AVON RUBBER RETIREMENT AND DEATH BENEFITS PLAN
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023
Scheme Registration Number: 10000086

Avon Rubber Retirement and Death Benefits Plan

Annual Report for the year ended 31 March 2023

Contents

Trustee, Sponsoring Employer and Advisers

Trustee
Avon Rubber Pension Trust Limited

Employer-nominated Trustee Directors
M Ingrey-Counter - Chairman
M Harral
Z Holland
R Wills

Member-nominated Trustee Directors
E Fielding
D Little

Sponsoring Employer
Avon Protection plc

Plan Actuary
S Hoare, F.I.A.
Aon

Independent Auditor
KPMG LLP

Administrators

Defined Benefit Section
Mercer Limited

Defined Contribution Section
Standard Life Assurance Limited

Investment Managers

Defined Benefit Section
JP Morgan
BlackRock Investment Management (UK) Limited
Europa
CQS Management Limited
ARES
Insight Investment (resigned 24 October 2022)
Ruffer LLP

Defined Contribution Section
Standard Life Assurance Limited

Investment Advisers

Defined Benefit Section
Mercer Limited

Defined Contribution Section
Aon

Annuity Providers
Assicurazioni Generali
Legal & General Assurance Society Annuities
Aviva
Standard Life Assurance Limited

Additional Voluntary Contribution (AVC) Provider

Defined Benefit Section
Standard Life Assurance Company

Bank
Barclays Bank Plc

Legal Adviser
Burges Salmon

Governance Advisers
Aon

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Introduction

The Trustee of the Avon Rubber Retirement and Death Benefits Plan (the Plan) is pleased to present its report together with the audited financial statements for the year ended 31 March 2023. The Plan is a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section.

Constitution

The Avon Rubber Retirement and Death Benefit Plan (the Plan) is an occupational pension scheme established in the United Kingdom under trust and according to the law in England.

The Plan was established on 1 April 1947 and is governed by a definitive trust deed and subsequent amendments. The registered address is Avon Protection plc, Corporate Headquarters, Hampton Park West, Semington Road, Melksham, Wiltshire SN12 6NB.

Management of the Plan

Trustee

The Trustee who served during the year is listed on page 1.

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for Member-nominated Trustee Directors.

The two Member-nominated Trustee Directors, as shown on page 1, are nominated by the members under the rules notified to the members of the Plan. They may be removed before the end of their term only by agreement of all the remaining Trustee Directors, although their appointment ceases if they cease to be members of the Plan.

In accordance with the trust deed, the Sponsoring Employer, Avon Protection plc, has the power to appoint and remove the Trustee of the Plan. The Directors of Avon Rubber Pension Trust Limited are appointed and removed in accordance with the Company's Articles of Association.

Statement of Trustee's Responsibilities

The Statement of Trustee's Responsibilities is set out on page 45 and forms part of this Trustee's Report.

Governance and risk management

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Plan efficiently and serves as a useful reference document.

The Trustee receives regular reports on the Plan's funding level, assets and liabilities and the Plan's asset allocation and performance.

A wider risk register is also maintained which sets out a comprehensive list of the Plan's risks coupled with the control measures in place to mitigate these risks. Each risk is ranked according to its likelihood and impact (this subsequent score determining which risks are 'key'). The full risk register is regularly reviewed and updated by the Trustee.

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and which was revised and reissued in November 2009. The Trustee has agreed a training plan to enable it to meet these requirements.

Sponsoring Employer

The Plan is provided for all eligible employees of the Sponsoring Employer whose registered address is Avon Protection plc, Corporate Headquarters, Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB.

Financial development

The financial statements on pages 49 to 61 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £354,851,000 at 31 March 2022 to £269,040,000 at 31 March 2023.

The decrease shown above comprised net withdrawals from dealings with members of £14,235,000 together with net returns on investments of (£71,576,000).

Report on actuarial liabilities

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 Sponsoring Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2022. This showed:

	31 March 2022
The value of Technical Provisions was	£372.7 million
The value of assets was	£337.5 million
Percentage of Technical Provisions	91%

The triennial actuarial valuation as at 31 March 2022 was agreed and signed on 31 August 2023, shortly after the agreed deadline. The actuarial valuation was required to be completed by 30 June 2023, within 15 months from the effective date 31 March 2022. The actuarial valuation was delayed due to a delay in receiving data from the administrator, the Executive Directors (CEO and CFO) of Avon Protection requiring advice and a delay in receiving financial forecasts from the Company. The Trustee wrote to the Pension Regulator to inform them of the delay.

The method and the main actuarial assumptions used to determine the technical provisions are set out below (all assumptions adopted are set out in the Appendices 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.

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.

Assumption	Valuation as at 31 March 2022
Pre-retirement discount rate	Fixed-interest gilt yield curve plus 2.6% p.a.
Post-retirement discount rate	Fixed-interest gilt yield curve plus 0.5% p.a.
RPI inflation	The Bank of England RPI curve.
CPI inflation	RPI curve less 1.0% p.a. before 2030 and 0.1% p.a. thereafter.
Pension increases	Consistent with inflation assumptions and allowing for Aon best-estimate of future inflation uncertainty.
Post-retirement mortality assumption - base table	S2PA tables with 100% scaling factors.
Post-retirement mortality assumption - projection	CMI 2018 core projections with Sk=7.5, A=0% and long-term improvement rate of 1.5% p.a.

Membership

The membership movements of the Plan for the year are given below:

Defined Benefit Section

	Deferreds	Pensioners	Total
At 1 April 2022	1,108	1,993	3,101
Adjustments	-	1	1
Retirements	(56)	56	-
Deaths	(11)	(121)	(132)
Transfers out	(1)	-	(1)
Spouses and dependants	-	44	44
Trivial commutations	-	(9)	(9)
At 31 March 2023	1,040	1,964	3,004

Defined Contribution Section

	Actives	Deferreds	Total
At 1 April 2022	321	199	520
Adjustments	1	(1)	-
New entrants	39	-	39
Retirements	(1)	(1)	(2)
Leavers with deferred benefits	(45)	45	-
Deaths	(1)	-	(1)
Transfers out	(8)	(7)	(15)
Auto enrolment Opt Out	(2)	-	(2)
At 31 March 2023	304	235	539

Pensioners include 456 (2022: 443) spouses and dependants receiving a pension.

Included within the above pensioner numbers are 180 (2022: 184) annuitants.

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

Pension increases

Pre 2005 pensions in payment as at April 2022 were increased by 4.9% (2021: 1.1%). Post 2005 pensions in payment were increased by 2.5% (2021: 1.1%). Increases on any Guaranteed Minimum Pension (GMP) for service after 6 April 1988 were increased by 3.0% (2021: 0.5%). Increases do not apply to any GMP which was earned in respect of service before April 1988, since this pension is increased separately by the State. Increases calculated in this manner are guaranteed.

Deferred pensions are increased in line with statutory requirements.

Calculation of transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993 and do not include discretionary benefits. None of the transfer values paid was less than the amount provided by the Regulations.

Investment management

General

All investments have been managed during the year under review by the investment managers, annuity providers and AVC provider detailed in the list of Plan advisers on pages 1 to 2. There is a degree of delegation of responsibility for investment decisions.

The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day-to-day management of the Plan's asset portfolio, which includes full discretion for stock selection, is the responsibility of the investment managers.

Investment principles

The Trustee has produced a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995. A copy of the Defined Benefit section SIP can be found as an appendix to this document, and online at https://www.avon-protection-plc.com/media/2056/db-statement-of-investment-principles.pdf. The Defined Contribution section SIP can be found at https://www.avon-protection-plc.com/media/2620/avon-protection-dc-sip-june-2023.pdf. The main priority of the Trustee when considering the investment policy for the Defined Benefit Section is to ensure that the promises made about members' pensions may be fulfilled. The main priority of the Trustee when considering the investment policy for the Defined Contribution Section is to make available investment funds which serve to meet the varying investment needs and risk tolerances of the members.

Responsible investment and corporate governance

The Trustee believes that good stewardship and environmental, social and governance (ESG) issues may have a material impact on investment returns. The Trustee has given the investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Plan's investments.

Similarly, the Plan's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Equity managers who are regulated by appropriate UK (or other relevant) authorities are expected to report on their adherence to the UK Stewardship Code on an annual basis.

The Trustee recognises the importance of offering a suitable range of investment options for members and, where applicable, will consider member feedback on updating the default strategy and self-selecting fund range. The funds that make up the default strategy and other investment options do not apply purely ethical or moral judgements as the basis of investment decisions.

ESG, Stewardship, and Climate Change

The Trustee believes that environmental, social, and corporate governance (ESG) factors are important and may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Given the investments are in pooled funds, the Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights obligations attached to the Plan's investments.

With regards to stewardship, the Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.

The Trustee has delegated the exercise of voting rights to the Plan's appointed investment managers, where relevant, on the basis that voting powers will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the investment managers have produced written guidelines of their process and practice in this regard.

The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee has given the investment managers full discretion when undertaking such engagement activities and therefore encourages the Plan's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings. The Trustee will review the investment managers' policies and engagement activities (where applicable) on an appropriate basis.

ESG, Stewardship, and Climate Change - continued

The strategic rationale of different asset classes that help the Trustee to achieve the Plan's investment objectives remains the primary driver behind the Plan's investment strategy. However, within this context, the Trustee is increasingly working to integrate ESG, climate change and stewardship within the Plan's investment processes in appointing new investment managers and monitoring existing investment managers.

Member views

Member views are not explicitly sought or taken into account in the selection, retention and realisation of investments. However, the Trustee has agreed to include a statement on its ESG beliefs in annual newsletters and members are welcome to provide feedback on this.

Investment Restrictions

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future. However, the Trustee has agreed that for future investment manager selections, a minimum ESG rating of ESG3 will be set as a pre-requisite as part of the selection process for asset classes where ESG considerations are considered to have a material impact on investment performance. The Trustee makes use of the investment consultant's ESG ratings.

Investment Managers monitoring and engagement

Aligning Manager Appointments with Investment Strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which the Trustee has appointed them.

The Trustee looks to their investment consultant (Mercer) for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee. These ratings are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustee will review the manager's appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

Some portfolios are actively managed and the managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance or significant outperformance). The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) as part of each strategic review.

As the Trustee invests in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the manager, but believe appropriate mandates can be selected to align with the overall investment strategy.

Encouraging long-termism and consideration of ESG issues:

As per the ESG, Stewardship and Climate change section of this SIP, the Trustee considers the investment consultant's assessment of how each investment manager embeds ESG issues into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policies on voting and engagement. The Trustee will use these assessments in decisions around selection, retention and realisation of manager appointments.

The Trustee meets with the investment managers as required and can challenge decisions made including voting history and engagement activity, and can challenge such decisions to try to ensure the best performance over the medium to long term.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee is dissatisfied, then the manager may be replaced.

ESG, Stewardship, and Climate Change - continued

Monitoring manager appointments

The Trustee receives performance reports from the investment consultant each quarter, which present performance information over 3 months, 6 months, 1 year, since latest actuarial valuation and since investment inception periods. The Trustee reviews absolute performance and relative performance against a suitable index used as a benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustee's focus is primarily on long term performance but short term performance is also reviewed.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee may ask the manager to review their fees. The Trustee may meet with investment managers if they are dissatisfied with their performance or engagement activity, and may choose to terminate the relationship with the manager if they see fit.

Monitoring portfolio turnover costs

The Trustee does not explicitly monitor portfolio turnover costs across the whole portfolio but this is considered by Mercer and forms part of their research views.

However, the Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustee may ask managers to report on portfolio turnover cost. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

Manager Turnover

The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. There is therefore no set duration for manager appointments. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment is reviewed and the Trustee decides to terminate for a more suitable appointment.

Implementation statement - DB Section

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') dated September 2021, produced by the Trustee of the Avon Rubber Retirement and Death Benefit Plan ("The Plan") has been followed during the year to 31 March 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended), the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator. This Implementation Statement covers the Defined Benefit ("DB") section of the Plan.

Investment Objectives of the Plan

The Trustee believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan with respect to the DB Section included in the SIP are set out below.

The aim of the Trustee is to invest the assets of the Plan to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that could be adopted in relation to the Plan's liabilities. An asset allocation strategy was then selected, designed to achieve a higher return than this lowest risk strategy, which at the same time still represented a prudent approach to meeting the Plan's liabilities.

These objectives were unchanged over the 12 months to 31 March 2023.

Assessment of how the policies in the SIP have been followed for the year to 31 March 2023

The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This was last reviewed in September 2021 and further details are set out below. The Plan's SIP can be found at: https://www.avon-protection-plc.com/media/2056/db-statement-of-investment-principles.pdf In order to establish these beliefs and produce this policy, in May 2019 the Trustee undertook investment training provided by their Investment Consultant on responsible investment, which covered ESG factors, stewardship, climate change and ethical investing. In preparation for this training, the Trustee and Company undertook a review to assist the Trustee with establishing the policy in this area. The Trustee keeps the policy under regular review with the SIP subject to review at least triennially.
The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Plan as a whole.

	Requirement	Policy	In the year to 31 March 2023
1	Securing compliance with the legal requirements about choosing investments	*The Trustee obtains advice from their investment advisor, who can provide expert advice enabling the Trustee to choose investment vehicles that can fulfil the Plan's investment objectives. In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995, the Occupational Pension Schemes (Investment) Regulations 2005 and any subsequent regulation.*	There were no further investments implemented over the period.
2	Kinds of investments to be held and balance between different kinds of risks	*The Trustee regards the choice of asset allocation policy as the decision which has most influence on the likelihood that it will achieve its investment objectives. In deciding the asset allocation strategy, the Trustee has taken advice from Mercer and made its decisions in consultation with the Company. The Trustee is satisfied that the spread of assets provides adequate diversification of investment for risk purposes.* *The Trustee agreed to an investment strategy comprised of two diversified growth funds, a multi asset credit, a secured finance, infrastructure equity and real estate debt mandates within the growth portfolio. The matching portfolio is composed of a Liability Driven Investment and a maturing buy and maintain fund.* *The strategic asset allocation is set to achieve the expected return required within an acceptable level of risk.*	The Trustee aims to review the Plan's investment strategy following any significant changes in investment policy. The Trustee regarded the basic distribution of the assets to be appropriate for the Plan's objectives and liability profile.

	Requirement	Policy	In the year to 31 March 2023
3	Risks, including the ways in which risks are to be measured and managed	*The Trustee recognises risk (both investment, operational and funding) from a number of perspectives in relation to the DB section of the Plan.* *Should there be a material change in the Plan's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered, in particular whether the current risk profile remains appropriate.*	As detailed under the "Risk Measurement and Management " section of the SIP, the Trustee considers risks in a qualitative manner when deciding investment policies, strategic asset allocation, the choice of fund managers / funds /assets classes.
4	Expected return on investments	*The Plan's investment strategy has been structured so that the investments aim to generate a level of return required to meet the overall objectives. In the case of active managers, a target has been agreed to exceed the relevant benchmark by a specific amount.*	The investment performance report is reviewed by the Trustee on a quarterly basis. The investment performance report includes how each investment manager is delivering against their specific mandates. The Trustee may invite managers to present to the Trustee if there are any concerns on the performance or management team. Over the 1 year to 31 March 2023 the Plan has returned -22.0% relative to a benchmark of -24.1%, net of fees. No actions were taken by the Trustee over the year in respect of manager appointments.
5	Realisation of investments	*The Trustee's administrators will realise assets following member requests on retirement or earlier where required.* *The Trustee considers the liquidity of the investments in the context of the likely needs of members.*	The Plan's assets are mostly pooled investment vehicles, which range from daily to quarterly liquidity. Assets held with the Real Estate Debt and Secured Finance managers could be redeemed quarterly, after the two-year lock-up periods expire. The infrastructure equity mandate has a semi-annual liquidity, with a 4% redemption penalty applied on any redemptions within the first 4 years soft lock. Over the year, the disinvestment policy for meeting benefit payments consisted of disinvesting from the BlackRock Cash Fund. During the height of the gilts crisis in September and October 2022, the Trustee divested from several of the Plan's growth assets in order to ensure sufficient liquidity to meet capital calls within the Plan's LDI portfolio, held with BlackRock. Whilst this enabled the Plan to meet all collateral calls, these disinvestments led to deviations from the strategic asset allocation for the Plan.

	Requirement	Policy	In the year to 31 March 2023
6	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*The Trustee believes that environmental, social and governance ("ESG") factors may have a material impact on investment risk and return outcomes.* *The Plan's investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code* *The Trustee considers how ESG, Climate change and Stewardship is integrated within investment process in appointing new investment managers and monitoring existing investment managers.*	The investment performance report is reviewed by the Trustee on at least a quarterly basis – this includes ratings (both general and specific ESG) from the investment advisor, as well as information on how each investment manager is delivering against their specific mandates. The SIP includes the Trustee's policy on ESG factors, Stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The Trustee keeps their policies under regular review, with the SIP subject to review at least annually. The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future. However, the Trustee has agreed that for future investment manager selections, a minimum ESG rating of ESG3 will be set as a pre-requisite as part of the selection process for asset classes where ESG considerations are considered to have a material impact on investment performance. The Trustee acknowledges that investment managers in fixed income do not tend to have a high ESG rating assigned by the Investment Consultant due to the nature of the asset class where it is harder to engage with the issuer of debt. In July 2022, the Trustee also assessed how well the Plan is currently integrating ESG considerations through a Responsible Investment Total Evaluation (RITE) survey. This considered the Trustee's responsible investment beliefs, policy, process and portfolio against best practice and considered potential intervention actions to improve responsible investment integration, as well as Plan's improvement in these metrics over the previous year.
7	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*Member views on non-financially material issues are not currently explicitly taken into account in the selection, retention and realisation of investments.*	Whilst members' views on non-financial issues are not currently explicitly factored in, the Trustee will continue to review its position on this policy.
8	The exercise of the rights (including voting rights) attaching to the investments	*Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	The Trustee has delegated its voting rights to the investment managers. As a result, the Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The Trustee does not currently review these reports, however it has agreed to do so in future. The voting policies of the funds that can invest in equities have been considered by the Trustee and the Trustee deemed them to be consistent with their investment beliefs. Over the prior 12 months, the Trustee has not actively challenged the managers on their voting activities however it has agreed to do so in future. Information around the significant votes undertaken by Ruffer over the Plan year has been provided in the voting activity section below.

	Requirement	Policy	In the year to 31 March 2023
9	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustee would monitor and engage with relevant persons about relevant matters)	*Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.* *Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.*	The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. BlackRock, CQS, JP Morgan and Ruffer have confirmed that they are signatories of the current UK Stewardship Code. The group of signatory investment managers corresponds to the majority of the Plan's investment managers (c.72% of assets under management as at 31 March 2023, excluding the Trustee bank account). Ares, as a US based investment manager, does not plan on becoming signatories of the new UK Stewardship Code 2020 at the time of writing. However, Ares are a signatory of the UNPRI and will report annual PRI transparency reports. Europa Capital have chosen not to become signatories of the 2020 UK Stewardship Code at this stage as they provide investment and asset management on behalf of global clients and invest in assets both in the UK and overseas. Europa actively seeks to support the UK Stewardship Code principles of responsible allocation, management and oversight of capital to create long-term value for clients and will continue to review the Code's applicability and eligibility. The Trustee will continue to engage with Ares and Europa on the UK Stewardship Code and its relevance. The Trustee also received details of relevant engagement activity for the year from each of the Plan's investment managers. The Plan's investment managers provided examples of instances where they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives were driven mainly through regular engagement meetings with the companies that the managers invest in or by voting on resolutions at companies' Annual General Meetings, related to various governance, social or environmental issues. More information around each of the Plan's investment managers engagement activities can be found under the "Engagement" section below.
10	How the arrangement with the asset managers incentivise the asset managers to align their investment strategies and decisions with the Trustee's policies in the SIP	*In line with the SIP, managers are chosen based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.* *As the Trustee invests in pooled investment vehicles mainly they accept that they have no ability to specify the risk profile and return targets of the manager, but believe that appropriate mandates can be selected to align with the overall investment strategy.*	The Trustee meets with the investment managers when required to review and evaluate ongoing performance of the Fund. The Trustee's focus is on long-term performance but they engage with the investment manager if there are short-term performance concerns.
11	How the arrangement incentivises the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term	*The Trustee meets the Plan's investment managers from time to time to review their actions together with the reasons for and background behind the investment performance. The Investment Consultant supports the Trustee in fulfilling its responsibility for monitoring the investment manager.* *Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.*	Over the year under review, the Trustee was happy that the contractual arrangements in place continued to incentivise the managers to make decisions based on medium to long term financial and non-financial performance. At future monitoring meetings and when requesting monitoring information from managers, the Trustee will ask investment managers to incorporate a section on investment decisions taken over the recent period and their forward-looking assessment of market conditions. This will also cover examples of financial and non-financial considerations around investments where the managers are expected to take into account the impact of these considerations into the forward looking assessment on the performance of an issuer of debt or equity.

	Requirement	Policy	In the year to 31 March 2023
12	How the method (and time horizon) of the evaluation of asset managers' performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP	The Trustee is a long term investors and is not looking to change investment arrangements on a frequent basis. Managers' performance is reviewed over both short and long time horizons. Remuneration is agreed upon prior to manager appointment, based on assets under management and is reviewed on a regular basis.	Over the year under review, the Trustee has considered the 3 months, 6 months, 1 year and since investment manager appointment performance metrics included in the Plan's performance reports and was satisfied with the manager arrangements.
13	How the Trustee monitor portfolio turnover costs incurred by the asset managers and how they define and monitor targeted portfolio turnover or turnover range	The Trustee policy in relation to the monitoring of portfolio turnover costs is set out in the SIP.	The Trustee does not currently actively monitor portfolio turnover costs across the whole portfolio but this is considered by Mercer and forms part of their research view. As investment managers also report performance on a net of fees and costs basis, they are incentivised in this way to keep portfolio turnover costs to the minimum required to meet or exceed their objectives. In the future, the Trustee may ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee and engage with them if portfolio turnover is higher than expected.
14	The duration of the arrangement with the asset managers	There is no set duration for the manager appointment. However, appointments are regularly reviewed as to the continued suitability and could be terminated either because the Trustee is dissatisfied with the managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustee.	The Trustees divested from the Insight Broad Opportunities and Buy and Maintain over the Plan Year in order to provide sufficient collateral for the LDI portfolio during the gilt crisis of September and October 2022.

Assessment of voting, stewardship and engagement activity for the year to 31 March 2023

The following section summarises the information reported by the Plan's investment managers to the Trustee in respect of its voting, stewardship and engagement activities during the year. Engagement activity is provided at a firm-wide level whilst 12 month voting activity is for the specific mandates in which the Plan was invested as at 31 March 2023.

The Trustee and the investment advisor have analysed the voting policies of the Plan's DGF manager, including how they have voted on key themes that align with the Trustee's ESG Investment Beliefs Statement. Further information on significant votes and the process to determine how and why votes are cast for each manager can be found under the "Voting Activity" section below.

Engagement

Ares

- Ares Alternative Credit funds do not have a specific engagement policy due to the nature of each fund's investments (i.e. generally the Fund acts as a lender to, rather than an owner/operator of, its investments). Any engagement (whether ESG related or otherwise) with the company, its sponsor(s) or other stakeholders, is done on a case-by-case basis, if and when deemed necessary or appropriate, given that the opportunity to raise issues and engage with relevant parties will depend on materiality considerations, degree of control/influence and/or access, information quality/sources, agreed-to governance mechanisms and other factors that vary based on deal dynamics.
- Engagements are done on a case-by-case basis on various relevant topics, if and when deemed appropriate. The opportunity to engage on ESG issues is necessarily a function of Ares' degree of control and/or influence, which varies based on asset class and investment type (i.e. location within the capital structure). Prior to making an investment, members of the Ares' Team complete a comprehensive evaluation of prospective investments, taking into account all applicable considerations, ESG and otherwise. Illiquid investments are valued on a quarterly basis and re-underwritten where an ESG score is refreshed.
- Ares' general view is that ESG considerations provide additional opportunities for both risk identification and/or value creation, leading to more informed investment decisions and enhanced results for portfolio companies – ultimately benefitting investors.

BlackRock

- As part of their fiduciary duty, BlackRock's Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all of its engagements and votes at company meetings.
- BlackRock engages company leadership on key topics emphasising governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company. BlackRock determines its engagement priorities based on its observation of market developments and emerging governance themes and evolves them year over year as necessary. The BIS team's key engagement priorities include:

    1. Board quality
    2. Environmental risks and opportunities
    3. Corporate strategy and capital allocation
    4. Compensation that promotes long-termism
    5. Human capital management

- BlackRock participates in many regional and global industry initiatives across the spectrum of ESG topics, including the PRI and speaking at industry events, to contribute to industry education and dialogue. BlackRock's Government Affairs group takes an active approach to engage with regulators to represent investor interests in regulatory discussions, and related submissions are made public on BlackRock's website.
- The Stewardship team engages annually with approximately 1,500 companies globally on ESG issues, meets with executives and board directors, communicates with the company's advisors, and engages with other shareholders where appropriate. The team is also responsible for coordinating proxy voting policy.
- BlackRock is a signatory to the 2020 UK Stewardship Code.

CQS

- The assessment, integration and engagement of ESG factors is a crucial part of the responsible investment commitment across the CQS investment platform, both in public and privately held companies. ESG matters are key factors in CQS decision-making for all managed funds, as well as certain bespoke client mandates with similar commitments.
- CQS's approach to responsible investing is continually developing, taking into account national and international legal, regulatory and policy development, collaborating with industry bodies to identify and develop best practice and engaging with its clients. CQS believes that ESG factors introduce threats and opportunities which can impact their evaluation of probability of default and loss given default, as well as the need for active ownership.
- CQS engages with corporate issuers, banks to whom they provide regulatory capital relief, CLO managers, regulators and service providers. Over the last 12 months, CQS had a total of 99 engagements. This number cover corporate issuers, banks to whom we provide regulatory capital relief and CLO managers. The numbers do not include regulators or service providers, though there may have been engagement with them over the period.
- CQS' four key engagement priorities are sustainable business practices (companies have established and appropriate ESG policies), good governance and financial disclosure, climate risk management and encouraging disclosure (in alignment with TCFD) and diversity within a company (with established and appropriate Diversity & Inclusion policies)
- CQS is a signatory to the 2020 UK Stewardship Code.

Europa

- Europa actively seeks to support the UK Stewardship Code principles of responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
- However, Europa provides investment and asset management on behalf of global clients and invests in assets both in the UK and overseas. Europa are not UK focused, and as such, have chosen not to become signatories of the Code at this stage. Members of Europa will continue to review the Code's applicability and eligibility.

Insight

- It is a core part of Insight's process to engage with issuers on such factors which include, but are not limited to, strategy, capital allocation and competitive positioning. ESG factors can also drive engagement where their analysts believe them to have financial relevance. In this sense they are part of the mosaic of factors that should be considered for effective financial analysis. In most circumstances more sustainable behaviours are fully aligned to better long-term risk/return profiles of investments and therefore Insight also engage on ESG issues where they think they can influence improved behaviour, providing it is not detrimental to the return potential of the investment they make.
- Insight understands that they must demonstrate the highest standards of accountability and transparency in their stewardship programme. They have an unwavering commitment to stewardship. They believe effective stewardship includes taking clients' needs into account and working for the benefit of all stakeholders.
- Engagement with issuers is a key part of Insight's credit analysis and monitoring and complements their approach to responsible investment. As a matter of policy, their credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Given the size and depth of their credit analyst resource, one of the key inputs into the ESG analysis is the direct information received from companies via engagements that take place. Insight also has a dedicated stewardship programme, which includes the prioritised ESG engagement themes. The prioritised themes for this year are climate change, water management, and diversity and inclusion.

- With regards to holdings in corporate bonds, in 2022, Insight conducted 1,178 engagements with corporate bond issuers, including derivative counterparties, the majority of which incorporated discussions of environmental, social and governance (ESG) issues. They also work with governments, companies and civil society organisations to build knowledge and awareness, to share expertise and to create a common voice on these issues when engaging with stakeholders in relations to clients' investments. In recent years they have engaged with the industry on the transition from LIBOR, central clearing for European pension schemes, and RPI reform.
- Insight is a signatory to the 2020 UK Stewardship Code.

JPM

- The Fund recognizes that financially material environmental, social and governance ("ESG") issues can have a significant impact on the risk-adjusted long-term performance of the companies in which it invests. Well-managed companies with an environmentally sustainable and socially responsible approach to operating, can significantly de-risk their business model, and therefore, deliver better performance and achieve greater profitability over the medium to long-term. The Fund believes that the focus on financially material ESG risks and opportunities is, in its simplest form, a focus on matters that are expected to have a financial impact over time. These issues are integral to the effective operation of an open-ended infrastructure fund.
- As an owner of critical infrastructure, the Fund must actively engage with its stakeholders on financially material ESG risks and opportunities. A focus on financially material ESG risks and opportunities aligns closely with the objectives of infrastructure investing and is expected to have a direct impact on risk and return in the short, medium and long-term. The Fund assesses the financially material ESG risks and opportunities in our acquisition process and throughout the life of an investment via active asset management and manages the portfolio with a long-term investment horizon and aligned stakeholder engagement. The Fund formally incorporates financially material ESG risks and opportunities in conjunction with traditional fundamental financial analyses in the acquisition process, which the Fund believes contributes to better investment decisions, improved identification and management of opportunities and risk, and ultimately, potential for enhanced investment returns over the long-term. In order to support ongoing ESG engagement with portfolio companies, create standardized reporting and the ability to track ESG results and progress over time, the Fund has designed and implemented its ESG in Action framework.

Ruffer

- Ruffer's engagement activities are usually conducted jointly by the ESG representative and the research analyst, with support from the responsible investment team. They consider this collaborative approach to engagement to be particularly powerful. It ensures detailed, well-informed discussions with companies on issues they deem to be material, helping to build relationships that enable to push for significant change.
- Ruffer recognises that ESG considerations are important drivers of investment performance, representing both sources of value and investment risks, and believes that investing responsibly will lead to better long-term outcomes for investors.
- Ruffer systematically integrates ESG considerations throughout its investment process, from top down idea generation continuing through to bottom up stock selection. The Trustee believes that Ruffer has a strong approach to stewardship and engagement, including its participation in collaborative initiatives on ESG issues.
- Ruffer frequently engages with companies on corporate governance issues, such as executive remuneration and mergers and acquisitions. Ruffer votes all proxies and subscribes to the Institutional Shareholder Service (ISS), but will not necessarily follow its recommendations. If an analyst does want to vote differently to an ISS recommendation, then he or she can escalate the decision to a more senior individual(s) for approval. Ruffer produces an annual ESG report which details its voting statistics and highlights specific engagements, as well as covering some of the broader ESG issues that have arisen during the year.

- There are occasions when collaboration with other investors may be the most productive way to engage and Ruffer is open to working alongside other investors on both policy and company-specific matters. This could be in situations where other investors share the same concerns or independent engagement has not produced a desirable outcome. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers, as well as the legal and compliance teams. Examples of this include the several climate-change initiatives Ruffer is involved with, including the Institutional Investors Group on Climate Change (IIGCC), the Transition Pathway Initiative, Climate Action 100+, and Aiming for A.
- Ruffer is a signatory to the 2020 UK Stewardship Code, and the Japan Stewardship Code.

Voting activity

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustee defines a significant vote as one in relation to one of the Plan's stewardship priorities/themes of Climate Change, Pollution & Natural Resource Degradation, Human Rights, and Diversity, Equity and Inclusion (DEI), and one for an underlying company that entails at least 0.5% of the fund at the date of the vote. The votes outlined below have been provided to the investment advisor by the Plan's investment manager and have been tailored to prioritise those in which the underlying theme / topic is one that the Trustee has identified as being significant based on the above definition.

A summary of the key voting activity over the financial year can be found below:

Ruffer (Absolute Return)

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS). Ruffer has developed its own internal voting guidelines, however it takes into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, it does not delegate or outsource its stewardship activities when deciding how to vote on clients' shares.

Key votes undertaken over the prior year are summarised below:

- There have been 1,305 votable proposals over the year, which Ruffer has voted on behalf of the Trustee.
- Ruffer voted with management on 94.2% of the proposals, against management on 5.7% and abstaining on 0.1%.

Significant vote examples:

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
12 May 2022	BP Plc	3.10	Environmental - Approve Shareholder Resolution on Climate Change Targets	Against	Fail	Ruffer voted in line with ISS and management. Ruffer have done extensive work on BP's work on the energy transition and climate change and we think they are industry leading. Ruffer support management in their effort to provide clean, reliable and affordable energy and therefore Ruffer voted against the shareholder resolution.	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "Environment - Climate change".
27 April 2022	Cigna Corporation	1.54	Governance – Report on Gender Pay Gap	Against	Fail	Cigna uses an "equal pay for equal work" statistic and reports that there are no material differences in pay data related to gender or race. Although the equal pay for equal work statistic is subjective in that it allows the company to define what it considers an "equal job," the company does report its gender representation statistics and it additionally set a parity goal for leadership positions. As such, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce. Therefore, support for this resolution is not warranted at this time.	The governance nature of this resolution is aligned with the Trustee's key priority theme of "Governance – Diversity, Equity and Inclusion (DEI)".
11 May 2022	Equinor ASA	0.54	Environmental - To approve the company's energy transition plan	For	Pass	Ruffer are supportive of the companys efforts to decarbonise. Ruffer stated that "Equinor is at the forefront of offshore wind developments and we have been impressed by their business success in that area. We have engaged with the company and discussed their plan and disagree with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and we will support that."	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "Environment - Climate change".

Implementation statement - DC Section

The purpose of the Implementation Statement is for us, the Trustee of the Avon Rubber Retirement and Death Benefits Plan to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Plan's material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

Changes to the SIP during the year

The SIP was not reviewed during the Plan year but was reviewed and updated following the year end in June 2023.

During the year, Standard Life carried out an independent review of their investment options and made changes which affect the options that the Plan could offer members, including the default strategy that most members were invested in. The former default, the Standard Life Passive Plus IV Lifestyle Strategy, was closed and any assets invested in this strategy were moved to the Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy from 10 October 2022, together with any future contributions. The alternative lifestyle strategies were also updated in line with the move from the 'Passive Plus' range to the 'Sustainable Multi Asset' range.

The SIP was updated following conclusion of the investment strategy review which took place during the year. After considering the Plan's membership profile and investment performance, and supported by analysis and advice from Aon, the Trustee determined that the Plan's investment strategy was appropriate and agreed to make available a passively managed emerging market equity fund on a self-select basis.

The SIP was updated to reflect the above referenced changes to the default arrangement, alternative lifestyle strategies and new self-select fund.

The Plan's latest SIP can be found here: https://www.avon-protection-plc.com/media/2620/avon-protection-dc-sip-june-2023.pdf

How the policies in the SIP have been followed

The Trustee outlines in its SIP several key objectives and policies. These are noted below together with an explanation of how these objectives and policies have been met and adhered to over the course of the year in the table below:

Meeting the Plan's investment strategy objectives:	
"The Trustee's primary objectives for the Defined Contribution Section are: • *To provide members with a range of investment options to meet their individual risk/return requirements and to monitor and review the range on a regular basis;* • *To ensure that the fund range recognises that members' investment needs change as they progress towards retirement age with younger members generally seeking real growth and older members' greater security;* • *To ensure that the individual fund options are managed to achieve a return commensurate with an acceptable level of risk given the stated aims of each fund."*	Over the year, the Trustee has made available a comprehensive selection of investment options including lifestyle strategies and a range of standalone self-select funds. Supported by advice from Aon, the Trustee is confident that the investment range caters for a range of risk and return requirements across the membership. The lifestyle options, in particular, provide younger members with greater growth potential and older members with greater security. The investment options were monitored throughout the year with quarterly reports on performance received from Aon. The investment options available to members have been designed to ensure that they continue to be managed to achieve a return commensurate with an acceptable level of risk given the stated aims of each fund and the needs of the membership. Information on the investment options available to members is provided by Standard Life on their website and in the member guides. The Trustee is comfortable that they have met their investment strategy objectives over the year.

Meeting the Plan's default investment objectives:

"The Trustee's objectives for the default arrangement are as follows: • *Aim for significant long term real growth while members are further away from retirement.* • *Manage down volatility in fund values as members near retirement.* • *Target an end point portfolio that is appropriate with how members may take their benefits when they retire."*	The default arrangement used by the Plan is the Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy. The strategy invests in assets with higher growth potential while members are further away from retirement. As members near retirement, it invests in a diversified portfolio of assets which, taken together, are expected to be lower risk than the earlier growth phase. The end portfolio of the default strategy is highly diversified and is designed to be appropriate and consistent with however members may take their benefits when they retire. Overall, the Trustee is satisfied that the default arrangement in place during the year was appropriate given its objectives.

Meeting the policies in relation to reviewing the Plan's investments

"The Trustee's primary objectives for the Defined Contribution Section are: • *To provide members with a range of investment options to meet their individual risk/return requirements and to monitor and review the range on a regular basis."*	The Trustee considered the risks members might experience as an integral part of the investment strategy review conducted during the Plan year. The Trustee selected the investment options, including the default arrangement, such that these would be appropriately managed and mitigated. Examples of this include the decision to provide a range of diversified lifestyle strategies with different risk and return profiles and a standalone range covering different asset classes and managers. The Trustee, with support from its investment adviser, monitored the fund managers to ensure they were appropriately fulfilling the responsibilities delegated to them. The Trustee received quarterly investment reporting from the investment adviser. The investment reports considered the performance of the investment managers and funds over time. No concerns were raised over the year and the Trustee was satisfied with the performance of the managers. The investment reporting also considered the performance of the default arrangement at each year to retirement, and a comparison of the growth funds underlying the strategy with various diversified growth and absolute return bond strategies for comparison. The Trustee is comfortable that its policies in respect of reviewing the Plan's investments have been met over the year.

Policies in respect of Environmental, Social & Governance considerations

"The Trustee views any considerations that can affect long term, risk adjusted returns as being financially material. Financially material considerations include environmental, social and governance factors, including climate change, which can negatively impact the value of investments held if not understood and evaluated properly. *The Trustee considers these risks by taking advice from their investment adviser when setting the Plan's investment strategy, when selecting managers and when monitoring their performance."*	The Trustee obtained professional investment support and advice from its investment adviser when setting the Plan's investment strategy, selecting managers and in monitoring their performance. Consideration of financially material risks was an integral part of this support and advice.

Policies in respect of stewardship (voting and engagement)

"The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If a manager is found to be falling short of the standards that the Trustee expects, the Trustee undertakes to engage with the manager and seek a more sustainable position."	The Trustee was supported in its review and monitoring activities during the year by its investment adviser. In conducting these activities, the investment adviser provided advice as to the continuing suitability of the appointed managers and in deciding what changes to make. This advice included relevant consideration of stewardship matters. In particular, the investment adviser's views on the continued appropriateness of different managers is informed, in part, by the managers' approaches to stewardship and responsible investment. The investment adviser would inform the Trustee in the event that their views on a particular manager change although this did not occur during the year. The Trustee has also collected the voting and engagement records of its investment managers over the Plan year. These are reported in detail later in this Statement. To date, no managers have found to be falling short of the standards expected by the Trustee in this area. Having reviewed the managers' stewardship voting and engagement statistics as part of the production of this Statement, the Trustee believes that its stewardship policies have been adhered to.

Policies in relation to costs and transparency

"It is the Trustee's view that long term performance, net of fees, is an important metric on which to evaluate its asset managers. Asset managers are remunerated by the deduction of set percentages of assets under management, which is in line with market practice. This avoids a short-term approach to investment performance that may be the result of any performance-related fees. The Trustee believes it is important to understand all the different costs and charges, which are paid by members."	During the year, the Trustee monitored and evaluated the performance of the Plan's investments and managers on a net of fees basis. Cost and charges data was provided by Standard Life for the Plan year and was published in the annual Chair's Statement. The Trustee reviewed the data which included both explicit and implicit costs and charges. The investment adviser also reviewed the member borne costs and none appeared to be unreasonable in their view.

Policies in relation to arrangements with asset managers

"The Trustee monitors those investments used by the Plan to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies as set out in the Statement of Investment Principles, including those on non-financial matters."	Throughout the year, the Trustee, supported by Aon, monitored the Plan's investments including considering the extent to which the decisions of the investment managers are aligned with the Trustee' policies. Prior to the appointment of a new investment manager, the Trustee seeks professional advice from their investment adviser, in order to ensure that the investments are appropriate for the Plan's objectives although no such changes were made in the year to 31 March 2023. During the year, the Trustee received a request from a member to add a Passively Managed Emerging Market Equity Fund to the available Fund range. As part of the investment strategy review, the Trustee considered this request and took advice from their investment adviser as to the appropriateness of the available funds. Based on this advice, the Trustee agreed to make available such a fund – this was implemented after the year end. The Trustee has set appropriate governing documentation, investment objectives and a regular monitoring process for their investment managers to ensure they are incentivised to make decisions that align with the policies in the SIP.

Policies in respect of members' views and non-financial Factors	
"The Trustee recognises the importance of offering a suitable range of investment options for members and, where applicable, will consider member feedback on updating the default strategy and self-select fund range. *The funds that make up the default strategy and other investment options do not apply purely ethical or moral judgements as the basis for investment decisions."*	The Trustee considered member views when updating the range of funds as part of the investment strategy review conducted during the Plan year. As noted above, during the year, the Trustee received a request from a member to add a Passively Managed Emerging Market Equity Fund to the available Fund range as, at the time, only actively managed Emerging Market Equity Funds were made available. As part of the investment strategy review, the Trustee considered this request and took advice from their investment adviser as to the appropriateness of the available funds. The Fund was added following the end of the Scheme year. As part of the strategy review, the Trustee reaffirmed their view that the funds that make up the default arrangement and other investment options should not apply purely ethical or moral (or other non-financial) judgements as the basis for investment decisions.

Conclusion & future developments

Over the course of the year to 31 March 2023, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in the Plan's SIP.

The Trustee will continue monitoring the funds and managers the Plan uses and will seek professional support and advice from their investment adviser as appropriate.

The Trustee recognises that it has a responsibility, as an institutional investor, to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in. The Trustee will continue to use its influence to drive positive behaviour and change among the fund managers and other third parties that the Trustees rely on; such as the platform provider and investment adviser.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The Plan's DC investments are accessed through Standard Life. During the year, Standard Life made changes which affected the investment options available to the Plan members including the default arrangement. In particular, the default investment which was known as the Standard Life Passive Plus IV Lifestyle Strategy became the Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy from 10 October 2022. Voting statistics for the legacy Passive Plus III, Passive Plus IV and Passive Plus V funds have been shown below, along with voting information for the funds underlying the Sustainable Multi Asset Universal SLP and Sustainable Multi Asset Universal (10 Year) Strategic Lifestyle Profile.

The table on the following page shows the voting statistics for each of the Plan's material funds with voting rights for the year to 31 March 2023:

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Standard Life				
Passive Plus III Pension Fund	The Passive Plus range of funds comprise equity funds managed by Vanguard. Details of Vanguards voting statistics in respect of these funds is set out below.			
Passive Plus IV Pension Fund				
Passive Plus V Pension Fund				
Standard Life Sustainable Multi Asset Growth Pension Fund / Sustainable Multi Asset Growth (10 Year) Pension Fund				
Sustainable Index Asia Pacific (ex-Japan) Equity Pension Fund[1]	3,441	98%	15%	1%
Sustainable Index Emerging Market Equity Pension Fund[1]	4,806	92%	13%	4%
Sustainable Index Japan Equity Pension Fund[1]	2,525	92%	3%	5%
Sustainable Global Property Securities Asset Fund[1]	4,281	85%	4%	0%
Sustainable Index UK Equity Pension Fund1	3,523	99%	2%	0%
Sustainable Index European Equity Pension Fund1	5,128	78%	11%	0%
Sustainable Index US Equity Pension Fund[1]	3,732	99%	25%	0%
Invesco				
Global Targeted Returns	4,026	99%	6%	0%
Schroder				
Global Emerging Markets	1,911	98%	9%	7%
BlackRock				
iShares UK Equity Index	15,027	96%	5%	1%
ACS World ex UK Equity Tracker	25,196	95%	6%	0%
ACS Continental European Equity Tracker	9,721	77%	12%	1%
iShares Pacific ex Japan Equity Index	5,071	100%	10%	0%
Vanguard				
Emerging Markets Stock Index Pension Fund[2]	27,807	97%	8%	2%
Pacific ex Japan Stock Index Pension Fund[2]	986	98%	1%	0%
Japan Stock Index Pension Fund[2]	3,208	100%	0%	0%
FTSE Developed Europe ex UK Pension Fund[2]	9,019	82%	7%	0%
US Equity Pension Fund[3]	6,729	99%	1%	0%
FTSE UK All Share Index Pension Fund[2]	10,484	99%	9%	0%

Source: Investment Managers
[1]Fund underlying the Standard Life Sustainable Multi Asset Growth Pension Fund / Sustainable Multi Asset Growth (10 Year) Pension Fund
[2]Fund used within the Passive Plus range of funds
[3] Fund used within the Passive Plus range of funds and also available on a standalone basis

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's managers use proxy voting advisers.

	Description of use of proxy voting adviser(s)
Blackrock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams ocated in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While they subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process
Standard Life	Standard Life uses the services of Institutional Shareholder Services (ISS). However, it also conducts its own analysis of resolutions being considered at annual general meetings (AGMs) and other shareholder meetings.
Schroder	Schroder use Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines. In addition, they receive ISS's Benchmark research. This is complemented with analysis by their in house specialists and where appropriate with reference to financial analysts and portfolio managers.
Vanguard	Vanguard's Investment Stewardship team evaluates proxy ballot items presented to shareholders and casts votes on behalf of each fund's holdings in accordance with the funds' instructions set forth in the Voting Guidelines as well as local market standards and best practices. In evaluating proposals, the team may consider information from many sources, including a company's independent board directors and executives, various research and data resources (such as Institutional Shareholder Services (ISS) or Glass Lewis) or other publicly available information. Vanguard periodically reviews its research and data providers, as well as its workflow and processes, to identify possible ways to enhance the inputs into proxy voting. A wide variety of third-party research providers – including proxy advisers – are consulted based on their analysis of issues that bear on long-term shareholder value. These issues are then analysed in conjunction with the funds' proxy voting guidelines and other relevant data, including insights from company engagements, to reach independent decisions on behalf of each Vanguard fund.
Invesco	Invesco has adopted and implemented a policy statement on Global Corporate Governance and Proxy Voting which it believes describes policies and procedures reasonably designed to ensure that proxies are voted in the best interests of its clients. This policy is intended to help Invesco's clients understand its commitment to responsible investing and proxy voting, as well as the governance principles that inform its approach to engagement and voting at shareholder meetings. Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The voting decision lies with its portfolio managers and analysts with input and support from its Global ESG team and Proxy Operations functions. The final voting decisions may incorporate the unique circumstances affecting companies, regional best practices and any dialogue it has with company management. Invesco's proprietary proxy voting platform ("PROXYintel") facilitates implementation of voting decisions and rationales across global investment teams.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the year to 31 March 2023.

Funds	Number of engagements: Fund specific	Number of engagements: Firm level	Themes engaged on at a fund-level
Invesco Global Targeted Returns	57	267	Environment – Climate change, Natural resource use/impact (e.g. water, biodiversity). Social – Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights (e.g. supply chain rights, community relations). Governance – Leadership – Chair/CEO, Remuneration. Strategy, Financial and Reporting – Reporting (e.g. audit, accounting, sustainability reporting), Risk management (e.g. operational risks, cyber/information security, product risks).
iShares Pacific ex Japan Equity Index Fund (UK)	246	3,866[1]	Environmental – Climate Risk Management, Operational Sustainability Social – Human Capital Management, Social Risks and Opportunities Governance – Board Composition and Effectiveness, Corporate Strategy, Remuneration, Business Oversight/Risk Management
iShares Continental European Equity Index Fund (UK)	446	3,866[1]	Environmental – Climate Risk Management, Operational Sustainability Social – Human Capital Management, Social Risks and Opportunities Governance – Board Composition and Effectiveness, Corporate Strategy, Remuneration, Business Oversight/Risk Management
ACS World ex UK Equity Tracker Fund	1,599	3,866[1]	Environmental – Climate Risk Management, Operational Sustainability Social – Human Capital Management, Social Risks and Opportunities Governance – Board Composition and Effectiveness, Corporate Strategy, Remuneration, Business Oversight/Risk Management
iShares UK Equity Index Fund (UK)	3,132	3,866[1]	Environmental – Climate Risk Management, Operational Sustainability Social – Human Capital Management, Social Risks and Opportunities Governance – Board Composition and Effectiveness, Corporate Strategy, Remuneration, Business Oversight/Risk Management
iShares Environment & Low Carbon Tilt Real Estate Index Fund	122	3,866[1]	Environmental – Climate Risk Management, Operational Sustainability Social – Human Capital Management, Social Risks and Opportunities Governance – Board Composition and Effectiveness, Corporate Strategy, Remuneration, Business Oversight/Risk Management

Source: Investment Managers.

1Firm level number of engagements is over the period 1 January 2022 – 31 December 2022.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan's managers. We consider a significant vote to be one which effects any of the funds underlying the default investment strategy and covers a range of ESG issues. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy		
Standard Life – Standard Life Sustainable Index Asia Pacific (ex Japan) Equity Pension Fund	**Company name**	Commonwealth Bank of Australia
	Date of vote	12 October 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	1. Amend Articles/Bylaws/Charter – Non-Routine – Approve the Amendments to the Company's Constitution 2. Report on Climate Change – Approve Climate Risk Safeguarding
	How manager voted	1. Amend Articles/Bylaws/Charter – Non-Routine – Against 2. Report on Climate Change – Against
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	1. Amend Articles/Bylaws/Charter – Non-Routine *The request to amend the company's constitution is potentially broad with no regulatory framework to oversee shareholder proposals. The Board has confirmed its willingness to consult with the shareholder proponents with a view to addressing shareholder requirements.* 2. Report on Climate Change *The manager is supportive of the transition to a net zero economy. However, they consider that the proposal's request is not warranted as the company is already taking a number of steps. These include board oversight and the application of a number of lending policies. Including but not limited to a commitment to transitioning to a net zero economy, restrictions on project finance to oil and gas projects and disclosure on how this strategy is being achieved applying Task Force on Climate-related Financial Disclosures (TCFD).*
	Outcome of the vote	1. Amend Articles/Bylaws/Charter -- Non-Routine - Failed 2. Report on Climate Change – Not put to meeting
	Implications of the outcome	Not provided.
	Criteria the manager has used to assess this vote as being significant	• Votes on shareholder proposals where the manager has engaged with the proponent or company on the resolution • Votes on management-presented proposals • Focus on shareholder proposals where we have voted contrary to management recommendations

Standard Life - Standard Life Sustainable Index Emerging Market Equity Pension Fund	**Company name**	1. ICICI Bank Limited 2. Sasol Ltd.
	Date of vote	1. 30 August 2022 2. 2 December 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	1. Approve and Adopt ICICI Bank Employees Stock Unit Scheme – 2022 2. Approve Climate Change Report
	How manager voted	1. For 2. Abstain
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	1. The manager engaged with the company and were satisfied with the response particularly as the proposal would deepen the pool of employees who get performance linked incentives. Since the CEO has adjusted the performance targets, the bank's track record has improved tremendously. The manager considers the performance targets to be simple, clear and well targeted. 2. The manager opted to abstain as they did in 2021. They welcomed the Company's commitment to reporting in line with TCFD and note the steps it has taken in the past year. However, they considered that there has been insufficient improvement in other key areas. Considering the Company's absolute emissions, they determined that the stated
	Outcome of the vote	1. Passed 2. Passed
	Implications of the outcome	Not provided
	Criteria the manager has used to assess this vote as being significant	1. • Votes on shareholder proposals the manager has engaged with the proponent or company on the resolution • Votes on management-presented proposals • Focus on shareholder proposals where they have voted contrary to management recommendations 2. • Focus on resolutions where we have engaged with the company on a resolution • Focus on resolutions where post-engagement they voted contrary to their custom policy

Standard Life - Standard Life Sustainable Index Japan Equity Pension Fund	**Company name**	Nissan Motor Co., Ltd.
	Date of vote	28 June 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Amend Articles to Deem Other Affiliated Companies as Parent Company in Carrying Out Obligations under Corporate Law and Disclose Business Reports
	How manager voted	For
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	The manager considered that a vote for this shareholder proposal was warranted because information on Nissan-Renault alliance agreement should be relevant for Nissan's minority shareholders. Also, disclosing a summary of the agreement in proxy materials, in addition to annual report, should enable Nissan shareholders to make informed decision when they vote at shareholder meetings.
	Outcome of the vote	Rejected
	Implications of the outcome	Not provided
	Criteria the manager has used to assess this vote as being significant	• Votes on shareholder proposals where the manager has engaged with the proponent or company on the resolution • Votes on management-presented proposals • Focus on shareholder proposals where they have voted contrary to management recommendations

Standard Life - SL Sustainable Global Property Securities Asset Fund	**Company name**	New World Development Company Limited
	Date of vote	22 November 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Elect Lee Luen-Wai, John as Director
	How manager voted	Against
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	• Director responsible for failing to ensure sufficient board independence. • Vote AGAINST director due to insufficient independence after reclassification. • Remuneration Committee without majority independence. • The nomination committee is not majority independent. • Chair of Audit Committee not independent. • Chair of Remuneration Committee not independent.
	Outcome of the vote	Pass
	Implications of the outcome	Not provided
	Criteria the manager has used to assess this vote as being significant	Not provided

Standard Life - SL Sustainable Global Property Securities Asset Fund	**Company name**	New World Development Company Limited
	Date of vote	22 November 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Elect Lee Luen-Wai, John as Director
	How manager voted	Against
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	• Director responsible for failing to ensure sufficient board independence. • Vote AGAINST director due to insufficient independence after reclassification. • Remuneration Committee without majority independence. • The nomination committee is not majority independent. • Chair of Audit Committee not independent. • Chair of Remuneration Committee not independent.
	Outcome of the vote	Pass
	Implications of the outcome	Not provided
	Criteria the manager has used to assess this vote as being significant	Not provided
Standard Life - Standard Life Sustainable Index UK Equity Pension Fund	**Company name**	J Sainsbury Plc
	Date of vote	7 July 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	1. Approve Remuneration Report 2. Shareholder Resolution on Living Wage Accreditation
	How manager voted	1. For 2. Against
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	1. The manager was content to vote in favour of the remuneration report due to the more conservative approach the Sainsbury's remuneration committee has taken by exercising downward discretion to reduce awards under both the bonus and long term incentive plan. Furthermore, executive salaries have increased less than that of the wider workforce. 2. The manager recognises the issues highlighted by the proponent and have had several engagements with the company to discuss its approach. Furthermore, they have actively engaged across the sector in the UK to encourage best practice within labour standards. The manager believed a vote in favour of the resolution would be punitive on one of the leading companies in the area and inconstant with common market practice. They believe the company should be allowed to develop its approach in this area within a time frame that meets its overall strategy.
	Outcome of the vote	1. Pass 2. Failed
	Implications of the outcome	Not provided.
	Criteria the manager has used to assess this vote as being significant	• Focus on votes which received public and press interest with a focus on our large, active holdings • Focus on votes which reflect significant governance concerns regarding the company • Resolutions proposed by the manager

Standard Life - Standard Life Sustainable Index European Equity Pension Fund	**Company name**	Teleperformance SE
	Date of vote	14 April 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation
	How manager voted	Against
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided
	Rationale for the voting decision	While performance has been very strong, the manager remains concerned by the size of the share award which is to be granted to M. Julien. While they note that the grant has reduced by 15 percent from what was originally proposed, and which they opposed at the 2021 AGM, they are of the view that the value (currently c. EUR 17m) is excessive. The manager has previously encouraged the company to limit the grant value.
	Outcome of the vote	Pass
	Implications of the vote	Not provided
	Criteria the manager has used to assess this vote as being significant	Not provided

Standard Life - Standard Life Sustainable Index US Equity Pension Fund	**Company name**	Microsoft Corporation
	Date of vote	13 December 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	1. Report on Cost/Benefit Analysis of Diversity and Inclusion 2. Report on Hiring of Persons with Arrest or Incarceration Records 3. Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk 4. Report on Government Use of Microsoft Technology 5. Report on Development of Products for Military 6. Report on Tax Transparency
	How manager voted	1. Against 2. Against 3. Against 4. Against 5. Against 6. For
	Where the manager voted against management, was this communicated to the company ahead of the vote?	Not provided.

Rationale for the voting decision	1. Microsoft currently provides extensive disclosure on its diversity and inclusion programmes. The manager considers that the proposal requests a disproportionate level of disclosure in this area. 2. The company is a signatory to the Fair Chance Business Pledge, member of the Second Chance Business Coalition, and the managers considers that they disclose sufficient information for shareholders to evaluate its efforts to provide an inclusive workplace to people with criminal records at this time. 3. The manager recognises the potential financial materiality of ESG factors and supports the idea that employees should be able to invest retirement savings in a manner that aligns with their values. It appears to be possible for Microsoft employees to do this. The US Department of Labor recently finalised rules on how ESG factors should be considered by fiduciaries. The manager believes it is prudent to allow the Company and plan fiduciaries time to consider the new rules and any influence they may have on its selection of investments. 4. The manager believes the company presently discloses sufficient information for shareholders to understand its position on, and safeguards relating to, government use of its technology and potential human rights impacts. 5. The manager believes the company presently discloses sufficient information for shareholders to understand its position on, and safeguards relating to, government use of its technology. 6. The manager believes Microsoft's business lines and global operations leave it exposed to tax reform and the requested report would support the Company to adopt disclosures that keep it ahead of the regulatory curve. Furthermore, the drafting of the resolution does not constrain the board and executive's discretion in the management and reporting of tax affairs.
Outcome of the vote	1. Failed 2. Failed 3. Failed 4. Failed 5. Failed 6. Failed
Implications of the outcome	Not provided
Criteria the manager has used to assess this vote as being significant	• Votes on shareholder proposals where the manager has engaged with the proponent or company on the resolution • Votes on management-presented proposals • Focus on shareholder proposals where they have voted contrary to management recommendations

Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

The Trustee considers that its investment policies and their implementation are in keeping with these principles.

Review of investment performance

The performance of the Plan's investments is shown in the table below:

Defined Benefit Section

	1 Year ended 31/03/2023		3 Years ended 31/03/2023		5 Years ended 31/03/2023	
	Fund (%)	***B'mark (%)***	**Fund (%)**	***B'mark (%)***	**Fund (%)**	***B'mark (%)***
Ruffer - Absolute Return	-1.4	*6.3*	8.3	*4.2*	5.4	*2.8*
CQS - Multi-Asset Credit	-5.2	*6.3*	6.6	*4.2*	-	-
Ares - Secured Finance	0.2	*6.3*	6.8	*4.2*	-	-
JP Morgan - Infrastructure Eq	9.2	*8.0*	-	-	-	-
Europa - Private Debt	-5.3	6.0	-	-	-	-
Total Growth	**0.0**	***6.8***	**7.7**	***5.3***	**3.3**	***4.1***
Total LDI	-66.6	*-66.6*	-31.3	*-31.1*	-16.2	*-16.0*
Total Matching	**-59.8**	***-61.9***	**-26.7**	***-27.9***	**-12.9**	***-13.7***
Total	**-22.0**	***-24.1***	**-3.7**	***-7.2***	**-1.2**	***-3.1***

Defined Contribution Section

	1 Year ended 31/03/2023		3 Years ended 31/03/2023		5 Years ended 31/03/2023	
	Fund	***B'mark***	**Fund**	***B'mark***	**Fund**	***B'mark***
	%	***%***	**%**	***%***	**%**	***%***
SL BlackRock ACS Continental European Eq Trk Pn Fd	6.04	3.51	53.96	45.34	45.08	34.93
SL BlackRock ACS World ex UK Equity Tracker Pn Fd	-4.14	-0.80	54.09	59.83	67.62	71.1
SL abrdn UK Smaller Companies Pension Fund	-24.86	-7.91	8.89	50.84	7.12	10.37
SL Vanguard US Equity Pension Fund	-4.52	-1.74	62.20	67.31	89.36	92.80
SL Sustainable Multi Asset At Ret (PP Univ) Pn Fd	-1.66	-1.31	10.77	10.97	10.56	11.27
Standard Life Money Market Pension Fund	1.80	2.25	1.86	2.45	2.99	3.79
SL iShares Pacific ex Japan Equity Index Pn Fd	-5.14	-4.05	52.2	54.70	34.87	38.15
SL Schroder Global Emerging Markets Pension Fund	-5.99	-4.48	25.33	27.12	10.19	10.46
SL i Shares UK Equity Index Pension Fund	1.62	2.88	46.63	47.23	25.54	27.58
SL Sustainable Multi Asset (PP) Pension Fund	-2.56	-2.33	21.71	21.63	19.12	21.66
SL Sustainable Multi Asset At Retirement Pn	-2.56	-1.40	10.67	10.82	9.14	10.92
Standard Life Sustainable Multi Asset Growth Pn	-4.37	-3.41	-	-	-	-
SL Sustainable Multi Asset Pre Retirement Pn	-3.40	-3.20	13.05	13.12	12.12	12.90

Custodial arrangements

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. The Investment Managers have appointed the following:

Investment Manager	Custodian(s)
Defined Benefit Section	
Ruffer - Absolute Return Fund	Bank of New York Mellon
	RBC Investor Services
CQS - Multi Asset Credit Fund	JP Morgan Hedge Fund Services (Ireland)
Ares - Secured Income Fund	Bank of New York Mellon
	BNP Paribas
BlackRock - LDI	JP Morgan Bank (Ireland) plc
JP Morgan - Infrastructure Equity Fund	Citco Fund Services
Europa - Alternative Debt Fund	Sanne Group Administration Services (UK) Limited
Defined Contribution Section	
Standard Life Assurance Limited	Citibank N.A.

Barclays Bank PLC has been appointed by the Trustee as custodian of the cash held in connection with the administration of the Plan .

GMP equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Plan must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women and this will result in an additional liability for the Plan. In November 2020 the High Court further ruled that GMP equalisation adjustments may be needed to historic transfers out of pension schemes. Any back payments and related interest will be accounted for in the year of payment. However, based on initial assessments completed for the employer's financial statements, the Trustee does not believe the back payments and related interest are material to these financial statements.

The Money and Pension Service

The Money and Pension Service (formerly called the Single Financial Guidance Body) can give you information about matters relating to workplace and personal pensions. Its website is currently: https://singlefinancialguidancebody.org.uk.

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator and it can be contacted at:

The Pensions Regulator
Telecom House
125 - 135 Preston Road
Brighton
BN1 6AF
Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Pensions tracing

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service
Post Handling Site A
Wolverhampton
WV98 1AF
Telephone: 0800 731 0193

Pensions Ombudsman

Any concerns connected with the Plan should be referred to M Ingrey-Counter, at the address detailed on page 2, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the Trustee can consult with the Pensions Ombudsman for them to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

The Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pension Protection Fund

The Pension Protection Fund (PPF) was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation. The pension protection levy is one of the ways that the PPF funds the compensation payable to members of schemes that transfer to the PPF.

Further information

Further information about the Plan is given in the explanatory booklet, which is issued to all members.

Approval

The Trustee's Report was approved on behalf of Avon Rubber Pension Trust Limited and signed on its behalf by:

Rob Wills Digitally signed by Rob Wills
Date: 2023.10.25 13:59:18 +01'00'
.... Trustee Director

Mike Harral Digitally signed by Mike Harral
Date: 2023.10.25 15:06:57 +01'00'
.... Trustee Director

Date: ....

Annual statement regarding governance of the Defined Contribution Section of the Avon Rubber Retirement and Death Benefits Plan ('the Plan')

Background

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee Directors to prepare an annual statement regarding governance and include this in the annual Trustee's report and accounts. The governance requirements apply to all Defined Contribution (DC) pension arrangements and aim to help members achieve a good outcome from their pension savings.

Introduction

As the Trustee Chair, I am pleased to provide you with our annual statement which explains what steps have been taken by the Trustee Directors ('the Trustee'), with the help of our professional advisers, to meet the governance standards that apply to the defined contribution section of the Plan.

This statement issued by the Trustee covers the period from 1 April 2022 to 31 March 2023 and is signed on behalf of the Trustee by the Chair.

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

1. The Default Arrangement
2. Net investment returns
3. Member borne charges and transaction costs
    i. Default arrangement
    ii. Self-select funds
    iii. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustee knowledge and understanding

1. The Default Arrangement

The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee need to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Plan's membership.

The Plan is used as a Qualifying Scheme for auto-enrolment purposes.

The Trustee is responsible for the Plan's investment governance, which includes setting and monitoring the investment strategy for the Plan's default arrangement; the Standard Life Sustainable Multi Asset Universal Strategic Lifestyle Profile ('the Sustainable Multi Asset Strategy').

The Sustainable Multi Asset Strategy is primarily provided for members who join the Plan and do not choose an investment option for their contributions. It is intended to be appropriate regardless of how members take their benefits at retirement.

The objectives for the default arrangement are as follows:

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

Full details of the objectives and the Trustee's policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' (SIP) which is attached to the end of this statement and also available here: Avon Protection plc | Defined contribution scheme (avon-protection-plc.com)

Investment strategy review

The Trustee Directors are responsible for setting and monitoring the investment strategy for the Plan, including the default arrangement.

The Plan's DC investments are accessed through Standard Life. During the year, Standard Life made changes which affected the investment options available to the Plan members including the default arrangement. In particular, the default investment which was known as the Standard Life Passive Plus IV Lifestyle Strategy became the Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy from 10 October 2022.

Supported by our investment adviser, Aon, the Trustee analysed the investment changes ahead of their implementation and undertook a formal full review to ensure that the new investment strategy was appropriate for the Plan and its members. This full review formally concluded on 23 March 2023.

The review considered the suitability of the default arrangement and other fund options with reference to the membership demographics and how members may access their benefits, as well as industry data and wider trends. This assessment was made by considering the Plan's membership profile and investment performance and was supported by analysis from Aon. Based on the review, the Sustainable Multi Asset Strategy was deemed to be suitable default arrangement. Separately, as part of their review of the wider DC investment strategy, the Trustee also decided to add the iShares Emerging Markets Equity Index Pension Fund to the Plan's self-select fund range so as to give members access to a passively managed, lower cost emerging market equity option.

The Trustee will continue to monitor the Plan's investments. The next formal review is due to take place before 23 March 2026.

Performance Monitoring

The Trustee also reviews the performance of the default arrangement against its aims and objectives as part of the investment strategy review and on a quarterly basis. This review includes analysis of fund performance to check that the risk and return levels are in line with expectations. Performance of the funds is reviewed in absolute terms and relative to comparable DC investment strategies.

The Trustee is satisfied that the default arrangement and investment strategy more broadly has performed in line with its aims and objectives as detailed in the SIP.

2. Net investment returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which members were invested in during the Plan year. Net investment returns refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

Performance has been shown at ages 25, 45 and 55 for members in the default arrangement and additional lifestyle arrangements in line with DWP guidance.

(i) Default arrangement – *(Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy)*

Performance to 31 March 2023	**Annualised returns (% p.a.)**
Age of member in 2023	1 Year
25	-4.4
45	-4.4
55	-4.6

Source: Standard Life

The Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy has been the default arrangement since October 2022. Therefore, members' actual investment returns will differ from the above and 1 year performance has been shown for information only. Performance has not been shown over 5 years given members have only been invested in this strategy since October 2022.

(ii) Self-select investments

Standard Life Sustainable Multi Asset Universal (10 Year) Strategic Lifestyle Profile (closed to new business)

Performance to 31 March 2023	Annualised returns (% p.a.)
Age of member in 2022	1 Year
25	-2.6
45	-2.6
55	-2.6

Source: Standard Life

The Standard Life Sustainable Multi Asset Universal (10 Year) Strategic Lifestyle Profile has held members' investments since October 2022. Therefore, members' actual investment returns will differ from the above and 1 year performance has been shown for information only. Performance has not been shown over 5 years given members have only been invested in this strategy since October 2022.

Individual funds

Performance to 31 March 2022	Annualised returns (% p.a.)	
Fund name	**1 year**	**5 years**
iShares Emerging Markets Equity Index Pension Fund[1]	-	-
SL BlackRock ACS World ex UK Equity Tracker Pension Fund	-4.2	10.9
SL Blackrock ACS Continental European Equity Tracker Pension Fund	6.0	7.7
SL Schroder Global Emerging Markets Pension Fund	-6.0	2.0
SL Vanguard US Equity Pension Fund	-4.5	13.6
SL ASI UK Smaller Companies Pension Fund	-24.9	1.4
SL iShares Pacific ex Japan Equity Index Pension Fund	-5.1	6.2
SL iShares UK Equity Index Pension Fund	1.6	4.7
Standard Life Money Market Pension Fund	1.8	0.6
Invesco Global Targeted Returns Pension Fund	5.6	-0.7
Standard Life Passive Plus V Pension Fund[2]	-5.3	4.6
Standard Life Passive Plus IV Pension Fund[2]	-5.9	3.6
Sustainable Multi Asset Growth (10 Year) Pension Fund (CCHD)	-2.6	3.6
Sustainable Multi Asset Pre Retirement (Universal 10 Year) Pension Fund (KKFF)	-2.6	1.8
Sustainable Multi Asset At Retirement (Universal 10 Year) Pension Fund (BDAD)	-3.4	2.3
Standard Life Sustainable Multi Asset Growth Pension Fund[3]	-4.4	-
Standard Life Sustainable Multi Asset Pre Retirement Pension Fund[3]	-4.7	-
Standard Life Sustainable Multi Asset At Retirement Pension Fund[3]	-4.8	-

Source: Standard Life

[1]Fund was added following the end of the scheme year. Therefore, performance figures have not been shown for the period to 31 March 2023.

[2]The Passive Plus fund range offered by Standard Life closed during 2022 and members of the Plan were moved to the Standard Life Sustainable Multi Asset Universal SLP Lifestyle Strategy with effect from 10 October 2022. Standard Life are only able to provide return information on a quarterly basis. Fund performance for the Standard Life Passive Plus V Pension Fund and Standard Life Passive Plus IV Pension Fund are therefore shown over 1 and 5 year periods to 30 September 2022.

[3]Funds have not yet been available for a five year period to 31 March 2023.

3. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;
- Transaction costs: these are not explicit, and are incurred when the Plan's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustee is also required to confirm that the total costs and charges paid by any member in the default arrangement have not exceeded 0.75% p,a, (the charge cap) and produce an illustration of the cumulative effect of the overall costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The Total Expense Ratio (TER) is a measure of the total cost to the member associated with managing and operating a fund. These operating expenses may include management fees, legal fees, auditor fees and other administrative costs. In a lifestyle strategy, like the default arrangement, the TER payable is dependent on how far a member is from their selected retirement age.

A table is shown in the Appendix which sets out, for each lifestyle strategy used by the Plan, how the TERs change in the approach to retirement.

Transaction costs are those costs incurred by the fund within the day-to-day management of the assets. They cover such things as the cost of buying and selling securities within the fund. These costs are incurred on an ongoing basis, are an inevitable consequence of managing the fund and are in addition to the TER. Standard Life has provided transaction cost information for the period covered by this statement and this information is included in the tables below along with the TERs for each of the funds used by the Plan. Where transaction costs have been provided as a negative cost, these have been set to zero by the Trustee.

(i) Default arrangement - *Standard Life Sustainable Multi Asset Universal Strategic Lifestyle Profile*

	Total Expense Ratio (% p.a.)	**Transaction Costs (% p.a.)**	**Total costs (% p.a.)**
Sustainable Multi Asset Universal Strategic Lifestyle Profile			
Standard Life Sustainable Multi Asset Growth Pension Fund	0.28	0.04	0.32
Standard Life Sustainable Multi Asset Pre Retirement Pension Fund	0.28	0.09	0.37
Standard Life Sustainable Multi Asset At Retirement Pension Fund	0.29	0.13	0.42

The TER that a member paid over the year depends on their term to retirement. The TER ranges from 0.28% p.a. to 0.29% p.a. which is below the 0.75% charge cap for schemes that are used for auto-enrolling their employees. Transaction costs ranged between 0.04% p.a. and 0.13% p.a. meaning the total cost associated with the Sustainable Multi Asset Universal Strategic Lifestyle Profile is between 0.32% p.a. and 0.42% p.a.

(ii) Self-select investment funds

In addition to the Sustainable Multi Asset Universal Strategic Lifestyle Profile members also have the option to invest in a further four lifestyle strategies, and a range of individual funds. The TERs and transaction costs for each of these are shown in the following table:

Alternative lifestyle strategies	**Total Expense Ratio (% p.a.)**	**Transaction Costs (% p.a.)**	**Total costs (% p.a.)**
Standard Life Sustainable Multi Asset Universal (10 Year) Strategic Lifestyle Profile			
Sustainable Multi Asset Growth (10 Year) Pension Fund	0.27	0.07	0.34
Sustainable Multi Asset Pre Retirement (Universal 10 Year) Pension Fund	0.29	0.06	0.35
Sustainable Multi Asset At Retirement (Universal 10 Year) Pension Fund	0.30	0.10	0.40
Individual funds			
Vanguard US Equity Pension Fund	0.31	0.00	0.31
Standard Life Money Market Pension Fund	0.30	0.00	0.30
ASI UK Smaller Companies Pension Fund*	0.79	0.01	0.80
BlackRock ACS World ex UK Equity Tracker Pension Fund	0.30	0.02	0.32
iShares Pacific ex Japan Equity Index Pension Fund	0.32	0.12	0.44
Schroder Global Emerging Markets Pension Fund	1.26	0.16	1.42
Invesco Global Targeted Returns Pension Fund	1.11	0.48	1.59
Blackrock ACS Continental European Equity Tracker Pension Fund	0.32	0.02	0.34
Standard Life Passive Plus V Pension Fund	0.28	0.07	0.35
iShares UK Equity Index Pension Fund	0.30	0.13	0.43
Standard Life Passive Plus IV Pension Fund	0.30	0.07	0.37
iShares Emerging Markets Equity Index Pension Fund**	0.49	0.37	0.86

**The fund is closed to new contributions, but accrued assets are maintained; allowing for redemptions only.*
***Fund was added following the end of the scheme year. Therefore, transaction costs have only been shown for illustrative purposes only*

(iii) Illustration of the cumulative effect of costs and charges

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

The following tables set out an illustration of the effect of charges and transaction costs on the projection of an example member's pension savings.

The "before charges" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after charges" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and making an allowance for transaction costs. The "impact of charges" figures represent the difference between the before and after charges figures.

The transaction cost figures used in the illustration are those provided by the managers over the past year, subject to a floor of zero (i.e. the illustration does not assume a negative cost over the long term).

The illustration is shown for the following

- Sustainable Multi Asset Universal Strategic Lifestyle Profile (the default arrangement)
- Sustainable Multi Asset Growth (10 Year) Pension Fund (CCHD) (the lowest cost fund available on a self-select basis)
- SL Schroder Global Emerging Markets Pension Fund (the highest cost fund available on a self-select basis)

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

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

Notes: The Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.

- Example member starting age is:	18
- Inflation:	2.0% each year
- Example member's starting fund size:	£0
- Example member's starting salary:	£25,000
- Example member's total contributions:	15% per year
- Salary on which contributions are based increase by:	3.5% each year from age 18 to age 65
- Age at which example member's benefits are taken:	65

Values shown are estimates and are not guaranteed.

Projected Pension Account in today's money									
Year	**Sustainable Multi Asset Universal Strategic Lifestyle Profile (default investment arrangement)**			**Sustainable Multi Asset Growth (10 Year) Pension Fund**			**SL Schroder Global Emerging Markets Pension Fund**		
	Before charges	**After charges**	**Effect of charges**	**Before charges**	**After charges**	**Effect of charges**	**Before charges**	**After charges**	**Effect of charges**
1	£3,780	£3,770	£10	£3,790	£3,780	£10	£3,790	£3,760	£30
3	£11,800	£11,700	£100	£11,800	£11,800	£0	£11,800	£11,600	£200
5	£20,400	£20,200	£200	£20,700	£20,500	£200	£20,700	£19,900	£800
10	£45,100	£44,200	£900	£46,200	£45,400	£800	£46,200	£43,000	£3,200
15	£74,600	£72,400	£2,200	£77,400	£75,300	£2,100	£77,400	£69,400	£8,000
20	£109,000	£105,000	£4,000	£115,000	£111,000	£4,000	£115,000	£99,600	£15,400
25	£151,000	£143,000	£8,000	£161,000	£153,000	£8,000	£161,000	£134,000	£27,000
30	£200,000	£188,000	£12,000	£215,000	£204,000	£11,000	£215,000	£173,000	£42,000
35	£257,000	£240,000	£17,000	£281,000	£264,000	£17,000	£281,000	£217,000	£64,000
40	£324,000	£300,000	£24,000	£360,000	£334,000	£26,000	£360,000	£267,000	£93,000
45	£403,000	£368,000	£35,000	£453,000	£416,000	£37,000	£453,000	£323,000	£130,000
Retirement	£438,000	£398,000	£40,000	£495,000	£453,000	£42,000	£495,000	£348,000	£147,000

Assumed Growth Rates:

Sustainable Multi Asset Universal Strategic Lifestyle Profile (default arrangement)

Sustainable Multi Asset Growth Pension Fund	5.0%
Sustainable Multi Asset Pre Retirement Pension Fund	5.0%
Sustainable Multi Asset At Retirement Pension Fund	4.0%
Sustainable Multi Asset Growth (10 Year) Pension Fund:	5.0%
SL Schroder Global Emerging Markets Pension Fund:	5.0%

4. Value for Members assessment

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

The Trustee is required to make an annual assessment of charges and costs borne by the members and the extent to which they represent good value for members. To do this, the Trustee has developed a framework which looks at the member-borne charges and the benefits of membership so it can assess whether members are getting good value.

The costs have been identified as TER, Transaction Costs and are set out in section 3 of this statement. The Trustee has considered the benefits of membership under the following five categories: governance, investments, administration and member experience and member communications. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

The Trustee's beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

Governance

The Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members interests are protected, increasing the likelihood of good outcomes for members.

The Trustee has robust processes and structures in place to support effective oversight and management of all aspects of the Plan. This includes regular engagement with key service providers.

The Trustee Directors undertake regular and appropriate training to ensure they can continue to fulfil their responsibilities.

Investments

The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a significant contribution to the delivery of good member outcomes.

The Plan offers a variety of strategies and funds covering a range of member risk profiles, asset classes and management styles. The investment strategy has been designed, following advice from the Trustee's investment adviser, with the specific needs of members in mind.

The investment strategy is subject to regular review to ensure its continued appropriateness. The Trustee is supported in this ongoing review by their investment adviser.

Administration

The Trustee believes that good administration and record keeping play a crucial role in ensuring that scheme members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.

The Trustee obtains information to help assess and monitor the quality of the administration service. This includes reviewing quarterly administration reports and having regular discussions with the administrator.

The administrator has reported satisfactory levels of service during the year.

Member Communications

The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.

The Trustee provides members with annual briefings and workshops.

Standard Life provide members with online tools and support as well as regular communications.

Other Benefits

The Trustee has considered other benefits offered by the Plan including its flexible employee contribution structure.

The Trustee's assessment concluded that the charges and transaction costs borne by Plan members represents good value for members relative to the benefits of Plan membership.

5. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members/beneficiaries.

The Trustee is required to report to members the processes and controls in place in relation to core financial transactions, which include:

1. Investing contributions paid into the Plan;
2. transferring assets related to members into or out of the Plan;
3. switching assets between different investments within the Plan; and
4. making payments from the Plan to, or on behalf of, members.

The Trustee has overall responsibility for ensuring transactions are processed promptly and accurately. In practice, the Plan administrator, Standard Life, implements all transactions in accordance with service standards agreed with the Trustee. The service standards cover the timeliness in which processes are completed with a target to complete tasks within 10 working days.

Standard Life provide regular reports summarising the service provided to members and the amount of time taken to process various tasks. Any mistakes or delays are investigated thoroughly and corrected as quickly as possible. The Trustee monitor and review the administrator's processes and are comfortable that all core financial transactions have been processed promptly and accurately under their remit as administrator. Key processes include:

- A full member and Plan reconciliation being undertaken annually as part of the annual preparation of the Trustee Report & Accounts.
- Provision of quarterly administration reports – enabling the Trustee to check core financial transactions and review processes.
- Monthly contribution checks and daily reconciliation of the Trustee's bank account.
- Checks for all investment and banking transactions prior to processing.
- Straight-through processing for joiners, contributions, leavers and information results. This avoids the need for manual intervention which significantly reduces the risk of error.

The Trustee is satisfied that over the Plan year:

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

6. Trustee Knowledge and Understanding (TKU)

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

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

There are currently six Trustee Directors; four Company nominated and two member nominated, thereby fulfilling the legal requirement that at least one-third of a pension scheme's trustee directors should be member nominated.

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

- The Trustee met four times during the year at quarterly board meetings and at various other times throughout the year as needed and at sub-committee level. These meetings were supported where appropriate by the Trustee's advisers who have provided specialist advice and updates on legislation, guidance and best practice developments. Trustee meeting minutes were compiled and circulated.
- The Trustee is familiar with the Plan documentation, including the Trust Deed & Rules, Report & Accounts and SIP. In particular, the Trustee refers to the Rules as appropriate when making decisions, review and discuss the Plan's Report & Accounts and regularly review and update the SIP as appropriate.
- The Trustee keep knowledge of the law relating to pensions and trusts up to date through training provided at Trustee meetings and external seminars. Specifically, the Trustee reviews quarterly updates from their advisers and receives legal training periodically. All training sessions (both external and at meetings) are recorded on their training log.
- The Trustee is familiar with the investment principles appropriate for DC schemes. The Trustee reviews quarterly updates from their advisers and receives training and updates on markets and developing investment thinking. Furthermore, specific training is provided so as to ensure the Trustee is able to make informed decisions in respect of the strategies and funds used by the Plan at the appropriate time.

All of the existing Trustee Directors have completed the Pension Regulator's Trustee Toolkit.

In addition to the skills within the Trustee Board, the Trustee engaged with the appointed professional advisers regularly, throughout the year, to ensure that the Plan is well run and functions are exercised properly. To maintain a thorough understanding of the functioning of the DC section of the Plan, the Directors reviewed quarterly governance reports from Standard Life (the administration and platform provider) and received an independent annual audit report.

New Trustee Directors are asked to complete the Trustee Toolkit within six months of appointment and the Chair ensures they have access to the key documents. Training is also provided to ensure any newly appointed Trustee Directors are familiar with the Plan, the relevant documentation and their duties. No new Trustee Directors were appointed over the course of the year.

The Trustee discusses training requirements each year and training logs are reviewed and updated as appropriate.

With support from their advisers, the Trustee identifies areas of training that are appropriate based on the Plan's business plan and developments within the pensions industry. These are addressed with training provided by the Trustee's advisers as appropriate.

The Trustee Directors believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

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

Signed on behalf of the Trustee of the Avon Rubber Retirement and Death Benefits Plan by the Chair of Trustee

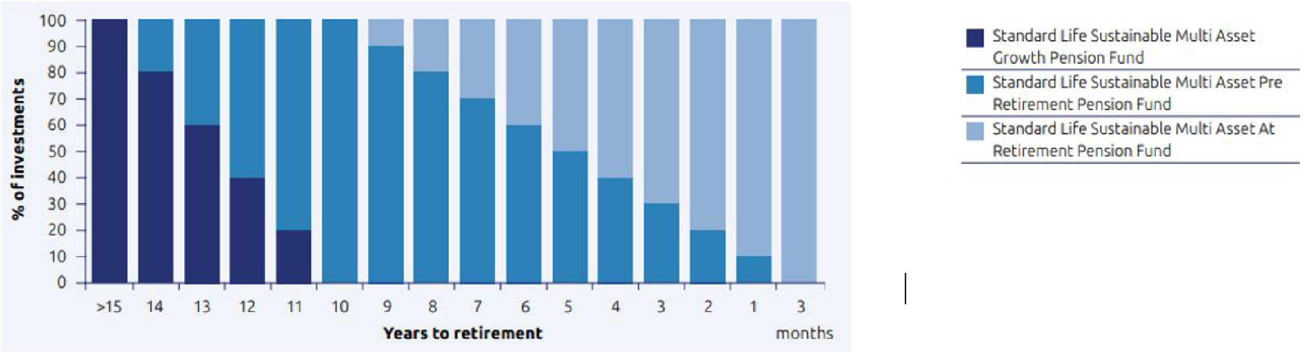
Name Mike Harral Digitally signed by Mike Harral Date: 2023.10.25 15:05:43 +01'00'

Signature Rob Wills Digitally signed by Rob Wills Date: 2023.10.25 14:00:19 +01'00'

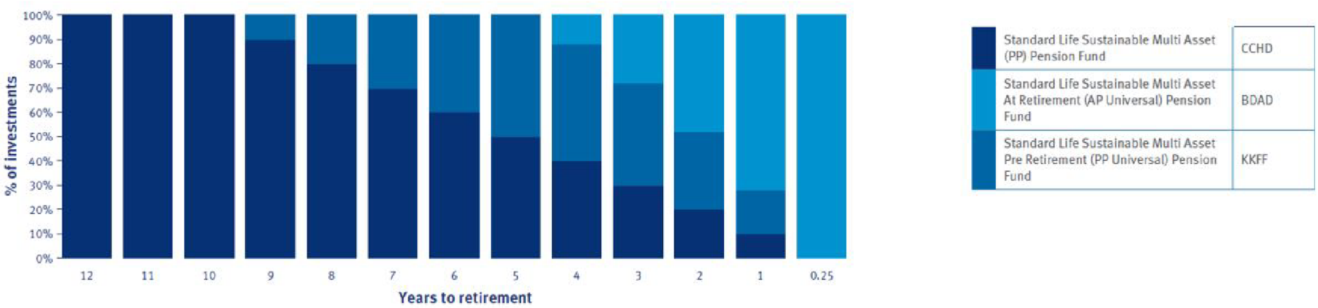
Date ______________________________

Appendix

Standard Life Sustainable Multi Asset Universal Strategic Lifestyle Profile (default arrangement)



Standard Life Sustainable Multi Asset Universal (10 Year) Strategic Lifestyle Profile (closed to new business)



Lifestyle strategies – TERs

The TERs for each of the lifestyle strategies for each year to retirement are set out in the table below:

Years to retirement	Sustainable Multi Asset Universal Strategic Lifestyle Profile	Sustainable Multi Asset Universal (10 Year) Strategic Lifestyle Profile
15+	0.28	0.27
14	0.28	0.27
13	0.28	0.27
12	0.29	0.27
11	0.29	0.27
10	0.29	0.27
9	0.29	0.27
8	0.29	0.27
7	0.29	0.28
6	0.29	0.28
5	0.29	0.28
4	0.29	0.28
3	0.29	0.29
2	0.29	0.29
1	0.29	0.30

Statement of Trustee's Responsibilities

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

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

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

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

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

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

The Trustee is responsible for the maintenance and integrity of the Plan and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Trustee of the Avon Rubber Retirement and Death Benefits Plan

Opinion

We have audited the financial statements of the Avon Rubber Retirement and Death Benefits Plan ("the Plan") for the year ended 31 March 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 March 2023 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 Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Plan, and as it has concluded that the Plan's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee's (or its delegates including the Plan's administrators) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of Level 3 pooled investment vehicles. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgment made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and from inspection of the Plan's regulatory and legal correspondence and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of contributions in our statement about contributions on page 62 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities, the DB and DC Implementation Statements, the Chair's Annual Governance Statement and the summary of contributions) and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's Responsibilities

As explained more fully in its statement set out on page 45, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan'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 it either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Iryndeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Date: ....

Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Employer contributions		3,500	1,574	5,074	3,438	1,542	4,980
Employee contributions		-	25	25	-	5	5
Total contributions	4	3,500	1,599	5,099	3,438	1,547	4,985
Transfers in	5	-	148	148	-	131	131
		3,500	1,747	5,247	3,438	1,678	5,116
Benefits paid or payable	6	(17,051)	(112)	(17,163)	(15,747)	(50)	(15,797)
Payments to and on account of leavers	7	(394)	(1,149)	(1,543)	(842)	(252)	(1,094)
Administrative expenses	8	(776)	-	(776)	(589)	-	(589)
		(18,221)	(1,261)	(19,482)	(17,178)	(302)	(17,480)
Net (withdrawals)/ additions from dealings with members		(14,721)	486	(14,235)	(13,740)	1,376	(12,364)
Returns on investments							
Investment income	9	11,462	-	11,462	7,981	-	7,981
Change in market value of investments	10	(82,084)	(226)	(82,310)	7,417	1,126	8,543
Investment management expenses	11	(728)	-	(728)	(625)	-	(625)
Net returns on investments		(71,350)	(226)	(71,576)	14,773	1,126	15,899
Net (decrease)/ increase in the fund during the year		(86,071)	260	(85,811)	1,033	2,502	3,535
Transfers between sections		18	(18)	-	-	-	-
Net assets at 1 April		337,865	16,986	354,851	336,832	14,484	351,316
Net assets at 31 March		251,812	17,228	269,040	337,865	16,986	354,851

The notes on pages 51 to 61 form part of these financial statements.

Statement of Net Assets available for benefits

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Investment assets							
Pooled investment vehicles	13	**239,736**	**17,100**	**256,836**	335,691	16,853	352,544
AVC investments	14	**346**	**-**	**346**	392	-	392
Cash		**473**	**-**	**473**	120	-	120
Other investment balances	15	**1,310**	**-**	**1,310**	-	-	-
Total investments	10	**241,865**	**17,100**	**258,965**	336,203	16,853	353,056
Current assets	20	**12,274**	**128**	**12,402**	1,960	134	2,094
Current liabilities	21	**(2,327)**	**-**	**(2,327)**	(298)	(1)	(299)
Net assets at 31 March		**251,812**	**17,228**	**269,040**	337,865	16,986	354,851

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the Defined Benefit Section, is dealt with in the report on actuarial liabilities on page 4 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 51 to 61 form part of these financial statements.

The financial statements on pages 49 to 61 were approved on behalf of Avon Rubber Pension Trust Limited and signed on its behalf by:

Rob Wills Digitally signed by Rob Wills Date: 2023.10.25 14:01:27 +01'00'

.... Trustee Director

Mike Harral Digitally signed by Mike Harral Date: 2023.10.25 15:08:31 +01'00'

.... Trustee Director

Date: ....

1. Identification of the financial statements

The Avon Rubber Retirement and Death Benefit Plan (the Plan) is an occupational pension scheme established in the United Kingdom under trust and according to the law in England.

The Plan was established on 1 April 1947 to provide retirement benefits to certain groups of employees of Avon Protection plc. The address of the Plan's principal office is Corporate Headquarters, Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB.

The Plan is a hybrid scheme, comprising a Defined Benefit Section and a Defined Contribution Section.

Please refer to page 2 of the Annual Report for contact details and enquiries about the Plan.

2. Basis of preparation

The individual financial statements of the Avon Rubber Retirement and Death Benefits Plan have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRC) and the guidance set out in the Statement of Recommended Practice (SORP) (Revised June 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Plan has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee has considered the funding level of the Plan, the financial position of the sponsoring employer Avon Rubber plc and the Group and has taken into account the impact on investments, future income and capital growth, portfolio liquidity and cashflow requirements. This assessment, gives the Trustee confidence to prepare the financial statements on a going concern basis.

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

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

3.3 Contributions

Employee contributions, including AVCs, are accounted for by the Trustee when they are deducted from pay by the Employer.

Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer deficit funding contributions are accounted for in the period to which they relate, in accordance with the Schedule of Contributions, or on receipt if earlier, with the agreement of the employer and Trustee.

Employer additional contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.

3.4 Transfers

Individual transfers in or out of the Plan are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

3.5 Payments to members

Benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice, they are accounted for on the date of retirement or leaving.

The Plan has purchased annuity policies to cover certain pensions in payment. The cost of acquiring these policies is included in the fund account in the year of purchase and represents the cost of discharging the obligations of the Plan to the relevant members at the time of purchase.

3.6 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

3.7 Investment income

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

Receipts from annuity policies are accounted for as investment income on an accruals basis.

3.8 Change in market value of investments

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

3.9 Valuation of investments

Investments are included at fair value as follows:

Pooled investment vehicles which are not traded on active markets, but where the investment manager has provided a daily/weekly trading price, are valued using the last bid/single price, provided by the investment manager at or before the year end.

The Trustee holds insurance policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustee, but, as the value of these policies is not material, under current regulations and accounting practice, the Trustee has decided that these policies need not be included in the Statement of Net Assets.

The AVC investments comprise policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers. The AVC investments comprise unitised funds and policies of assurance.

4. Contributions

	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Employer contributions:						
Normal	-	1,574	1,574	-	1,542	1,542
Additional	600	-	600	738	-	738
Deficit funding	2,900	-	2,900	2,700	-	2,700
	3,500	1,574	5,074	3,438	1,542	4,980
Employee contributions:						
Normal	-	25	25	-	5	5
	3,500	1,599	5,099	3,438	1,547	4,985

In accordance with the Schedule of Contributions certified on 21 September 2020, the Sponsoring Employer will pay contributions to cover expenses and include an allowance for the PPF Levy. If the PPF Levy exceeds £200k in any one year, the Sponsoring Employer will pay the difference up to a maximum of £100k p.a. As the PPF Levy for the year was £74k (2022: £60k) there were no additional contributions payable. From 1 October 2020, if the actual expenses incurred in any one year exceed £600k, the Sponsoring Employer will pay the difference up to a maximum of £250k. The additional payment will be determined based on the actual expenses as set out in the Plan's audited financial statements with a pro-rata amount being due in the first year. The additional contributions will be paid within one month of the Trustee requesting such amounts.

During the Plan year, the Employer chose to accelerate the payments due under the Deficit Recovery Plan for the DB section and a single contribution of £3.65m was received on 30 September 2022. This represented (i) the remainder of the monthly contributions payable up to 31 March 2023 of £1.75m; and (ii) 50% of the annual contribution due for the year ending 31 March 2024 of £3.2m plus £0.6m expenses, which is a sum of £1.9m. The current regular monthly contributions are now suspended until September 2023 unless the Trustees and the employer agree to reinstate an additional payment as a result of the current triennial valuation discussions.

5. Transfers in

	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Individual transfers in from other schemes	-	148	148	-	131	131

6. Benefits paid or payable

	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Pensions	15,233	-	15,233	13,487	-	13,487
Commutation of pensions and lump sum retirement benefits	1,621	62	1,683	2,184	11	2,195
Lump sum death benefits	197	50	247	76	39	115
	17,051	112	17,163	15,747	50	15,797

7. Payments to and on account of leavers

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Individual transfers out to other schemes	**394**	**1,149**	**1,543**	842	252	1,094

8. Administrative expenses

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Administration, actuarial & consultancy fees	**625**	**-**	**625**	488	-	488
Plan levies	**96**	**-**	**96**	76	-	76
Audit fees	**20**	**-**	**20**	20	-	20
Legal fees	**25**	**-**	**25**	-	-	-
Trustee fees	**5**	**-**	**5**	4	-	4
Miscellaneous expenses	**3**	**-**	**3**	-	-	-
Bank charges	**2**	**-**	**2**	1	-	1
	776	**-**	**776**	589	-	589

9. Investment income

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Income from pooled investment vehicles	**11,381**	**-**	**11,381**	7,900	-	7,900
Interest on cash deposits	**16**	**-**	**16**	-	-	-
Annuity income	**65**	**-**	**65**	81	-	81
	11,462	**-**	**11,462**	7,981	-	7,981

10. Reconciliation of investments

Defined Benefit Section

	Market value at 1 April 2022 £000	Cost of investments purchased £000	Proceeds of sales of investments £000	Change in market value £000	**Market value at 31 March 2023 £000**
Pooled investment vehicles	335,691	137,205	(151,081)	(82,079)	**239,736**
AVC investments	392	-	(41)	(5)	**346**
	336,083	137,205	(151,122)	(82,084)	**240,082**
Cash	120			-	**473**
Other investment balances	-			-	**1,310**
	336,203			(82,084)	**241,865**

Defined Contribution Section

	Market value at 1 April 2022 £000	Cost of investments purchased £000	Proceeds of sales of investments £000	Change in market value £000	**Market value at 31 March 2023 £000**
Pooled investment vehicles	16,853	1,751	(1,278)	(226)	**17,100**

10.1 Transaction costs

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect transaction costs is not separately provided to the Plan.

10.2 Defined contribution assets

Investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Plan administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting. All investments are allocated to members (2022: all allocated to members).

11. Investment management expenses

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Administration, management and custody fees	**728**	**-**	**728**	625	-	625

12. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. Pooled investment vehicles

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Bonds	**85,663**	**-**	**85,663**	105,431	-	105,431
Equities	**23,904**	**-**	**23,904**	47,384	-	47,384
Secure income fund	**33,524**	**-**	**33,524**	51,000	-	51,000
Diversified growth	**-**	**-**	**-**	22,786	-	22,786
Multi-asset	**18,972**	**-**	**18,972**	34,704	-	34,704
Infrastructure Equity Fund	**52,340**	**-**	**52,340**	50,491	-	50,491
Alternative Debt Fund	**25,333**	**-**	**25,333**	23,895	-	23,895
Lifestyle funds	**-**	**14,617**	**14,617**	-	14,257	14,257
Other	**-**	**2,483**	**2,483**	-	2,596	2,596
	239,736	**17,100**	**256,836**	335,691	16,853	352,544

The pooled investments are held in the name of the Plan. Income generated by Ares Management LLC, BlackRock Investment Management (UK) Limited, CQS Management Limited, and Ruffer LLP is distributed, as shown in note 9. Income generated by the defined contribution units is not distributed, but retained within the pooled investments and reflected in the market value of the units.

14. AVC investments

The Trustee holds assets within the main fund and also holds assets which are separately invested from the main fund in the form of unitised funds and policies of assurance. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below:

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Standard Life Assurance Company	**346**	**-**	**346**	392	-	392

15. Other investment balances

Defined Benefit Section

	Assets £000	**Liabilities £000**	**2023 £000**	Assets £000	Liabilities £000	2022 £000
Investment income receivable	**1,310**	**-**	**1,310**	-	-	-

16. Fair value hierarchy

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

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

	2023 Level 1 £000	2023 Level 2 £000	2023 Level 3 £000	2023 Total £000
Defined Benefit Section				
Pooled investment vehicles	**-**	**128,539**	**111,197**	**239,736**
AVC investments	**-**	**-**	**346**	**346**
Cash	**473**	**-**	**-**	**473**
Other investment balances	**1,310**	**-**	**-**	**1,310**
	1,783	**128,539**	**111,543**	**241,865**
Defined Contribution Section				
Pooled investment vehicles	**-**	**17,100**	**-**	**17,100**
	-	**17,100**	**-**	**17,100**
	1,783	**145,639**	**111,543**	**258,965**

Analysis for the prior year end is as follows:

	2022 Level 1 £000	2022 Level 2 £000	2022 Level 3 £000	2022 Total £000
Defined Benefit Section				
Pooled investment vehicles	-	210,306	125,385	335,691
AVC investments	-	-	392	392
Cash	120	-	-	120
Other investment balances	-	-	-	-
	120	210,306	125,777	336,203
Defined Contribution Section				
Pooled investment vehicles	-	16,853	-	16,853
	-	16,853	-	16,853
	120	227,159	125,777	353,056

17. Investment risks

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

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

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

Currency risk: this is the risk that the fair value 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 exchange 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 Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report for the Defined Benefit Section (DBS) and Defined Contribution Section (DCS). The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

The Plan invests in sterling denominated pooled investment vehicles (PIVs). The Plan therefore has direct credit risk to the PIV provider and indirect credit and market risks arising from the underlying investments of the PIVs. The Trustee selects the PIVs based on their investment mandates and monitor the PIV at the fund level. The investment managers are responsible for managing the underlying credit and market risks within the PIVs.

The Plan has exposure to indirect currency risk as some of its investments are held in overseas markets through PIVs.

Further information on the Trustee's approach to risk management and the Plan's exposures to credit and market risks are set out below. This does not include AVC investments or legacy annuity policies as these are not considered significant in relation to the overall investments of the Plan.

Direct Credit risk

The Plan is subject to direct credit risk with the pooled investment managers listed on page 1. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager. A summary of pooled investment vehicles by type of arrangement is as follows:

	2023 £000's	2022 £000's
Authorised unit trusts: Defined Benefit Section	128,539	210,306
Shares of Limited Partnerships	111,197	125,385
Unitised insurance contract: Defined Contribution Section	17,100	16,583
	256,836	**352,274**

Cash is held within financial institutions which are at least investment grade credit rated.

All the pooled investment vehicles are unrated.

17. Investment risks continued

Indirect credit and market risks

The table below summarises which PIVs have significant exposure to indirect credit and market risks.

Defined Benefit section

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Ruffer Absolute Return	✓	✓	✓	✓
CQS - Multi Asset Credit	✓	✓	✓	✓
Ares - Secured Finance	✓	✓	✓	
JP Morgan infrastructure Fund	✓		✓	✓
Europa Real Estate Debt	✓		✓	✓
BlackRock - Fixed Interest Gilts	✓		✓	
BlackRock - Index-Linked Gilts	✓		✓	✓
BlackRock - Liquidity	✓		✓	

As the JP Morgan infrastructure fund is denominated in US Dollars the Plan is also subject to direct currency risk in respect of its valuation of $64,664k (£52,340) as at 31 March 2023 ($66,409k (£49,057) as at 31 March 2022).

Defined Contribution section

The Defined Contribution Section is subject to direct credit risk in relation to Standard Life Assurance Limited through its holding in Unitised insurance contracts provided by Standard Life.

Standard Life Assurance Limited is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustee monitors the creditworthiness of Standard Life Assurance Limited by reviewing published credit ratings. Standard Life Assurance Limited invests all the Plan's funds in its own investment unit linked funds and it does not use any other investment funds or reinsurance arrangements. In the event of default by Standard Life Assurance Limited, the Plan is protected by the Financial Services Compensation Scheme.

The table below summarises which PIVs have significant exposure to indirect credit and market risks.

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
SL BlackRock ACS Continental European Eq Trk Pn Fd	✓	✓	✓	✓
SL BlackRock ACS World ex UK Equity Tracker Pn Fd	✓	✓	✓	✓
SL abrdn UK Smaller Companies Pension Fund	✓	✓	✓	✓
SL Vanguard US Equity Pension Fund	✓	✓	✓	✓
SL Sustainable Multi Asset At Ret (PP Univ) Pn Fd	✓	✓	✓	✓
Standard Life Money Market Pension Fund	✓	✓	✓	✓
SL iShares Pacific ex Japan Equity Index Pn Fd	✓	✓	✓	✓
SL Schroder Global Emerging Markets Pension Fund	✓	✓	✓	✓
SL Sustainable Multi Asset (PP) Pension Fund	✓	✓	✓	✓
SL Sustainable Multi Asset At Retirement P	✓	✓	✓	✓
Standard Life Sustainable Multi Asset Growth Pn	✓	✓	✓	✓
SL Sustainable Multi Asset Pre Retirement Pn	✓	✓	✓	✓

The above funds are shown here on the basis of materiality. Disclosures are not made in respect of smaller funds.

18. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year end:

	2023 £000	2023 %	2022 £000	2022 %
JP Morgan infrastructure Fund	**52,340**	**19.5**	49,058	13.8
Ares - Secured Finance	**33,524**	**12.5**	51,000	14.4
Europa	**30,801**	**11.4**	28,873	8.1
Ruffer Absolute Return	**23,904**	**8.9**	47,384	13.4
CQS - Multi-Asset Credit	**18,972**	**7.1**	34,704	9.8
BlackRock LMF GBP 2032	**13,987**	**5.2**	N/A	N/A
Insight - Broad Opportunities	**N/A**	**N/A**	22,786	6.4
BlackRock - Liquidity	**N/A**	**N/A**	12,894	3.6

19. Employer-related investments

There was no employer-related investment as at 31 March 2023 (31 March 2022: none).

20. Current assets

	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Contributions due from the employer in respect of:						
- Employer	**-**	**127**	**127**	-	133	133
- Employees	**-**	**1**	**1**	-	-	-
Reimbursement of insured pensions	**-**	**-**	**-**	2	-	2
Pensions receivable	**-**	**-**	**-**	39	-	39
Cash deposits held with the Plan Administrator	**12,274**	**-**	**12,274**	1,919	1	1,920
	12,274	**128**	**12,402**	1,960	134	2,094

The cash deposits held with the Plan Administrator are held with Barclays Bank Plc.

21. Current liabilities

	Defined Benefit Section £000	**Defined Contribution Section £000**	**2023 Total £000**	Defined Benefit Section £000	Defined Contribution Section £000	2022 Total £000
Contributions received in advance						
- employer	**1,900**	**-**	**1,900**	-	-	-
Reimbursement of pensions received in advance	**2**	**-**	**2**	-	-	-
Lump sums on retirement payable	**15**	**-**	**15**	-	1	1
Death benefits payable	**16**	**-**	**16**	-	-	-
Taxation payable	**173**	**-**	**173**	155	-	155
Administrative expenses payable	**186**	**-**	**186**	95	-	95
Investment management expenses payable	**35**	**-**	**35**	48	-	48
	2,327	**-**	**2,327**	298	1	299

22. Related party transactions

(a) Key management personnel of the Plan or its parent (in aggregate)

Of the Trustee Directors in office during the year who are members of the Plan, benefits are in accordance with the Plan rules and on the same terms as normally granted to members. D Little and R Wills are deferred members of the Plan. E Fielding is a retired member of the Plan. Trustee fees and expenses were paid during the year as referenced in note 8. Trustee fees of £5k (2022: £4k) was payable to D Little and expenses of £Nil (2022: £Nil) were payable in respect of Trustee expenses. At the year end £2k (2022: £Nil) was payable to D Little.

23. Outstanding Capital Commitments

The Defined Benefit Section Investments in private equity funds involve giving an undertaking to subscribe to certain capital commitments. The managers gradually draw down money to invest as investment opportunities are identified over a period of time. The following capital commitment was outstanding at the year end.

Europa Real Estate Debt: As at 31 March 2023, the total capital commitment to the private equity was £35,000,000 (2022: £35,000,000) of which £7,302,458 remains undrawn at the year end (2022: £10,828,697).

24. Contingent Liability

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Plan must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women and this will result in an additional liability for the Plan. A further High Court ruling on 20 November has provided clarification on the obligations of pension scheme trustees to equalise past transfer values. The Trustee will be reviewing the impact of this further judgment. Any back payments and related interest will be accounted for in the year of payment.

Independent Auditor's Statement about Contributions to the Trustee of the Avon Rubber Retirement and Death Benefits

Statement about contributions

We have examined the Summary of Contributions payable under the Schedule of Contributions to the Avon Rubber Retirement and Death Benefits Plan in respect of the year ended 31 March 2023 which is set out on page 63.

In our opinion contributions for the Plan year ended 31 March 2023 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 Plan Actuary on 21 September 2020.

Scope of work on Statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions 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 Plan and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 45, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan 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 to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

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

Iryndeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Date: ....

Summary of Contributions

During the year ended 31 March 2023, the contributions payable to the Plan by the Employer were as follows:

	Defined Benefit Section £000	Defined Contribution Section £000	**2023 Total £000**
Contributions payable under the Schedule of Contributions:			
Employer contributions:			
Normal	-	1,574	**1,574**
Additional	600	-	**600**
Deficit funding	2,900	-	**2,900**
	3,500	1,574	**5,074**
Employee contributions:			
Normal	-	25	**25**
Contributions payable under the Schedule of Contributions (as reported on by the Plan Auditor) and reported in the financial statements	3,500	1,599	**5,099**

Approved on behalf of Avon Rubber Pension Trust Limited and signed on its behalf by:

Rob Wills Digitally signed by Rob Wills Date: 2023.10.25 14:02:11 +01'00'
.... Trustee Director

Mike Harral Digitally signed by Mike Harral Date: 2023.10.25 15:09:56 +01'00'
.... Trustee Director

Date: ....

Certification of schedule of contributions

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 could have been expected on 31 March 2019 to be met by the end of the period specified in the recovery plan dated 21 September 2020.

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 21 September 2020.

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

Signature	*Susan Hoare*
Scheme Actuary	Susan Hoare
Qualification	Fellow of the Institute and Faculty of Actuaries
Date of signing	21 September 2020
	Aon Solutions UK Limited
Address	1 Redcliff Street Bristol BS1 6NP

Avon Rubber Defined Benefit Retirement and Death Benefit Plan
Statement of Investment Principles

This Statement of Investment Principles (SIP) covers only the defined benefit section of the Plan. It is set out in four parts. The first two cover the objectives and implementation of the Plan and the last two sections cover the Trustee's overall policy on governance, risk measurement and management.

> Investment Objective
>
> The aim of the Trustee is to invest the assets of the Plan to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that could be adopted in relation to the Plan's liabilities. An asset allocation strategy was then selected, designed to achieve a higher return than this lowest risk strategy, which at the same time still represented a prudent approach to meeting the Plan's liabilities.

STRATEGY

The Trustee has agreed, following a review of the investment strategy, to implement the following asset allocation:

Asset Class	Interim Target Weighting* %	Long Term Target Weighting** %
Matching Investments	40	40
Cashflow Driven Investments	42	50
Return-Seeking Investments	18	10
Total	**100**	**100**

**Whilst the Plan's agreed upon investment strategy is being implemented, particularly with respect to the Europa Real Estate Debt Fund, it was agreed to adopt an interim benchmark that represents only investments which are already in place.*
*** Represents the final strategic allocation decided in October 2019. This allocation is still being built up as the Real Estate Debt Fund draws down capital.*

The return-seeking investments are currently invested in a combination of Matching Investments, Cashflow Driven Investments and Return-Seeking Investments. The Matching Investments are currently invested in a combination of Liability Driven Investment funds, Maturing Buy and Maintain Credit funds and Cash. Cashflow Driven Investments include a multi-asset credit fund, a secured finance fund, an infrastructure equity fund and a real estate debt fund. The Return-Seeking Investments includes two diversified growth funds, one of which is being gradually sold down to fund the real estate debt allocation

> *This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation, and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.*

The actual asset allocation will deviate from the target weighting from time to time. Furthermore, the Trustee may also implement investments not on the basis of the asset allocation set out above but as a medium term position intended to take advantage of shorter term opportunities in the markets. Such investments will be made following advice from the Plan's investment adviser and will be maintained on a temporary basis while it is believed that the Plan will benefit from the deviation. The Trustee will monitor any such positions and formally review the asset allocation following actuarial valuations.

The Trustee targets an inflation and interest rate hedge ratio of 90% of funded liabilities valued on the basis of a discount rate represented by gilts + 0.5% per annum. This is achieved by investing in Liability Driven Investment Funds with BlackRock and from the Maturing Buy and Maintain Credit funds with Insight. As the pooled LDI funds make use of leverage, the Trustee will seek to hold enough cash in the portfolio that would allow covering one potential recapitalisation event of such funds.

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Plan, and in particular the strength of the funding position relative to the liability profile. The Trustee's policy is to make the assumption that growth assets will outperform gilts over the long term and assume that active fund management can be expected to add value. However, the Trustee recognises the potential volatility in growth asset returns, particularly relative to the Plan's liabilities, and the risk that the fund managers will not achieve the targets set. In choosing the Plan's investment options the Trustee considered written advice from its investment advisers and consequently ensures its policy affords significant consideration of:

- the need to consider a full range of asset classes;
- the risks and rewards of a range of alternative asset allocation strategies;
- the suitability of each asset class;
- the need for appropriate diversification.

In addition, when setting this strategy, the Trustee also remained in consultation with the sponsoring employer.

IMPLEMENTATION

Mercer Limited ("Mercer") has been selected as investment adviser to the Trustee. They operate under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions itself and to monitor those it delegates. Mercer is paid an agreed annual fee which includes all services needed on a regular basis. Some one-off projects fall outside the annual fee and the fees for these are negotiated separately. This structure has been chosen to ensure that cost-effective, independent advice is received.

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

ESG, Stewardship and Climate Change

The Trustee believes that environmental, social, and corporate governance (ESG) factors are important and may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Given the investments are in pooled funds, the Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights obligations attached to the Plan's investments.

With regards to stewardship, the Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.

The Trustee has delegated the exercise of voting rights to the Plan's appointed investment managers, where relevant, on the basis that voting powers will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the investment managers have produced written guidelines of their process and practice in this regard.

The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee has given the investment managers full discretion when undertaking such engagement activities and therefore encourages the Plan's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings. The Trustee will review the investment managers' policies and engagement activities (where applicable) on an appropriate basis.

The strategic rationale of different asset classes that help the Trustee to achieve the Plan's investment objectives remains the primary driver behind the Plan's investment strategy. However, within this context, the Trustee is increasingly working to integrate ESG, climate change and stewardship within the Plan's investment processes in appointing new investment managers and monitoring existing investment managers.

Member Views

Member views are not explicitly sought or taken into account in the selection, retention and realisation of investments. However, the Trustee has agreed to include a statement on its ESG beliefs in annual newsletters and members are welcome to provide feedback on this.

Investment Restrictions

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future. However, the Trustee has agreed that for future investment manager selections, a minimum ESG rating of ESG3 will be set as a pre-requisite as part of the selection process for asset classes where ESG considerations are considered to have a material impact on investment performance. The Trustee makes use of the investment consultant's ESG ratings.

Investment Managers monitoring and engagement

Aligning Manager Appointments with Investment Strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which the Trustee has appointed them.

The Trustee looks to their investment consultant (Mercer) for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee. These ratings are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustee will review the manager's appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

Some portfolios are actively managed and the managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance or significant outperformance). The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) as part of each strategic review.

As the Trustee invests in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the manager, but believe appropriate mandates can be selected to align with the overall investment strategy.

Encouraging long-termism and consideration of ESG issues:

As per the ESG, Stewardship and Climate change section of this SIP, the Trustee considers the investment consultant's assessment of how each investment manager embeds ESG issues into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policies on voting and engagement. The Trustee will use these assessments in decisions around selection, retention and realisation of manager appointments.

The Trustee meets with the investment managers as required and can challenge decisions made including voting history and engagement activity, and can challenge such decisions to try to ensure the best performance over the medium to long term.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee is dissatisfied, then the manager may be replaced.

Monitoring manager appointments

The Trustee receives performance reports from the investment consultant each quarter, which present performance information over 3 months, 6 months, 1 year, since latest actuarial valuation and since investment inception periods. The Trustee reviews absolute performance and relative performance against a suitable index used as a benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustee's focus is primarily on long term performance but short term performance is also reviewed.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee may ask the manager to review their fees. The Trustee may meet with investment managers if they are dissatisfied with their performance or engagement activity, and may choose to terminate the relationship with the manager if they see fit.

Monitoring portfolio turnover costs

The Trustee does not explicitly monitor portfolio turnover costs across the whole portfolio but this is considered by Mercer and forms part of their research views.

However, the Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustee may ask managers to report on portfolio turnover cost. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

Manager Turnover

The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. There is therefore no set duration for manager appointments. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment is reviewed and the Trustee decides to terminate for a more suitable appointment.

Investment Objectives

The Plan's investment objectives and fund manager structures are as follows:

<u>BlackRock Investment Management (UK) Limited ("BlackRock")</u> *Liability Matching Funds* The funds' objective is to respond to changes in the selected part of the yield curve in the pre-determined way. *Liability Solutions Cash Fund* This is a cash collateral fund held by clients at BlackRock using Liability Matching Funds. Its aim is to preserve capital whilst generating a cash return in line with GBP 3-month LIBOR, and it will invest in instruments that carry a more risk than you would find in a pure deposit fund. As the pooled Liability Matching Funds make use of leverage, the Trustee will seek to hold enough cash in the fund that would allow covering one potential recapitalisation event of such funds.
<u>CQS Management ("CQS")</u> *Multi-Asset Credit Fund* The CQS Credit Multi-Asset Fund aims to provide a modest level of income generation at low levels of risk (both default risk and volatility). The Fund also attempts to preserve capital through its conservative investment philosophy and ability to trade tactically between senior secured loans, high yield bonds, investment grade bonds, asset backed securities and convertible bonds. The target return is cash + 4 - 5% p.a. with historic volatility of low single digits. The Fund distributes semi-annual income payments at a fixed rate of 3m £ Libor + 3% p.a.
<u>Ruffer LLP ("Ruffer")</u> *Global Long Only Absolute Return Fund* Diversified Growth Fund that invests across asset classes, generally in traditional investments such as holdings in equities and bonds, and attempts to make money by high level asset allocation decisions and also stock selection. The Fund's objective is not to lose money in any twelve month rolling period and to generate consistent returns which are significantly greater than inflation and the return on cash.
<u>Insight</u> *Insight Broad Opportunities Fund* Diversified Growth Fund that invests across asset classes. Positions in traditional asset classes are held, but the manager also makes regular use of derivative positions in order to improve the profile of returns. The Fund's objective is to outperform cash (as measured by the 3-month £ LIBID) by 4% p.a. (net of fees) delivering approximately half of the volatility of returns from global equities.

Ares *Secured Income Fund* Secured Finance Fund that focuses on secured debt investments that offer enhanced downside protection and returns in excess of corporate bonds while maintaining an investment-grade average credit quality. The Fund aims to deliver net of fees returns of 4-6% p.a. 90% of available income is paid out on a quarterly basis.
JP Morgan *Infrastructure Equity Fund* JP Morgan will manage the Plan's infrastructure equity exposure, which sits within the cashflow driven portfolio. The agreement with JP Morgan permits the Trustee to invest the Plan's assets in the JP Morgan Global Infrastructure Investments Fund ("the JP Morgan Infrastructure Equity Fund"). The portfolio consists of several underlying infrastructure assets across different regions, subsectors and companies, and aims to deliver net of fees returns of 8-12% p.a. where the majority of this (5-7% p.a.) of available income is paid out on a quarterly basis.
Europa Capital *UK Real Estate Debt Fund III* The objective of the Real Estate Debt mandate with Europa is to provide a net of fees return of 6% p.a. over the life of the Fund, consisting predominantly of income. Europa aims to achieve this through making loans with downside protection of 25-30% embedded within loan documentation, conservative underwriting and strong lender documentation provisions. The Fund focuses in making smaller loans with a regional focus that seeks to benefit from the retraction of traditional bank lending in this sector. The Fund is closed-ended with an expected time horizon of 7 years. The Trustee committed £35m (c.10% of assets) to the Fund, which is gradually being drawn down through the investment period.
Insight *Maturing Buy & Maintain Credit – 2026-2030 and 2031-2035 Funds* The Maturing Buy and Maintain Credit funds aim to capture the credit risk premium in an efficient and predictable way, through investing in fundamentally strong and attractively priced corporate bonds with a low turnover and focus on avoiding defaults and stressed selling. The strategy will also provide a degree of interest rate hedging and it will marginally reduce the overall level of leverage in the Plan's LDI portfolio.

RISK MEASUREMENT AND MANAGEMENT

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

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy and have specifically structured the Plan's assets to include an allocation to LDI funds which reduces this mismatching risk.
- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities ("cash flow risk"). In order to minimise the probability that this occurs, the Trustee and its advisers will take into account the timing of future payments when managing the Plan's cash flows.
- The risk that fund managers will fail to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk was considered by the Trustee and its advisers upon the initial appointment of the fund managers and will remain a consideration on an ongoing basis.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Plan's investment strategy.
- The Trustee recognises that there is also a risk that Environmental, Social and Governance ("ESG") issues, including climate change, may negatively impact asset classes, sectors and companies, and therefore negatively impact investment returns on the Plan's assets.
- The possibility of failure of the Plan's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of occurrences of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

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

Having set an investment objective which relates directly to the Plan's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks on a periodic basis. To allow it to do this, the Trustee receives reports showing:

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

GOVERNANCE

The Trustee is responsible for the investment of the Plan's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee takes into account whether or not it has the appropriate training and whether or not there is available expert advice that might allow it to make an informed decision. The Trustee has established the following decision making structure:

<table>
<tr><td colspan="2">Trustee
• Set structures and processes for carrying out its role.
• Select and monitor planned asset allocation.
• Select direct investments (see below).
• Monitor investment advisers and fund managers.
• Monitor direct investments.
• Make day-to-day decisions relevant to operation of Plan's investment strategy.</td></tr>
<tr><td>Investment Adviser
• Advise on all aspects of the investment of the Plan assets, including implementation.
• Advise on this statement.
• Provide required training.</td><td>Fund Managers
• Operate within the terms of this statement and their written contracts.
• Select individual investments with regard to their suitability and diversification.
• Advise Trustee on suitability of the proposed benchmark.</td></tr>
</table>

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

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members AVCs, the Matching Funds provided by BlackRock and Insight, the return seeking funds provided by Ruffer and Insight and cashflow driven investments provided by CQS, Ares, JP Morgan and Europa. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Plans (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the

Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

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

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

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

Fund managers are remunerated either on an ad valorem basis or a performance related fee basis. The structure is been chosen based on aligning the fund managers' interests with those of the Plan and achieving a reasonable level of fees.

In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs. The Trustee's investment advisor monitors the level of commission paid, and will advise if they become unjustifiable given the goods and services received.

The Trustee has invested the Plan's assets through pooled funds. The managers of these investments have appointed their own custodians. The custodians provide safekeeping for all the fund's assets and perform the administrative duties attached, such as the collection of interest and dividends and dealing with corporate action.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Trustee

Trustee

Date: 28th September 2021

Avon Rubber Pension Trust Limited
Trustee of the Avon Rubber Retirement and Death Benefits Plan
September 2021