Scheme No. 10040094

ELG Haniel Metals Limited
Pension and Assurance Scheme

Annual report

For the year ended 5 April 2021

Introduction

1. This report relates to the operation of the ELG Haniel Metals Limited Pension and Assurance Scheme for the year ended 5 April 2021.

2. The report and accounts of the ELG Haniel Metals Limited Pension and Assurance Scheme (the Scheme) for the year ended 5 April 2021 have been prepared and audited in compliance with regulations issued under Section 41 (1) and (6) of the Pensions Act 1995, including the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (the Regulations). The accounts are prepared in accordance with the Schedule to the Regulations and with the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised June 2018).

3. **Contents of the report**

Information for members

1. Trustees and advisers to the scheme

The trustees and advisers to the scheme during the year were as follows:

a. Trustees

J Greenwood	Company trustee (resigned 10 July 2020)
M A Vaughan	Company trustee (resigned 18 January 2021)
C Riha	Company trustee (appointed 14 September 2020; resigned 19 April 2021)
M J Tighe	Company trustee (appointed 12 April 2021)
L Horvath	Company trustee (appointed 12 April 2021)
I Grace	Member trustee
S Perks	Member trustee

S Perks' term of office as Member trustee expired in February 2020 but for continuity, her term was extended to cover the conclusion of the actuarial valuation.

b. Pensions administrator

The pensions administrator is Mercer Limited.

All enquiries should be raised in the first instance with the trustees, ELG Haniel Metals Limited, Templeborough Works, Sheffield S9 1RT.

c. Investment manager

The investment manager is Mercer Limited.

d. Actuary

Joanne Arnold was appointed from 26 July 2017. She is a Fellow of the Institute and Faculty of Actuaries and her contact address is Mercer Limited, 1 Whitehall Quay, Whitehall Road, Leeds, LS1 4HR.

e. Registered auditors

The auditors of the scheme are Hawsons Chartered Accountants, Pegasus House, 463a Glossop Road, Sheffield, S10 2QD.

f. Solicitors

The solicitors to the scheme are Walker Morris, 33 Wellington Street, Leeds LS1 4DL.

g. Bankers

The scheme's bankers are Barclays Bank PLC, PO Box 1385, 2 Arena Square, Sheffield, S9 2WU.

h. Pension advisors

Mercer Limited.

i. **Custodial arrangements**

The trustees do not have direct involvement with the ownership of the assets which underlie the value of the fund units.

The scheme's investments are managed by Mercer Limited via unitised vehicles. Mercer Limited are responsible for the appointment of custodians for the underlying investments.

j. **Sponsoring employer**

The sponsoring employer of the scheme is:-

ELG Haniel Metals Limited
Templeborough Works
Sheffield
S9 1RT

2. **Main provisions of the scheme**

a. **Eligibility**

The scheme closed to new members on 5 April 2007.

b. **Contributions**

The contributions to the scheme by the sponsoring employer on the advice of the actuary were £878,772 (2020: £796,113). These comprise deficit reduction contributions of £600,000 (2020: £600,000) and employer contributions to administrative expenditure of £278,772 (2020: £196,113). The cost of the death in service benefits was £49,868 (2020: £48,496).

The scheme closed to future accrual on 1 November 2015.

c. **Pension age**

Members may retire on a pension at any time from age 65. Retirement before age 65 is subject to the agreement of the trustees, in which event a reduced pension would be payable, the amount to be determined by the actuary.

Senior executives may retire on or after age 60 with the option to carry on working. For such members retiring before the State Retirement Age the pension will be calculated on pensionable service completed and final pensionable earnings at that date. It will not be reduced for early payment.

In order to comply with the requirements of equal treatment, elements of pension accrued between certain periods for some members can be taken unreduced from age 60.

d. **Benefits**

The main benefits of the scheme are provided in line with the Trust Deed and the Scheme Rules.

e. **Additional voluntary contributions**

Some members of the scheme paid additional voluntary contributions ("AVC's"). Employees making AVC's have their contributions invested in individual AVC accounts with the Legal & General held separate from the main scheme assets. The AVC's may be used to increase members' benefits on retirement.

The AVC scheme was closed to new entrants on 5 April 2007 and further contributions on 1 November 2015.

3. Registrar of Pension Schemes

In accordance with the Registrar of Occupational and Personal Pension Scheme Regulations 2005, full information, including a contact address, has been given to the Pensions Regulator.

4. The Pensions Ombudsman

If you have a problem or concern with any aspect of the ELG Haniel Metals Limited pension arrangements or for individual benefit entitlement enquiries we suggest you talk firstly to the Disputes Adjudicator of the scheme, Sue Perks. If she cannot resolve your problem you may write to the trustees.

At any stage you are also able to contact the Pension Ombudsman.

The Pensions Ombudsman is appointed under the Social Security Act 1990 to deal with complaints against, and disputes with, occupational and personal pension schemes. He is completely independent and acts as an impartial adjudicator.

In general, the Pensions Ombudsman can investigate complaints of injustice caused by maladministration by the trustees or managers of an occupational or personal pension scheme and disputes of fact or law with the trustees or managers.

If you wish to make a complaint it must be within 3 years of the act, or failure to act, that you are complaining about and the complaint must be in writing.

You can complain if you are a member of an occupational or personal pension scheme. This includes anyone with pensionable service who has left a scheme before retirement age, the widow, the widower or dependent of a deceased member or a suitable representative if the person in the above categories is unable to look after his or her own affairs or has died.

If you have a complaint or dispute you should firstly try to sort it out with the trustees or managers of the pension scheme.

You can write to The Pensions Ombudsman at:

10 South Colonnade
Canary Wharf
London
E14 4PU,

or telephone on 0800 917 4487,

or visit the website at www.pensions-ombudsman.org.uk/

Trustees' report to members

The trustees are pleased to present their report to the members of the ELG Haniel Metals Limited Pension and Assurance Scheme ("the scheme") for the year ended 5 April 2021.

The scheme is constituted under a Trust Deed and Rules dated 3 April 1984 (as amended) and provides defined benefits to its members. During the scheme year the contributions received were invested in various unitised insurance policies with Mercer Limited.

Formerly a retirement benefit scheme approved under Chapter 1 of Part X1V of ICTA 1988, the scheme was automatically registered with H M Revenue and Customs under Schedule 36 paragraph 1(1) of the Finance Act 2004 with effect from 6 April 2006.

Trustees' responsibilities statement

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 trustees. Pension scheme regulations require, and the trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of the 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 a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised 2018).

In discharging the above responsibilities, the trustees are 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 trustees are also responsible for making available certain other information about the scheme in the form of an Annual Report.

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

The trustees are 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 dates on or before which such contributions are to be paid. The trustees are also responsible 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 trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustees’ report to members

Powers to appoint and remove trustees

The power to appoint and remove the trustees is vested in ELG Haniel Metals Limited, the principal employer.

Financial development

The financial statements have been prepared and audited in accordance with regulations under Section 41(1) and (6) of the Pensions Act 1995.

Membership

The movement in the year and the scheme membership as at 5 April 2021 are as follows:

	Number
At 6 April 2020	185
Deaths	(3)
Spouses pensions	3
Leavers from the scheme	(4)
At 5 April 2021	181

Made up as follows:

Active members	-
Deferred pensioners	111
Pensions in payment	70
	181

Pensions in payment do not include former members who received an annuity on retirement.

Transfer values and lump sum payments

Transfer values from the scheme were calculated and verified in accordance with regulations made under section 97 of the Pension Schemes Act 1993. Lump sum payments are made in accordance with actuarial advice.

Trustees' meetings

The trustees generally meet quarterly and all decisions are decided democratically, with one vote per trustee.

Contributions receivable

Employers' contributions to the scheme are invested in managed “Growth” and “Matching” assets as detailed in the Investment Report from which scheme benefits are provided. The provision of these benefits depends on the financial resources of the scheme and the trustees obtain actuarial advice at regular intervals to establish the adequacy of the fund to meet benefits.

Summary of contributions paid in the year

During the year, the contributions paid to the scheme by the employer under the Schedule of Contributions were as follows:

	£
Employer normal contributions	-
Employer deficit contributions	600,000
Employer contributions to administrative expenses	278,772
Employer special contributions	-
Employee normal contributions	-
Employee additional voluntary contributions	-
Total contributions	878,772

Increases in pensions

Pensions relating to Pensionable Service from 6 April 1997 to 31 August 2005 will be increased each year in line with the Retail Price Index but with each year's increase being subject to a maximum of 5 per cent.

Pensions relating to Pensionable Service on and after 1 September 2005 will be increased each year in line with the Retail Price Index but with each year's increase being subject to a maximum of 2.5 per cent.

For members of the Carrs Special Steels Division and members formerly employed by National Scrap Metals Limited before 6 April 1997, that part of the pension which relates to Pensionable Service before that date will be increased each year at the rate of 3 per cent compound.

In any other case:

a) that part of the pension which relates to Pensionable Service before 6 April 1997 and which is not Guaranteed Minimum Pension will be increased each year at the rate of 5 per cent compound; and

b) that part of the pension which is equal to the Guaranteed Minimum Pension in respect of pensionable service completed while contracted-out between 6 April 1988 and 5 April 1997 will be increased each year at the rate of 3 per cent compound, while the remainder (if any) of the Guaranteed Minimum Pension will not be increased by the scheme.

Financial development and actuarial position

The Fund Account on page 16 shows that the net withdrawals arising from dealings with members for the year were £1,364,968 (*2020: withdrawals of £3,522,478*). The net return on the Scheme's investments for the year was an increase of £3,103,453 (*2020: increase of £2,442,196).* The total net movement in the Scheme's assets for the year was an increase of £1,738,485 (*2020: decrease of £1,080,282*), giving net assets of the Scheme at the year end of £43,788,207 (*2020: £42,049,722*).

The latest actuarial valuation of the Scheme as at 5 April 2020 was completed in accordance with the Scheme Funding requirements of the Pensions Act 2004. This shows that the Scheme had Technical Provisions (the amount required to make provision for the accrued benefits when they fall due) of £48.4 million, assets of £42 million, a deficit of £6.3 million, and a funding level of 87%. As a result of the deficit the Company and Trustees have agreed a Recovery Plan. The Scheme now follows the Statutory Funding Objective that it will have sufficient and appropriate assets to cover its Technical Provisions, and aims to do so by the end of the Recovery Plan. The Schedule of Contributions agreed between the Company and Trustees require annual contributions of £600,000 until 30 April 2026. The Company is also required to pay directly any administrative and other expenses, including the PPF levy.

Allowing for the actual asset returns and changes in market conditions between 5 April 2020 and 1 April 2021, the shortfall at 1 April 2021 reduced to £2.8m. It will be reviewed, and may be revised, following the Trustee's next valuation under section 224 of the Pensions Act 2004, or earlier if the Trustees and Employer agree. The Trustees and Employer have agreed a plan to pay off the shortfall of £2.8m as noted above.

Further details of how the Statutory Funding Objective will be met, including assumptions for valuing the Technical Provisions and how the Recovery Plan is formulated are in the Statement of Funding Principles dated 7 May 2021. Copies of this document, the Actuarial Valuation, the Schedule of Contributions and the Recovery Plan are available on request.

The next triennial valuation of the Scheme is due to be carried out as at 5 April 2023.

The Actuary's Certification of the Schedule of Contributions is given on page 44. In addition, as required by FRS 102, the Trustee has included the Report on Actuarial Liabilities on page 46, which forms part of the Trustee's report.

Further details of the financial development of the Scheme may be found in the audited financial statements on pages 16 to 25. Details of the Scheme's investments are given in Notes 8 to 15 to the financial statements.

Investments

The overall management of the Scheme is vested in the Trustees. The name of the Scheme's investment manager over the year are set out on page 3. The Trustees delegates the day-to-day management of investments to its appointed fund manager. The duties of investment managers include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments, as well as voting and corporate governance in relation to the Scheme's assets. The Trustees have reviewed the investment managers' policies on these issues. The Trustees believe that the policies adopted by the manager are consistent with their own views.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995. A copy of the Statement is available on request and is published on the website address: https://www.elg.de/en-de/branches/countries/united-kingdom. The Trustees' investment policy is guided by an overall objective of achieving, over the long term, a rate of return on the investments which is consistent with the long term assumptions made by the Actuary in determining the funding of the Scheme.

Subsequent to the year end, the Trustee has produced an implementation report with fuller details of how they apply the principles of the SIP. This is to be found in the Appendix starting on page 54.

Over the shorter term, the objective is to achieve a favourable return against an appropriate benchmark return. All decisions about the day-to-day management of the assets have been delegated to the investment manager. This delegation includes decisions about:

- Realisation of investments;
- Social, environmental and ethical considerations in the selection, retention and realisation of investments; and
- The exercise of rights (including voting rights) attaching to the investments.

The Trustees take investment manager's policies in the above respects into account when selecting and monitoring managers. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable.

Social Security Act 1985

Under the terms of the Social Security Act 1985, members and beneficiaries have the right to receive certain information about the scheme. For further details and information about the scheme please contact the Disputes Adjudicator of the scheme, Sue Perks.

Future accrual

The scheme closed to future accrual on 1 November 2015.

Approval of Trustees' report (including Investment report on pages 26 to 42).

On behalf of the trustees

M J Tighe
Trustee

S Perks
Trustee

Sheffield

Dated: …………………………………..

Independent auditor's report to the trustees of

ELG Haniel Metals Limited Pension and Assurance Scheme

Opinion

We have audited the financial statements of ELG Haniel Metals Limited Pension and Assurance Scheme (the 'scheme') for the year ended 5 April 2021 which comprise the fund account, the net assets statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 5 April 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 trustees' 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 at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the scheme's trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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 trustees are responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The scheme is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the scheme and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102 and the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the scheme's performance for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

• Discussions with management and those responsible for legal compliance procedures within the scheme to obtain an understanding of the legal and regulatory framework applicable to the scheme and how the scheme complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

• Reviewing minutes of trustee meetings;

• Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;

• Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the scheme's trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the scheme's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

HAWSONS
Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Dated: …………………………………….

Independent Auditors' Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the Aesculap Limited Pension Scheme

We have examined the summary of contributions to the ELG Haniel Metals Limited Pension and Assurance Scheme for the scheme year ended 5 April 2021 which is set out in the Trustees' Report on page 9.

Statement about contributions payable under the schedule of contributions

In our opinion contributions for the scheme year ended 5 April 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 13 April 2018.

Scope of work on statement about contributions

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

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities on page 7, the scheme's trustees are responsible for preparing, and from time to time reviewing and if necessary, revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

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 report

This report is made solely to the trustees, as a body in accordance with Regulation 4 of the Occupation Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996). Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's 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 pension scheme and the pension scheme's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

HAWSONS
Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Dated: …………………………………….

Fund account for the year ended 5 April 2021

		Notes	2021 £	As restated 2020 £
Contributions and benefits				
Contributions by:				
- Members	- normal		-	-
	- additional voluntary contributions		-	-
- Company	- normal		-	-
	- deficit funding		600,000	600,000
	- special contribution		-	-
	- company contribution to expenditure		278,772	196,113
	- life insurance premiums		49,868	48,496
- Other income		2	60	425
Total income			928,700	845,034
Benefits payable		3	1,199,068	885,338
Leavers		4	765,581	3,238,022
Other payments		5	49,868	48,496
Administrative expenses		6	279,151	195,656
Total expenditure			2,293,668	4,367,512
Net withdrawals from dealings with members			(1,364,968)	(3,522,478)
Return on investments				
Income from investments		7	487,393	576,154
Change in market value of investments		8	2,760,060	1,801,042
Change in market value of insurance policies		15	(144,000)	65,000
Net return on investments			3,103,453	2,442,196
Net increase/(decrease) in the fund during the year			1,738,485	(1,080,282)
Net assets of the Scheme at 6 April			42,049,722	43,130,004
Net assets of the Scheme at 5 April			43,788,207	42,049,722

The notes on pages 18 to 25 form part of these accounts.

Statement of Net assets at 5 April 2021

	Notes		2021		2020
		£	£	£	£
Investment assets					
Pooled investment vehicles	8		42,560,215		41,216,284
AVC investments	8		6,077		6,077
Insurance policies annuities	15		1,160,000		1,304,000
Total net investments			43,726,292		42,526,361
Current assets	13	278,617		136,568	
Current liabilities	14	(216,702)		(613,207)	
			61,915		(476,639)
Net assets at 5 April			43,788,207		42,049,722

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statements by the actuary on pages 43 to 46 of the annual report and these financial statements should be read in conjunction therewith.

These accounts were approved on behalf of the trustees on ……………………………………. by:

M J Tighe

S Perks
Trustees

The notes on pages 18 to 25 form part of these accounts.

Notes to the accounts - 5 April 2021

Accounting policies

1. **Preparation of accounts**

a) **Basis of preparation**
The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and with the guidance set out in the Statement of Recommended Practice, "Financial Reports and Pension Schemes" (revised June 2018).

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) **Contributions**
Current service and other contributions are accounted for on an accruals basis.

c) **Benefits**
Benefits are accounted for as they fall due for payment. A prior year restatement amounting to £81,350 has been included within pension benefits paid directly from the annuity policies. The total is matched by investment income from insured policies also amounting to £81,350 and the net effect on the Fund Account is £nil.

d) **Transfer values and asset transfers**
Transfer values represent the capital sums paid to the pension schemes of new employers of members who have left service. Provision is made for asset transfers when the scheme's actuary has advised the trustees of the assets to be transferred.

e) **Investments**
The main scheme investments are pooled investments consisting of unitised insurance policies which are included at market value, to ensure that they are valued at fair value in accordance with the revised Statement of Recommended Practice "Financial Reports and Pension Schemes" (revised June 2018). The Mercer funds are single-price investments with the single price used for market value.

f) **Annuities**
Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for the market conditions at the year end.

g) **Additional Voluntary Contributions**
AVC contributions and benefits are disclosed as part of the movement on the fund account.

h) **Going concern**
After due consideration of all relevant factors, including the current COVID-19 pandemic as noted in the Trustees' Report, the Trustees have a reasonable expectation that the Scheme has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

i) **Currency**
The Scheme's functional and presentational currency is pounds sterling (GBP).

2. Other income

	2021	2020
	£	£
Bank interest receivable	60	425

3. Benefits payable

	2021	As restated 2020
	£	£
Pension payments	870,040	806,771
Commutations and lump sum retirement benefits	203,049	78,567
Lump sum death benefits	125,979	-
	1,199,068	885,338

4. Payments to and on account of leavers

	2021	2020
	£	£
Individual transfers to other schemes	765,581	3,238,022

5. Other payments

	2021	2020
	£	£
Life insurance premiums	49,868	48,496

6. Administrative expenses

	2021	2020
	£	£
Administration	202,872	164,878
Legal and professional fees	75,549	29,534
Bank charges and interest	730	1,244
	279,151	195,656

Administration and legal and professional fees are paid directly by the sponsoring employer, ELG Haniel Metals Ltd, and recognised as company contribution to expenditure within the Fund Account.

7. Investment income

	2021	As restated 2020
	£	£
Annuity income	84,217	81,350
Income from pooled investment vehicles	403,176	494,804
	487,393	576,154

8. Investment assets

	Market value at 6.4.20	Purchases at cost	Sale Proceeds	Transfer	Change in market value	Market value at 5.4.21
	£	£	£	£	£	£
Unitised Legal & General Insurance Policies:						
Legal & General AVC Investment	6,077	-	-	-	-	6,077
Unitised Mercer Insurance Policies:						
Mercer Tailored Credit Fund 1	11,865,574	2,628,180	-	(2,784,598)	944,295	12,653,451
MGI UK Inflation Linked Bond Fund	5,394,448	559,583	(397,880)	-	33,289	5,589,440
Mercer Flexible LDI Fixed Enhanced Match Fund 3	4,353,748	11,289	(746,328)	-	(1,116,637)	2,502,071
Mercer Liquid Alternative Strategies Fund	2,319,422	4,806	(1,397,352)	-	81,530	1,008,406
MGI UK Cash Fund 1	2,281,839	878	(2,053,656)	(226,030)	(2,900)	131
MGI Emerging Markets Equity Fund	2,001,370	370,632	(1,511,636)	-	646,473	1,506,839
Mercer Flexible LDI Real Enhanced Match Fund 2	1,344,991	4,566	(77,409)	-	4,430	1,276,579
Mercer Flexible LDI Fixed Enhanced Match Fund 2	1,251,403	71,210	-	10,812	(323,539)	1,009,886
Mercer Multi-Asset Credit Fund	1,088,375	562,060	-	-	308,430	1,958,866
Mercer Flexible LDI £ Real Enhanced Match Fund 3	948,441	3,266	(68,556)	-	54,280	937,431
MGI Absolute Return Fixed Income Fund	850,813	280,424	(932,477)	-	14,539	213,299
Mercer Global Small Cap Equity Fund 2	796,533	745,556	(1,563,474)	-	462,169	440,784
Mercer High Income UK Property	773,181	1,701	-	-	(22,574)	752,308
Mercer Sustainable Global Equity Fund	769,856	579,439	(967,869)	-	410,813	792,239
MGI Emerging Market Debt Fund	693,768	389,625	(848,164)	-	33,207	268,435
Mercer Low Volatility Equity Fund	664,954	163,245	(293,944)	-	204,491	738,746
Mercer Synthetic Equity-Linked Nominal Bond Fund	622,691	230,936	(644,621)	-	209,140	418,147
Mercer Dynamic Asset Allocation Fund	599,095	569,396	(230,567)	-	115,918	1,053,843
Mercer Fundamental Indexation Global Equity CCF	578,125	1,043,853	(756,511)	-	266,530	1,131,997
Mercer Synthetic Equity-Linked Real Bond Fund	484,111	2,596	(573,039)	-	234,386	148,054
MGI UK Long Gilt Fund	423,338	2,063,140	(747,617)	2,105,997	(342,983)	3,501,875
Mercer Global High Yield Bond Fund	407,193	448,767	(599,423)	-	171,962	428,498
Mercer Global Listed Infrastructure Fund Hedge	375,634	331,615	(53,423)	-	97,842	751,668
Mercer Passive Global REIT 2	228,624	140,528	(43,319)	-	127,815	453,648
MGI UK Cash Fund 2	57,248	2,889,622	(2,583,744)	-	(4,134)	358,992
Mercer Sterling Nominal LDI Bond Fund	41,510	60	-	(39,847)	(1,723)	-
Mercer Emerging Market Debt - Hard Currency Fund	-	549,446	(34,850)		(30,285)	484,311
Mercer Flex LDI £ Real Enhanced Matching Fund 1	-	266,708	-	378,697	(32,237)	613,168
Mercer Global Small Cap Equity Fund	-	630,057	(746,422)	554,969	120,243	558,848
Mercer Sustainable Global Equity Fund	-	723,173	(70,925)	-	61,933	714,181
MGI Eurozone Equity Fund	-	287,268	(170,853)	-	29,715	146,129
MGI UK Equity Fund	-	155,196	(10,890)	-	3,640	147,946
	41,222,361	16,708,820	(18,124,949)	-	2,760,060	42,566,292

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

Investment management expenses
The change in market value of pooled investment vehicles during the year is net of investment management charges from Mercer Limited for administration, management and custody of the investments amounting to £127,649 (2020 - £127,560).

The proportion of total scheme assets invested in each investment fund is as follows:

Legal & General AVC Investment	**0.0%**
Mercer Tailored Credit Fund 1	**28.9%**
MGI UK Inflation Linked Bond Fund	**12.8%**
Mercer Flexible LDI Fixed Enhanced Match Fund 3	**5.7%**
Mercer Liquid Alternative Strategies Fund	**2.3%**
MGI UK Cash Fund 1	**0.0%**
MGI Emerging Markets Equity Fund	**3.4%**
Mercer Flexible LDI Real Enhanced Match Fund 2	**2.9%**
Mercer Flexible LDI Fixed Enhanced Match Fund 2	**2.3%**
Mercer Multi-Asset Credit Fund	**4.5%**
Mercer Flexible LDI £ Real Enhanced Match Fund 3	**2.1%**
MGI Absolute Return Fixed Income Fund	**0.5%**
Mercer Global Small Cap Equity Fund 2	**1.0%**
Mercer High Income UK Property	**1.7%**
Mercer Sustainable Global Equity Fund	**1.8%**
MGI Emerging Market Debt Fund	**0.6%**
Mercer Low Volatility Equity Fund	**1.7%**
Mercer Synthetic Equity-Linked Nominal Bond Fund	**1.0%**
Mercer Dynamic Asset Allocation Fund	**2.4%**
Mercer Fundamental Indexation Global Equity CCF	**2.6%**
Mercer Synthetic Equity-Linked Real Bond Fund	**0.3%**
MGI UK Long Gilt Fund	**8.0%**
Mercer Global High Yield Bond Fund	**1.0%**
Mercer Global Listed Infrastructure Fund Hedge	**1.7%**
Mercer Passive Global REIT 2	**1.0%**
MGI UK Cash Fund 2	**0.8%**
Mercer Sterling Nominal LDI Bond Fund	**0.0%**
Mercer Emerging Market Debt - Hard Currency Fund	**1.1%**
Mercer Flex LDI £ Real Enhanced Matching Fund 1	**1.4%**
Mercer Global Small Cap Equity Fund	**1.3%**
Mercer Sustainable Global Equity Fund	**1.6%**
MGI Eurozone Equity Fund	**0.3%**
MGI UK Equity Fund	**0.3%**
Insurance policies - annuities	**2.7%**
	100.0%

9. Fair value determination

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

Category (1)	The quoted price for an identical asset in an active market.
Category (2)	When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.
Category (3)	Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses: (3) (i) observable market data; or (3) (ii) non-observable data.

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

	Category (1)	Category (2)	Category (3)	2021
	£	£	£	£
Pooled investment vehicles	-	40,805,578	1,760,714	42,566,292
Insurance policies	-	-	1,160,000	1,160,000
	-	40,805,578	2,920,714	43,726,292

	Category (1)	Category (2)	Category (3)	2020
	£	£	£	£
Pooled investment vehicles	-	38,129,757	3,092,604	41,222,361
Insurance policies	-	-	1,304,000	1,304,000
	-	38,129,757	4,396,604	42,526,361

10. Investment risk disclosures

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

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

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

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

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

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

The Trustees determine their investment strategy after taking advice from a professional investment advisor. The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management and the Scheme's exposures to credit and market risks is set out below. This does not include legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

a) Credit risk

The Scheme is subject to credit risk as the Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and the annuity policies. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

	Investment Grade	Non-investment Grade	Unrated	2021
	£	£	£	£
Pooled investment vehicles	-	-	42,566,292	42,566,292
Insurance policies	-	-	1,160,000	1,160,000
	-	-	43,726,292	43,726,292

	Investment Grade	Non-investment Grade	Unrated	2020
	£	£	£	£
Pooled investment vehicles	-	-	41,222,361	41,222,361
Insurance policies	-	-	1,304,000	1,304,000
	-	-	42,526,361	42,526,361

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 manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and monitor any changes to the regulatory and operating environment of the pooled investment manager on an ongoing basis.

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

b) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles.

c) Interest rate risk

The Scheme is subject to interest rate risk through pooled investment vehicles.

d) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes directly held equities, equities held in pooled vehicles, equity futures, hedge funds, private equity and investment properties.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

11. Additional Voluntary Contribution (AVC) Investments

The trustees hold assets invested separately from the main fund in the form of insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 5th April confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2021 £	2020 £
Legal & General Assurance Society Limited	6,077	6,077

Notes to the accounts - 5 April 2021

12. Self-investment

There has been no self-investment during the year.

13. Current assets

	2021 £	2020 £
Accrued income	20,587	26,228
Other debtors	2,053	1,701
Cash at bank	255,977	108,639
	278,617	136,568

14. Current liabilities

	2021 £	2020 £
Benefits payable	64,612	-
Other creditors	152,090	13,207
Contributions in advance	-	600,000
	216,702	613,207

Within other creditors is £nil of employer deficit contributions received in advance (2020: £600,000).

15. Insurance policies

The scheme held insurance policies at the year end as follows:

	2021 £	2020 £
Annuities	1,160,000	1,304,000

ELG Haniel Metals Limited Pension and Assurance Scheme

Investment Report

1. INTRODUCTION

The Trustees have delegated day-to-day management of the ELG Haniel Metals Pension & Assurance Scheme's ("the Scheme") assets (excluding AVCs) to Mercer Limited ("Mercer"). The Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds"), domiciled in Ireland and managed by a management company (Mercer Global Investments Management Limited ("MGIM"). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. MGIE is responsible for the selection, appointment, removal and monitoring of the underlying investment managers. The underlying investment managers have full discretion to buy and sell investments on behalf of the Scheme subject to constraints Mercer have agreed with the managers.

Mercer has been managing the Scheme's assets since 26 November 2009. On 2 April 2014, the Trustees implemented a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements reduces as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk.

2. INVESTMENT PRINCIPLES

The Trustees have produced a Statement of Investment Principles (the "SIP") to comply with the requirements of the Pensions Act 1995 and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The SIP is available on request.

The Trustees understand that taking some investment risk, with the support of the Sponsor, is necessary to improve the Scheme's ongoing and solvency funding positions. The Trustees recognise that equity (and other growth asset) investment will bring increased volatility of the funding level, but in the expectation of improvements in the Scheme's funding level through equity (and other growth asset) outperformance of the liabilities over the long term.

The Trustees' primary objective is to invest the Scheme's assets in the best interest of the members, beneficiaries and the Sponsor and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

Within this context the Trustees' main objectives with regard to investment policy are to:

- ultimately reach a position such that the Scheme's assets would be sufficient to exceed the liabilities as determined, in the event of the Scheme winding-up, on the basis of a buyout with an insurance company;

- ensure that the long term return expectations for the investment strategy are consistent with the funding strategy;

- ensure that sufficient liquid assets are available to meet benefit payments as they fall due; and

- consider the interests of the Sponsor in relation to the size and volatility of the Sponsor' contribution requirements.

The Trustees understand, following discussions with the Sponsor, that the Sponsor is willing to accept some degree of volatility in the contribution requirements in order to minimise the long-term cost of the Scheme's benefits.

3. Environmental, Social and Corporate Governance, Stewardship, and Climate Change

The Trustees believe that good stewardship and the incorporation of environmental, social, and corporate governance (ESG) factors into investment decision-making processes can have a material impact on the financial and non-financial performance of the Scheme's assets over the medium and long-term. The Trustees also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments. The asset managers are expected to act in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the appointed underlying asset managers. In particular, the Trustees review the reporting provided by Mercer, and MGIE, on a regular basis, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot-printing for equities and/or climate scenario analysis for diversified portfolios.

Member views

Member views are not taken into account in the selection, retention and realisation of investments.

Investment Restrictions

The Trustees have not set any investment restrictions in relation to particular Mercer Funds. The restrictions applied by MGIE are outlined in the Sustainable Investment Policy.

4. Trustees' Policies With Respect To Arrangements With, and Evaluation Of The Performance and Remuneration of, Asset Managers and Portfolio Turnover Costs

When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 5 of the SIP, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.

As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy as outlined in section 5 of the SIP. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should the Trustees consider that Mercer or MGIE have failed to align their investment strategies and decisions with the Trustees' policies, the Trustees will notify Mercer and may consider disinvesting some or all of the assets invested that are managed by Mercer, and/or seek to renegotiate commercial terms or to terminate Mercer's appointment.

Investment Report

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Trustees are invested. Such reports have information covering fund performance for the previous three months, one year, three years and since inception (if applicable). The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, the responsibility for making portfolio selection decisions based on assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustees are, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustees' own responsible investment policy. This includes the asset managers' policies on voting and engagement activities.

Section 9 of the SIP provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

The Trustees monitor, and evaluate, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 5 of the SIP. Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Fund's Supplements, the Report & Accounts and within the Scheme's annualised, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

Investment Report

The Trustees do not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

5. Market Background

Investment Markets[1]

The period started with lockdowns across most large developed countries which led to an unprecedented collapse in quarterly GDP growth in Q2 2020. China, on the other hand saw a strong rebound in GDP growth as it began to reopen its economy following its lockdown earlier in the year. This mitigated the overall negative impact on global GDP growth to some extent. Late in the quarter, the sharp rebound previously seen in China became more global as western countries slowly started to reopen their economies. With economies largely open again, global GDP rebounded at record pace over Q3 2020.

Q4 2020 saw COVID-19 infections rising again sharply across western countries, leading to a gradual return of restrictions. The impact on quarterly GDP growth was less pronounced this time because GDP was at a lower level already than before the COVID-19 shock, whilst at the same time consumers and businesses were better prepared to function somewhat amid these restrictions. At the same time, the start of vaccines being rolled out late in the quarter led to optimism that fuller and more sustainable reopenings could be achieved in 2021.

The first quarter of 2021 began with lockdowns in numerous countries including the UK as much of the world faced another wave of Covid-19. Nevertheless, gradual vaccine rollout in developed countries drove economic recovery optimism. Political risk declined as Joe Biden was sworn in as US President, despite the incident on Capitol Hill on 6 January, and the UK completed its transition out of the EU without major incidents. Economic data continued to point towards a global recovery but with wide regional dispersions.

On a year-on-year basis to 31 March 2021, risk assets had exceptionally high returns as shown in the performance section. This has a lot to do with the base effect as we are currently comparing valuations just after four consecutive quarters of a bull run to valuations in the immediate aftermath of the worst market downturn since the Global Financial Crisis. The strong bull market in risk assets over the last year in anticipation of a strong vaccine-led rebound had a large impact as well.

During Q2 2020, equity markets reversed much but not all of the losses suffered during the Covid-19 shock in March 2020, in spite of record downgrades of earnings forecast for 2020. Over the third quarter of 2020 the equity rebound continued for most markets, led primarily by large cap companies achieving secular growth, as western economies tentatively reopened whilst accommodative fiscal and monetary policy remained in place. Over the fourth quarter, the vaccine announcements revealing better than expected efficacy and faster than expected deployment, alongside a reduction in political uncertainty boosted market sentiment. Markets positioned for a full economic reopening in 2021 with small caps and value stocks leading markets higher. The first quarter of 2021 was marked by higher volatility. Streams of retail investor activity in January led to short squeezes, followed by a sharp rise in bond yields in the back end of the quarter placing pressure on equity markets. In spite of this, equities ended the quarter with strong returns supported by ongoing stimulus as investors looked towards the anticipated economic recovery and rebound in corporate earnings.

The COVID-19 crisis led to swift and unprecedented fiscal and monetary policy responses to support economies and markets across the globe, starting at the end of Q1 2020. This led to a government bond rally over the year as nominal yields fell to the lowest level in history for many countries, including the UK.

[1] Statistics sourced from Thomson Reuters Datastream unless otherwise specified.

Investment Report

The UK 10-year gilt yield, reached an all-time low just above 0% in August before partially retracing to just above 0.2% by the end of 2020. In Q1 2021, UK gilt yields rose sharply in line with global yields as investors priced in the strong recovery and increasing inflation risk. The UK 10-year gilt yield ended the quarter at 0.85%, having recovered all of the lost ground in 2020.

A consultation on the future of RPI, launched in March 2020, led to the decision to converge RPI to CPIH from 2030 without any spread adjustment being applied to compensate index-linked gilt holders (and other recipients of RPI-linked payments). In spite of the consultation outcome being deemed unfavourable for holders of index-linked gilts, the decision had been widely anticipated and the reduction in long-dated breakeven inflation rates implied in index-linked gilts was modest over the year. Moreover, inflation expectations rose sharply in 2021 which benefited index-linked gilts only to some degree due to the high duration component of the asset class.

After a sharp increase in credit spreads during the worst of the COVID-19 market shock in March 2020, credit spreads tightened subsequently as market optimism returned, bolstered by government support. Credit spreads ended the year at slightly lower levels than in late 2019 and remained broadly unchanged over Q1 2021. This led to strong returns for UK credit, as demand for spread assets remained strong over the year and outperformance of credit relative to government bonds on a duration-adjusted basis.

The recovery of UK real estate markets from the shock of Covid-19 slowed during Q4 2020 with the emergence of a ‘second wave’ of the pandemic, a second lockdown, and a potential Brexit cliff-edge at year-end. Despite this, real estate performance was broadly resilient. With the UK remaining in lockdown, sentiment has been subdued in early 2021, but as the vaccination programme gathers pace optimism about the path to recovery is returning.

Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned 39.9%. Meanwhile, a return of 40.8% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 34.9% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 26.7%. The FTSE USA index returned 42.7% while the FTSE Japan index returned 26.3%. The considerable underperformance of UK equities relative to global markets is attributed to the index’s large exposure to oil, gas and basic materials which only started to benefit from a full recovery being priced in at the end of 2020.

The huge year-on-year returns can to a large degree be attributed to the base effect as the measurement period begins when equity markets had just touched bottom following the 2020 Covid-19 crash.

Equity market total return figures are in Sterling terms over the 12-month period to 31 March 2021.

Bonds

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -5.5%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -10.4% over the year as the longer end of the nominal yield curve rose by more than the shorter end. The yield for the FTSE Gilts All Stocks index rose over the year from 0.7% to 1.2% while the Over 15 Year index yield rose from 0.8% to 1.3%.

The FTSE All Stocks Index-Linked Gilts index returned 2.3% with the corresponding over 15-year index exhibiting a return of 3.6%. Rising inflation expectations offset rising nominal yields to an extent, leading index-linked gilts to outperform their nominal counterparts over the year.

Corporate debt as measured by the Bank of America Merrill Lynch Sterling Non-Gilts index returned 7.0%.Bond market total return figures are in Sterling terms over the 12-month period to 31 March 2021.

Growth Fixed Income and Alternatives

High yield and credit investments picked up momentum over the one-year period to 31 March 2021 on the back of supportive fiscal and monetary stimulus provided in the fall-out of credit markets being hit materially in March 2020 as the pandemic negatively impact most markets. The composite benchmark for multi-asset credit mandates of 50% ICE BofAML Global High Yield Constrained Hedged Index and 50% S&P/LSTA US Leveraged Loan Hedged Index returned 21.3% over the one year period.

Hedge fund strategies as a whole also recovered as strategies profit from tech gains, strong earnings and renewd optimism over the reopening of major economies later in the year. The HFRI FoF: Market Defensive Hedged Index[2] returned 9.4% over the twelve-month period to 31 March 2021.

Property[3]

Over 12-month period to 31 March 2021, the MSCI UK All Property Index returned -2.7% in Sterling terms. Of the three main sectors of the UK Property market, positive returns for office and industrials (0.6% and 4.0% respectively) were offset by steep negative returns for retail (-12.8%). The devastating impact COVID-19 related restrictions have been having on much of the retail property sector earlier in the year is now becoming reflected in the data although the pace of decline in valuations slowed toward the end of the quarter.

Commodities

The price of Brent Crude Oil rose 181.1% from $22.60 to $63.52 per barrel over the one-year period. Over the same period, the price of Gold increased 5.7% from $1612.10 per troy ounce to $1704.74.

The S&P GSCI Commodity Spot Index returned 64.4% over the one-year period to 31 March 2021 in Sterling terms.

Currencies

Over the 12-month period to 31 March 2021, Sterling appreciated by 11.3% against the US Dollar from $1.24 to $1.32. Sterling appreciated by 13.9% against the Yen from ¥133.86 to ¥152.46. Sterling appreciated against the Euro by 3.9% from €1.13 to €1.17 over the same period.

[2] *Source: Hedge Fund Research Inc. Returns are published by HFR in US dollar terms. Returns in sterling terms have been calculated by Mercer by estimating the cost of hedging. Returns for the most recent four months are estimates and subject to revision.*

[3] Statistics sourced from MSCI Investment Property Database.

6. INVESTMENT REVIEW

Investment Performance to 31 March 2021

Growth Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	Target (% p.a.)	Portfolio (% p.a.)	Target (% p.a.)	Portfolio (%)	Target (%)
Total Growth [(a)]	02/04/2014	7.3	4.3	5.9	4.4	27.1	4.0

Matching Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Tailored Credit I [(b)]	06/08/2018	5.6	-	-	-	10.9	-
UK Long Gilts	16/11/2016	4.2	4.1	3.5	3.3	-10.3	-10.4
Inflation-Linked Bonds	02/04/2014	7.8	7.8	3.6	3.5	2.6	2.6
Medium Flexible Fixed	10/11/2015	15.0	15.1	7.7	7.6	-24.1	-24.2
Long Flexible Fixed	12/02/2015	10.1	10.1	3.9	3.9	-30.6	-30.5
Short Flexible Real	15/01/2021	-7.1	-6.8	-	-	-	-
Medium Flexible Real	05/02/2018	7.8	7.7	6.3	6.2	3.8	3.8
Long Flexible Real	06/08/2018	7.3	7.4	-	-	10.7	10.8
UK Cash	26/02/2020	0.0	0.1	-	-	0.0	0.1

Total Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (% p.a.)
Total (Net of Fees) [(c)]	02/04/2014	9.3	10.0	5.1	6.0	8.3	8.1

Performance provided by State Street Fund Services (Ireland) Limited, Mercer estimates and Thomson Reuters Datastream.
Performance is in £ terms using unswung returns for the underlying Mercer portfolios; gross of Mercer and net of underlying manager fees; gross of hedging fees (where applicable); net of all other expenses including custody and administration costs.
Where the since inception track record is less than one year, performance shown is cumulative and not annualize.
Total returns use official (swung) prices. Where applicable, it includes performance of terminated mandates.

[(a)] *Target is measured against 1 Month Sterling LIBID + 4% p.a.*

[(b)] *The portfolio is not managed relative to a benchmark index and instead aims to generate income sufficient to meeting investors' long dated liabilities by minimising the number of defaults and downgrades of underlying securities.*

[(c)] *Total returns are net of Mercer and of underlying manager fees; net of hedging fees (where applicable); net of all other expenses including custody and administration costs. Benchmark shown is the change in value of liabilities. Composite fund benchmark is a composite of relevant comparators for the underlying funds.*

Investment Report

Asset Allocation as 5 April 2021

The Scheme's assets are divided between a "Growth Portfolio", comprising assets such as global developed and emerging market equities, emerging market debt, high yield bonds, multi-asset credit, absolute return bonds and property, as well as alternative assets such as hedge funds, and a "Matching Portfolio" which includes UK bonds (gilts) and global (hedged) corporate bonds, as well as Liability Driven Investment ("LDI") funds which invest in bond-like investments in order to provide interest rate and inflation exposure and reduce funding risk.

The split of assets between the Growth and Matching Portfolios is managed according to a de-risking strategy whereby the Scheme's assets should move progressively towards a target of an entirely bond-based investment strategy (the Matching Portfolio) as the funding level increases. The Scheme target Growth: Matching split is 33.4% : 66.6% as at 5 April 2021.

Total Portfolio	Actual Asset Allocation				Target as at 5 April 2021 (%)
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)	
Total Growth	13.3	14.5	32.2	34.0	33.4
Total Matching	28.0	28.1	67.8	66.0	66.6
Total	**41.2**	**42.6**	**100.0**	**100.0**	**100.0**

Source: Mercer.

Figures may not sum to total due to rounding.

Growth Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Passive Global Equity - Fundamental Indexation (Hedged)	0.6	1.1	4.4	7.8
Synthetic Equity-Linked Nominal Bond	0.6	0.4	4.7	2.9
Synthetic Equity-Linked Real Bond	0.5	0.1	3.7	1.0
Global Low Volatility Equity (Hedged)	0.7	0.7	5.0	5.1
Global Small Cap Equity	-	0.6	-	3.9
Global Small Cap Equity (Hedged)	0.8	0.4	6.0	3.0
Sustainable Global Equity	-	0.7	-	4.9
Sustainable Global Equity (Hedged)	0.8	0.8	5.8	5.5
Global Infrastructure Equity (Hedged)	0.4	0.8	2.8	5.2
UK Equity	-	0.1	-	1.0
Eurozone Equity	-	0.1	-	1.0
Emerging Markets Equity	2.0	1.5	15.1	10.4
Passive Global REITS (Hedged)	0.2	0.5	1.7	3.1
Emerging Markets Debt	0.7	0.3	5.2	1.9
Emerging Markets Debt - Hard Currency	-	0.5	-	3.3
Dynamic Asset Allocation Fund (Hedged) [(a)]	0.6	1.1	4.5	7.3
Global High Yield Bonds (Hedged)	0.4	0.4	3.1	3.0

Multi-Asset Credit (Hedged)	1.1	2.0	8.2	13.5
Absolute Return Fixed Income (Hedged)	0.9	0.2	6.4	1.5

Growth Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Liquid Alternatives Strategies (Hedged)	2.3	1.0	17.7	7.0
HLV Property	0.8	0.8	5.8	5.2
UK Cash [b]	0.1	0.4	0.4	2.5
Total Growth	**13.3**	**14.5**	**100.0**	**100.0**

Source: Mercer.
Figures may not sum to total due to rounding.
[a] *Represents a dynamic exposure to Frontier Markets debt via Dynamic Asset Allocation Fund.*
[b] *The Sub-Fund is authorised under the Money Market Fund Regulation as a VNAV Money Market Fund and is classified as a Standard Money Market Fund.*

Matching Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Tailored Credit I	11.9	12.7	42.5	45.1
UK Long Gilts	0.4	3.5	1.5	12.5
Inflation-Linked Bonds	5.4	5.6	19.3	19.9
Nominal LDI Bonds	0.0	-	0.1	-
Medium Flexible Fixed	1.3	1.0	4.5	3.6
Long Flexible Fixed	4.4	2.5	15.6	8.9
Short Flexible Real	-	0.6	-	2.2
Medium Flexible Real	1.3	1.3	4.8	4.5
Long Flexible Real	0.9	0.9	3.4	3.3
UK Cash [a]	2.3	0.0	8.2	0.0
Total Matching	**28.0**	**28.1**	**100.0**	**100.0**

Source: Mercer.
Figures may not sum to total due to rounding.
[a] *The Sub-Fund is authorised under the Money Market Fund Regulation as a VNAV Money Market Fund and is classified as a Standard Money Market Fund.*

7. CUSTODIAL ARRANGEMENTS

State Street Custodial Services (Ireland) Limited is the custodian of the Mercer funds

Where the Mercer funds invest in pooled funds, the portfolio of securities and cash which underlie the pooled fund units issued by the underlying investment managers are held by independent corporate custodians and are regularly audited by external auditors.

The custodians are 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 custodians' nominee companies, in line with common practice for pension scheme investments.

8. FAIR VALUE HIERARCHY

Financial Reporting Standards ("FRS") 102 requires Pension Scheme Assets to be classified by a fair value hierarchy.

All classifications are based on Mercer's interpretation of the guidance issued by the Pensions Research Accountants Group (PRAG) as at June 2015 and amendments made in FRED 62 - '*Draft amendments to FRS 102 – Fair Value Hierarchy Disclosures*'.

The view expressed below should be used as a guide only. Ultimate responsibility for the Fair Value Hierarchy lies with the party drafting the accounts and should be agreed with the auditor of the accounts.

Fund Name	Classification (1, 2, 3)
Mercer Fundamental Indexation Global Equity CCF	2
Mercer Synthetic Equity-Linked Nominal Bond Fund	2
Mercer Synthetic Equity-Linked Real Bond Fund	2
Mercer Low Volatility Equity Fund	2
Mercer Global Small Cap Equity Fund	2
Mercer Sustainable Global Equity Fund	2
Mercer Global Listed Infrastructure Fund	2
MGI UK Equity Fund	2
MGI Eurozone Equity Fund	2
MGI Emerging Markets Equity Fund	2
Mercer Passive Global REITS UCITS CCF	2
MGI Emerging Markets Debt Fund	2
Mercer Emerging Markets Debt - Hard Currency Fund	2
Mercer Dynamic Asset Allocation Fund *	2
Mercer Global High Yield Bond Fund	2
Mercer Multi-Asset Credit Fund	2
Mercer Absolute Return Fixed Income Fund	2
Mercer Liquid Alternatives Strategies Fund	3
Mercer High Income UK Property CCF	3
MGI UK Cash Fund	2
Mercer Tailored Credit Fund 1	2
MGI UK Long Gilt Fund	2
MGI UK Inflation Linked Bond Fund	2
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 2	2
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 3	2
Mercer Flexible LDI £ Real Enhanced Matching Fund 1	2
Mercer Flexible LDI £ Real Enhanced Matching Fund 2	2
Mercer Flexible LDI £ Real Enhanced Matching Fund 3	2

** Represents the risk exposure to Frontier Markets debt.*

A link to the Key Investor Information Documents (KIIDs) for all MGI UCITS funds can be found at https://investment-solutions.mercer.com/#generalfundinformation. Please refer to the GBP share class for the relevant fund.

For further information on all Mercer funds, please refer to the audited fund financial statements or the relevant prospectus and supplement which can be found on the same website.

Mercer Funds classified as fair value category 2

- The Mercer funds classified as level 2 are pooled investment vehicles that do not have a quoted price on a recognised stock exchange. The underlying assets of the pooled fund may be judged to belong to level 1, for example, the equity funds; however, it is our understanding that the level should be applied to the unit holding in the pooled fund, which would classify the equity funds as level 2.

- Where funds comprise collective investment schemes and not segregated investments and the underlying assets can be classed as level 1 or 2 assets they will be classified as a 2. For example, the Mercer Cash Fund.

Mercer Funds classified as fair value category 3

- All Mercer Funds classified as category 3 hold at least some underlying investments that rely on significant unobservable inputs to price or a premium or discount may be applied on exit. They may also have holdings in funds with side-pockets or restricted liquidity. This qualifies them as level 3.

9. RISK DISCLOSURES (INCLUDED WITHIN THE ACCOUNTS)

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed at the end of the reporting period: this is set out in the revised Statement of Recommended Practice (SORP), published in November 2014.

All risk disclosures are based on Mercer's interpretation of guidance issued by the Pensions Research Accountants Group (PRAG) as at June 2015. For further information on all Mercer funds, please refer to the audited fund financial statements.

The risks set out by FRS 102 for disclosure are as follows:

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

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

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.

The Scheme has exposure to the above risks through the assets held to implement its investment strategy. The investment strategy has been designed to balance the risk and return while allowing the Scheme to achieve its objectives.

The Trustees have taken the step to reduce investment risk within their portfolio by implementing a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements will reduce further as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. The de-risking strategy comprises funding level triggers which are monitored daily by Mercer. When a pre agreed trigger level is breached, Mercer opportunistically switches the assets from the Growth Portfolio to the Matching Portfolio. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk.

The investment objectives and risk limits of the Scheme are further detailed in the SIP.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Investment Strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due. The investment strategy is agreed by the Trustees, taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Scheme and the Recovery Plan agreed with the Employer. The key decision is the split between the Growth and Matching Portfolios in the investment strategy. More details on the investment strategy are set out in the SIP.

The Scheme's current target investment strategy is as follows:

- 66.6% in investments that share characteristics with the long-term liabilities of the Scheme, referred to as the Matching Portfolio. The Matching Portfolio is invested in assets including government and corporate bonds as well as funds incorporating derivative instruments to hedge the impact of interest rate movements and inflation expectations on the long term liabilities.

- 33.4% in investments that seek to generate a return above the liabilities, referred to as the Growth Portfolio. The Growth Portfolio is currently invested in global developed market and emerging market equities, emerging market bonds, multi asset credit, absolute return bonds, liquid alternatives, property and cash.

- 74.5% currency hedge ratio within the Growth Portfolio. This is achieved through a currency hedging policy using currency hedging derivatives such as forwards and swaps within the various Growth Portfolio's Mercer Funds held. Please note that additional currency risk may arise when underlying managers take active currency positions or from allocations to fixed income assets denominated in non-sterling currencies.

The actual allocations will vary from the above due to market price movements, dynamic asset allocation decisions, trigger breaches and intervals between rebalancing the portfolio.

Financial Risk Breakdown

The following table summarises the extent to which the various asset classes of investments are affected by financial risks. Since the assets are all invested in pooled funds as opposed to being held on a direct basis, the risks are referred to as indirect:

Fund	Portfolio	Indirect Currency Risk	Indirect Interest Rate Risk	Indirect Credit Risk	Indirect Other Price Risk
Passive Global Equity - Fundamental Indexation (Hedged)	Growth				X
Synthetic Equity-Linked Nominal Bond	Growth		X	X	X
Synthetic Equity-Linked Real Bond	Growth		X	X	X
Global Low Volatility Equity (Hedged)	Growth	X	X		X
Global Small Cap Equity	Growth	X			X
Global Small Cap Equity (Hedged)	Growth	X			X
Sustainable Global Equity	Growth	X			X
Sustainable Global Equity (Hedged)	Growth	X			X
Global Infrastructure Equity (Hedged)	Growth	X			X
UK Equity	Growth	X			X
Eurozone Equity	Growth	X			X
Emerging Markets Equity	Growth	X			X
Passive Global REITS (Hedged)	Growth		X		X
Emerging Markets Debt	Growth	X	X	X	X
Emerging Markets Debt - Hard Currency	Growth	X	X	X	X
Dynamic Asset Allocation Fund (Hedged)	Growth	X	X	X	X
Global High Yield Bonds (Hedged)	Growth	X	X	X	X
Multi-Asset Credit (Hedged)	Growth	X	X	X	X
Absolute Return Fixed Income (Hedged)	Growth	X	X	X	X
Liquid Alternatives Strategies (Hedged)	Growth	X	X	X	X
HLV Property	Growth			X	X
UK Cash	Growth		X	X	
Tailored Credit I	Matching		X	X	
UK Long Gilts	Matching		X		
Inflation-Linked Bonds	Matching		X		X
Medium Flexible Fixed	Matching		X	X	
Long Flexible Fixed	Matching		X	X	
Short Flexible Real	Matching		X	X	X
Medium Flexible Real	Matching		X	X	X
Long Flexible Real	Matching		X	X	X
UK Cash	Matching		X	X	

Investment Report

(ii) Market Risk

a. Currency Risk

Indirect currency risk arises from the Scheme's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency, but also in instances for those pooled investment vehicles that are GBP-hedged as the currency hedging is applied versus the benchmark. As a result, actively-managed strategies may still have views expressed through currency positions; however, these are not expected to be material.

To limit currency risk, Mercer has set a strategic target currency hedge ratio of 74.5% within the Growth Portfolio. This is achieved through a currency hedging policy using currency hedging derivatives such as forwards and swaps. Please note that additional currency risk may arise when underlying managers take active currency positions.

b. Interest Rate Risk

The Scheme's Growth and Matching Portfolios are subject to indirect interest rate risk because some of the Scheme's investments are held in pooled funds which comprise bonds, Gilt repurchase agreements and cash. Mercer has considered these indirect risks in the context of the overall investment strategy.

At the year end, the Matching Portfolio represented 66.0% of the total investment portfolio (2020: 67.8%). The Trustees hold these assets as part of their LDI investment strategy. Under this strategy, if interest rates fall, the value of LDI investments will rise to help offset the increase in actuarial liabilities which will also increase if interest rates fall (all else equal). Conversely, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities. The value of these assets at the Scheme year end amounted to £28.1m which was 100.0% of the Matching Portfolio and 66.0% of total assets (2020: £28.0m which was 100.0% of the Matching Portfolio and 67.8% of total assets).

The Scheme also has exposure to overseas interest rate risk through some of the Growth portfolio investments, such as Synthetic Equity-Linked Bonds, Low Volatility Equity Fund, Passive Global REITS, Emerging Market Debt Fund, Emerging Market Debt – Hard Currency Fund, Dynamic Asset Allocation Fund (Hedged), Global High Yield Bonds Fund, Multi-Asset Credit Fund (Hedged), Absolute Return Fixed Income Fund (Hedged), Liquid Alternatives Strategies (Hedged) and UK Cash. The value of these assets at the Scheme year end amounted to £7.5m which was 52.0% of the Growth Portfolio and 17.7% of total assets (2020: £8.0m which was 60.1% of the Growth Portfolio and 19.3% of total assets). The interest rate exposure that the Growth Portfolio introduce is part of the investment strategy to add value rather than to match liabilities.

c. Other Price Risk

Other price risk arises principally in relation to the Scheme's Growth Portfolio which seek a return above gilts and the Matching Portfolio that aim to provide inflation hedging via investments in index-linked gilts (and associated derivative instruments).

The benchmark set for investment in Growth Portfolio was 33.4% of the total investment portfolio as at 5 April 2021. Triggers are in place to reduce the allocation as the funding level improves. Mercer manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and geographies.

At the year end, £14.1m which was 97.5% of the Scheme's Growth and £8.4m which was 30.0% of the Scheme's Matching Portfolio was exposed to other price risk. The total exposure at a Scheme level was 52.9% of the investment portfolio. (2020:100% of the Scheme's Growth and 27.5% of the Scheme's Matching assets were exposed to other price risk. The total exposure at a Scheme level was 50.8% of the investment portfolio.).

(iii) Credit Risk

The Scheme's Growth and Matching Portfolio are subject to indirect credit risk.

The pooled investment arrangements used by the Scheme comprise collective investment schemes incorporated as limited liability variable capital companies as well as an open-ended umbrella common contractual fund These are authorised by the Central Bank of Ireland. The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from its pooled investment arrangements by considering the nature of the pooled fund vehicles, the legal structure and regulatory environment. Credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the manager and custodian.

The Scheme is indirectly exposed to credit risks arising on the underlying investments held by these pooled investment vehicles. Indirect credit risk arises in relation to underlying investments held in the Growth Portfolio pooled investment vehicles including Synthetic Equity Linked Bond Fund, Emerging Market Debt Fund, Emerging Market Debt – Hard Currency Fund, Dynamic Asset Allocation Fund (Hedged), Global High Yield Bonds Fund, Multi-Asset Credit Fund (Hedged), Absolute Return Fixed Income Fund (Hedged), Liquid Alternatives Strategies (Hedged), HLV Property Fund and UK Cash. The value of these assets at the Scheme year end amounted to £7.1m which was 49.0% of the Growth Portfolio and 16.7% of total assets (2020: £7.8m which was 59.1% of the Growth Portfolio and 19.0% of total assets).

Mercer manages credit risk within the Scheme's Matching Portfolio by predominantly holding Investment grade corporate bonds (within the Tailored Credit Fund) which have a low expected risk of default. Credit risk is managed by limiting the expected allocation to sub investment grade credit to 30% of the total value of the corporate bond allocation within the Tailored Credit Fund. Where derivatives are used there is a daily collateralisation process. The Trustees invest in Mercer Funds which hold non-investment grade credit rated instruments with a view to adding value. Indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer. The value of these assets at the Scheme year end amounted to £19.0m which was 67.6% of the Matching Portfolio and 44.6% of total assets (2020: £22.1m which was 79.0% of the Matching Portfolio and 53.6% of total assets).

Credit risk is also managed by employing experienced active managers in these particular asset classes and by limiting the overall exposure of credit within the Growth Portfolio.

Some pooled arrangements invest in other pooled arrangements, for example, the Mercer Liquid Alternatives Strategy is a fund of hedge funds. MGIE has considered the impact of these arrangements in relation to the Scheme's exposure to failure by the sub-funds who may have different regulatory or insolvency protections compared to the pooled investment made directly by the Scheme.

A summary of the pooled investment vehicles by type of arrangement is set out below.

Arrangement type	Start of Year (£m)	End of Year (£m)
Unit linked Insurance contracts	-	-
Authorised unit trust	-	-
Open ended investment companies	39.6	40.2
Shares of limited liabilities partnerships	-	-
Common Contractual Funds	1.6	2.3
Total	**41.2**	**42.6**

Appendix A

UNDERLYING PORTFOLIO LEGAL NAMES

Portfolio	Fund Vehicle
Growth Portfolio	
Passive Global Equity - Fundamental Indexation (Hedged)	Mercer Fundamental Indexation Global Equity CCF
Synthetic Equity-Linked Nominal Bond	Mercer Synthetic Equity-Linked Nominal Bond Fund
Synthetic Equity-Linked Real Bond	Mercer Synthetic Equity-Linked Real Bond Fund
Global Low Volatility Equity (Hedged)	Mercer Low Volatility Equity Fund
Global Small Cap Equity	Mercer Global Small Cap Equity Fund
Global Small Cap Equity (Hedged)	Mercer Global Small Cap Equity Fund
Sustainable Global Equity	Mercer Sustainable Global Equity Fund
Sustainable Global Equity (Hedged)	Mercer Sustainable Global Equity Fund
Global Infrastructure Equity (Hedged)	Mercer Global Listed Infrastructure Fund
UK Equity	MGI UK Equity Fund
Eurozone Equity	MGI Eurozone Equity Fund
Emerging Markets Equity	MGI Emerging Markets Equity Fund
Passive Global REITS (Hedged)	Mercer Passive Global REITS UCITS CCF
Emerging Markets Debt	MGI Emerging Markets Debt Fund
Emerging Markets Debt - Hard Currency	Mercer Emerging Markets Debt - Hard Currency Fund
Dynamic Asset Allocation Fund (Hedged)	Mercer Dynamic Asset Allocation Fund
Global High Yield Bonds (Hedged)	Mercer Global High Yield Bond Fund
Multi-Asset Credit (Hedged)	Mercer Multi-Asset Credit Fund
Absolute Return Fixed Income (Hedged)	Mercer Absolute Return Fixed Income Fund
Liquid Alternatives Strategies (Hedged)	Mercer Liquid Alternatives Strategies Fund
HLV Property	Mercer High Income UK Property CCF
UK Cash	MGI UK Cash Fund
Matching Portfolio	
Tailored Credit I	Mercer Tailored Credit Fund 1
UK Long Gilts	MGI UK Long Gilt Fund
Inflation-Linked Bonds	MGI UK Inflation Linked Bond Fund
Nominal LDI Bonds	Mercer Sterling Nominal LDI Bond Fund
Medium Flexible Fixed	Mercer Flexible LDI £ Fixed Enhanced Matching Fund 2
Long Flexible Fixed	Mercer Flexible LDI £ Fixed Enhanced Matching Fund 3
Short Flexible Real	Mercer Flexible LDI £ Real Enhanced Matching Fund 1
Medium Flexible Real	Mercer Flexible LDI £ Real Enhanced Matching Fund 2
Long Flexible Real	Mercer Flexible LDI £ Real Enhanced Matching Fund 3
UK Cash	MGI UK Cash Fund

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ELG Haniel Metals Limited Pension and Assurance Scheme

Schedule of Contributions

Status of this document

This schedule has been prepared by the Trustees of the ELG Haniel Metals Limited Pension & Assurance Scheme ("the Trustees" of "the Scheme") to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Joanne Arnold, the actuary to the Scheme appointed by the Trustees.

This schedule of contributions is dated 7 May 2021 and it supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustees and the Employer, ELG Haniel Metals Limited, on 7 May 2021.

The Trustees and the Employer have signed this schedule to indicate that it represents an accurate record of the agreed pattern of contributions.

The schedule is effective from the date it is certified by the Scheme Actuary.

Contributions to be paid to the Scheme from 1 May 2021 to 30 April 2026

Employer's contributions paid early

The Employer will normally pay contributions as set out below but can, where agreed with the Trustees, pay contributions earlier than indicated.

Employer's contributions in respect of the shortfall in funding as per the recovery plan of 7 May 2021

To correct the shortfall, the Employer will pay the following shortfall correction amounts:

Payment date	Contribution payment
May 2021	£0.6m
May 2022	£0.6m
May 2023	£0.6m
May 2024	£0.6m
May 2025	£0.6m

Employer's contributions in respect of benefit augmentations

In addition, the Employer shall pay the cost, as determined by the Scheme Actuary, of any benefit augmentations requested by the employer and approved by the Trustees.

Employer's contributions in respect of salary increases over CPI

Any strain from salary increases over and above the CPI assumption will be assessed annually. A request, if such funding strain occurs, will be made to the Employer to pay a contribution equal to the funding strain.

Schedule of Contributions

Employer's contributions in respect of administration and other costs

The Employer shall pay directly any administrative and other expenses incurred by the Trustees including the PPF levy.

Dates of review of this schedule

This schedule of contributions will be reviewed by the Trustees and the Employer no later than 15 months after the effective date of each actuarial valuation, due every three years.

Employer and Trustee agreement

This schedule of contributions has been agreed by the Employer, ELG Haniel Metals Limited, and the Trustees of the ELG Haniel Metals Limited Pension & Assurance Scheme on 7 May 2021.

Signed on behalf of the employer:	Signed on behalf of the trustees
M J Tighe	S Perks
Position: Head of Finance: Director	Position: Trustee
Date: 26 May 2021	Date: 26 May 2021

Certificate of Adequacy

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 7 May 2021.

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 7 May 2021.

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.

Name:	Joanne Arnold
Date of signing:	26 May 2021
Qualification:	Fellow of the Institute and Faculty of Actuaries
Name of employer:	Mercer Limited
Address:	1 Whitehall Quay Whitehall Road Leeds LS1 4HR

ELG Haniel Metals Limited Pension and Assurance Scheme

Certificate of Technical Provisions

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 5 April 2020 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the statement of funding principles dated 7 May 2021.

Name:	Joanne Arnold
Date of signing:	5 July 2021
Qualification:	Fellow of the Institute and Faculty of Actuaries
Name of employer:	Mercer Limited
Address:	1 Whitehall Quay Whitehall Road Leeds LS1 4HR

Certificate of Technical Provisions

Report on Actuarial Liabilities (forming part of the Trustee's report)

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

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2020. This showed that on that date:

The value of the technical provisions was: £48.4 million

The value of the assets was: £ 42 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: 2.25% pre-retirement; 0.85% post-retirement

Future Retail Price Inflation: 2.85%

Future Consumer Price Inflation: 2.05%; then 2.85% from 2030 onwards

Pension increases - RPI (max 5%): 2.75%
RPI (max 2.5%): 2.00%

Mortality: 98% / 92% for male (non-pensioners/pensioners) and 74% / 84% for female (non pensioners/pensioners) of S3PA year of birth tables (middle tables for females)

ELG Haniel Metals Limited Pension and Assurance Scheme

Statement of Funding Principles - Appendix

This statement of funding principles (SFP) sets out the policies of the Trustees of the ELG Haniel Metals Limited Pension & Assurance Scheme ("the Trustees" of "the Scheme") for securing that the statutory funding objective is met.

It has been prepared by the Trustees to satisfy the requirements of section 223 of the Pensions Act 2004, after obtaining the advice of Joanne Arnold, the actuary to the Scheme. It will be taken into account in the actuarial valuation as at the effective date of 5 April 2020. The SFP will be reviewed and, if necessary, revised, before being taken into account at subsequent valuations under Part 3 of the Pensions Act 2004.

This statement of funding principles has been agreed by the Employer, ELG Haniel Metals Limited.

The statutory funding objective

The statutory funding objective is that the Scheme has sufficient and appropriate assets to meet the costs incurred by the Trustees in paying its benefits as they fall due (the technical provisions).

Calculation of the technical provisions

The principal method and assumptions to be used in the calculation of the technical provisions are set out in the Appendix.

The general principles adopted by the Trustees are that the assumptions used, taken as a whole, will be chosen sufficiently prudently for pensions and benefits already in payment to continue to be paid, and to reflect the commitments which will arise from members' accrued pension rights.

The basis will include appropriate margins to allow for the possibility of events turning out worse than expected and will only be adopted after considering how it compares with the assumptions used to assess the Scheme's solvency position.

However, the Trustees do not intend for the method and assumptions to remove completely the risk that the technical provisions could be insufficient to provide benefits in the future.

As part of their process for choosing the assumptions and determining the size of the margins to include, the Trustees will take into account their objective assessment of the Employer's covenant and the level of risk present in the investment strategy of the Scheme.

Policy on discretionary increases and funding strategy

No allowance has been included in the assumptions for paying discretionary benefits or making increases to benefits that are not guaranteed under the Scheme rules. The Trustees will not provide discretionary benefits unless the Employer agrees to finance them or there is no shortfall against the technical provisions.

Rectifying a failure to meet the statutory funding objective

If the assets of the Scheme are less than the technical provisions at the effective date of any actuarial valuation, a recovery plan will be put in place, which requires additional contributions from the Employer to meet the shortfall. The Trustees and the Employer have agreed that any such additional contributions should be appropriate and tailored to both Scheme and Employer circumstances.

Statement of Funding Principles - Appendix

Additional contributions will be expressed as monetary amounts.

In determining the actual recovery period at any particular valuation, the Trustees will take into account the following factors:

- The size of the funding shortfall and the Scheme's current asset and liability structure.
- The business plans of the Employer and any plans for sustainable growth.
- The Trustees' objective assessment of the financial covenant of the Employer.
- Any contingent security offered by the Employer

Assuming the assumptions are borne out in practice, the recovery period over which the shortfall calculated for the 5 April 2020 valuation, updated to 1 April 2021 will be met by 31 May 2025, which is 4 years and 2 months from the update date. The assumptions to be used in these calculations are set out in the Appendix.

Arrangements for other parties to make payments to the Scheme

There are no arrangements for anyone other than the Employer to contribute to the Scheme.

Policy on reduction of cash equivalent transfer values (CETVs)

At each valuation, the Trustees will ask the actuary to report on the extent to which assets are sufficient to provide CETVs for all members. If the assets are insufficient to provide 100% of benefits on that basis, so that payment of full CETVs would adversely affect the security of the remaining members' benefits, and the Employer is unable or unwilling to provide additional funds, the Trustees will consider reducing CETVs as permitted under legislation.

If, at any other time, the Trustees are of the opinion that payment of CETVs at a previously agreed level could adversely affect the security of the remaining members' benefits, the Trustees will commission a report from the actuary and will use the above criteria to decide whether, and to what extent, CETVs should be reduced.

Payments to the Employer

If the Scheme is not being wound up, there is no power to make payments to the Employer out of funds held for the purposes of the Scheme.

If the scheme is being wound up, there is a power to make payments to the Employer out of funds held for the purposes of the Scheme. This power can only be exercised if the requirements under section 76 of the Pensions Act 1995 and regulations made under it are satisfied.

Frequency of valuations and circumstances for extra valuations

An actuarial valuation is being carried out as at 5 April 2020 and subsequent valuations will in normal circumstances be carried out every three years thereafter. An actuarial report on developments affecting the Scheme's technical provisions and funding level since the previous valuation will be obtained as at 5 April each other year.

The Trustees may call for a full actuarial valuation instead of an actuarial report when, after considering the actuary's advice, they are of the opinion that events have made it unsafe to continue to rely on the results of the previous valuation as the basis for future contributions.

Statement of Funding Principles - Appendix

The Trustees will consult the Employer before carrying out an early valuation. Commissioning a valuation will not be necessary if agreement can be reached with the Employer to revise the schedule of contributions and/or recovery plan in a way satisfactory to the Trustees on the advice of the actuary.

This statement of funding principles is dated 7 May 2021 and has been agreed by ELG Haniel Metals Limited and the Trustees of the ELG Haniel Metals Limited Pension & Assurance Scheme:

Signed on behalf of the employer:	Signed on behalf of the trustees:
M J Tighe	S Perks
Position: Head of Finance: Director	Position: Trustee
Date: 26 May 2021	Date: 26 May 2021

Statement of Funding Principles - Appendix

Method and assumptions used in calculating the technical provisions

Summary of decisions made as to method and key assumptions used for calculating technical provisions as at 5 April 2020 and updated to 1 April 2021

Principal actuarial assumptions for valuation as at 5 April 2020		**1 April 2021**
Investment return pre-retirement	2.25% p.a.	2.85% p.a.
Investment return post-retirement	0.85% p.a.	1.45% p.a.
Price inflation — Retail Price Index	2.85% p.a.	3.50% p.a.
Price inflation — Consumer Price Index	2.05% p.a., 2.85% p.a. from 2030 onwards	3.50% p.a.
Salary increases	2.05% p.a., 2.85% p.a. from 2030 onwards	2.70% p.a., 3.50% p.a. from 2030 onwards
Pension increases in payment		
RPI capped at 5%	2.75% p.a.	3.30% p.a.
RPI capped at 2.5%	2.00% p.a.	2.15% p.a.
Non-retired members' mortality	98%/74% of S3MA/S3FA_M YoB tables with CMI 2019_ 1.5% long term improvements and smoothing parameter of 7.5 for males/females respectively	
Retired members' mortality	92%/84% of S3MA/S3FA_M YoB tables with CMI 2019_ 1.5% long term improvements and smoothing parameter of 7.5 for males/females respectively	

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

Method

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

Financial assumptions

Investment return pre-retirement (discount rate)

An estimate of the yield available on a notional portfolio of UK Government conventional gilt stocks whose cash flows approximately match the Scheme's estimated benefit cashflows plus an additional 1.60% per annum to reflect the allowance the Trustees have agreed for additional investment returns based on the investment strategy.

If, following a review of the Statement of Investment Principles, the investment strategy of the Scheme changes after completion of the valuation then the assumed rate of pre-retirement investment return may also change at subsequent funding updates to reflect the different expected investment returns from the new asset mix.

Investment return post-retirement (discount rate)

An estimate of the yield available on a notional portfolio of UK Government conventional gilt stocks whose cash flows approximately match the Scheme's estimated benefit cashflows plus an additional 0.20% per annum to reflect the allowance the Trustees have agreed for additional investment returns based on the investment strategy.

If, following a review of the Statement of Investment Principles, the investment strategy of the Scheme changes after completion of the valuation then the assumed rate of post-retirement investment return may also change at subsequent funding updates to reflect the different expected investment returns from the new asset mix.

Inflation (RPI)

The assumption for the rate of increase in the Retail Price Index (RPI) will be taken to be the investment market's expectation for inflation as indicated by the difference between an estimate of the yields available on notional portfolios of conventional and index-linked UK Government bonds whose cashflows approximately match the Scheme's estimated benefit cashflows.

Inflation (CPI)

The assumption for the rate of increase in the Consumer Price Index (CPI) will be derived from the RPI inflation assumption with an appropriate adjustment to recognise the difference between expectations of future RPI increases and future CPI increases. The adjustment will be reviewed at each valuation; at the 5 April 2020 valuation and the 1 April 2021 update the adjustment was a deduction of 0.8% per annum in respect of cash flows up to 28 February 2030 and no deduction in respect of cash flows after this date.

Salary increases

The assumption for salary increases has been determined after consulting the Employer and is needed as the active deferred members receive a salary link underpin. The Trustees will assume salary increases will be in line with the CPI inflation assumption.

Pension increases

Increases to LPI linked pensions are assumed to be in line with the RPI inflation assumption described above, adjusted to reflect caps and collars on pension increases. Some members receive fixed pension increases as detailed in the Scheme rules.

Demographic assumptions

Mortality

The mortality assumptions will be based on up-to-date information published by the Continuous Mortality Investigation (CMI) and National Statistics, making allowance for future improvements in longevity and the experience of the Scheme.

The mortality tables are 98%/74% of S3PA Year of Birth tables (“Middle” for females) for male/female members who have yet to retire and 92%/84% of S3PA Year of Birth tables (“Middle” for females) for male/female members who have retired. Improvements based on the CMI 2019 model with a long-term improvement rate of 1.5% with a smoothing parameter of 7.5 are assumed for both non-pensioner and pensioner members.

Early retirement

At the valuation dated 5 April 2020 it has been assumed members who joined on or after 6 April 1996 retire at their normal retirement age. Other members are assumed to retire in line with the table below:

Age	**% of members retiring**	**% of members retiring**
	Males	Females
60	20%	50%
61	10%	10%
62	10%	10%
63	10%	10%
64	10%	10%
65	100%	100%

Withdrawals

This assumption relates to those members who leave the Scheme with an entitlement to a deferred pension or transfer value. It has been assumed that active-deferred members will have a 10% chance to leave the scheme each year reducing to 0% at age 50 or older.

Commutation

It will be assumed that Senior Executive members take 40% of the maximum cash allowed at retirement based on factors in force at the 5 April 2020 and all other members of the Scheme take 80%.

Proportion married and age difference

It has been assumed that the proportion of members that will have an eligible spouse/civil partner/dependant at the time of retirement or earlier death will be in line with 119% of the Office of National Statistics 2010 proportion married tables. A sample of the table at age 65 is shown below:

	% married	% married
Age	Males	Females
65	90.4%	80.9%

Expenses

The Employer meets the administrative expenses of the Scheme, including the PPF levy, so no specific allowance has been made.

GMP Equalisation

The High Court, on 26 October 2018, ruled that pension schemes must equalise benefits in order to address the inequalities that arise due to differing GMP entitlements for men and women. Given the proximity of the valuation date to the ruling date, the Trustee and Employer have yet to discuss and agree how GMP equalisation will be achieved in practice for the Scheme. For the purpose of the 2020 valuation, the Trustee has made an allowance for the expected impact of equalising GMPs under method “C2”, as this reflects the “minimum interference” approach. The allowance assumes that the Scheme’s rules do not restrict the period over which arrears need to be paid to address past unequal payments. In practice should a different approach to equalisation be adopted in the Scheme, this may give rise to a different approach to measuring the impact at future valuations.

A provision of 0.1% of the technical provisions was included to reserve for the potential impact of GMP equalisation requirements.

Assumptions used in calculating contributions payable under the recovery plan

The contributions payable under the recovery plan will be calculated using the same assumptions as those used to calculate the technical provisions with the exception of the following:

For the purpose of calculating the recovery plan, assets and liabilities have been rolled forward to 1 April 2021, allowing for actual benefits paid and using assumptions consistent to the technical provisions but updated for changes in the market conditions.