Appendix 1
Governance Statement for the year 1 July 2019 to 30 June 2020

Chair's DC Governance Statement, covering 1 July 2019 to 30 June 2020

1. Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The TMC (DC Scheme) Trustee Company (the Trustees) of the Thomas Miller & Co Limited Defined Contribution Pension Scheme (the "Scheme") are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members can invest (this means the default arrangement and other funds members can select or have assets in, such as "legacy" funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustees knowledge and understanding.

2. Default arrangements

The Scheme was used as a Qualifying Scheme for automatic enrolment purposes up until April 2020, when all contributions ceased. Working with the sponsoring employer and following an employee and member consultation, the Trustees have agreed to wind up the Scheme and transfer all the assets into the Fidelity Master Trust. Future contributions were redirected to the Fidelity Master Trust with effect from 1 April 2020 and during the next Scheme year all the assets will have been transferred to the Fidelity Master Trust.

The Trustees have made available a range of investment options for members. Members who join the Scheme and who do not choose an investment option are placed into the Thomas Miller Flexible Profile (the "Default"). The Trustees recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, the Trustees decided to make the Default a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. The Trustees have issued regular communications to members to stress the importance of reviewing and updating their selected retirement date.

There is also one legacy default strategy, the Thomas Miller Balanced Universal Profile, in which some members were invested during the Scheme year.

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The Trustees are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Details of the objectives and the Trustees policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP covering the default arrangement is attached to this document.

The aims and objectives of the default arrangement, as stated in the SIP, are as follows:

- The default option targets drawdown at retirement, since the Trustees believe based on recent experience that most members will wish to take their benefits in this form. Therefore, in the initial growth phase, the default option is invested to target a return significantly above inflation, and then in the 8 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking drawdown.

The Default was not reviewed during the period covered by this Statement. The last review was carried out on 30 June 2019.

The Trustees also review the performance of the default arrangement against its objective on a quarterly basis. This includes an analysis of fund performance to check that the risk and return levels meet expectations. The Trustees are satisfied that the default remains appropriate.

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the Scheme, Standard Life Assurance ("Standard Life"). Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

The Trustees have received assurance from Standard Life that there are adequate internal controls to ensure that core financial transactions for the Scheme are processed promptly and accurately.

The Scheme has a service level agreement ("SLA") in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The Scheme's administrator has implemented internal procedures to ensure that financial transactions are processed promptly and accurately. These include controls and procedures to manage the receipt and timely investment of contributions, the accuracy of investment allocations and the payment of benefits as well as individual transfers and investments. There is extensive use of automation and straight-through processing and there are experienced personnel in the administration teams.

To help the Trustees monitor whether service levels are being met, the Trustees receive quarterly reports about the administrator's performance and compliance with the SLA. To gain assurance that the administration is dealt with promptly and accurately, the Trustees undertake the following;

- Monitor services against the service level agreement (SLA);
- Review governance reports, which include service level reporting, on a quarterly basis;
- Review internal controls reports from the administrator;
- Review the timing of the investment of contributions;
- Have a copy of the Scheme's administration guide provided by Standard Life, which includes details of the processes and procedures.

Standard Life's Client Relationship Manager attends meetings and reports to the Trustees on the timeliness and accuracy of the various tasks. Any specific issues that have not been resolved are referred for review and either reported between meetings or at the next meeting, as appropriate. There were no issues of significance during the Scheme year and no outstanding unresolved issues. Cases reported over the period that were completed outside of the service level agreement of 10 days included a small number of requests to provide information about the Scheme to an adviser or a member. This was during the period of lockdown for COVID-19.

Standard Life response to COVID-19

The Trustees reviewed information supplied by Standard Life setting out how it had responded to issues associated with COVID-19 affecting its operations. Despite reference to some initial issues with remote working and telephony support, these had been resolved quickly and there had been no noticeable impact associated with the service provided to the Scheme.

The Trustees reviewed a Q&A document detailing Standard Life's response to COVID-19, which was issued on 27 April 2020.

For the Scheme year, the Trustees received and reviewed Standard Life's pension internal control Statement published in April 2020 and focussed on the control objectives and related controls. The aim of the Trustees is to assess the controls in place and ensure that they are satisfactory.

The Scheme's auditors also undertake some "spot-checks" on contributions as part of the annual Scheme audit and report any issues or areas for improvement. There were no issues highlighted as part of this year's Scheme audit.

Based on its review processes, the Trustees are satisfied that over the period covered by this Statement:

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

- core financial transactions on the whole have been processed promptly and accurately to an acceptable level during the Scheme year.

4. Member-borne charges and transaction costs

The Trustees are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges include administration and investment costs, since members incur these costs.

The Trustees are also required to disclose separately transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. The transaction costs are borne by members.

The charges and transaction costs have been supplied by Standard Life, who are the Scheme's bundled provider. When preparing this section of the Statement the Trustees have taken account of the relevant statutory guidance. Due to the way in which transaction costs have been calculated it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term the Trustees have shown any negative figure as zero. All transaction costs have been obtained and none are outstanding.

Default arrangements

The Default arrangement is the Thomas Miller Flexible Profile. The Default has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Default charges and transaction costs

Years to target retirement date	TER	Transaction costs
8 or more years to retirement	0.40%	0.03%
5 years to retirement	0.46%	0.08%
At retirement	0.56%	0.17%

Self-select options

In addition to the default arrangement, members also have the option to invest in two other lifestyles, targeting annuity purchase and cash withdrawal and several other self-select funds. The annual charges for these lifestyles during the period covered by this Statement are set out in the tables below.

Thomas Miller Annuity Profile - charges and transaction costs

Years to target retirement date	TER	Transaction costs
8 or more years to retirement	0.40%	0.03%
5 years to retirement	0.42%	0.03%
At retirement	0.45%	0.04%

Thomas Miller Cash Profile - charges and transaction costs

Years to target retirement date	TER	Transaction costs
8 or more years to retirement	0.40%	0.03%
5 years to retirement	0.42%	0.04%
At retirement	0.41%	0.05%

Some members are also invested in the legacy default strategy, the Thomas Miller Balanced Universal Profile. Further details of the annual charges for this strategy during the period covered by this Statement are set out in the table below.

Thomas Miller Balanced Universal Profile - charges and transaction costs

Years to target retirement date	TER[1]	Transaction costs
10 or more years to retirement	0.41%	0.01%
5 years to retirement	0.42%	0.06%
At retirement	0.42%	0.15%

[1]Standard Life were unable to provide TERs for the Thomas Miller Balanced Universal Profile as at 30 June 2020, therefore the Trustees have shown the TERs as at 30 September 2020.

The level of charges for each self-select fund (including those used in the Default) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the Default are shown in **bold**.

Self-select fund charges and transaction costs

Fund name	TER	Transaction costs
SL Thomas Miller Growth Pension Fund	0.40%	0.03%
SL Thomas Miller Pre-Retirement Pension Fund	0.46%	0.04%
SL Thomas Miller Passive Multi-Asset Fund	0.46%	0.06%
SL ASI Global Absolute Return Strategies Pension Fund	0.91%	0.52%
SL Vanguard FTSE UK All Share Index Pension Fund	0.42%	0.05%

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Fund name	TER	Transaction costs
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	0.42%	0.18%
SL Vanguard UK Long Duration Gilt Index Pension Fund	0.42%	0.00%
SL iShares Index Linked Gilt Index Pension Fund	0.42%	0.02%
SL iShares Over 15 Year Gilt Index Pension Fund	0.42%	0.01%
Standard Life Corporate Bond Pension Fund	0.41%	0.03%
Standard Life Deposit and Treasury Pension Fund	0.41%	0.05%
Standard Life Ethical Pension Fund	0.41%	0.08%
Standard Life Global Equity 50:50 Tracker Pension Fund	0.41%	0.01%
Standard Life Overseas Tracker Pension Fund	0.41%	0.13%
Standard Life Property Pension Fund	0.43%	0.18%

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, the Trustees have had regard to the relevant statutory guidance.

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

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

- The illustration is shown for the Default (the Thomas Miller Flexible Profile) since this is the arrangement in which most members are invested, as well as four funds from the Scheme's self-select fund range. The four self-select funds shown in the illustration are:

  - the fund with the highest before costs expected return – this is the Standard Life Global Equity 50:50 Tracker Pension Fund

  - the fund with the lowest before costs expected return – this is the Standard Life Deposit and Treasury Pension Fund

  - the fund with highest annual member borne costs – this is the SL ASI Global Absolute Return Strategies Pension Fund

  - the fund with lowest annual member borne costs – this is the SL Vanguard UK Long Duration Gilt Index Pension Fund

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Projected pension pot in today's money

	Default option		Standard Life Global Equity 50:50 Tracker Pension Fund		Standard Life Deposit and Treasury Pension Fund		SL ASI Global Absolute Return Strategies Pension Fund		SL Vanguard UK Long Duration Gilt Index Pension Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£5,000	£5,000	£5,000	£5,000	£4,900	£4,800	£4,900	£4,900	£4,900	£4,800
3	£5,300	£5,200	£5,400	£5,300	£4,800	£4,700	£5,000	£4,800	£4,800	£4,700
5	£5,500	£5,400	£5,700	£5,600	£4,700	£4,600	£5,100	£4,800	£4,700	£4,600
10	£6,300	£6,000	£6,600	£6,300	£4,400	£4,200	£5,400	£4,700	£4,400	£4,200
15	£7,100	£6,700	£7,600	£7,200	£4,200	£3,900	£5,700	£4,600	£4,200	£4,000
20	£8,000	£7,400	£8,800	£8,200	£4,000	£3,700	£6,000	£4,500	£4,000	£3,700
25	£9,100	£8,200	£10,300	£9,300	£3,800	£3,400	£6,300	£4,400	£3,800	£3,400
30	£10,300	£9,100	£11,900	£10,500	£3,600	£3,200	£6,600	£4,300	£3,600	£3,200
35	£11,500	£9,900	£13,800	£12,000	£3,400	£2,900	£6,900	£4,200	£3,400	£3,000
40	£12,400	£10,300	£16,000	£13,600	£3,300	£2,700	£7,300	£4,100	£3,300	£2,800

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected values are shown in today's terms and do not need to be reduced further for the effect of inflation.
- Inflation is assumed to be 2.0% each year.
- The starting pot size used is £4,900. This is the approximate average (median) pot size for members aged 30 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection)
- Contribution rates are assumed to be zero as all contributions to the Scheme were stopped prior to the end of the statement year.
- Negative transaction costs are assumed to be zero.
- The before costs projected annual returns used are as follows:
- Default option: 2.5% above inflation for the initial years, gradually reducing to a return of 0.75% above inflation at the ending point of the lifestyle.
    - Standard Life Global Equity 50:50 Tracker Pension Fund: 3.0% above inflation
    - Standard Life Deposit and Treasury Pension Fund: 1.0% below inflation
    - SL ASI Global Absolute Return Strategies Pension: 1.0% above inflation
    - SL Vanguard UK Long Duration Gilt Index Pension Fund: 1.0% below inflation

5. Value for members assessment

The Trustees are required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. The general policy of the Trustees in relation to value for member considerations is set out below.

The Trustees review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last review was 4 February 2020. The Trustees note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

During the Scheme year the sponsoring employer proposed that the Scheme should be closed to future contributions and ultimately wound up and transferred to a master trust. A joint working group with the employer and Trustees was set up to investigate the detail of the proposal and review the market to compare the current Scheme arrangements to those of a selection of master trusts from a value for members perspective. The working group and the Trustees received independent advice during this process. This review was undertaken during 2019 and the Trustees were kept up to date with the progress. Final details were presented to the Trustees on 4 February 2020. As a result of this review, the Trustees concluded that moving to a master trust arrangement would offer better value for members.

Following the market review, presented with details of the Fidelity Master Trust offering for Thomas Miller, the Trustees concluded a move to the Fidelity Master Trust would offer the best value for members, based on the terms and services offered. Member fees will be lower, transactions costs for the change are to be covered by Fidelity and the overall offering is more up to date, particularly in terms of members accessing the pension freedoms.

The Trustees believe the transaction costs in the current investments provide value for members as the ability to transact forms an integral part of the investment approaches, and expect this to lead to greater investment returns net of costs over time.

Overall, the Trustees believe that members of the Scheme are receiving reasonable value for money for the charges and costs that they incur within the current Scheme, but for the reasons set out above, believe that the move to the Fidelity Master Trust will offer members good value for money.

6. Trustee knowledge and understanding

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. The Trustees have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law.

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Governance Statement for the year 1 July 2019 to 30 June 2020

Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

- All Trustees are required to complete the Pension Regulator's e-learning Trustee Toolkit within six months of becoming a Trustee.
- Agreement of individual and collective Trustee training is required for the calendar year;
- Attending seminars and pension events;
- Having Trustee training, including quarterly legislation, regulation and topical updates, included within Trustee meetings; and
- The Trustees continue to participate in the Pensions Management Institute's accreditation scheme, which requires all Trustees to complete at least 15 hours of Continuous Personal Development (CPD) training per annum.

Individual and collective training needs are assessed by each of the Trustees completing a questionnaire which covers the areas relating to knowledge and understanding of an occupational defined contribution scheme. They are also assessed by reference to the business plan for the Scheme year. These results are then compiled and assessed by the Group Pensions Director and discussed with the Trustees. Once the training needs have been assessed and agreed, training is then arranged on an individual or collective basis, as appropriate

This assessment and process, when combined with the training undertaken, is integral to meeting the requirements for knowledge and understanding, which includes the relevant principles relating to the funding and investment of occupational pension schemes.

Trustee training is an agenda item at each meeting, which includes an analysis of training undertaken by each of the Trustees, with an opportunity to consider further collective or individual training needs. Training undertaken during the Scheme year included:

- Quarterly legislation, regulation and topical updates;
- Revised Chair's Statement and disclosure requirements;
- Closing a scheme and transferring to a Master Trust; and
- Refresher training regarding the Trust Deed and Rules.

All the Trustees are familiar with and have access to copies of the Scheme's governing documentation and documentation setting out the Trustees' policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, the Trustees refer to the Trust Deed and Rules when considering and deciding to make any changes to the Scheme, and the SIP is formally reviewed annually and as part of making any change to the Scheme's investments. Further, the Trustees believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

All the Trustees have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of occupational pension schemes meet the minimum level of knowledge and understanding required by law).

The induction process for new Trustees includes an induction session with the Group Pensions Director and then a programme of initial training is agreed. This is arranged by a third party not normally involved in the running of the Scheme to give complete objectivity.

The Scheme has a Business Plan and Trustee checklist, which is reviewed at each meeting. In addition, the agenda papers set out the Scheme's objectives for the year (with progress to date) and meeting objectives, so that the Trustees can evaluate their performance and effectiveness as a whole in meeting these objectives.

The Trustees have in the past used a template provided by Law Debenture to evaluate their overall effectiveness, and this will be considered again when and if appropriate.

The SIP is included with the agenda papers to assist with the Trustees' working knowledge and for reference with any decisions required.

The Trustee Board has a wide range of skills and includes a Professional Trustee, the Law Debenture Pension Trust Corporation plc., represented by David Curtis. The Law Debenture Pension Trust Corporation plc is a trust corporation and an established provider of Independent Professional Trustees in the UK. It provides professionals that are based and work together in a single office space location. This means they can collaborate on the whole range of technical and client specific matters, ensuring that each scheme benefits from its collective knowledge and experience to receive pragmatic, timely and cost-effective input. All Trustees from the Law Debenture have completed the Pension Regulator's Trustee Toolkit online training, have passed the PMI award in Pension Trusteeship examination and are members of the Association of Professional Pension Trustees.

The Trustees are supported by a number of professional advisers including lawyers, auditors and investment consultants, as well as the in-house Group Pensions Director.

Bringing all these resources together, the Trustees believe that their combined knowledge and understanding, together with available advice, enables them to exercise properly their functions and manage the Scheme effectively and efficiently.

Signed: ***Robert M Grainger***
21 January 2021

Signed by the Chair of Trustees of the Thomas Miller & Co Limited Defined Contribution Pension Scheme

Appendix 1A
Statement of Investment Principles

Statement of Investment Principles for the Thomas Miller & Co Limited Defined Contribution Pension Scheme

Introduction

This Statement of Investment Principles ("SIP") sets out the policy of TMC (DC Scheme) Trustee Company Limited the Trustee of the Thomas Miller & Co Limited Defined Contribution Pension Scheme ("the Scheme"), a Defined Contribution ("DC") Scheme. This SIP replaces the previous SIP dated August 2019.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Scheme's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification given the circumstances of the Scheme and the principles contained in this SIP. The Trustee has consulted with the relevant employer in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members in respect of the Scheme and at least once every three years.

- **Appendix 1** sets out details of the Scheme's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers and platform provider.
- **Appendix 2** sets out the Trustee's policy towards risk appetite, capacity, measurement and management.
- **Appendix 3** sets out the Scheme's investment manager arrangements.

Investment objectives

The Trustee's primary objectives are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions.

Appendix 1A
Statement of Investment Principles

Investment strategy

The Trustee, with the help of its advisers and in consultation with the employer, reviewed the investment strategy in July 2018, taking into account the objectives described in Section 2 above.

The Trustee has made available a range of investment funds for members. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default option, which is managed as a "lifestyle" strategy (ie it automatically combines investments in proportions that vary according to the time to retirement age).

The default option was designed to be in the best interests of the majority of the members based on the demographics of the Scheme's membership. The default option targets drawdown at retirement, since the Trustee believes based on recent experience that most members will wish to take their benefits in this form. Therefore, in the initial growth phase the default option is invested to target a return significantly above inflation, and then in the 8 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking drawdown.

To help manage the volatility that members' assets experience in the growth phase of the default strategy, the Trustee has included an allocation to "diversified growth", which over the long term is expected to generate returns materially above inflation, but with lower volatility than equities.

The Trustee will monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

Considerations in setting the investment arrangements

In determining the investment arrangements the Trustee took into account:

- the best interests of all members and beneficiaries;
- the profile of the membership and its likely impact on the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategy and other lifestyle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- any other considerations which the Trustee considers financially material over the periods until members' retirement, or any other timeframe which the Trustee believes to be appropriate; and

- the Trustee’s investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustee’s key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management, where available, is usually better value;
- environmental, social and governance (“ESG”) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- long-term environmental, social and economic sustainability is one factor that should be considered when making investment decisions; and
- costs have a significant impact on long-term net performance and therefore obtaining value for money from the investments is important.

The Trustee’s key investment beliefs and understanding of the membership are reflected in the design of the default and other lifestyle options, and in the range of other funds made available to members.

Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers are set out in Appendix 3.

The Trustee has entered into a contract with a platform provider, Standard Life Assurance Limited (“Standard Life”), who makes available the range of investment options to members. There is no direct relationship between the Scheme and the underlying investment managers of the DC investment funds.

The Trustee has signed an agreement with the platform provider setting out in detail the terms on which the funds and lifestyle strategies are to be provided. The investment managers’ primary role is the day-to-day investment management of members’ investments.

The Trustee and investment managers to whom discretion has been delegated exercise their powers by giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustee has limited influence over managers’ investment practices because all the assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee‘s view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee’s responsibility to ensure that the managers’ investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund’s terms, the duration of a manager’s appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee’s policy is to evaluate each of its investment managers by reference to the manager’s individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager’s remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme’s investment mandates.

Realisation of investments

The investment managers have discretion over the timing of realisation of investments within the portfolios that they manage, and in considerations relating to the liquidity of investments.

The Trustee’s policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

Consideration of financially material and non-financial matters

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme's members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices..

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) in the selection, retention and realisation of investments. The Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore has made available the Standard Life Ethical Pension Fund as an investment option to members.

Stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee has limited influence over managers' stewardship practices where assets are held in pooled funds, but it encourages its managers to improve their practices. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice. The Trustee has limited influence over managers' stewardship practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

SIP signed for and on behalf of the Trustee of the Scheme:

Signed: ***Robert M Grainger***
27 August 2019

Investment governance, responsibilities, decision-making and fees

The Trustee has decided on the following division of responsibilities and decision-making for the Scheme. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that the division of responsibility allows for efficient operation and governance of the Scheme overall. The Trustee's investment powers are set out within the Scheme's governing documentation.

1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing (and, when necessary, dismissing) investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustee's assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the investment policy as part of any review of the investment strategy;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer(s) when reviewing the SIP.

2. Platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers; and
- providing the Trustee with regular information concerning the management and performance of the assets.

3. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments
- providing the Trustee and investment platform provider with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

4. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on a suitable fund range and default strategy for the Scheme, and how material changes to legislation or within the Scheme’s benefits and membership may impact this;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this SIP.

5. Fee structures

The Trustee recognises that the provision of investment management and advisory services to the Scheme results in a range of charges to be met, directly or indirectly, by deduction from the Scheme’s assets.

The Trustee has agreed Terms of Business with the Scheme’s investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a “time-cost” basis.

The investment manager receives fees calculated by reference to the market value of assets under management. The Trustee has negotiated a significantly discounted rate of charges. The standard annual management charge for all funds is effectively discounted by 0.6%. The total expense ratios ("TERs") of all available funds, after the Scheme-specific rebate are set out in the table below:

Fund name or strategy	TER (% pa), after Scheme discount
SL Thomas Miller Growth Pension Fund	0.40%
SL Thomas Miller Pre-Retirement Pension Fund	0.45%
SL Thomas Miller Passive Multi-Asset Fund	0.46%
Global Equity 50:50 Tracker Pension	0.41%
FTSE Tracker Pension Fund	0.42%
Overseas Tracker Pension Fund	0.41%
Index-linked Gilt Fund	0.41%
Fixed-interest Gilt Fund	0.41%
GARS Pension Fund	1.00%
Deposit and Treasury Fund	0.41%
Ethical Pension Fund	0.41%
Property Pension Fund	0.41%
Corporate Bond Pension Fund	0.41%

The fee rates are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Scheme. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

6. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Scheme's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

7. Working with the Scheme's employer

When reviewing matters regarding the Scheme's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.

Policy towards risk

1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustee is willing to bear within the Scheme in order to meet its investment objectives. Taking more risk is expected to mean that those objectives can be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. Risk capacity is a measure of the extent to which the Trustee can tolerate deviation from its long term objectives before attainment of those objectives is seriously impaired. The Trustee aims to strike the right balance between risk appetite and risk capacity.

Approach to managing and monitoring investment risks

The Trustee considers that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

1.1. Risk of inadequate returns

As members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a "lifestyle" strategy.

1.2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect a member's assets. The Trustee believes that the Scheme's DC default strategy is adequately diversified between different asset classes and within each asset class and the DC options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Scheme's investment arrangements and is monitored by the Trustee on a regular basis.

1.3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

1.4. Liquidity/marketability risk

This is the risk that core financial transactions are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategy and diversifying the strategy across different types of investment.

1.5. Environmental, social and governance ("ESG") risks

ESG factors are sources of risk to the member's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf.

1.6. Risk from excessive charges

If the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Scheme are in line with market practice and assess regularly whether these represent good value for members.

Investment manager arrangements

Appendix 3

Details of the investment managers, their objectives and investment guidelines are set out below.

The Trustee makes available a range of passively and actively managed self-select funds and lifestyle strategies. The default option is the Thomas Miller Flexible Profile lifestyle strategy. Details of the options are set out below. The relevant members are provided with clear information on the investment options and their characteristics that will allow the members to make an informed choice.

The fund options are provided to members via an investment only platform arrangement with Standard Life. The funds are priced daily. The funds are open ended and are listed.

2. Self-select fund options

The Trustee makes available the following funds, all of which are available on a self-select basis (unless otherwise stated).

Standard Life funds	Aim of fund	Investment policy	Risk characteristic
SL Thomas Miller Growth Fund	To deliver long term growth with a lower level of volatility than equities	The Fund comprises two underlying funds. The underlying funds are invested in UK and global equities and diversified growth strategies. The Fund currently invests: 50% SL Thomas Miller Passive Multi-Asset Fund and 50% Global Equity 50/50 Tracker Pension Fund	Higher Risk
SL Thomas Miller Passive Multi-Asset Fund	To deliver long term growth with a lower level of volatility than equities	The Fund comprises 6 underlying funds, across a range of asset classes. The Fund currently invests: 35% SL Global Equity 50:50 Tracker Pension Fund, 10% SL Vanguard UK Government Bond Index Pension Fund, 10% SL Vanguard UK Inflation Linked Gilt Index Fund, 20% SL Vanguard UK Investment Grade Bond Index Pension Fund, 15% SL iShares Overseas Government Bond Index Pension Fund and 10% SL	Higher risk

		iShares Global Property Securities Equity Index Pension Fund	
SL Thomas Miller Pre Retirement Fund	To hold investments suitable for a member approaching retirement and seeking to buy an annuity. It seeks broadly to relect movements in annuity pricing and thereby to protect the level of income the investments may achieve when an annuity is purchased.	The Fund comprises a number of underlying funds. The underlying funds are invested predominantly in loans to the UK government (gilts) and loans to companies (corporate bonds).The Fund may also invest in funds a proportion of which are invested in other bonds (such as overseas bonds) or money market instruments (such as Certificates of Deposit). The Fund currently invests: 33.3% SL Long Corporate Bond Pension Fund, 33.4% SL Vanguard UK Inflation Linked Gilt Index Pension Fund, 33.3% SL Vanguard UK Long Duration Gilt Index Pension Fund	Lower Risk
Vanguard FTSE UK All Share Index Pension Fund	Track the performance of the FTSE All-Share Index	Invests in a broad spread of the UK listed equities which are constituents of the FTSE All-Share Index.	Higher risk
Global Equity 50:50 Tracker Pension Fund	Track the performance of an index composing of 50% FTSE All-Share Index and 50% FTSE World excluding UK.	Invests in a broad spread of equities which are constituents of the above indices.	Higher risk
Overseas Index Pension Fund	Track the returns of the FTSE World excluding UK Index.	The fund is a fund of funds, investing in a range of 5 asset class specific funds (US Equity Tracker, European Tracker, Japanese Equity Tracker, Canadian Tracker and Pacific Basin Equity Tracker).	Higher risk
Ethical Pension Fund	Provide long-term growth by investing in a diversified asset portfolio of predominantly equities with an ethical screen.	Only invests in companies that meet Standard Life's strict ethical criteria, which, for example, prevents investment in companies which damage the environment or test cosmetics on animals.	Higher risk
Global Absolute Return Strategies Pension Fund	Achieve returns above cash (as measured by the six – month London	The fund invests in a wide range of investment opportunities from across global markets and asset	Medium risk

	Interbank Offer Rate) in a variety of market conditions but this is not guaranteed as the fund may fall from time to time.	classes. Should economic circumstances result in one market performing poorly, the fund aims to gain from investments in other markets which typically rise in the same circumstances. The fund makes significant use of financial derivatives and is not suitable for investment time horizons of less than five years.	
Property Pension Fund[1]	Invest in prime quality properties throughout the UK.	Invests in a mix of freehold and leasehold retail, commercial and industrial properties.	Medium risk
Corporate Bond Pension Fund	Provide capital growth and income using a portfolio of mainly UK corporate bond securities.	Principally in the UK, non-gilt, fixed interest market	Lower risk
Deposit and Treasury Pension Fund	Provide a low risk return equivalent to cash.	The fund invests in cash and short term deposit investments to generate a return equivalent to overnight cash. It may invest only in overnight deposits, fixed interest deposits and certificates of deposit with a maximum maturity of 3 months. Treasury bills and gilts (both with a maximum maturity of 90 days) may be held if it is not possible to place deposits with a sufficiently diversified range of banks. The unit price is not guaranteed.	Lower Risk
SL Vanguard UK Long Duration Gilt Index Pension Fund	Track performance of the fixed interest gilt market as measured by the Bloomberg Barclays U.K. Government 15+ Years Float Adjusted Bond Index	UK fixed-interest government bonds	Lower risk
SL Vanguard UK Inflation Linked Gilt Index Pension Fund	Track performance of the inflation-linked gilt market as measured by the Bloomberg Barclays U.K.	UK index-linked government bonds	Lower risk

[1] This Fund is no longer an available non-lifestyle fund option for new contributions. This means that no new investments can be made into the Fund; however members are able to retain their existing holding in the Fund if they wish.

	Government Inflation-Linked Float Adjusted Bond Index		
SL Multi Asset Managed (20-60%) Shares Pension Fund (utilised by the Thomas Miller Balanced Lifecycle Profile only)	To provide long term capital growth using a diversified portfolio of assets.	The fund invests in a broad range of asset classes (primarily equities and fixed interest) across the UK and overseas	Medium risk
SL At Retirement (Multi Asset Universal) Pension Fund (utilised by the Thomas Miller Balanced Lifecycle Profile only)	To hold a diverse range of assets suitable for a member that has yet to decide on buying an annuity or drawing down their pension at retirement.	Invest in primarily bonds, equities, commercial property and cash	Medium risk

3. Lifecycle strategies

Thomas Miller Flexible Profile – Default lifecycle strategy

The funds used in this lifecycle strategy are the SL Thomas Miller Growth Fund, the SL Thomas Miller Passive Multi-Asset Fund, the SL Global Absolute Return Strategies Fund and the Deposit and Treasury Pension Fund.

The strategy sees a monthly redirection of monies into these funds in the appropriate proportions so that over the lifecycle period the monies are redirected from 100% SL Thomas Miller Growth Pension Fund to ultimately 25% Deposit and Treasury Pension Fund, 50% SL Thomas Miller Passive Multi-Asset Fund and 25% SL Global Absolute Return Strategies Fund.

Thomas Miller Annuity Profile

The funds used in this lifecycle strategy are the SL Thomas Miller Growth Fund, the SL Thomas Miller Pre Retirement Pension Fund and the Deposit and Treasury Pension Fund.

The strategy sees a monthly redirection of monies into these funds in the appropriate proportions so that over the lifecycle period the monies are redirected from 100% SL Thomas Miller Growth Pension Fund to ultimately 75% SL Thomas Miller Pre Retirement Pension Fund and 25% in a money market fund (Deposit and Treasury Pension Fund). Up to 8 years before the member's normal retirement date the assets are invested 100% in the SL Thomas Miller Growth Fund.

Appendix 1A
Statement of Investment Principles

Thomas Miller Cash Profile

The funds used in this lifecycle strategy are the SL Thomas Miller Growth Fund, the SL Thomas Miller Passive Multi-Asset Fund, the SL Global Absolute Return Strategies Fund and the Deposit and Treasury Pension Fund.

The strategy sees a monthly redirection of monies into these funds in the appropriate proportions so that over the lifecycle period the monies are redirected from 100% SL Thomas Miller Growth Pension Fund to ultimately 100% Managed Cash Fund. Up to 8 years before the member's normal retirement date the assets are invested 100% in the SL Thomas Miller Growth Fund.

Thomas Miller Balanced Profile – Closed to new investors

The funds used in this lifecycle strategy are the Global Equity (50:50) Tracker Pension Fund, the SL Multi Asset Managed (20-60%) Shares Pension Fund, the SL At Retirement (Multi Asset Universal) Pension Fund and the Deposit and Treasury Pension Fund.

The strategy sees a monthly redirection of monies into these funds in the appropriate proportions so that over the lifecycle period the monies are redirected from 100% equities to ultimately 70% in the SL At Retirement (Multi Asset Universal) Pension Fund and 30% in the Deposit and Treasury Pension Fund. Up to 9 years before the member's normal retirement date the assets are invested 100% in the Global Equity (50:50) Tracker Pension Fund.

Appendix 1B
Implementation Statement

Implementation Statement, covering 1 July 2019 to 30 June 2020

The TMC (DC Scheme) Trustee Company (the "Trustees") of the Thomas Miller & Co Limited Defined Contribution Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles ("SIP") during the year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the most recent review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below.

This Statement should be read in conjunction with the SIP dated August 2019.

Introduction

The SIP was reviewed and updated during the Scheme year in August 2019. The main change to the SIP was:

- Inclusion of statements on financial and non-financial matters, and how the Trustees undertake engagement activities, as required by legislation.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the policies in the Scheme's SIP during the year. The following sections provide detail and commentary about how and the extent to which they did this.

Investment objectives

As part of the last performance and strategy review of the DC default arrangement on 30 June 2019, the Trustees considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Scheme.

Based on the outcome of this analysis, the Trustees concluded that the default design continues to be in the best interests of the majority of the DC Section members and reflects the demographics of those members.

The Trustees also provide members with access to a range of investment options, which they believe are suitable and enable appropriate diversification. The Trustees have made available alternative lifestyle strategies and a self-select fund range to members covering all major assets classes, as set out in Attachment 3 of the SIP. The Trustees monitor the take up of the self-select fund range and this has been in-line with market experience. The Trustees have reminded members to review their investment holdings and check they are suitable for their risk tolerances and retirement planning.

Investment strategy

The Trustees did not review the DC investment strategy over the Statement period.

Previously **t**he Trustees reviewed retirement data to see how members access their benefits as part of the last strategy review. This highlighted that over 60% of members chose income drawdown to take their benefits from October 2014 to August 2019, validating the suitability of a drawdown focussed lifestyle as the default option.

Considerations in setting the investment arrangements

When the Trustees undertook a performance and strategy review of the DC default arrangement in June 2019, they considered the investment risks set out in Attachment 2 of the SIP. They also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees reviewed their investment beliefs in August 2019. Following developments in investment markets the Trustees updated their investment beliefs. They added two new investment beliefs to the SIP as follows: "environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors"; and “long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions”. However, due to the Trustees agreeing to wind up the Scheme and transfer all the assets into the Fidelity Master Trust over the next Scheme year, the Trustees decided not to review or make changes to member investments with regards to ESG factors at this time.

Implementation of the investment arrangements

The Trustees have not made any changes to their manager arrangements over the period.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustees were comfortable with all of their investment manager arrangements over the year.

The Trustees monitor the performance of the Scheme’s investment managers on a quarterly basis, using the quarterly performance monitoring report. The report shows the performance of each manager over the quarter, 6 months, 1 year, 3 years and 5 years. Performance is considered in the context of each manager’s benchmark and objectives.

The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term.

Appendix 1B
Implementation Statement

Over the Statement period, the Trustees undertook a value for members assessment. This was in the context of the sponsoring employer's proposal that the Scheme should be closed to future contributions and ultimately wound up and transferred to a master trust. A joint working group with the employer and Trustee representatives was set up to investigate the detail of the proposal and review the market to compare the current Scheme arrangements to those offered by master trusts from a value for members perspective. The working group and the Trustees received independent advice during this process. This review was undertaken during 2019 and the Trustees were kept up to date with the progress. Final details were presented to the Trustees on 4 February 2020. As a result of this review, the Trustees concluded that moving to a master trust arrangement would offer better value for members.

Following the market review, presented with details of the Fidelity Master Trust offering for Thomas Miller, the Trustees concluded a move to the Fidelity Master Trust would offer the best value for members, based on the terms and services offered. Member fees will be lower, transactions costs for the change are to be covered by Fidelity and the overall offering is more up to date, particularly in terms of members accessing the pension freedoms.

The Trustees believe the transaction costs in the current investments provide value for members as the ability to transact forms an integral part of the investment approaches, and expect this to lead to greater investment returns net of costs over time.

Overall, the Trustees believe that members of the Scheme are receiving reasonable value for money for the charges and cost that they incur within the current Scheme, but for the reasons set out above, believe that the move to the Fidelity Master Trust will offer members good value for money.

Realisation of investments

It is the Trustees' policy to invest in funds that offer daily dealing so that members may readily realise and change their investments. All of the DC Section funds which the Trustees offer are daily priced.

Financially material considerations and non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

The Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, they have made available the Standard Life Ethical Pension Fund as an investment option to members.

Voting and engagement

This is covered in Section 7 above and Section 12 below.

Appendix 1B
Implementation Statement

Investment governance, responsibilities, decision-making and fees

As mentioned in Section 5, the Trustees assess the performance of the Scheme's investments on an ongoing basis as part of the quarterly monitoring reports they receive.

The performance of the professional advisers is considered on an ongoing basis by the Trustees.

The Trustees have put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis.

The Trustees have in the past used a template provided by Law Debenture to evaluate their overall effectiveness, and this will be considered again when and if appropriate.

Policy towards risk (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustees maintain a risk register and this is discussed at quarterly meetings.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustees by the Scheme's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

With regard to the risk of inadequate returns, the Trustees make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

Investment manager arrangements (Attachment 3 of SIP)

There are no specific policies in this section of the Scheme’s SIP.

Description of voting behaviour during the year

All of the Trustees’ holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In this section we have sought to include voting data on the Scheme’s funds that hold equities as follows:

iShares Global Property Securities Equity Index Fund

SL ASI Global Absolute Return Strategies Pension Fund

Standard Life Global Equity 50:50 Tracker Pension Fund

Appendix 1B
Implementation Statement

We have included only the funds used in the default strategy and not any self-select funds.

The Trustees have sought to obtain the relevant voting data for Sections 12.2 and 12.3, from all of the investment managers listed above, however were unable to include voting data for the following funds:

Standard Life were unable to provide voting data for the Standard Life Global Equity 50:50 Tracker Pension Fund as at the time of this statement.

The Trustees will continue to work with their advisers and investment managers with the aim of providing fuller voting information in future implementation statements.

12.1 Description of the voting processes

Aberdeen Standard

Aberdeen Standard Investments ("ASI") strongly urge clients to allow them to vote on their behalf, since these decisions are an active part of their engagement and investment decision making processes.

ASI has in place a stable process by which the proxy voting team collects general meeting notifications and researches and allocates the voting decision through a pre-defined framework to the analyst responsible for making the voting decision for the company in question. The analysts selected will be a member of the ESG Investment or the equity desk analyst responsible for the sector in which the company sits.

The selected ASI analyst will assess the resolutions at general meetings in the active investment portfolios. This analysis will be based on ASI's knowledge of the company but will also make use of the custom policy recommendations and recommendations provided by proxy advisory firm, ISS. The product of this analysis will be a final voting decision instructed through ISS and applied to all funds for which ASI have been appointed to vote.

ASI employs ISS as a service provider to deliver its voting decisions efficiently to companies. ISS provides voting recommendations based on ASI's own customised voting policy which reflects ASI's guidelines and expectations. ASI remain conscious always that all voting decisions are its own on behalf of its clients. ASI consider ISS's recommendations and those based on ASI's custom policy as input to ASI's voting decisions. In addition to the ISS service for UK company general meetings, ASI also use research provided by the IVIS which uses the guidelines of the Investment Association (IA) as the basis of their research.

ASI does not categorise most significant votes, instead ASI discloses all of its votes on its website. https://www.aberdeenstandard.com/en/responsible-investing

From time to time, ASI faces conflicts of interest in relation to its stewardship work. However, ASI's simple approach is that it will always seek to act in its clients' best interests. More formally, global regulation requires the boards of directors at asset management firms to establish effective frameworks to identify control and regularly review conflicts of interest. As required by regulators, including the Financial Conduct Authority in the UK and the Securities and Exchange Commission in the US, ASI has in place a documented process for the identification and management of conflicts of interest. The process is designed to:

- ensure that conflicts between the interests of the firm and its clients, or between clients of different types, are managed appropriately; and

- ensure that conflicts resulting from the personal activities of ASI's people outside of the firm (e.g. business ventures, outside appointments, involvement in public affairs, personal political donations) are managed appropriately.

ASI discloses stewardship-specific conflicts, and associated systems and controls, to clients. ASI also keeps a current record of circumstances in which a potential conflict may arise, or has arisen, as a result of the activities carried out by ASI.

BlackRock

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team as required, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally-developed proxy voting guidelines, its pre-vote engagement with the company, its research, and any situational factors for a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. BlackRock generally prefers to engage with the company in the first instance where there are concerns and give management time to address the issue.

BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where it has engaged on matters of concern and anticipates management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement its voting intention.

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass, Lewis & Co, this is just one among many inputs into its voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock uses includes the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.

12.2 Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the table overleaf.

Appendix 1B
Implementation Statement

	Fund 1	Fund 2
Manager name	BlackRock	Standard Life/Aberdeen Standard Investments
Fund name	iShares Global Property Securities Equity Index Fund	SL ASI Global Absolute Return Strategies Pension Fund
Total size of fund at end of reporting period	£2.70bn	£1.85bn
Value of Scheme assets at end of reporting period[1] (£)	£2.9m	£2.9m
Number of holdings at end of reporting period	Not available[3]	297[2]
Number of meetings eligible to vote	359	198
Number of resolutions eligible to vote	3738	2984
% of resolutions voted	93.0%	98.2%
Of the resolutions on which voted, % voted with management	95.7%	86.7%
Of the resolutions on which voted, % voted against management	4.3%	13.3%
Of the resolutions on which voted, % abstained from voting	0%	1.8%
Of the meetings in which the manager voted, % with at least one vote against management	Not available[3]	66.2%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	Not available[3]	5.0%

Sources: BlackRock, Aberdeen Standard from 1 July 2019 to 30 June 2020.

[1]Scheme asset values have been provided by Standard Life as at 31 May 2020.

[2]This figure shows the number of equity holdings only.

[3]BlackRock were unable to provide this information as at the time of this report. The Trustees will continue to work with their advisers and investment managers with the aim of providing fuller voting information in future implementation statements.

12.3 Most significant votes over the year

We have interpreted "most significant votes" to mean those that:

- might have a material impact on future company performance;

- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding (although this would not be considered the only determinant of significance, it is an additional factor);
- have a high media profile or are seen as being controversial; and
- the Scheme or the sponsoring company has a particular interest in.

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below.

BlackRock have deemed that, in line with the criteria above, there were no significant votes regarding the iShares Global Property Securities Equity Index Fund over the year.

Aberdeen Standard currently classifies all votes against management as significant. Over the period, Aberdeen Standard voted against management on 390 occasions with regards to the SL ASI Global Absolute Return Strategies Pension Fund.