing of lockdown restrictions helped the retail sector as it returned 14.6% over the year. The office sector returned 5.1% over the year, whilst industrials outperformed with a return of 38.2%.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS')

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the 'Regulations'). The Regulations require that the Trustee produces an annual statement called an Engagement Policy Implementation Statement ('EPIS') which outlines the following:

- Explain how and the extent to which the Trustee has followed its engagement policy which is set out in the Statement of Investment Principles ('SIP').
- Describe the voting behaviour by or on behalf of the Trustee (including the most significant votes cast) during the Scheme year and state any use of third party provider of proxy voting services.

The EPIS has been prepared by the Trustee and covers the Scheme year 1 January 2021 to 31 December 2021.

Executive summary

Based on the activity over the year by the Trustee and its asset managers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee notes that all of its asset managers were able to disclose adequate evidence of voting and/or engagement activity.

The Trustee expects improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

Scheme's stewardship policy

The below bullet points summarise the Scheme's stewardship policy in force over the Scheme year to 31 December 2021.

The full SIP can be found here: <https://www.bridonpensions.co.uk/investment/>

- The Trustee recognises the importance of its role as a steward of capital and the needs to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies and assets in which the Scheme invests as ultimately this creates long term financial value for the Scheme and its beneficiaries
- The Trustee annually reviews the stewardship activity of the fiduciary manager to ensure the Scheme's stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by the fiduciary manager. These reports include detailed voting and engagement information from underlying asset managers.
- The Trustee may engage with the fiduciary manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matter including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

Scheme activity over the year

Training

During the year, the Trustee received training on risk settlement, synthetic credit and bespoke training for the new Trustees.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a quarterly investment report being provided to the Trustee by Aon which includes performance information amongst other analysis.

The Trustee also receives regular investment updates from their investment advisor at Trustee meetings.

During the year, the Trustee received the 2020 Stewardship Report from its fiduciary manager, setting out some of the actions it had taken in relation to Responsible Investment over the year. This helped the Trustee ensure the Scheme's stewardship policy was being appropriately implemented in practice.

Over the year the Trustee also received the Annual Cost Disclosure reports from their fiduciary manager. The Trustee is satisfied that these metrics are in line with expectations and that no further action is required. This information will continue to be reviewed on an annual basis.

Summary of voting and engagement activity

Based on the activity over the year by the Trustee and its fiduciary manager, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee believes that its asset managers were able to disclose adequate evidence of voting and/or engagement activity. However, where some evidence, such as engagement examples, were missing, the Trustee notes action is being taken by its fiduciary manager to encourage improvements.

The Trustee expects improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

Engagement activity – Fiduciary manager

The Trustee has delegated the management of the Scheme's assets to its fiduciary manager, Aon Investments Limited ('AIL'). AIL manage the Scheme's assets in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL selects the underlying asset managers to manage the investments on behalf of the Trustee.

The Trustee has reviewed the AIL Annual Stewardship Report and believe this shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

AIL have undertaken a considerable amount of engagement activity over the year. AIL held a number ESG focussed meetings during the reporting year with underlying managers across all its strategies. At these meetings, AIL discussed ESG integration, voting and engagement activities undertaken by the asset managers, allowing AIL to form an opinion on each managers' strengths and areas for improvement. AIL provided feedback to the managers following these meetings with the goal of lifting the standard of ESG integration across its portfolios. AIL continues to execute its ESG integration approach and engage with managers.

Aon Solutions UK Limited ('Aon') also actively engages with investment managers and this is used to support AIL in its fiduciary services. Aon launched its Engagement Programme in 2020, a cross asset class initiative which brings together Aon's manager research team and Responsible Investment specialists to promote manager engagement with the needs of Aon's clients in mind.

In Q3 2021, Aon and AIL were confirmed as signatories to the UK Stewardship Code. With one-third of applicants failing to reach signatory status, this achievement confirms the strength and relevance of stewardship activity undertaken by both Aon and AIL on behalf of clients. For further details, please see the submission report under <https://www.frc.org.uk/getattachment/b9002ca0-3beb-40e6-8b09-375661ccd193/Aon-UK-Stewardship-Code-2020-Report.pdf>.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Engagement example fixed income manager

In October 2021, Aon's Engagement Programme ('EP') engaged with an underlying fixed income manager.

The manager had already set up effective models to analyse various ESG data points, identify securities which are outliers or associated with controversial activity, which Aon finds encouraging. The manager also shared a number of instances of engagement activity and literature on ESG issues, however, Aon identified that there was a need to translate those thoughts into detailed policies like, for example, policies aligned to the Paris goals which would act as a driver for clear outcome focussed engagement decisions. Aon hope to see progression towards a focus on thematic engagement and greater formalisation for climate risk engagement from the manager.

The manager is also yet to acquire signatory status to the UK stewardship code, the main reasons resulting from an incorrect submission style and a lack of explicitly naming issuers the manager engaged with. During discussions, Aon shared its awareness of the common themes' other managers have had for not attaining signatory status, including the importance of outcome-oriented reporting of decision useful information. Aon would like to see the manager submit to the Financial Reporting Council for UK Stewardship Code 2020 Enlistment and publish a report by early 2022.

Voting and Engagement Activity – Underlying Asset Managers

Over the period, the Scheme was invested in a number of equity and fixed income funds through its investment in AIL. This section provides an overview of the voting (where applicable) and engagement activities of some of the most material underlying managers.

Voting and Engagement activity – Equity and multi-asset funds

Over the year, the material equity and multi-asset investments held by the Scheme were:

Fund Manager	Fund
Legal & General Investment Management ('LGIM')	Developed Balanced Factor Equity Fund
BlackRock	Emerging Markets Fund

Both investment managers use proxy voting organisations for various services that may include research, vote recommendations, administration and vote execution.

In this section there is a summary of voting information and examples of significant voting activity for each of the Scheme's relevant managers. The investment managers provided examples of 'significant' votes they participated in over the period. Each manager has its own criteria for determining whether a vote is significant. Examples of what might be considered a significant vote are:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal
- where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustee considers inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Scheme

The Trustee considers a significant vote as one which the voting manager deems to be significant.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

LGIM Developed Balanced Factor Equity Index Fund

Voting

LGIM uses proxy voting service provider Institutional Shareholder Services ('ISS') to execute votes electronically and for research, which augments LGIM's own research and proprietary ESG assessment tools. LGIM do not outsource any part of the voting decisions to ISS. It has put in place a custom voting policy with ISS that applies to all markets globally, seeking to uphold what it considers to be the best practice standards companies should observe. If appropriate, LGIM retains the ability to override any voting decisions based on the voting policy, for example, if engagements with the company have provided additional information.

The table below shows the voting statistics for LGIM's Developed Balanced Factor Equity Index Fund for the period to 31 December 2021

Number of resolutions eligible to vote on over the period	10,329
% of resolutions voted on for which the fund was eligible	100%
Of the resolutions on which the fund voted, % that were voted against management	19%
Of the resolutions on which the fund voted, % that were abstained from	0%

Source: LGIM

Voting example:

In June 2021, LGIM voted against a resolution to elect the Chief Executive Officer ('CEO') of retailer Target Corporation to the additional role of Chair of the company's board. It is LGIM's policy to advocate for the separation of CEO and board Chair roles. LGIM believes these two roles to be substantially different, requiring distinct skills and experiences due to risk management and oversight. Further, LGIM does not expect a CEO or Non-Executive Director to hold too many board positions to ensure they can undertake their duties effectively. 93.4% of shareholders voted in favour of the resolution. LGIM considered this vote to be significant because it is an example of how it applied and escalated its voting policy on the topic of combined board Chair and CEO role.

Engagement

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

More information can be found on LGIM's engagement policy under: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

LGIM was unable to provide engagement examples at a fund level. The Trustee's fiduciary manager AIL has engaged with LGIM on this topic to encourage it to report on its engagement activities in line with its peers. AIL and the Trustee expect to see improvements in LGIM's stewardship reporting in the next reporting year. LGIM was able to provide an engagement example at the firm level, which is outlined below.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Engagement example:

Over 2021, LGIM engaged with a number of companies on the topic of antimicrobial resistance. Antimicrobial resistance occurs when bacteria, viruses, fungi and parasites change over time and no longer respond to medicines making infections harder to treat and increasing the risk of disease. LGIM states that the overuse and inappropriate use of antimicrobials in human activities are often linked to the uncontrolled release of antimicrobial agents into the ecosystem. In particular, water sanitation systems have not been designed to address antimicrobial resistance.

LGIM reached out to 20 water utility companies through an open letter to understand if they were aware of the issue of antimicrobial resistance and if they plan to introduce monitoring systems to detect agents such as antibiotic-resistant bacteria. LGIM also had meetings with some of the companies and found that awareness of antimicrobial resistance was generally low. LGIM believed this was due to the lack of regulatory requirements and little perception of the potential business risks.

After these engagements, LGIM found several investee companies were considering their approach to antimicrobial resistance. In particular, one utility company sought to understand what happens to contaminants in its wastewater treatment process and implemented a programme to try to understand improvements it could make to its systems.

LGIM believe it is important to promote an enhanced and standardised approach to antimicrobial resistance through influencing the regulatory landscape. As such, it is also working with its peers in the Investor Action on Antimicrobial Resistance initiative.

BlackRock Emerging Markets Equity Fund

Voting

BlackRock's proxy voting process is led by its Investment Stewardship team. Voting decisions are made by the Investment Stewardship team with input from investment colleagues. BlackRock's voting decisions are informed by its internally developed proxy voting guidelines, its engagements with companies and research on each underlying company. BlackRock reviews its proxy voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock subscribes to research from the proxy advisory firms ISS and Glass Lewis. BlackRock uses the research along with its own analysis to identify companies where additional engagement would be beneficial. BlackRock does not routinely follow the voting recommendations of its proxy voting advisers, instead it uses this to synthesise corporate governance information and analysis into a concise, easily reviewable format so that its investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial.

The table below shows the voting statistics for BlackRock's Emerging Markets Equity Fund for the year to 31st December 2021.

Number of resolutions eligible to vote on over the period	28,844
% of resolutions voted on for which the fund was eligible	100%
Of the resolutions on which the fund voted on, % that were voted against management	9%
Of the resolutions on which the fund voted, % that were abstained	4%

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Voting Example:

In June 2021, BlackRock voted against a proposal from the management of Chinese energy company Huadian Power International ('Huadian International'). BlackRock voted against the proposal to reorganise its wind and solar power portfolio by transferring all related assets into a dedicated renewable energy entity. The majority of this renewable energy entity is controlled by its parent company Huadian Group, and in exchange Huadian International would receive a minority stake in the renewable energy entity.

BlackRock voted against the proposal because it was concerned about the conflict of interest between Huadian International and its parent company. This proposal would prevent Huadian International from investing in wind or solar power projects, to avoid it being in competition with the majority shareholder, Huadian Group. In BlackRock's view, the transaction would disadvantage the minority shareholders of Huadian International by preventing them from participating in China's renewable energy market.

Whilst the resolution has passed, BlackRock aims to hold incumbent directors not up for re-election accountable by voting against their re-election at future shareholder meetings.

Engagement

BlackRock considers engagement to be at the core of its stewardship efforts. It enables BlackRock to provide feedback to companies and build a mutual understanding about corporate governance and sustainable business practices. Each year, BlackRock sets engagement priorities to focus on, such as governance and sustainability issues that it considers to be most important for companies and its clients.

BlackRock's priorities reflect an emphasis on board effectiveness and the impact of sustainability-related factors on a company's ability to generate long-term financial returns. BlackRock Investment Stewardship ("BIS") team's stated key engagement priorities include board quality, climate and natural capital, strategy purpose and financial resilience, incentives aligned with value creation, company impacts on people.

More information can be found here: <https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

BlackRock was unable to provide engagement examples. The Trustee's fiduciary manager AIL has engaged with BlackRock on this topic to encourage it to report on its engagement activities in line with its peers. AIL and the Trustee expect to see improvements in BlackRock's stewardship reporting in the next reporting year.

Engagement activity – fixed income funds

Whilst voting rights are not applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and therefore a vested interest on the part of debt issuers is to ensure that institutional investors are satisfied with the issuer's strategic direction and policies. Whilst upside potential may be naturally limited in comparison to equities, downside risk mitigation and credit quality is a critical part of investment decision-making.

The following examples demonstrate some of the engagement activity carried out by the Scheme's fixed income managers over the year.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Robeco Sustainable Development Goals multi asset credit and global credits short maturity

Engagement

Robeco's engagement program focuses on what it considers to be the financially material sustainability themes and the elimination of severe breaches in human rights, labour, environment, and bribery and corruption. Robeco carries out extensive research, measuring changes in company performance relative to engagement objectives. Robeco determines the objectives of each engagement at the start of its engagement process. Robeco ensures it begins each engagement with:

- A thorough understanding of the ESG issue in question
- The company's current performance on and exposure to the issue
- The company's performance on the engagement objectives set.

Engagements typically run for three years. Any cases closed unsuccessfully are considered for exclusion.

Engagement example:

Robeco engaged with Barclays bank regarding its culture and risk governance over several years. The purpose was to gain a better understanding of the risks banks face by analysing the most material governance issues of the banking system.

The engagement started in 2017 and in 2020 Robeco decided to extend the engagement program by another year, as events, such as widespread problems around money laundering and ongoing regulatory investigations, had slowed down progress.

The culture and behaviour at Barclays were key areas of focus for improvement. Much work has been undertaken by Barclays to change its culture, with the bank now continuously reporting on the importance of behavioural aspects along with reinforcing an open culture. When it comes to combatting money laundering and financial crimes it seems that Barclays is largely in line with the approaches of the other European banks in its peer group. Robeco closed this engagement successfully with Barclays in Q4 2021.

BlackRock Absolute Return Bonds Fund

BlackRock's Fixed Income credit analysts frequently partner with members of the Investment Stewardship team for joint engagement meetings with companies. In addition, BlackRock's Global Fixed Income ESG ('GFI-ESG') team may partner with the BIS team both to communicate ESG related topics from GFI investors as well as to attend or host engagement meetings on certain highlighted ESG flagged holdings. BlackRock also explore how factors such as climate change, the fair treatment of workers, and racial and gender equality, among others, are increasingly relevant to a company's business operations.

BlueBay Asset Management LLP ('BlueBay') Total Return Credit Fund

BlueBay believes that providers of debt have a role in engaging with issuers on matters that have the potential to impact investment returns, however as debt investors, BlueBay believes that it has more limited legal mechanisms to influence issuers than equity investors. Given BlueBay's approach of not automatically excluding issuers from investment based on their ESG performance, actions to mitigate such risks are raised with investment teams where appropriate.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Engagement Example

Over the period, BlueBay engaged with the government of Columbia with the objective to improve budget transparency. BlueBay chairs a working group of the Emerging Markets Investors Alliance dedicated to improving budget transparency of issuers in the Latin American stock indices. In May 2021, BlueBay initiated an engagement with the Finance Ministry of Colombia to suggest improvements for how it could be more transparent about how it raises and spends public resources. Specifically, BlueBay asked them to publish online a citizens budget (which aims to present budget information in a more accessible format than most standard budget documents) and mid-year review in a timely manner.

The Budget Office gave a comprehensive account of both the budget cycle and the new online resources that has improved public access to information on how public money is being used. The Budget Office presented several metrics showing strong performance by OECD (Organization for Economic Cooperation and Development) standards and expressed hope that their International Budget Partnership rankings (a measure of a country's budget transparency) would also improve at the next review in 2022.

Aegon Asset Management ('Aegon') European Asset Backed Securities ('ABS') Fund

Aegon believes that actively engaging with companies to improve ESG performance and corporate behaviour is generally more effective than excluding companies from its investment universe. Aegon's preference is for its engagements with portfolio companies to remain private to encourage a more open discussion. Engagement dialogues are conducted by investment managers, research analysts and its responsible Investment team.

When engaging with portfolio companies, Aegon considers the UK and Dutch Stewardship Codes and the Principles for Responsible Investment. Aegon also seeks to strengthen its investor voice in engagement by actively participating in collaborative engagement platforms such as the Principles for Responsible Investment, UK Investor Forum, and Institutional Investors Group on Climate Change.

Aegon engages ABS issuers regularly through ESG questionnaires specific for consumer loan ABS. It then follows up with meetings to discuss the answers, companies ESG goals and areas where Aegon would like to see improvement.

Insight Investment ('Insight') Short Dated Buy and Maintain Fund

Insight proactively engages on industry and regulatory issues that have implications for its clients and the wider market. Insight's credit analysts regularly meet with issuers to discuss ESG related issues. Insight's engagements inform the credit analysts' views of companies and provide a platform for increased transparency on ESG issues and ongoing engagement to change company behaviour, where appropriate.

The credit analysts identify the engagement issues relevant for each issuer. If Insight does not already have regular meetings with a company's management, its investment teams will request a meeting with them. Where this is not possible, or if Insight deems additional action to be needed, Insight may consider raising issues with the company's broker. If Insight does not receive a response from the issuer when it engages with it then Insight will lead a wider collaborative initiative via the Principles for Responsible Investment ('PRI') or with other investors to achieve greater influence over the issuer. It is involved in long-term initiatives such as Climate Action 100+ (CA100+).

Engagement Example

In Q2 2021, Insight engaged with natural gas company, ExxonMobil ('Exxon'). Insight engaged with Exxon on the limited efforts it had made to mitigate its impact on biodiversity and the limited evidence shown that it is trying to reduce its carbon emissions.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Insight expressed concerns about the lack of independent directors on the board who were also experts in energy. Exxon has committed to reducing its greenhouse gas emissions by 30% for the upstream part of its business (i.e. exploration and initial production stages) however this accounts for less than half of its total emissions. Also, Exxon is making no renewable energy investments. Instead, it is focused on innovative technology that aims to remove carbon dioxide from the atmosphere, but this is yet to provide conclusive and scalable results.

The lack of engagement response from Exxon and Insight's low climate risk rating for the company has led Insight to sell its holding in Exxon across its Buy and Maintain portfolios.

Schroders plc ('Schroders') Securitised Credit Fund

Schroders engage for three purposes:

1. Engagement for information and perspective
2. Surveying and sharing, understanding where the markets are
3. Differentiation

Over the period, Schroders engaged with 10 Collateralized Loan Obligation ('CLO') managers at a fund level regarding ESG. Schroders has developed a questionnaire which it issues to CLO manager for them to complete. This information is incorporated into its manager due diligence. Similarly, Schroders have developed a questionnaire for Commercial Mortgage Backed Securities managers, which it uses to engage with securitisation underwriters.

Real Estate Asset Management ('REAMS') Unconstrained Bond Fund

REAMS subscribes to engagement services provided by ISS, where ISS engages with companies on the behalf of its subscribers to address ESG issues and risks. REAMS believes this is an effective means to leverage the strength of the group of investors represented by ISS and influence issuers with material ESG risks. The process is by its nature passive from its standpoint, although REAMS do track the engagements that ISS make on its behalf on a quarterly basis and review relevant reports provided by ISS regarding the progress of its engagement attempts.

REAMS' parent company, Carillon Tower Advisers ('Carillon'), is developing corporate engagement protocols and tools to facilitate individual and collaborative engagements across its affiliates. The protocols will assist in identifying general themes for engagement and establishing priorities, as well as provide a framework for collaborations, setting milestones, measuring progress, and documenting outcomes. This project is expected to take time to complete, but Carillon expects it to lead to more focused and effective engagements over time.

The Trustees' fiduciary manager, AIL, has engaged with REAMS regarding its engagement policies and procedures. AIL believes REAMS has seen made substantial improvements however it is still making progress. AIL will continue to engage with REAMS on this issue.

T.Rowe Price ('T.Rowe') Absolute Return Bonds Fund

T.Rowe integrates ESG issues into its investment processes. Its engagement program is driven by its portfolio managers and is usually focused on matters material to the investment case. T. Rowe's portfolio managers are supported by its industry-focused analysts and in-house specialists in corporate governance and sustainability.

When engaging with companies T.Rowe typically identifies specific factors through its research which could have a negative impact on performance, rather than focusing on broad themes and engaging with multiple companies on the same issue. It will sometimes ask companies to make specific changes or seek more information on an ESG issue to ensure investment decisions are well informed.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

Further information regarding T.Rowe's engagement policy can be found here:

<https://www.troweprice.com/content/dam/ide/articles/pdfs/Engagement%20Policy.pdf#:~:text=T.%20ROWE%20PRICE%20ENGAGEMENT%20POLICY%20At%20T.%20Rowe,trust%20our%20investment%20clients%20have%20placed%20in%20us%2C>

Engagement Example

In late 2021, T.Rowe engaged with Ambev, a Brazilian brewer, regarding human and labour rights related to Venezuelan migrants employed by one of its carriers, found to be sleeping in trucks equipped like motor homes. T.Rowe's engagement sought to develop a better understanding of the controversy, whether the incident is indicative of underlying organisational or cultural issues at the company and the actions that management have taken in response to the event.

Ambev indicated that the carrier involved in the controversy represents less than 1% of its transportation in Brazil and that it launched a full investigation into the incident. Ambev said that company policy is to terminate relationships where an ethical breach has occurred, and it is extremely strict on this. Legally, Ambev was able to terminate the supplier's contract immediately because it had in place the correct suppliers' policies and codes.

Despite being confident in its existing procedures, Ambev is making its supply chain risk management more robust. The company has enlisted several consultants to support this process and help embed more data analytics and enhanced auditing, as well as to refine its risk methodology.

The engagement met T.Rowe's objective and informed its investment research. T.Rowe believes Ambev acted quickly and responsibly in relation to the incident. It also sees that the company is researching and investing in ways to make supply chain management more robust and mitigate the risk of future controversies.

T.Rowe continue to invest in the company.

Royal London Asset Management ('RLAM') Absolute Return Government Bond Fund

RLAM will usually engage with an underlying issuer for one of two reasons:

- for information to supplement existing research or findings that feed into the investment process; or
- to influence issuer behaviour.

RLAM's engagement with issuers is not limited to one topic and it has engaged with companies on a number of ESG related matters. In the past year, this has included climate risk, cybersecurity, remuneration, and health and safety.

Engagement Example

At a firm level RLAM engaged with a number of utility companies to encourage them to integrate social considerations into their decarbonisation strategies by publishing a "Just Transition" strategy (a framework for a fair and sustainable shift to a low carbon economy). Through engagement RLAM have already seen one utility company publish its first Just Transition strategy and another issue its first Just Transition statement.

In April 2021, RLAM met with the Head of Corporate Social Responsibility of a utility company. During discussions, the company acknowledged the social risk of the transition as a barrier to delivering the company's decarbonisation goals. They voiced concerns regarding lack of competitiveness in Europe leading to fewer jobs and the balance between the carbon price and political acceptance. Although the company agreed that it was beneficial to have Just Transition strategy, the contacts RLAM engaged with felt that the company is already leading on this issue.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Engagement Policy Implementation Statement ('EPIS') (continued)

As of Q4 2021, the engagement has encouraged 5 of the companies to publish their Just Transition strategies.

Leadenhall Capital Partners LLP ('Leadenhall') Insurance Linked Securities

Leadenhall assesses adherence to ESG principles by considering specific factors including:

- Environmental impact including pollution prevention and remediation, reduced emissions, preventing the spread of pandemic disease and adherence to environmental safety and regulatory standards.
- Social impact including human rights, welfare and community impact issues.
- Governance issues including board structure, remuneration, accounting quality and corporate culture.

Leadenhall perform a detailed review of its investment counterparties' policies and controls including their ESG and Corporate Social Responsibility frameworks. Where appropriate, Leadenhall will make recommendations to avoid investment counterparties who are not aligned with its ESG policies.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Employer related investments are disclosed in note 20 to the financial statements.

Further information

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

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

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Aon Solutions UK Limited at the contact details on page 1 who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

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

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

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Compliance matters

HM Revenue & Customs Registration

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

Pension Tracing

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

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

0800 731 0193
www.gov.uk/find-pension-contact-details

The Pensions Regulator

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

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

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

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

0345 600 1011
customersupport@tpr.gov.uk
www.thepensionsregulator.gov.uk

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Compliance matters (continued)

The Pension Protection Fund

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

The Pension Protection Fund can be contacted at:

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

0330 123 2222
ppfmembers@ppf.co.uk
www.ppf.co.uk

Questions about pensions

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

MoneyHelper can be contacted at:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

0800 011 3797
www.moneyhelper.org.uk

Resolving difficulties/Internal Dispute Resolution

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

The Government appointed Pensions Ombudsman can investigate complaints of injustice due to bad administration either by the Trustee or the Scheme's Administrator, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

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

0800 917 4487
enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2021

Statement of Trustee's Responsibilities

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

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

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

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report. The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

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

Approval

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

Trustee Director:

Date:

BRIDON GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BRIDON GROUP (2013) PENSION SCHEME

Opinion

We have audited the financial statements of the Bridon Group (2013) Pension Scheme for the year ended 31 December 2021 which comprise the Fund Account, the Statement of Net Assets (Available for Benefits) and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of twelve months from the date when the Scheme's report and financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

BRIDON GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BRIDON GROUP (2013) PENSION SCHEME

Other information

The other information comprises the information included in the report and financial statements set out on pages 1 to 41, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 24, the Trustee is 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 Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

BRIDON GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BRIDON GROUP (2013) PENSION SCHEME

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we also considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.
- The Scheme is required to comply with UK pensions regulations. As such the Statutory Auditor has considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Reading

Data:

BRIDON GROUP (2013) PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Employer contributions	4	-	312,500
Other income	5	-	208
		<u>-</u>	<u>312,708</u>
Benefits paid or payable	6	(1,261,508)	(1,716,393)
Payments to and on account of leavers	7	(1,162,971)	(3,772,422)
Administrative expenses	8	(70,853)	(153,754)
		<u>(2,495,332)</u>	<u>(5,642,569)</u>
Net withdrawals from dealing with members		<u>(2,495,332)</u>	<u>(5,329,861)</u>
Returns on investments			
Investment income	9	-	379
Change in market value of investments	10	(1,045,848)	13,455,877
		<u>(1,045,848)</u>	<u>13,456,256</u>
Net returns on investments		<u>(1,045,848)</u>	<u>13,456,256</u>
Net (decrease)/increase in the fund during the year		(3,541,180)	8,126,395
Opening net assets		<u>98,207,235</u>	<u>90,080,840</u>
Closing net assets		<u><u>94,666,055</u></u>	<u><u>98,207,235</u></u>

The notes on pages 30 to 41 form part of these financial statements.

BRIDON GROUP (2013) PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Investment assets			
Pooled investment vehicles	12	95,067,060	98,834,551
AVC investments	13	73,558	71,191
Cash	14	-	4,122
		<u>95,140,618</u>	<u>98,909,864</u>
Total net investments			
		<u>95,140,618</u>	<u>98,909,864</u>
Current assets	18	365,095	200,192
Current liabilities	19	(839,658)	(902,821)
Net assets available for benefits at 31 December		<u>94,666,055</u>	<u>98,207,235</u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included in the Trustee's Report on page 5. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 30 to 41 form part of these financial statements.

These financial statements on pages 28 to 41 were approved by the Trustee and were signed on its behalf by:

Trustee Director:

Date:

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 ('FRS 102') – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes, published by the Pensions Research Accountants Group ('PRAG').

2. Identification of financial statements

Bridon Group (2013) Pension Scheme is a Defined Benefit occupational pension scheme established under trust under English Law.

The address of the Scheme's office is:

Bridon International Limited
Icon Building
First Point
Balby Carr Bank
Doncaster DN4 5JQ

3. Accounting policies

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

Functional and presentational currency

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

Contributions

Employer's deficit funding contributions are accounted for in the year in which they fall due in line with the Schedule of Contributions.

Benefits paid or payable

Pensions in payment are accounted for in the period to which they relate.

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

Payments to and on account of leavers

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

Administrative expenses

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

Other income

Other income is accounted for on an accruals basis.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

Investment income

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

Change in market value of investments

The change in market value of investments during the year comprise all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs

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.

Investment management expenses

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

Valuation of investment assets

Investments

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

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

AVC funds are included within the Statement of Net Assets (Available for Benefits) on the basis of fair values provided by the AVC provider at the year end.

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

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Contributions

	2021 £	2020 £
Employer:		
Deficit funding	-	312,500

According to the Schedule of Contributions certified on 17 June 2020 no deficit reduction contributions are paid to the Scheme. This is because the Scheme was in surplus on the technical provision basis as at 31 December 2019 and no additional contributions are required.

5. Other income

	2021 £	2020 £
Other income	-	208

6. Benefits paid or payable

	2021 £	2020 £
Pensions	983,775	1,275,666
Commutations of pensions and lump sum retirement benefits	228,476	440,727
Lump sum death benefits	49,257	-
	<u>1,261,508</u>	<u>1,716,393</u>

Included in pensions above is a charge of £nil (2020: £0.75 million) for backdated benefits adjustments in relation to GMP equalisation and an allowance in relation to historical GMP transfer payments as detailed in note 23

7. Payments to and on account of leavers

	2021 £	2020 £
Individual transfers to other schemes	<u>1,162,971</u>	<u>3,772,422</u>

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Administrative expenses

	2021 £	2020 £
Other professional fees	-	35
Sundry expenses	70,308	153,252
Bank charges	545	467
	70,853	153,754

From 1 January 2018, the expenses of administering the Scheme are met directly by the Employer with any expenses above £0.33 million p.a. (excluding VAT) being reimbursed by the Scheme to the Employer. These expenses are included within sundry expenses.

9. Investment income

	2021 £	2020 £
Interest on cash deposits	-	379
	-	379

10. Investments

	Opening value at 1 Jan 2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Closing value at 31 Dec 2021 £
Pooled investment vehicles	98,834,551	-	(2,719,000)	(1,048,491)	95,067,060
AVC investments	71,191	-	(276)	2,643	73,558
	98,905,742	-	(2,719,276)	(1,045,848)	95,140,618
Cash	4,122				-
Total net investments	98,909,864				95,140,618

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. Investments (continued)

Transaction costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds in the reconciliation above. Transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

	Pooled Investment Vehicles £	2021 Total £
Fees	11,000	11,000

	Pooled Investments Vehicles £	2020 Total £
Fees	39,972	39,972

In addition to the direct transaction costs above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

11. Taxation

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

12. Pooled investment vehicles

	2021 £	2020 £
Tailored LDI funds	95,067,060	98,834,551

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

	2021 £	2020 £
Open ended investment company	95,067,060	98,834,551

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. Pooled investment vehicles (continued)

The Scheme is the sole investor in Aon Hewitt Bespoke Fund B17 which is managed by Aon Investments Limited. A breakdown of the underlying assets at the year end is set out below:

	2021 £	2020 £
Hedging component	48,187,871	44,511,929
Bonds	29,812,990	26,682,604
Equities	11,638,400	12,086,361
Diversified growth	3,414,738	11,523,434
Cash	2,013,061	3,103,050
Property	-	927,173
	95,067,060	98,834,551

13. AVC investments

	2021 £	2020 £
Aviva	73,558	71,191

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December each year confirming the amounts held to their account and movements during the year.

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

Aviva can be further analysed as:

	2021 £	2020 £
With profits	73,558	71,191

14. Cash and other investment balances

	2021 £	2020 £
Cash in transit	-	4,122

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Fair value hierarchy

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the assessment dates;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	Level 1 £	Level 2 £	Level 3 £	2021 Total £
Investment assets				
Pooled investment vehicles	-	95,067,060	-	95,067,060
AVC investments	-	-	73,558	73,558
	- 95,067,060		73,558	95,140,618

	Level 1 £	Level 2 £	Level 3 £	2020 Total £
Investment assets				
Pooled investment vehicles	-	98,834,551	-	98,834,551
AVC investments	4,122	-	71,191	75,313
	4,122	98,834,551	71,191	98,909,864

Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the investment assets are included in Level 3.

Valuation techniques in determining fair value are described in note 3.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Investment risks

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

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

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

Currency risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Other price risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

Credit risk

The Scheme is subject to credit risk because the Scheme has cash balances. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the investments it holds in the pooled investment vehicles. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Cash is held within financial institutions which are at least investment grade credit rated. This is the position at the year-end/ and the prior year.

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

Summary of pooled investment vehicles by type of arrangement

	31 December 2021	31 December 2020
	Market Value (£)	Market Value (£)
Open ended investment company	95,067,060	98,834,551
Total	95,067,060	98,834,551.0

Source: Aon/Bank of New York. Please note that figures may not sum due to rounding.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Investment risks (continued)

Indirect credit risk arising from underlying investments held in the bond and liability matching pooled investment vehicles is mitigated by the underlying exposures on an aggregate basis being predominantly investment grade credit securities. However, the funds may invest in debt securities which may be unrated by a recognised credit rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Risk is mitigated by holding a diverse portfolio of investments with exposure to a range of issues and issuers, through the higher yield available on these investments which compensates on an aggregate basis for the risk taken and through the use of an active fund manager who through careful stock selection will aim to reduce the impact of defaults and downgrades.

Currency risk

No direct currency risk exists as all of the pooled investment vehicles held by the Scheme are denominated in GBP.

Indirect currency risk arises because some investments are held in overseas markets via pooled investment vehicles. The manager may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions. This fluctuation results from changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in leveraged gilts through pooled vehicles, and cash, as part of their LDI investment strategy (Hedging Component). Under this strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. The Scheme also has some exposure to bond pooled investment vehicles as part of its diversified return seeking growth portfolio.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Investment risks (continued)

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which is invested in a diversified range of return-seeking pooled vehicles including, but not limited to, equities, fixed income, liquid alternatives, property and other asset classes, predominantly via a diversified growth pooled vehicle.

The following table summarises the extent to which the various classes of the Scheme's investments are affected by indirect financial risks

Strategy	Fund	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31 December 2021	31 December 2020
						Market Value £	Market Value £
Low Risk Bond strategy	Adept SF25	●	◐	●	◐	26,357,839	20,821,546
Managed Growth strategy	Adept SF9	◐	◐	◐	●	20,205,555	33,113,318
Hedging Component		◐	○	●	○	48,187,871	44,511,929
Cash		○	○	○	○	315,795	387,758
Total						95,067,060	89,834,551

Source: Aon / Bank of New York Mellon.

Cash balances held in LDI accounts are included in the Hedging Component market value.

Please note that figures may not sum due to rounding.

In the table above, the risk noted affects the investment class [●] significantly, [◐] partially or [○] hardly/not at all as at 31 December 2021.

17. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2021		2020	
	Value £	%	Value £	%
Aon Hewitt Bespoke Fund B17	95,067,060	100	98,834,551	101

The Scheme is the sole investor in Aon Hewitt Bespoke Fund B17 which is managed by Aon Investments Limited. The following underlying funds, excluding UK Government securities, account for more than 5% of the net assets of the Scheme (excluding hedging component).

	2021		2020	
	Value £	%	Value £	%
Aon Adept SF25	26,357,839	28	20,821,546	21
Aon Adept SF9	20,205,555	21	33,113,218	34
Insight-GBP Liquid PL-2	16,999,250	18	13,512,840	14
LDI Sol Pls Part GLT 51-6	4,997,831	5	5,253,701	5
LDI Sol Pls Part GLT 61-7	4,847,366	5	4,997,237	5
LDI Sol Pls Part GLT 41-5	-	-	5,108,236	5

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Current assets

	2021 £	2020 £
Prepayments	74,948	70,347
Cash balances	289,738	129,436
Sundry debtors	409	409
	<u>365,095</u>	<u>200,192</u>

19. Current liabilities

	2021 £	2020 £
Accrued benefits	768,611	750,000
Due to employer	70,308	152,082
Sundry creditors	739	739
	<u>839,658</u>	<u>902,821</u>

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Based on an initial assessment of the likely backdated amounts and related interest the Trustee has included a liability of £0.75 million in respect of these matters in these financial statements. This includes an allowance of £0.2 million in relation to GMP historical transfer payments.

The amount of £739 relates to the AVC disinvestment in response of a member (FKI AVC policy) incorrectly credited to Bridon account.

20. Employer related investments

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

The Trustee recognises that indirect investment in the Employer's parent company, is possible through holdings in pooled investment vehicles. Based on information provided by the investment manager the Trustee believes that any indirect exposure to shares in the Employer sponsor group was no more than 0.1% of the Scheme assets at any time during the year and was Nil (2020: Nil%) at year end.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Related party transactions

Related party transactions and balances comprise:

Key management personnel

Fees and expenses were paid to Trustee Directors in the amount of £38,490 (2020: £38,884) by the Employer.

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

G Dallard - non-member (2020: non-member)

C Finlay - deferred (2020: deferred)

J Nightingale-Newton - non-member (2020: non-member)

G Peters - non-member (2020: non-member)

Capital Cranfield Pension Trustee Limited - represented by S Anyan - non-member (2020: non-member)

Employer and other related parties

The Principal Employer is considered a related party. All transactions involved with these entities relate to remittance of monthly contributions required under the Rules of the Scheme. The Principal Employer recharges the Scheme for costs.

The Principal Employer recharged the Scheme for costs of administration (excluding the PPF levy) in excess of £330,000 per annum in the amount of £70,308 (2020: £152,082).

22. Contingent assets and liabilities

In the opinion of the Trustee, the Scheme had no contingent assets or liabilities as at 31 December 2021 (2020: £Nil).

23. GMP Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee have included a liability of £0.75 million in respect of these matters in these financial statements. This includes an allowance of £0.2 million in relation to historical transfer payments.

BRIDON GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF BRIDON GROUP (2013) PENSION SCHEME

Independent Auditor's Statement about Contributions to the Trustee of Bridon Group (2013) Pension Scheme

We have examined the Summary of Contributions to the Bridon Group (2013) Pension Scheme for the Scheme year ended 31 December 2021, which is set out on page 43.

In our opinion contributions for the Scheme year ended 31 December 2021 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 17 June 2020.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 43 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

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

Use of our statement

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

Ernst & Young LLP
Statutory Auditor
Reading

Date:

BRIDON GROUP (2013) PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2021

During the year ended 31 December 2021 the contributions payable to the Scheme were as follows:

	Total £
Contributions payable under the Schedule of Contributions and as reported by the Scheme auditor	
Total contributions reported in the financial statements	<u>Nil</u> <u>Nil</u>

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

Trustee Director:

Date:

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL CERTIFICATE

Certification of schedule of contributions

Name of the Scheme : Bridon Group (2013) Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2019 to be met by the end of the period for which the schedule is in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 17 June 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:



Date: 17 June 2020

Name: Alka Shah

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

Name of employer: Aon Hewitt Limited