

BOC Retirement Savings Plan

Annual Report and Financial Statements

For the year ended 30 June 2021

Scheme Registration No. 10265322

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Trustee and advisers

Trustee Company	BOC RSP Trustees Ltd	
Trustee Directors	Employer nominated Capital Cranfield Pension Trustees Limited represented by: A Cheseldine + R Davies M Gleeson D Mant (resigned 30 September 2020) # Audit Committee, + Medical Committee	Member nominated J McMahon M Poole # D Waldron
Secretary	S K Kelly	
Scheme administrator	BOC Pension Services	
Principal employer	The BOC Group Limited	
Participating employers	BOC Limited, BOC Healthcare Limited BOC Helix Gist Limited Linde UK Holdings Limited Linde Public Limited Company	Industrial Supplies & Services Limited (from 6 April 2020) Linde CryoPlants Limited
Actuarial adviser	Hymans Robertson LLP	
Auditor	Ernst & Young LLP	
Legal adviser	Mayer Brown International LLP	
Annuity purchase advisers	Origen Financial Services Ltd	
Investment advisers	Mercer Limited	
Investment services	BOC Pensions Investment department	
Investment managers	Aegon Aviva Life Services UK Limited The Prudential Assurance Company Limited	
Bankers	HSBC Bank Plc	
Group life assurance	Legal & General Assurance Society	
Medical adviser	Medigold Health	
Enquiries	Director of Pensions Services RUK, BOC Pension Services The Priestley Centre, 10 Priestley Road, The Surrey Research Park, Guildford, GU2 7XY Email: pensions.uk@boc.com	

Trustee Report

The Trustee of the BOC Retirement Savings Plan (the “Plan”) present its annual report for the year ended 30 June 2021.

Introduction

The Trustee has delegated the day-to-day administration of the Plan to BOC Pension Services and has delegated the day-to-day management and monitoring of the Plan’s investment managers to the BOC Pensions Investment Department. These delegations are set out in documents formally adopted by the Trustee on 25 March 2008.

The BOC Retirement Savings Plan (“the Plan”) is made up of two sections: the RS (“Retirement Savings”) Section and the AVC (“AVC”) Section. Both sections operate on a defined contribution “DC” basis. Each section has its own separate investment options.

The Plan is used by the participating employers to meet their automatic enrolment duties.

RS Section

The RS Section of the Plan provides (i) a lump sum in the event of death-in-service for employees who are eligible for Plan membership and (ii) a designated investment account for each eligible employee who elects to become a contributory member, in order to provide (a) benefits for the member on retirement or (b) benefits for the member’s dependants in the event of the member’s death before retirement.

AVC Section

The AVC Section of the Plan provides facilities for the investment of additional voluntary contributions made by, and transfer payments received prior to April 1997, in respect of members of BOC Pension Scheme, BOC Senior Executive Pension Scheme and Gist Limited Pension Scheme (The Gist Limited Pension Scheme merged into the BOC Pension Scheme in October 2020). It is also used for the investment of any additional contributions made by the Company in respect of a member of those schemes.

Content and Objective of the Report

This Annual Report contains the information that the Trustee is required to provide under Part 2, Schedule 3 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

In the Report, “Company” means The BOC Group Limited.

The objective of this Report is to provide a formal and historical record. Less formal publications are used to keep members informed about the Plan. Information can also be obtained by members, and prospective members, on the BOC Pension Services internet website www.bocpensions.co.uk.

COVID-19

The Trustee regularly receives updates from the Plan’s investment adviser and the BOC Pensions Investment department reflecting ongoing monitoring of markets and managers. The Trustee continues to receive enhanced analysis of fund performance broken down by members’ term to retirement to assess resilience to market volatility of the default strategy and the other funds. This enables the Trustee to communicate with members effectively regarding the impact of the pandemic. Further information on the Plans performance during the year can be found in the performance section on pages 25 to 27. The Trustee also receives updates from the Employer at the quarterly Trustee meetings, the latest update being in December 2021, and the Trustee continues to monitor the Plan on a regular basis to ensure that the Plan continues to be administered effectively. Bereavement services, payment of retirement benefits and timely investment of contributions continue to be classed as a priority for the administration team, with Cash Equivalent Transfer Values (‘CETVs’) and general enquiries being designated a lesser priority. The administration team continued to work in a flexible home working environment and maintained full operational function during the year in review.

Trustee Report (continued)

Consultation

In October 2021 BOC Limited began a consultation exercise for the members of the BOC Retirement Savings Plan. The proposal states that current BOC Limited employees who are members of, or are eligible to join the Plan would stop contributing to the Plan on 28 February 2022, and from 1 March 2022 they would build up their pension benefits in a new Legal & General Master Trust arrangement. Consultation is expected to close in Q1 2022.

Gist Limited is aware of BOC Limited's consideration of a Master Trust pension arrangement. Gist is reviewing its position separately and independently of any BOC Limited's activities and/or decisions. The expectation is that the GIST Limited process will take at least 12 months to complete.

Enquiries and complaints

The address for enquiries about the Plan, matters regarding entitlement of an individual to benefits, complaints regarding Plan administration and requests for further information is shown on page 2.

Management of the Plan

The Company has the formal power under the Trust Deed to appoint Plan Trustee Directors and remove them from office. The Trustee of the Plan is BOC RSP Trustees Limited. The Trustee held eight meetings during the year.

Three of the Trustee Directors are appointed by the Company and three are drawn from nominations made by Plan members.

The Professional trustee is a trustee company (Capital Cranfield Pension Trustees Limited) who acts as a Trustee Director to the trust. That company has no interest in the assets of the trust; they are not a beneficiary of the trust and are not entitled to share in the assets of the trust.

The term of office of a Member-Nominated Trustee Director is normally five years. They may be re-nominated and re-appointed for subsequent terms of office. The Company can remove Company-appointed Trustee Directors. Member-nominated Trustee Directors can only be removed by the unanimous agreement of the remaining Trustee Directors. In addition, the Trustee has discretion to extend the term of office of a Member-Nominated Trustee Director beyond the normal five-year period.

Data protection

On 25 May 2018, the Data Protection (Charges and Information) Regulations 2018 (the 2018 Regulations) came into force, changing the way the data protection works. The Plan has paid the data protection fee in accordance with the Data Protection (Charges and Information) Regulations 2018 to process, on computer and otherwise, personal information that the Trustee or its delegates may need for Plan management.

The new data protection fee replaces the requirement to 'notify' (or register), which was in the Data Protection Act 1998 (the 1998 Act).

Plan tax and social security status

The Plan is a registered scheme with HM Revenue & Customs under Chapter 2 of Part 4 of Finance Act 2004 which means the Plan's income and chargeable gains are free from taxation.

The Plan is not used for the purpose of contracting-out members from State earnings-related pension scheme under Pensions Act 1993.

Trustee Report (continued)

Committees

Committees are set up for practical reasons where a number of additional meetings are required and to facilitate additional, targeted, technical training.

The members of each Committee who represent the Trustee are shown on page 2.

Audit Committee

The Audit Committee met on four occasions during the year. The Audit Committee is a joint committee consisting of a representative of the Trustee of each of the Plan, BOC Pension Scheme, BOC Senior Executive Pension Scheme and from the Administrator of BOC Pensions Investment Fund (BOC Pensions Limited).

The main objectives of the Committee are to review the plan for the annual audit, review the audit results and discuss them with the Plan Auditor, consider the letter of representation to the Auditor, review and challenge the Report and Accounts and report to the Trustee Boards on these matters. The Audit Committee formally recommends the approval of the annual report and financial statements to the Trustee.

Medical Committee

The Medical Committee met on thirteen occasions during the year. A Medical Committee exists to consider applications from members and the company for the award of medical pensions.

Pensions Act 1995 and Pensions Act 2004

The Trustee has a range of procedures to ensure ongoing compliance with the requirements of Pensions Act 1995 and Pensions Act 2004.

The Pensions Regulator (TPR) is the regulatory body for work-based pension schemes in the UK. TPR has a defined set of statutory objectives and wide powers to investigate schemes and take any action it thinks necessary. As an aid to achieving its objectives, TPR requires the completion and submission of an annual scheme return by the Plan Administrator. It also requires reports of 'significant breaches' of pension scheme legislation.

Breaches of pension scheme legislation have to be reported to TPR when they are considered to be breaches likely to be of material significance. Those with a duty to report include the Trustee, the Company and the Plan's advisers.

Contribution issues disclosed in the prior year Annual Report have continued into the current year. These issues are explained in more detail on page 6.

Record keeping

As part of its Guidance on Internal Controls, TPR has issued Guidance on record-keeping, which sets up a framework for measuring the presence of data used in the administration of pension schemes. The aim of the Guidance is to educate and enable those responsible for member record-keeping and those who administer pension arrangements to improve the standard of record-keeping across the industry. TPR's Guidance identifies three types of data that should be measured: 'Common data', 'Conditional data' and 'Numerical data'. 'Common data' is the data that TPR considers to be applicable to all schemes and is used to identify a member, e.g. surname, forename(s)/initials, date of birth, Sex, National Insurance Number, address, postcode.

'Conditional data' is the additional data required for administration and will vary and depend on the type of scheme, scheme design, member status, system design etc. Examples of 'Conditional data' are date of leaving, benefit crystallisation event details, salary history, contributions, AVC details, active/deferred/pensioner record, date of retirement.

Trustee Report (continued)

Record keeping (continued)

'Numerical data' is the additional information that will enable the trustee to put the results of the data measurement into context, e.g. status, benefit category, pensioner type.

The 'clean' percentage for 'Common data' is 99.96% and for 'Conditional data' is 99.81%. The 'Numerical data' requirement is largely satisfied by the membership statistics/movements reported periodically. These percentage rates are not impacted by the contribution issues disclosed on this page, as these are related to payroll errors rather than data which is held directly by BOC Pensions.

Taking account of the Plan design, the data held is in a robust position to allow the Plan to be administered efficiently and effectively.

Financial development of the Plan

The financial statements set out on pages 63 to 78 have been prepared and audited in accordance with the regulations made under sections 41(1) and (6) of the Pensions Act 1995.

During the year net additions from dealing with members were £26,011k (2020: £32,753k). Net returns on investments were £45,407k (2020: net losses of £708k). As a result of all the above the net assets of the Plan rose to £329,645k at 30 June 2021, an increase of £71,418k over the position at 30 June 2020.

Pension purchase

RS Section

Pensions are not payable from the Plan. At the point in time when a member's benefit becomes payable in the RS Section, the member is required to purchase a pension outside the Plan using their accumulated fund less any elected tax free cash lump sum. Members are also able to take their benefit in lump sum form, up to 25% of which may be tax-free. Members reaching the age of 55 are able to flexibly access their benefits, which allows them to exercise any of the aforementioned options a maximum of two times during their membership of Plan.

AVC Section

When a member of the AVC Section retires or dies, the funds accumulated in respect of the member are transferred to the Trustee of the related pension scheme for the provision of additional benefits for, or in respect of, the member. Members are also able to take their benefit in lump sum form, part of which may be tax-free. Having transferred their accumulated AVC funds from the AVC Section to the underlying defined benefit scheme, a member can purchase a pension either from the underlying defined benefit scheme or from an external provider (an "open market option"). A pension bought by a member from a related scheme can be on either a single life or a joint life basis. With the latter, half of the pension would be paid to the member's recognised dependant in the event of the member's death.

Contributions

The Annual Report and Financial Statements refer to the Payment Schedule signed by the Trustee and agreed by the Company on 27 June 2019. A copy of the latest schedule can be obtained by contacting the BOC Pension Services as noted under enquires on page 2.

Continuation of prior year payroll issues

Payroll calculation issues on Employer contributions on absence continued from the prior years. At the time of signing these Financial Statements, these issues are ongoing and resolutions unable to be applied to pension records of affected members until resolved. The Trustees will ensure that members affected by an

Trustee Report (continued)

Contributions (continued)

underpayment of contributions will be put back to at least the position that they would have been in, if the amounts had been invested on the relevant date of receipt from the Employer, and consequently no member will lose out as a result. Any overpayments will not be sought back from members by the Trustees.

Due to a fraction of a percent of the total Employer contributions being affected by absence, it is expected that the net position will be immaterial in relation to the Auditor's Statement on Contributions.

Membership

RS Section Active	Contributory				Total	Life Cover Only
	AE & MC	RS 3%	RS 4%	RS 5%		
At 1 July 2020	1,191	2,159	218	3,319	6,887	466
Late notifications	(9)	7	-	-	(2)	1
Joiners	542	405	7	81	1,035	1,635
Interlevel movements - in	1	134	16	168	319	-
Interlevel movements - out	(161)	(130)	(23)	(5)	(319)	-
Rejoined RS Plan *	-	-	-	-	-	(956)
Retirements	-	-	-	-	-	-
Deaths	(4)	(5)	-	(6)	(15)	-
Opted out	(28)	-	-	-	(28)	10
Leavers with retained benefits	(423)	(453)	(18)	(285)	(1,179)	-
Leavers without retained benefits	(1)	-	-	-	(1)	(457)
At 30 June 2021	1,108	2,117	200	3,272	6,697	699

Deferred

At 1 July 2020	6,436
Late notifications	(2)
New deferreds	1,179
Retirements	(151)
Deaths	(14)
Rejoined RS Plan	(65)
Leavers without retained benefits	(87)
At 30 June 2021	7,296

Key:

Level AE	Members who are auto-enrolled in the Plan, but have not joined the RS Section
Level MC	Members who have joined the RS Section Member Choice (defined as "Special" members: Rule 3.1)
Level RS 3%	Members who have joined the RS Section and pay 3% contributions
Level RS 4%	Members who have joined the RS Section and pay 4% contributions
Level RS 5%	Members who have joined the RS Section and pay 5% contributions
Life Cover Only	Members who are only covered for the death in service life assurance and pay no contributions

*Members who have been auto enrolled or re-enrolled into the AE Section, or joined the RS Section.

Trustee Report (continued)

Membership (continued)

Active members may have more than one period of service during the year as a consequence of Auto Enrolment. Each member's period of service is shown in the movements during the year, but the member is only included once in the total.

AVC Section	Prudential With profits	Aviva With profits	Aegon Unitised	Aviva Unitised	Prudential Unitised	Total Members
At 1 July 2020	118	7	773	23	57	871
Adjustments	10	-	(1)	-	-	8
Joiners	-	-	60	-	-	54
Transfers	-	-	23	(23)	-	-
Leavers	(18)	-	(113)	-	(6)	(118)
At 30 June 2021	110	7	742	-	51	815

<i>Status in underlying pension schemes</i>	Prudential With profits	Aviva With profits	Aegon Unitised	Aviva Unitised	Prudential Unitised	Total
Active members	23	1	260	-	5	268
Deferred members	87	6	482	-	46	547
At 30 June 2021	110	7	742	-	51	815

The above table denotes number of records per member, therefore total records will exceed the number of members.

Adjustments relate to data cleanse activity where fund values remained in legacy data tables for members who had previously left the Plan.

Transfers represents the switch of members from Aviva to Aegon as disclosed on page 24.

Plan rules

The Plan is governed by Rules introduced by a Deed dated 2 November 2015. Subsequent variations have been issued, the latest dated 17 June 2021 as a result of the merger of GLPS into BOCPS from 1 October 2020.

Changes for this deed are summarised as follows:

- I. No AVC Only Member of the Plan will retain any benefit entitlement under the GLPS (as his or her previous benefits entitlements under the GLPS were transferred to BOCPS with effect from the Effective Date)
- II. Certain AVC Only Members of the Plan who were previously Level 3 Members of GLPS will have membership of both BOCPS and BOC Senior Executive Pension Scheme ("BOCSEPS") with effect from the Effective Date.

Any Plan member can obtain a copy of the Plan Rules by contacting BOC Pension Services using the contact details shown on page 2.

Trustee Report (continued)

Investment management

IMPLEMENTATION STATEMENT

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 30 June 2021. 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 and the guidance published by the Pensions Regulator. The table later in the document sets out how, and the extent to which, the policies in the SIP have been followed.

Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set. The objectives of the Plan included in the SIP are as follows:

The DC section primary objectives are to provide:

- Lump sum benefits in the event of death-in-service for all eligible employees of BOC.
- A designated investment account for each eligible employee who elects to become a contributory member, in order to provide (a) benefits for the member on retirement or (b) benefits for the member's dependants in the event of the member's death before retirement.

The AVC Section objectives can be summarised as follows:

- To provide a range of investment options in which members can invest additional voluntary contributions.

Review of the SIP

During the year, the Trustee reviewed the Plan's SIP. A revised SIP was adopted in September 2020 in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations relating to the following:

- How the arrangement with the asset managers incentivises the asset managers to align investment strategies and decisions with the Trustee's policies in SIP.
- How that 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.
- 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.
- 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 duration of the arrangement with the asset managers.
- The extent to which ESG considerations are taken into account within the DC section.

Trustee Report (continued)

IMPLEMENTATION STATEMENT (continued)

Assessment of how the policies in the SIP have been followed for the year to 30 June 2021

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 and the Default Option. The SIP is attached as an Appendix and sets out the policies referenced below.

Trustee Report (continued)

IMPLEMENTATION STATEMENT (continued)

	Requirement	Policy	In the year to 30 June 2021
1	Securing compliance with the legal requirements about choosing investments	<i>The Trustee considers the investment objectives and policies when choosing investments either for the self-select fund range or for inclusion within the default investment option. The Trustee receives written advice from their Investment Consultant on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</i>	No new investments were implemented through the Plan year to the 30 June 2021. At the end of the previous Plan year, the underlying fund of the BOC Global Bond Fund was closed. After the sales proceeds were initially held in cash, the Trustee, following advice from its Investment Consultant, instructed Aegon on 16 July 2020 to move these funds into the BOC Corporate Bond Fund (a pre-existing self-select investment option).
2	Kinds of investments to be held	<i>For those members who prefer that fund choice decisions be made for them or those that do not make a decision, the Trustee provides three Lifestyle options, in which contributions are invested according to an 'automatic' lifestyling matrix. Under these options, investment is made principally in a common growth asset allocation (equities and diversified growth return funds) when members are further from retirement, and as members approach retirement (eight years away from their selected retirement) they will be asked to choose one of the following three protection phase strategies that best reflects their likely requirements for income in retirement. For those members who wish to make these decisions themselves, the Trustee makes available a range of funds which it believes provides appropriate strategic choices for members, given they may have a wide range of different savings objectives, risk profiles and time horizons. Currently these comprise equity funds, bond funds, a diversified growth fund, a growth fund (a blend of other funds), a pre-retirement fund and a cash fund. The funds offered are primarily passively managed, with the exception of those funds where an actively managed approach is deemed more suitable such as corporate bonds, cash and diversified growth return.</i>	The Default Option's at-retirement target was formally reviewed in September 2021, after the Plan's year end. It was agreed, in principle, that the Drawdown Lifestyle Strategy should be the Default Option for members going forwards. The last formal triennial review of the Default Option took place over 2019 and concluded on 17 September 2019. This review represents an important exercise for the Trustee that covers the majority of the investment policies the Trustee has in place. No changes to the underlying investments used in the default option were made following this review and the kinds of investments held in the default option remain consistent with the SIP. The self-select fund range was last formally reviewed in June 2018. The Trustee concluded that the available range of funds/types of investments available to members continued to be appropriate and provided members options across the risk/return spectrum. The details of the types of investments referenced in the SIP remains consistent with the fund range offered to members. No changes to the type of investments used in the self-select range have been implemented since this review and the strategy remains consistent with the SIP.
3	The balance between different kinds of investments	<i>The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustee has explicitly considered the trade-off between expected risk and returns.</i>	An in-depth review of the risk and return characteristics of the underlying components of the default option was last undertaken in September 2019. The Trustee concluded that the components of the Default Option continued to be appropriate. The last formal review of the range of self-select investment options was carried out in May 2018; following which the Trustee concluded that the range of funds available provided members with a range of options across the risk/return spectrum.

		<i>For those members who wish to make these decisions themselves, the Trustee makes available a range of funds which it believes provides appropriate strategic choices for members, given they may have a wide range of different savings objectives, risk profiles and time horizons.</i>	The details of the types of investment referenced in the SIP remains consistent with the fund range offered to members. The Trustee receives a quarterly investment performance report which monitors the performance of the investment options within the plan.
4	Risks, including the ways in which risks are to be measured and managed	<i>The Trustee has considered risk from a number of perspectives. The Trustee considers the main risks it considers to be financially material in relation to the DC Section</i>	As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. The Trustee maintains a risk register of the key risks to the Plan, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.
5	Expected return on investments	<i>The objective of the equity-based and diversified growth investments is to provide a positive real rate of return over the long term. The objectives of cash and bond-based investments are, respectively, to provide for the payment of the tax free lump sum on retirement, and to protect the value of assets close to retirement in order to protect members from fluctuations in annuity rates, rather than to achieve a specified 'real' or 'nominal' return. In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns. The target for the default is to generate returns in excess of inflation during the growth phase and reduce investment risk as members approach retirement.</i>	The investment performance report is reviewed by the Trustee on a quarterly basis – this includes the performance of the funds used in the Default Option and offered as additional fund choices. Within the quarterly performance reports provided to the Trustee, performance for each fund is shown alongside its target performance over one month, three months, 12 months, three year and five year time periods where available. These are then analysed to show how each fund has performed, both in absolute terms and against its individual benchmark. Investment performance is also assessed as part of the value for member assessment to ensure the members are invested in funds providing value. The last report was dated June 2021.
6	Realisation of investments	<i>The Investment Managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. They also have responsibility for generating cash as and when required, as notified by the Administrators. The underlying securities held by the pooled funds are mostly quoted on major stock markets and may be realised quickly if required.</i>	The Trustee receives administration reports and information on a regular basis to ensure that core financial transactions are processed within SLAs and regulatory. All funds are daily dealt pooled investment vehicles, accessed by an insurance contract and should be realisable based on member demand.
7	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	<i>The Trustee has focused on what it considers to be 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire. The Trustee, on the members' behalf, invests the assets in pooled funds and therefore, has delegated day to day management of the assets to its underlying investment managers. It has given appointed managers full discretion—within the mandate provided—to evaluate ESG factors, including climate change considerations and exercising voting rights</i>	The investment performance report is reviewed by the Trustee on a quarterly basis. It provides detail how each investment manager is delivering against their specific mandates including performance against benchmarks. 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. There were no appointments or termination of managers over the year, however the Trustee would have factored in these considerations as part of the decision making process if they were to have done so.

		<p><i>and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.</i></p> <p><i>The Trustee, therefore, considers how ESG including climate change and stewardship is integrated within manager's own corporate governance policies and investment processes when appointing new investment managers.</i></p>	
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p><i>The Trustee will consider feedback from members and where appropriate, will reflect on feedback received as part of any discussions relating to the available fund range.</i></p>	No feedback received or sought from membership over the Scheme year.
9	The exercise of the rights (including voting rights) attaching to the investments	<p><i>The Trustee, on the members' behalf, invests the assets in pooled funds and therefore, has delegated day to day management of the assets to its underlying investment managers. It has given appointed managers full discretion—within the mandate provided—to evaluate ESG factors, including climate change considerations and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.</i></p> <p><i>The Trustee expects voting and engagement activity to be used by investment managers to discuss the performance of an issuer of debt or equity.</i></p>	<p>The Trustee expects the underlying investment managers to evaluate ESG issues and exercise voting rights attached to the Plan's investments. As such, these activities are expected to be undertaken on behalf of the Trustee. The Trustee does not use the direct services of a proxy voter. However, the investment managers may enlist the service of a proxy voter when required. During the year under review, the Trustee did not actively challenge the investment managers on their voting activity.</p> <p>Within the DC Section, The Trustee has equity exposure through the following funds (which, in some cases also comprise a partial allocation in a Trustee-directed blended fund);</p> <ul style="list-style-type: none"> • Aegon BlackRock (World (ex UK) Equity Index • Aegon BlackRock 30/70 Currency Hedged Global Equity Index • Aegon BlackRock European Equity Index • Aegon BlackRock Japanese Equity Index • Aegon BlackRock Pacific Rim Equity Index • Aegon BlackRock UK Equity Index • Aegon BlackRock US Equity Index • Aegon BlackRock Emerging Markets Equity Index • Aegon BlackRock Market Advantage • Schroder Intermediated Diversified Growth <p>Key voting information for each of these funds is provided in a separate table following this section. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually.</p>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances	<p><i>As the Trustee invests in pooled investment vehicles, they accept that they have limited ability at most to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i></p>	<p>In the year to 30 June 2021, no specific engagement activity was undertaken by the Trustee. 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 the investee companies in accordance with the relevant legislation and codes. As the Plan invests</p>

	under which, trustees would monitor and engage with relevant persons about relevant matters)	<i>The Trustee expects voting and engagement activity to be used by investment managers to discuss the performance of an issuer of debt or equity.</i>	solely in pooled funds, the Trustee requires its investment managers to engage with investee companies on its behalf. Further information on the engagement activities of the underlying managers over the year to 30 June 2021 is provided in a separate table following this section.
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees policies	<p><i>The Trustee appoints underlying investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer’s manager research rating reflects Mercer’s forward-looking assessment of a manager’s ability to meet or exceed their objectives.</i></p> <p><i>As the Trustee invests in pooled investment vehicles, they accept that they have limited ability at most to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p><i>The underlying investment 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.</i></p> <p><i>If the investment objective for a particular manager’s fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee’s wider investment objectives.</i></p>	In the year to 30 June 2021, the Trustee considered the continued appointment of investment managers as part of its regular on-going monitoring of performance. Over the period, the Trustee remained comfortable that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.
12	How the arrangement incentivises the asset manager 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.	<p><i>The Trustee expects investment managers to incorporate the consideration of longer-term factors, such as ESG considerations, into their decision making process where appropriate. The extent to which this is incorporated in to the managers’ investment processes will be considered during the selection, retention and realisation of manager appointments.</i></p> <p><i>The Trustee expects voting and engagement activity to be used by investment managers to discuss the performance of an issuer of debt or equity.</i></p>	In the year to 30 June 2021, the Trustee has regularly monitored the performance its investment managers through its quarterly investment reports. Over the period the Trustee believed that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.
13	How the method (and time horizon) of the evaluation of the asset manager’s performance and the remuneration	<p><i>The Trustee’s focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner.</i></p> <p><i>The Trustee reviews both absolute and relative performance against a portfolio or</i></p>	The remuneration for asset management for the DC Section is considered as part of the annual Value for Members report; the last report covered the period to 30 June 2021. Investment manager performance is reviewed at quarterly meetings. Over the period, performance

	<p>for asset management services are in line with the trustees' policies</p>	<p><i>underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members. If performance is not satisfactory, the Trustee will ask the fund manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees. The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over three months, one year and three years. The Trustee reviews the absolute performance, relative performance against a suitable benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account.</i></p>	<p>for all managers was considered to be satisfactory so no further action was taken.</p>
14	<p>How the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.</p>	<p><i>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment as part of transaction cost data received. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for money assessments. Importantly, performance is reviewed net of portfolio turnover costs. The Trustee will engage with managers if they believe that any costs associated with trading are deemed to be excessive compared to expectations, but these will be determined on an ad-hoc and subjective basis.</i></p>	<p>The Trustee consider the levels of transaction costs as part of its annual Value for Members assessment and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement. The most recent report and disclosures covered the period to 30 June 2021. The transaction costs provided appeared to be reasonably reflective of costs expected of the various asset classes and markets that the Scheme invests in, so no further engagement with asset managers was required over the period. It is noted, however, that there is not as yet any industry standard or universe to compare these transaction costs to. The Trustee will continue to assess these costs on an annual basis moving forwards.</p>
15	<p>The duration of the arrangement with the asset manager</p>	<p><i>The Trustee focuses on long term investment, all funds are open-ended and therefore there is no set duration for manager appointments. The funds are reviewed on a regular basis, supported by advice from the investment consultants. The Trustee may choose to remove a fund from the fund range, if it is no longer considered appropriate, and the fund range is reviewed on at least a triennial basis.</i></p>	<p>The investment performance of all funds is reviewed by the Trustee on a quarterly basis – including an assessment of how each investment manager is delivering against their specific benchmarks. Based on these regular reviews, the Trustee decided to make no changes over the Plan year to 30 June 2021.</p>

Trustee Report (continued)

IMPLEMENTATION STATEMENT (continued)

Voting activity during the year

The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. However, the Trustee have only received information relating to public equity funds this year. Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 30 June 2021 is summarised in the pages that follow.

BlackRock's vote bulletins can be found at <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>.

More details on the BlackRock's stewardship activity for the same period can be found at <https://www.blackrock.com/corporate/literature/publication/2021-voting-spotlight-full-report.pdf>.

More details on Schroder's voting and engagement policies can be found in at <https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf>

We have been supplied with the following voting activity, which is summarised below.

Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Aegon BlackRock World (ex-UK) Equity Index	25,244	99%	92%	7%	0%
Aegon BlackRock 70/30 Global Equity Index	58,915	99%	91%	8%	1%
Aegon BlackRock European Equity Index	7,364	99%	85%	14%	1%
Aegon BlackRock Japanese Equity Index	6,018	100%	97%	2%	0%
Aegon BlackRock Pacific Rim Equity Index	3,153	100%	88%	11%	0%
Aegon BlackRock UK Equity Index	15,505	99%	93%	6%	2%

Aegon BlackRock US Equity Index	7,373	99%	95%	4%	0%
Aegon BlackRock Market Advantage	51,391	99%	91%	8%	1%
Aegon BlackRock 30/70 Currency Hedged Global Equity Index	58,266	99%	91%	8%	1%
Aegon BlackRock Emerging Markets Equity Index	33,926	100%	89%	10%	2%
Schroder Intermediated Diversified Growth	23,805	100%	92%	8%	1%

Use of proxy voting by the manager

BlackRock

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa. 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 Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process, and BlackRock state they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company's own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.

Schroder

Schroder receives research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into Schroder's voting decisions. In addition to relying on Schroder's policies, Schroder will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that Schroder own research is also integral to its final voting decision; this will be conducted by both Schroder financial and ESG analysts. For contentious issues, Schroder Corporate

Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroder continues to review our voting practices and policies during our ongoing dialogue with our portfolio managers. This has led Schroder to raise the bar on what it considers ‘good governance practice.’

Sample of significant votes

BlackRock

Process for determining the most-significant votes

BlackRock Investment Stewardship (“BIS”) team prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance at the companies in which BlackRock invests on behalf of their clients. BlackRock year-round engagements with clients to understand their focus areas and expectations, as well as BlackRock’s active participation in market-wide policy debates, help inform these priorities. The themes identified are reflected in the Global Principles, market-specific voting guidelines and engagement priorities, which underpin their stewardship activities and form the benchmark against which the sustainable long-term financial performance of investee companies is looked at.

Sample of significant votes undertaken by BlackRock to the equity holdings for the 12 months to 30 June 2021

Company	Resolution	How BlackRock voted
Daimler AG (Date of vote: 8 July 2020)	Amend Articles Re: Electronic Participation of Shareholders	For
	Approve Allocation of Income and Dividends of EUR 0.90 per Share	
	Approve Discharge of Management Board for Fiscal 2019	
	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 10 Billion; Approve Creation of EUR 500 Million Pool of Capital to Guarantee Conversion Rights	
	Approve Remuneration Policy	
	Authorize Share Repurchase Program and Reissuance or Cancellation of Repurchased Shares	
	Authorize Use of Financial Derivatives when Repurchasing Shares	
Tesla, Inc. (Date of vote: 22 September 2020)	Adopt Simple Majority Vote	For
	Advisory Vote to Ratify Named Executive Officers' Compensation	
	Elect Director Elon Musk	
	Elect Director Hiromichi Mizuno	
The Procter & Gamble Company (Date of vote: 13 October 2020)	Ratify Deloitte & Touche LLP as Auditors	For
	Report on Efforts to Eliminate Deforestation	
	Election of Directors	
BP Plc (Date of vote: 12 May 2021)	Accept Financial Statements and Statutory Reports	For
	Approve Remuneration Report	
	Approve Scrip Dividend Programme	
	Approve Shareholder Resolution on Climate Change Targets	
	Authorise Issue of Equity	

	Authorise Issue of Equity without Pre-emptive Rights	
	Authorise Issue of Equity without Pre-emptive Rights in Connection with an Acquisition or Other Capital Investment	
	Authorise Market Purchase of Ordinary Shares	
	Authorise UK Political Donations and Expenditure	
	Authorise the Audit Committee to Fix Remuneration of Auditors	
	Authorise the Company to Call General Meeting with Two Weeks' Notice	
	Election of Directors	
BHP Group Limited (Date of vote: 14 October 2020)	Approve General Authority to Issue Shares in BHP Group Plc	For
	Approve General Authority to Issue Shares in BHP Group Plc for Cash	
	Approve Leaving Entitlements	
	Approve Remuneration Report for Australian Law Purposes	
	Approve Remuneration Report for UK Law Purposes	
	Approve Suspension of Memberships of Industry Associations where COVID-19 Related Advocacy is Inconsistent with Paris Agreement Goals	
	Approve the Repurchase of Shares in BHP Group Plc	
	Authorize the Risk and Audit Committee to Fix Remuneration of the Auditors	
	Election of Directors	
Yanzhou Coal Mining Company Limited (Date of vote: 9 December 2020)	Approve Capital Increase Agreement of Yankuang (Hainan) Intelligent Logistics Science and Technology Co., Ltd. and Related Transactions	For
	Approve Increase in the 2020-2024 Cash Dividend Ratio	
	Approve Supplemental Authorization for the Company to Carry Out Domestic and Overseas Financing Activities	

Company	Resolution	How BlackRock voted	Rationale for voting against
Daimler AG (Date of vote: 8 July 2020)	Amend Articles Re: Majority Requirement for Passing Resolutions at General Meetings	Against	Potential to significantly weaken shareholder rights.
	Approve Discharge of Supervisory Board for Fiscal 2019	Against	Vote against director for insufficient progress with respect to climate-related reporting.
	Elect Timotheus Hoettges to the Supervisory Board	Against	Vote against for serving on over an excessive number of public company boards which we believe raises substantial concerns about the director's

			ability to exercise sufficient oversight on this board.
Tesla, Inc. (Date of vote: 22 September 2020)	Additional Reporting on Human Rights	Against	Company already has policies in place to address these issues.
	Elect Director Robyn Denholm	Against	Nominee has not demonstrated ability to effectively represent shareholders' best interests.
	Report on Employee Arbitration	Against	Company already has policies in place to address these issues.
	Report on Paid Advertising	Against	Company already has policies in place to address these issues.
The Procter & Gamble Company (Date of vote: 13 October 2020)	Publish Annually a Report Assessing Diversity and Inclusion Efforts	Against	Company already has policies in place to address these issues.
BHP Group Limited (Date of vote: 14 October 2020)	Adopt Interim Cultural Heritage Protection Measures	Against	Company already has policies in place to address these issues.
	Amend Constitution of BHP Group Limited	Against	Shareholder proposals best facilitated through regulatory changes
Yanzhou Coal Mining Company Limited (Date of vote: 9 December 2020)	Approve Equity Interests and Assets Transfer Agreement	Against	We believe that proposal is not in the best interest of shareholders

Source: BlackRock

Schroder

Schroder considers "most significant" votes as those against company management. Such votes against will typically follow an engagement and the fund will inform the company of their intention to vote against before the meeting, along with their rationale. However, common practice is to support the management of the companies that they invest in.

Company	Resolution	How Schroder voted	Rationale for voting against
Erste Group Bank AG (Date of vote: 10 November 2020)	Amend Articles Re: Electronic Participation in the General Meeting	Against	Not in the interests of proxy voters.

Catalyst Pharmaceuticals, Inc. (Date of vote: 9 December 2020)	Elect Director Philip H. Coelho	Against	The board lacks gender diversity and chairs the nomination committee
Oracle Corporation (Date of vote: 4 November)	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Concerns over pay structure.
Federal Hydro-Generating Co. RusHydro PJSC (Date of vote: 30 June)	Ratify PricewaterhouseCoopers as Auditor	Against	Auditor tenure exceeds 10 years with no evidence of a tender process having been completed

Source: Schroder

Trustee Report (continued)

The Pensions Regulator's DC Code of Practice No.13

The Trustee has adopted a Statement of Investment Principles, as required by Section 35 of Pensions Act 1995. The Trustee keeps this document under review. It will be updated as and when required but will also be subject to formal annual review.

A new Statement of Investment Principles was signed on 28 September 2020 and is included as an appendix on pages 80 to 99.

The Trustee complies with the DC Code of Practice for investment-decision making in defined contribution schemes as published in July 2016. These principles apply individually to the RS Section and AVC Section.

Concentration of Investments

Concentration of investments is disclosed in note 9 of the accounts.

Custody of Assets

There are no segregated investment holdings in the Plan so custody of documents of title does not arise. The Trustee holds confirmation of participation in the pooled investment, or an insurance policy as relevant to the facility.

Employer-related Investment

Legislation prohibits the trustees of most occupational pension schemes from making employer-related investments in excess of 5% of scheme assets. The Rules of the Plan impose a stricter limitation by not allowing any direct investment in, or loans to, the employer, its ultimate parent company, or any Group company.

The Trustee does permit Investment Managers to invest in pooled equity funds designed to track the performance of the relevant equity index. Since the pooled funds may invest in Group companies, investment in such funds may result in an indirect exposure to Group companies. Having taken legal advice, the Trustee has satisfied itself that such indirect investment is permitted by their Rules, and that the exposure to Group companies which could result would not be material to Plan members.

Investment Choices

RS Section

Investment funds are held with Aegon and are unitised. Access to these funds is available to members through two investment choices, BOC FreeChoice and BOC Lifestyle. Members can invest in any combination of available funds and change their investment choice any time they wish.

The BOC FreeChoice allows members to select their own investment strategy using available index-tracker funds and actively managed funds.

The BOC Lifestyle offers a pre-selected investment strategy using the same types of funds available through BOC FreeChoice.

BOC FreeChoice funds

Aegon BlackRock UK Equity Index

This fund invests in the shares of UK companies and aims to achieve a return in line with the FTSE All-Share Index.

Trustee Report (continued)

Investment Choices (continued)

Aegon BlackRock World (Ex-UK) Equity Index	This fund invests in the shares of overseas companies (European ex-UK, Japanese, Far Eastern, US, Canadian and Emerging markets) according to market capitalisation weightings. Its investment objective is to achieve a return in line with the FTSE All-World Developed ex-UK Index.
Aegon BlackRock Over 15 Year Gilt Index	This fund invests in UK government fixed income securities (gilts) that each has a maturity period of 15 years or longer. The fund aims to achieve a return in line with the FTSE UK Gilts Over 15 Years Index.
Aegon BlackRock Over 5 Year Index-linked Gilt Index	This fund invests in UK government index-linked securities that each has a maturity period of 5 years or longer. The fund aims to achieve a return in line with the FTSE UK Gilts Index-Linked Over 5 Years Index.
Aegon BlackRock Cash Class	This fund invests in deposits and short-term debt securities that pay floating rates of interest. The fund aims to produce a return in line with the 7 Day LIBID Rate, principally from a portfolio of Sterling-denominated cash, deposits and money-market instruments.

Also offered are bespoke funds, e.g. BOC Corporate Bond, BOC Diversified Growth, BOC Equity, BOC Growth Fund and BOC Pre-Retirement.

BOC Lifestyle

This investment provides a pre-selected investment strategy, using the same types of funds available through BOC FreeChoice. Under this option, investment is made principally in the equity-based Growth and Diversified Growth funds when a member is younger. Accumulated funds and contributions are switched progressively to a default Annuity fund, as the member nears pre-selected expected retirement age (the default age is 65). In addition, there are transition funds designed to provide investments for those members who may wish to take their benefits in the form of Cash or Income Drawdown. The funds are switched between the constituent funds in accordance with a pre-selected strategy.

Growth Fund	The Growth Fund is divided approximately 50% to the BOC Equity Fund and 50% to the BOC Diversified Growth Fund. The BOC Equity Fund is made up of a number of different equity funds, investing in different regions. Some of the world equity investments are currency hedged (this aims to reduce volatility), others invest in emerging markets, aiming to maximise growth. The BOC Diversified Growth Fund aims to provide a positive rate of return, while being less volatile than equities.
Transition Funds	Invested in the BOC Equity, BOC Diversified Growth, BOC Pre-retirement and Cash funds.

The Trustee has the responsibility for ensuring that the investment manager's strategy in allocating investments for the BOC Lifestyle fund(s) is appropriate for the majority of RS section members.

AVC Section

The Trustee invests contributions paid by members or by the Company under Salary Exchange arrangements, in one or more of the facilities according to each member's choice. Any pensions-related additional contribution made by the Company in respect of a member is invested in the Aegon BlackRock Cash fund. The providers of the investment facilities are appointed by the Trustee on the advice of the investment adviser.

Trustee Report (continued)

Aegon AVC Bond fund closure

As noted in the prior year Trustee Report, the Trustee decided to close the BOC Global Bond Fund. The monies were transferred into the BOC Corporate Bond Fund in August 2020. Letters were sent to 32 members of the AVC Section in September 2020 to advise them of the switch. Compensation to members who were negatively impacted by the closure was paid in January 2021.

AVC fund transfers to Aegon

The Trustee undertook a review of the funds available with all the AVC providers and concluded that as the Plan's fund range provided by Aegon was subject to a higher level of governance and performance monitoring, that the AVC unitised funds with Aviva and Prudential should be closed to improve the quality of fund options to members, and that existing savings should be transferred to Aegon. The Trustee also noted that fees for the fund range provided by Aegon were significantly lower and, as such, members will see lower charges through these changes. Funds totalling £291,497 were switched from Aviva to Aegon on 15 June 2021. Unitised funds held with Prudential totalling £576,297 were switched to Aegon on 14 September 2021.

Below are details of the investment facilities and their providers:

Provider	Type of facility	Status
The Prudential Assurance Company Limited	With-profits pension fund (cash accumulation)	Closed to new members since 30 September 2010
The Prudential Assurance Company Limited ("M&G series")	Investment-linked funds (unitised)	Closed and switched to Aegon on 8 September 2021
The Prudential Assurance Company Limited	With-profits pension fund (unitised)	Closed to new contributions since 5 April 1997
Aviva Life Services UK Limited	With-profits pension fund (unitised)	Closed to new members since 5 April 1992
Aviva Life Services UK Limited (formerly Friends Life and Pensions Ltd)	Investment-linked funds (unitised)	Closed and switched to Aegon on 15 June 2021
Aegon	Investment-linked index-tracker funds (unitised)	Open

Information about Investment Performance

	Provider	Website
RS Section	Aegon	https://lwp.aegon.co.uk/retirementplanmanager/ioKnowledgeCenter.do?site=boc
AVC Section	Aegon	As above
	Aviva Life Services UK Limited	https://www.aviva-for-advisers.co.uk/adviser/site/public/fund-centre/fund-performance-factsheets-and-charting
	The Prudential Assurance Company Limited	https://www.pru.co.uk/funds/

Trustee Report (continued)

Performance

RS Section

The return of the funds in the table below should be close to the return of the applicable index, or combination of indices, which the fund is designed to track. Fund returns are provided net of fees or the year ended 30 June 2021 were as follows:

Aegon	1 year		3 years		5 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
			p.a.	p.a.	p.a.	p.a.
BOC FreeChoice						
UK equity fund	21.3%	21.5%	2.0%	2.1%	6.4%	6.5%
World (ex-UK) equity index fund	25.2%	25.1%	14.3%	14.1%	15.0%	14.9%
Over 15 years UK gilts fund	-11.2%	-10.9%	4.7%	4.6%	3.2%	3.2%
Over 5 years index-linked gilts fund	-4.5%	-4.4%	5.4%	5.3%	5.0%	5.0%
Corporate bond	1.9%	1.7%	4.9%	4.7%	4.2%	4.0%

Source: Aegon

The benchmark indices are FTSE Indices except for the Cash fund which is benchmarked against 7 day sterling LIBID. Fund returns are provided net of fees for the year ended 30 June 2021 were as follows:

BOC Lifestyle	1 year		3 years		5 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
			p.a.	p.a.	p.a.	p.a.
Equity	27.2%	27.4%	9.4%	9.5%	11.6%	11.7%
Growth Fund	20.8%	15.1%	7.2%	6.8%	8.2%	7.9%
Diversified growth fund	14.7%	3.4%	4.9%	3.5%	4.8%	3.7%
Pre-retirement fund	-4.9%	-4.9%	4.3%	4.2%	3.3%	3.1%
Cash fund	0.0%	-0.1%	0.4%	0.3%	0.4%	0.3%

Source: Aegon

AVC Section

Aegon	1 year		3 years		5 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Fund name			p.a.	p.a.	p.a.	p.a.
70:30 Global equity index	22.2%	22.3%	5.2%	5.1%	8.7%	8.6%
European equity index	22.4%	22.8%	9.8%	10.0%	11.8%	11.9%
Japanese equity index	12.0%	11.7%	5.7%	5.5%	9.9%	9.8%
Pacific rim equity index	28.5%	28.9%	8.6%	9.0%	11.8%	12.1%
US equity	26.9%	27.1%	17.3%	17.5%	17.2%	17.3%

Source: Aegon

Trustee Report (continued)

The Prudential Assurance Company Limited – with profits pension fund (cash accumulation and unitised)

Prudential were unable to provide performance to 30 June 2021, therefore performance as at 6 April 2021 is shown in the table below as in prior years. Please note, the underlying funds receive the same investment return as each other but differ in the type of contracts, benefits offered and penalties applied.

	1 year	3 years p.a.	5 years p.a.
With Profits (unitised)	4.7%	4.1%	6.2%
With Profits (cash accumulation)	4.7%	4.1%	6.2%

Source: Prudential

Aviva Life Services UK Ltd – with profits pension fund (unitised)

A bonus rate (referred to as 'growth rate') is declared in advance. The growth rate can be varied by Aviva at any time but is usually reviewed at each 1 January. Unit prices increase daily to reflect the declared growth rate.

Aviva may add an additional bonus on units secured by Plan contributions made in earlier years when the accumulated fund is transferred to another Plan facility or is used to provide benefits. The rate of additional bonus varies according to the year in which units were secured and is not guaranteed.

Aviva were unable to provide performance to 30 June 2021, therefore performance as at 1 December 2021 is shown in the table below:

	1 year	3 years p.a.	5 years p.a.
With Profits	2.5%	2.5%	2.7%

Source: Aviva

Aviva (formerly Friends Life & Pensions Ltd) - investment-linked funds (unitised)

	1 year		3 years		5 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
			p.a.	p.a.	p.a.	p.a.
BlackRock UK Equity Index	20.3%	24.4%	2.1%	2.1%	6.9%	6.7%
Cash	0.1%	-0.5%	0.5%	0.0%	0.4%	-0.1%
European equity	20.3%	22.9%	5.0%	8.6%	8.9%	11.1%
Global equity	22.4%	24.2%	9.1%	10.4%	11.5%	12.4%
Index linked	-5.1%	-4.4%	5.2%	4.6%	4.8%	4.1%
Managed	19.5%	15.4%	7.7%	6.3%	8.1%	7.7%
North American	35.5%	28.4%	17.2%	15.2%	19.1%	16.2%
Pacific basin	22.0%	22.3%	8.4%	7.8%	13.0%	11.3%
Pre-retirement fixed interest	-3.0%	-6.9%	4.8%	4.8%	4.0%	3.8%
Property	5.1%	3.1%	1.5%	-0.1%	2.7%	2.3%
Stewardship	19.4%	24.4%	5.5%	2.1%	9.2%	6.7%
Stewardship Managed	17.3%	15.4%	13.3%	6.3%	13.3%	7.7%
UK Equity	21.7%	24.4%	3.0%	2.1%	7.5%	6.7%

Source: Aviva.

Trustee Report (continued)

The Prudential Assurance Company Limited - investment-linked funds (unitised)

	1 year		3 years		5 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
			p.a.	p.a.	p.a.	p.a.
International Pension	23.4%	24.2%	6.2%	10.4%	10.2%	12.4%
Global Sustain Paris Aligned*	23.9%	24.2%	13.8%	10.4%	14.6%	12.4%
European Select Pension	18.8%	22.9%	4.1%	8.6%	8.9%	11.1%
Equity Pension	21.4%	24.4%	90.0%	2.1%	5.9%	6.7%
Japan Pension	11.8%	11.6%	5.2%	3.4%	9.5%	7.9%
US Equity**	24.7%	28.4%	12.9%	15.2%	14.9%	16.2%
Asia Pacific Pension ***	28.9%	26.8%	n/a	10.3%	n/a	13.1%
Recovery Pension	30.3%	24.4%	-2.9%	2.1%	4.9%	6.7%
UK Income Distribution	17.6%	15.4%	2.2%	6.3%	5.0%	7.7%
UK Select Pension	21.4%	24.4%	5.5%	2.1%	9.3%	6.7%
Managed Pension	15.7%	15.4%	4.2%	6.3%	6.9%	7.7%
PPP	22.9%	24.2%	4.0%	10.4%	8.1%	12.4%
Property	-2.0%	3.1%	-4.0%	-0.1%	-0.8%	2.3%
Gilt & Fixed Interest	-7.3%	-7.3%	1.7%	2.1%	1.1%	1.2%
Cash Pension	0.0%	-45.0%	5.0%	-0.1%	0.4%	-0.2%

Source: Prudential

* previously named Global Select Pension. ** previously named North American Pension

*** previously named Pacific Market Pension

It should be noted that although a number of fund managers for the AVC Section were not able to provide complete or timely performance data, the Trustee performs a Value for Members exercise ('VfM') as part of the Statement Regarding DC Governance. The VfM information can be found in Section (e) on page 44.

Signed on behalf of the Trustee on

A Cheseldine

Trustee Director

M Poole

Trustee Director

Statement of Trustee 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 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 payment schedule 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 payment schedule. 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.

Date

A Cheseldine

M Poole

Trustee Director

Trustee Director

Statement regarding DC governance

What is this Statement for?

It's important that you can feel confident that your savings in the BOC Retirement Savings Plan ("the Plan") are being looked after and give good value.

This Statement sets out how the Trustee has managed the Plan in the last year and what they aim to do in the coming year.

A copy of this Statement, together with other key Statements about how the Plan is managed are posted online at www.bocpensions.co.uk.

What's in this Statement?

We've included information on the following areas in this Statement:

- 1 How we manage your Plan – who the Trustee is and what guides our decision making.
- 2 Investment options – what we have done to check the performance and suitability of the Plan's investment options, especially those used by members who have not made an active investment choice (known as the "default arrangement").
- 3 Investment performance – what returns have the investment options given over the last year.
- 4 Cost and charges – what costs and charges you have paid in the last year and how these might impact the size of a typical member's savings in the Plan over time.
- 5 Administration – how well the Plan has been administered including how promptly and accurately key transactions (such as the investment of your contributions) have been processed.
- 6 Value for Members - how the quality of the Plan's services (including the investment returns on your savings) which you pay for compare to another pension schemes.
- 7 Trustee knowledge – what we as the Trustee have done to maintain our level of knowledge and obtain the professional advice we need to look after the Plan for you.
- 8 Our plans for the next year – what key actions the Trustee took in the last year and what we aim to do in the coming year to continue to improve the Plan for all our members.

The rest of this Statement goes into more detail - please read on if you want to find out more about how we have managed your Plan in the last year.

We hope this Statement is of help to you planning for your future. If you have any questions, please contact BOC Pension Services at: pensions.uk@boc.com.

Statement regarding DC governance (continued)

Introduction

This Statement has been prepared in accordance with:

- Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996 No. 1715) as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015 No. 879).
- The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (SI 2018 No. 233).

This Statement has been prepared on behalf of the Trustee of the Plan and confirms the Plan's compliance with the governance standards required by legislation for defined contributions ("DC") arrangements during the period from 1 July 2020 to 30 June 2021.

This Statement is incorporated into the Trustee's annual report and accounts, which is available on request to members and beneficiaries of the Plan and members' appointed representatives. An electronic copy of the Trustee's annual report and accounts is also available in the publicly searchable area of the Plan's website, www.bocpensions.co.uk. Plan members' annual benefit statements also remind members that this statement and the Trustee's Statement of Investment Principles can be found on the Plan's website.

The appointed Chair of the Trustee Board will confirm the completion of this annual statement in the annual return to the Pensions Regulator.

(a) How the Plan is managed

At 30 June 2021, the Trustee Directors of the Plan were:

Capital Cranfield Pension Trustees Ltd, represented by Andrew Cheseldine (Chair)

Jon Davies

Martin Gleeson

Jeffrey McMahon

Mark Poole

Daniel Waldron

Deborah Mant resigned as a Trustee Director on 30 September 2020.

The Statement of Investment Principles sets out the Trustee's investment policies which the Trustee, with the help of its advisers, reviews at least every three years. The last review was carried out in 2019. Subsequently, the Statement was also updated on 28 September 2020 to include additional information on Environmental, Social and Governance (ESG) considerations.

An implementation statement setting out how the Trustee complied with the Statement of Investment Principles during the year to 30 June 2021 will be published by 31 January 2022.

Statement regarding DC governance (continued)

(b) Default arrangement

From 1 July 2020 to 30 June 2021, members of the Plan who did not make an explicit choice regarding the investment of their funds were “defaulted” into a lifestyle strategy. Typically, a proportion of members will also actively choose the default option because they feel it is most appropriate for them. However, the majority who are invested in the default option have not made an active investment decision.

The Trustee is responsible for the governance of the default arrangement which includes setting and monitoring its investment strategy. The Annuity Lifestyle Strategy is the default investment option for the Plan, which means that members’ contributions are automatically moved between different funds as they approach their selected retirement date.

The investment principles underlying the default option are set out below in the form of the Trustee’s aims for the default option and the ways in which the Trustee seeks to achieve these aims. In outline these are:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk;
- To provide a strategy that reduces investment risk for members as they approach retirement;
- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to use their savings in the Plan to buy a fixed annuity and take a 25% tax-free cash lump sum at retirement; and
- To comply with regulatory requirements around charges.

The Trustee’s policies in relation to the default option are:

- The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets.
- Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members.
- Members are supported by clear communications regarding the aims of the default investment option and the access to alternative investment approaches.
- Assets in the default option are invested in daily traded pooled funds which hold highly liquid assets.
- Within the default option, units across the underlying pooled funds are bought and sold according to Table 1 below.

Statement regarding DC governance (continued)

Table 1: Default Lifestyle Strategy glide-path

Years to Retirement	Equity (%)	Diversified Growth (%)	Pre-retirement (%)	Cash (%)
>10	50.0	50.0	0.0	0.0
10	50.0	50.0	0.0	0.0
9	50.0	50.0	0.0	0.0
8 ^[Note 1]	50.0	50.0	0.0	0.0
7	37.5	50.0	12.5	0.0
6	25.0	50.0	25.0	0.0
5	12.5	50.0	37.5	0.0
4	0.0	50.0	50.0	0.0
3	0.0	37.5	62.5	0.0
2	0.0	25.0	67.0	8.0
1	0.0	12.5	71.5	16.0
0	0.0	0.0	75.0	25.0

Note 1: Members are invested in the BOC Growth Fund until 8 years before retirement, after which life-style rebalancing commences as shown above. The BOC Growth fund is made up of 50% BOC Equity fund and 50% BOC Diversified Growth fund.

The Trustee believes that environmental, social, and corporate governance (ESG) factors can 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, including climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee, therefore, considers how ESG including climate change and stewardship is integrated within managers' own corporate governance policies and investment processes when appointing new investment managers. Further, it also considers these areas when monitoring existing investment managers on an annual basis. ESG ratings are disclosed in the performance report received by the Plan's investment advisor which is reviewed by the Trustee regularly.

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 the future.

Further detail on the above can be found in the current Statement of Investment Principles, which is attached as Appendix I. Please note that the Statement of Investment Principles covers all the Scheme's investments; however, the principles guiding the design of the default option are set out in the section entitled "Default Investment Option".

Statement regarding DC governance (continued)

Reviewing the default arrangement

The Trustee carried out a review of the Plan's default fund strategy during 2021 to determine its suitability for Plan members based on analysis, produced by its investment adviser, of the choices members make at retirement. It was agreed, in principle, that the drawdown lifestyle strategy should be the default arrangement for members going forwards as it better reflects members' at-retirement choices. The Trustee continues to monitor member behaviour to determine an appropriate time for change. In the normal course of events, the next full review will take place no later than 2024 or immediately following any significant change in investment policy or the Plan's member profile.

The Trustee has been satisfied that the funds which make up the default investment option contain highly rated funds and have performed broadly in line with their respective benchmarks over a one and a three-year time horizon.

To date the Trustee has been satisfied that the default arrangement is appropriate for the majority of the Plan's members. The Trustee has previously noted analysis on member behaviour since the introduction of DC pensions freedoms in 2015 and is currently taking advice and considering whether to amend the default investment strategy from targeting an annuity at retirement to targeting income drawdown or alternative flexible retirement approach.

The Trustee continues to monitor the appropriateness of the default arrangement and will review the feasibility and benefits of alternative default strategies to ensure that the Plan's default arrangement continues to meet members' needs and likely benefit choices at retirement.

Other investment options

The Trustee recognises that the default arrangement will not be suitable for the needs of every member and so the Plan also offers members a choice of other investment options including alternative lifestyle options and self-select funds. The main objectives of these investment options are:

- To cater for the likely needs of members who intend to take all their pension assets as cash on retirement ('Cash' strategy) or take their assets to a drawdown provider at their selected retirement date ('Income Drawdown' strategy);
- To offer a wider range of asset classes and levels of risk and return with the self-select funds.

These options are typically (and have been) reviewed alongside the review of the default option as outlined above. The Trustee has been satisfied that these options are suitable for members.

On 1 June 2020, the BlackRock Fixed Income Global Opportunities Fund, a constituent fund of the BOC Global Bond Fund, was closed and the monies were temporarily transferred by the provider into a cash fund. As a consequence, the Trustee decided to close the BOC Global Bond Fund and transfer the monies into the BOC Corporate Bond Fund in August 2020. The Trustee sought compensation from Aegon for members who were negatively impacted by the closure and an acceptable settlement was reached during the period.

(c) Investment performance

Default arrangement

Over the year to 30 June 2021, the funds used in the Plan's default arrangement saw investment returns ranging from an increase in value by up to 27.21% for funds invested in the BOC Equity Fund (that is, a rise of £272.10 for every £1,000 invested in that fund) to a fall in value of 4.88% for funds invested in the Pre-retirement Fund (that is, a fall of £48.80 for every £1,000 invested in that fund).

Statement regarding DC governance (continued)

The investment performance of the funds used in the default arrangement during the year to 30 June 2021 net of costs and charges expressed as a percentage were as set out in Table 2:

Table 2: Default Lifestyle Strategy constituent fund returns over one year

Fund	1 year
BOC Equity Fund	27.21%
BOC Diversified Growth Fund	14.69%
BOC Pre Retirement Fund	-4.88%
Aegon Blackrock DC Cash	-0.03%
BOC Growth Fund	20.83%

Source: Aegon

The high performance of the Equity, Growth and Diversified Growth funds can be attributed to a bounce back in the market following an initial fall in quarter 1 2020 as a result of the start of the COVID-19 pandemic.

Other investment options

The Trustee is satisfied that all funds used by the other investment options have performed in line with their objectives.

More information

Investment returns for all funds over several periods of time to 30 June 2021 are shown in Appendix IV.

Further information on the funds, how they are invested and their investment performance during the year, can be found on the Plan's website at www.bocpensions.co.uk where you can find a link to RS Plan Fund factsheets provided by the fund manager.

(d) Charges and transaction costs

The charges and costs borne by members and/or the Company for the Plan's services are:

Service	By members	By the Company
Investment management	✓	
Investment transactions	✓	
Administration		✓
Governance		✓
Communications		✓
Retirement	✓	

Statement regarding DC governance (continued)

The Plan is divided into two sections known as the Retirement Savings (“RS”) Section and the Additional Voluntary Contribution (“AVC”) Section. Information on the investment options for members in these two sections is set out in the ‘Charges’ and ‘Transaction Costs’ sections below. The presentation of the charges and transaction costs, together with the illustrations of the impact of charges and costs, have taken into account the statutory guidance issued by the Department for Work and Pensions.

Charges

The charges quoted below are the funds’ Total Expense Ratios (“TERs”). The TER consists of a fund’s Annual Management Charge (“AMC”) and Operating Costs & Expenses (“OCE”). OCEs include, for example, the fund’s custodian costs. While the AMC is usually fixed, the OCE and hence the TER, can vary slightly from day to day. The charges are deducted before the funds’ unit prices are calculated.

Default arrangement

The Trustee monitors the default arrangement’s compliance with the charge cap basis described in the 2015 Regulations. The Plan is a qualifying scheme for auto-enrolment purposes and the Trustee confirms that the member borne charges for the default arrangement complied with the charges cap during the period covered by this Statement.

The charges paid by members on the default strategy depend on where they are in the lifestyle strategy and the number of years they have until their selected retirement date. Table 1 above shows the funds in which members invest under the default arrangement at each stage of the lifestyle strategy. Table 3 sets out the charges relating to the funds used in the default arrangement:

Table 3: Default Lifestyle Strategy constituent fund charges

Fund	Charge	
	TER (%)	£ per £1,000
BOC Equity Fund	0.19%	1.90
BOC Diversified Growth Fund	0.56%	5.60
BOC Pre Retirement Fund	0.17%	1.70
Aegon Blackrock DC Cash	0.13%	1.30
BOC Growth Fund ^[Note 2]	0.40%	4.00

Note 2: The TER for the BOC Growth fund is slightly higher than the TER of its constituent parts (the BOC Equity Fund and the BOC Diversified Growth Fund) due to an additional charge for managing the balanced fund.

The charges for the Plan’s default arrangement were less than the government’s charge cap for pension schemes used for auto-enrolment. During the period covered by this Statement, the current level of member-borne charges applying to members’ investments as they progress through the default arrangement ranged from 0.16% p.a. to 0.40% p.a. of the amount invested as shown in Table 4 below:

Statement regarding DC governance (continued)

Table 4: Total expense ratios under Default Lifestyle Strategy

Years to Retirement	BOC Equity Fund (%)	BOC Diversified Growth Fund (%)	BOC Pre-retirement Fund (%)	Blackrock DC Cash (%)	Charge	
					TER (%)	£ per £1,000
>10	50.0	50.0	0.0	0.0	0.40%	4.00
10	50.0	50.0	0.0	0.0	0.40%	4.00
9	50.0	50.0	0.0	0.0	0.40%	4.00
8 ^[Note 3]	50.0	50.0	0.0	0.0	^[Note 4] 0.40%	4.00
7	37.5	50.0	12.5	0.0	0.37%	3.70
6	25.0	50.0	25.0	0.0	0.37%	3.70
5	12.5	50.0	37.5	0.0	0.37%	3.70
4	0.0	50.0	50.0	0.0	0.37%	3.70
3	0.0	37.5	62.5	0.0	0.32%	3.20
2	0.0	25.0	67.0	8.0	0.26%	2.60
1	0.0	12.5	71.5	16.0	0.21%	2.10
0	0.0	0.0	75.0	25.0	0.16%	1.60

Note 3: Members are invested in the BOC Growth fund until 8 years before retirement, after which life-style rebalancing commences as shown above. The BOC Growth fund is made up of 50% BOC Equity fund and 50% BOC Diversified Growth fund.

Note 4: The TER for the BOC Growth fund is slightly higher than the TER of its constituent parts (the BOC Equity Fund and the BOC Diversified Growth Fund) due to an additional charge for managing the balanced fund.

Other lifestyle strategies

In addition to the default arrangement, there are two alternative lifestyle strategies that are available to members to self-select; the 'Income Drawdown' strategy and the 'Cash' strategy. These arrangements also invest contributions in different funds according to how far each member is from retirement. The charges borne by each member can vary from one year to the next.

The two additional lifestyle arrangements make use of the same constituent funds as the default strategy (as set out in Table 3 above). As such, they constituent fund charges are the same, although actual charges levied will depend on the strategy.

1. The 'Cash' strategy is based on switching from the BOC Equity Fund and BOC Diversified Growth Fund to the Blackrock Cash Fund as the member nears retirement, with holdings in the BOC Pre-Retirement Fund during the switching phase.

The current level of member-borne charges applying to members' investments as they progress through the 'Cash' strategy ranged from 0.13% p.a. to 0.40% p.a. of the amount invested during the period as shown in Table 5 below:

Statement regarding DC governance (continued)

Table 5: Total expense ratios under 'Cash' Strategy

Years to Retirement	BOC Equity Fund (%)	BOC Diversified Growth Fund (%)	BOC Pre-Retirement Fund (%)	Blackrock DC Cash (%)	Charge	
					TER (%)	£ per £1,000
>10	50.0	50.0	0.0	0.0	0.40%	4.00
10	50.0	50.0	0.0	0.0	0.40%	4.00
9	50.0	50.0	0.0	0.0	0.40%	4.00
8 ^[Note 5]	50.0	50.0	0.0	0.0	0.40%	4.00
7	37.5	50.0	12.5	0.0	0.37%	3.70
6	25.0	50.0	25.0	0.0	0.37%	3.70
5	12.5	50.0	37.5	0.0	0.37%	3.70
4	0.0	50.0	50.0	0.0	0.37%	3.70
3	0.0	37.5	37.5	25.0	0.31%	3.10
2	0.0	25.0	25.0	50.0	0.25%	2.50
1	0.0	12.5	12.5	75.0	0.19%	1.90
0	0.0	0.0	0.0	100.0	0.13%	1.30

Note 5: Members are invested in the BOC Growth fund until 8 years before retirement, after which life-style rebalancing commences as shown above. The BOC Growth fund is made up of 50% BOC Equity fund and 50% BOC Diversified Growth fund.

1. The 'Income Drawdown' strategy is based on switching from the BOC Equity Fund and BOC Diversified Growth Fund to the BOC Diversified Growth Fund, BOC Pre-Retirement Fund, and Blackrock Cash Fund as the member nears retirement.

During the period covered by this Statement, the current level of member-borne charges applying to members' investments as they progress through the 'Income Drawdown' strategy ranged from 0.35% p.a. to 0.40% p.a. of the amount invested as shown in Table 6 below:

Statement regarding DC governance (continued)

Table 6: Total expense ratios under 'Income Drawdown' Strategy

Years to Retirement	BOC Equity Fund (%)	BOC Diversified Growth Fund (%)	BOC Pre-Retirement Fund (%)	Blackrock DC Cash (%)	Charge	
					TER (%)	£ per £1,000
>10	50.0	50.0	0.0	0.0	0.40%	4.00
10	50.0	50.0	0.0	0.0	0.40%	4.00
9	50.0	50.0	0.0	0.0	0.40%	4.00
8 ^[Note 6]	50.0	50.0	0.0	0.0	0.40%	4.00
7	44.0	50.0	6.0	0.0	0.37%	3.70
6	37.5	50.0	12.5	0.0	0.37%	3.70
5	31.0	50.0	19.0	0.0	0.37%	3.70
4	25.0	50.0	20.0	5.0	0.37%	3.70
3	19.0	50.0	20.0	11.0	0.36%	3.60
2	12.5	50.0	20.0	17.5	0.36%	3.60
1	6.0	50.0	20.0	24.0	0.36%	3.60
0	0.0	50.0	20.0	30.0	0.35%	3.50

Note 6: Members are invested in the BOC Growth fund until 8 years before retirement, after which life-style rebalancing commences as shown above. The BOC Growth fund is made up of 50% BOC Equity fund and 50% BOC Diversified Growth fund.

Other funds available to RS Section members

Plan members are also able to self-select their own combination of funds from those listed in Table 7 below and Table 3 above.

During the period covered by this statement, the level of member borne charges applying to funds outside the default arrangement (and in which members' contributions were invested) ranged from 0.11% to 0.47%:

Statement regarding DC governance (continued)

Table 7: RS Section self-select fund charges ^[Note 7]

Fund	Charge	
	TER (%)	£ per £1,000
Aegon Blackrock UK Equity Index	0.11%	1.10
Aegon Blackrock World (ex UK) Equity Index	0.14%	1.40
Aegon Blackrock 70/30 Global Equity Index ^[Note 8]	0.14%	1.40
Aegon Blackrock European Equity Index ^[Note 8]	0.14%	1.40
Aegon Blackrock Japanese Equity Index ^[Note 8]	0.14%	1.40
Aegon Blackrock Pacific Rim Equity Index ^[Note 8]	0.14%	1.40
Aegon BlackRock US Equity Index ^[Note 8]	0.14%	1.40
BOC Growth Fund	0.40%	4.00
Aegon Blackrock Over 15 Year Gilt Index	0.11%	1.10
Aegon Blackrock Over 5 Year Index-Linked Gilt Index	0.11%	1.10
BOC Corporate Bond Fund	0.47%	4.70

Note 7: These funds are available to self-selecting members in addition to those listed in Table 3.

Note 8: These funds were available only to members of the AVC Only Section (see next section for more information).

Other funds available to AVC Only Section members

The Plan also offers a range of funds to AVC Only section members, which are set out below in Tables 8-9. In addition to the funds set out in these tables, AVC Only section members can invest in a selection of Aegon funds, which have been identified with a note in Table 7 (Note 8).

During the period covered by this statement, the level of member borne charges (expressed as a “Total Expense Ratio”) applying to funds outside the default arrangement (and in which members’ contributions were invested) were as follows:

Statement regarding DC governance (continued)

Table 8: Friends Life (closed to new members but open to new money from existing members)

Fund (until June 2021 – see below)	Charge	
	TER (%)	£ per £1,000
UK Equity	At the time of producing this Statement, charges information for these funds had not been received from the providers for the current period and the Trustee is continuing to request this information.	
UK Index Tracker		
European Equity		
North American Equity		
Pacific Basin		
Global Equity		
Property		
Managed		
Stewardship		
Stewardship Managed		
Index-Linked Gilts		
Pre-Retirement Fixed Interest		
Cash		

Statement regarding DC governance (continued)

Table 9: Prudential (closed to new members and closed to new money)

Fund (see below)	Charge	
	TER (%)	£ per £1,000
International Pension	1.00%	10.00
Global Select Pension	1.00%	10.00
European Select Pension	1.00%	10.00
Equity Pension	1.00%	10.00
Japan Pension	1.00%	10.00
US Equity Pension	1.00%	10.00
Asia Pacific Pension	1.08%	10.80
Recovery Pension	1.00%	10.00
UK Income Distribution	1.00%	10.00
UK Select Pension	1.00%	10.00
Managed Pension	1.06%	10.60
PPP	1.00%	10.00
Property	1.80%	18.00
Gilts & Fixed Interest	1.00%	10.00
Cash Pension	1.00%	10.00

After having undertaken a review, in 2018, of the legacy funds in Tables 8 & 9, the Trustee had concluded that the Plan's fund range provided by Aegon was subject to a higher level of governance and performance monitoring and could be offered to members at a significantly lower cost. Consequently, the Trustee decided that the legacy AVC funds should be closed to improve the quality of fund options to members and that existing savings should be transferred to the fund range provided by Aegon (as summarised in Tables 3 and 7 above).

There have been delays in obtaining the necessary information from the providers. However, in June 2021, the transfer of the Friends Life funds was completed. The transition of the Prudential funds was still ongoing as at the end of the period and was completed in September 2021.

With-profits policies

The Plan has legacy AVC with-profits policies with Prudential Assurance Company Ltd and Aviva Life & Pensions UK Ltd. Typically, the charging structure of with-profits policies is not transparent as net investment returns are earned in the form of discretionary bonuses calculated by the provider. The charges and transaction costs

Statement regarding DC governance (continued)

are deducted from the overall fund before bonus rates are set for all policyholders. As a result, it is not possible to determine the exact charges and costs borne by members.

Information about charges and transaction costs has been requested from both providers; however, this has not been received at the time of preparing this statement.

Transaction costs

Transaction costs are in addition to the funds' TERs and can arise:

- when the fund manager buys or sells part of a fund's portfolio of assets; or
- when the platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on how each fund is invested and market conditions. They can include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes) and are taken into account when the funds' unit prices are calculated. This means that transaction costs are not readily visible, but will be reflected in a fund's investment performance.

The FCA requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission). These transaction costs do not include costs members may incur from buying or selling units in the provider's funds as a result of the fund manager's fund price moving from a "bid" to "offer" basis (or vice versa).

Transaction costs for the default arrangement

The transaction costs borne by members in the default arrangement during the year were in a range from 0.07% to 0.20% of the amount invested.

Further details on transaction costs are set out in Appendix II for each fund used in the default arrangement.

Transaction costs for the investment options outside the default arrangement

The transaction costs borne by members outside of the default arrangement during the year were in a range from -0.01% to 0.31% of the amount invested for the funds offered by Aegon. Transaction costs information has not been provided by Prudential.

Transaction costs for the With-Profits Funds

The transaction costs for the With-Profits funds have not been provided.

Missing information

The Trustee has requested full information from Prudential and will continue to request this but has not obtained all the information requested. The Trustee notes the following limitations:

- At this point, limited data is available on industry-wide comparisons which has made it necessary to rely heavily on the market knowledge of its advisers.
- There is limited transaction costs data available to provide industry-wide comparisons.

Statement regarding DC governance (continued)

The Trustee understands that these issues continue to affect many pension schemes and pension providers and that, the amount of comparative information available should improve over the next few years.

Given these limitations, the Trustee is satisfied that it has obtained as much information as it can on charges and transaction costs from the Plan's fund managers.

Impact of costs and charges

The Trustee has asked the Scheme's investment adviser to illustrate the impact over time of costs and charges borne by members on projected values at retirement in today's money for a typical member.

The tables in Appendix III to this Statement show these figures for the four funds included in the default strategy together with a note of the assumptions used in these illustrations.

As an example, for a member aged 20 who is invested in the Default Lifestyle Strategy, the level of charges and costs seen in the last year would reduce the projected pot value at retirement in today's money from £154,696 to £134,791. This assumes that the member's starting salary is £20,000 a year and that a total contribution of 10% of their salary is paid towards their pension until they retire at 65.

Please note that these illustrated values are not guaranteed and may not prove to be a good indication of how your own savings might grow.

Security of assets

The Trustee has sought and considered information from its investment consultants to:

- Increase their understanding of the compensation available and the criteria for claiming compensation, for example, in the event of a fund manager default;
- Establish the adequacy of protection arrangements in the event of a business failure of an investment services provider; and
- Understand the extent to which compensation is available for each of the investments currently held by the Plan.

The Plan invests scheme assets predominantly in instruments admitted to trading on regulated markets, and the Plan's fund managers operate in a strong regulatory environment. Fund managers are required to meet regulatory capital requirements in respect of the policyholders' funds, and this regulatory capital position is published in their annual returns. Additionally, fund managers' administrative and risk management processes are required to comply with the requirements of the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

In the unlikely event that a fund manager did sustain a loss which meant they were unable to meet their obligation to individual policyholders, policyholders may be entitled to compensation under the UK Financial Services Compensation Scheme ("FSCS"), depending on the type of business and the circumstances of the claim.

(e) Processing financial transactions

The administration of the Plan is carried out by BOC Pension Services, BOC's in-house pension administration team, on the Trustee's behalf.

Statement regarding DC governance (continued)

The Trustee commenced monitoring the Plan's administration service against agreed service levels, having entered into a formal service contract with the administrator during the period. The Trustee recognises that maintaining high service standards is a key consideration in the successful management of the Plan. Appendix IV sets out the key areas covered by the administration agreement.

The Trustee commissioned a full independent review of the administrator's processes and Plan data, which was conducted in 2019. Following the review, the administrator has been working to improve processes to address matters raised in the review feedback and reduce the risks of errors. Changes are currently being implemented, including rectification work for previously identified errors.

Over the period no complaints have been received from members in connection with the administration of the Plan. The Trustee monitors the processing of core financial transactions to ensure the Plan administration service standards meet its reasonable expectations. The administrator provides reports on these transactions at each of the Trustee's meetings. The Trustee is aware that core financial transactions include the receipt and investment of contributions, transfers of members' assets into and out of the Plan, switches between investment options and the payment of benefits. It is worth noting that:

- All contributions deducted from members' pay by the participating employers are paid to the Plan's administrator on the same day as they are taken from members' pay.
- Transfers out, fund switches and payments out, both to and in respect of members, are processed by administrator on behalf of the Trustee. The promptness of processing these transactions is monitored by the Trustee through the administrator's performance reporting each quarter.

The administrator monitors its performance by producing and reviewing workflow reports and using a tool which monitors the receipt and investment of contributions.

The Coronavirus pandemic continued to impact the administration of the Plan through the period. Staff continued to work from home and reconfigured processes to accommodate these working arrangements.

Although the pandemic had initially resulted in some delays in the processing of core financial transactions, service levels improved during the period as the administrator adapted to new working practices.

Nevertheless, the Trustee is satisfied that the administrator throughout took reasonable steps to ensure key financial transactions took place and services were restored as soon as possible.

Data quality

The Trustee recognises the importance of good data quality. The last audit of the Plan's common data (which is the key data needed by the Plan to calculate members' benefits such as dates of birth) was undertaken as at 30 June 2021. This showed that common data was present for 99% of membership data compared to 99% at the prior assessment as at 30 June 2020.

Over the next year the Trustee will carry out work to improve the quality of the Plan's data.

Cyber Security

The Trustee is increasingly conscious of the growing threat of cyber-attacks on pension scheme information. As part of the implementation of the new administration contract, the Trustee discussed engaging with the Company to confirm the effectiveness of its cyber security arrangements incident reporting, bearing in mind the importance of being able to notify members quickly if there has been a security breach.

Statement regarding DC governance (continued)

(f) Value for Members

Each year, with the help of its advisers, the Trustee carries out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members (VfM). Value is not simply about low cost – the Trustee also considers the quality of the services which members pay for.

Value assessment for Plan members can encompass areas such as administration, communications, investment, governance and the at-retirement process. The Pensions Regulator requires Value for Members to be assessed in relation to areas where members bear some or all of the costs which, for the Plan, means focusing on Plan investments and the at-retirement process. For the avoidance of doubt, there are no areas in which the Companies and Plan members share costs.

Approach

The Trustee adopted the following approach to assessing Value for Members for the last year:

- Services – considered the investment, administration, communication services where members bear or share the costs.
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement.
- Comparison – the cost and quality of each service were compared against similar schemes and available external comparisons.
- Rating – each service was rated on the below basis.

Results for the Year ending 30 June 2021

The Plan gave **Good** Value for Members in the year ending 30 June 2021.

The rating criteria used in the assessment were:

Statement regarding DC governance (continued)

Definition	VfM Rating
The Trustee considers the Plan offers excellent VfM. It provides better quality services within a top 20% quality/cost range, compared with typical options or schemes. Focus should be on maintaining the excellent rating.	Excellent (5)
The Trustee considers the Plan offers good VfM. It provides better quality services at similar cost, or similar services at lower cost, compared with typical options or schemes. Focus should be on maintaining the above average rating.	Good (4)
The Trustee considers the Plan offers average VfM. It provides similar quality services at similar cost, compared with typical options or schemes. A moderate priority for action to improve value (or high priority for categories with high weightings).	Average (3)
The Trustee considers the Plan offers below average VfM. It provides similar quality services at higher cost, compared with typical options or schemes. Improving value should be a higher priority objective.	Below average (2)
The Trustee considers the Plan offers poor VfM. It provides similar services at higher cost, or lower quality services for similar cost, compared with typical options or schemes. A high priority for action to improve value.	Very poor (1)

Rating rationale

The table below outlines the rationale for the rating of each service, including the weightings the Trustee has attributed to each service where members bear the cost in part or in full:

Statement regarding DC governance (continued)

Service and weighting	VfM Rating	Rationale
Investment (90%)	Good (4)	<p>The Trustee is satisfied that the investment options are suitable for the Plan's membership because there are no material concerns about the quality of the services and the charges are at the lower range of charges observed for comparable schemes. In addition, investment performance was in line with the funds' objectives.</p> <p>At this time, the Trustee is unable to provide a robust assessment of reasonableness of transaction costs experienced by the Plan and cannot comment on whether they are above or below average. However, they seem appropriate, given the various mandates.</p> <p>The Statement of Investment Principles was last updated on 28 September 2020, when further changes reflecting Environmental, Social and Governance (ESG) considerations were documented.</p>
Retirement (10%)	Average (3)	<p>The Trustee, with support from the Companies, has arranged for optional at-retirement services provided by Origen to help retiring members make the best choices. Members bear the full cost of using these services.</p> <p>The Trustee has considered the service offered by Origen (most recently in September 2020) and determined that more work may be needed to confirm that members receive better value from this service. As such the Trustee's view is that currently members derive average value.</p>

The Trustee has agreed an action plan for the following year to improve value where necessary and obtain any missing information. This action plan, along with details of the missing information and the value assessment limitations are detailed in other sections of this Chair's Statement.

(g) Trustee knowledge and understanding

The Trustee is required to describe how the knowledge and understanding requirements of sections 247 and 248 of the Pensions Act 2004 have been met during the period and explain how the combined knowledge and understanding of the Trustee, together with the advice available to them, enables them to properly exercise their functions.

Section 247 and 248 of the Pensions Act 2004 require that each Trustee:

- Is conversant with the Plan's trust deed and rules, the Plan's SIP, and any other policy document relating to the Plan's administration; and
- Has appropriate knowledge and understanding of pensions and trusts law as well as the funding of occupational pension schemes and asset investment principles.

Statement regarding DC governance (continued)

The Trustee Directors' current practices to maintain and develop each Trustee's level of knowledge and understanding of matters relating to the Plan are summarised below:

1. The Trustee has an induction process for newly appointed Trustee Directors, who are asked to complete the Pensions Regulator's "Trustee Toolkit" within 6 months of becoming a Trustee Director. The Trustee Toolkit is a free, online learning resource from The Pensions Regulator aimed at trustees of occupational pension schemes to help them meet the minimum level of knowledge and understanding requirements through learning modules and downloadable materials.
 - The Trustee has also developed a training agenda (to be delivered by its advisers) that will serve as additional introductory training for new Trustee Directors.
2. Each new Trustee Director is provided with a role description, which highlights the key requirements of the role, including the expectation that Trustee Directors will:
 - acquire a working knowledge of the Plan's Trust Deed and Rules (TD&R);
 - in practice, all formal Trustee's meetings are attended by the Trustee's legal adviser who attends with a copy of the TD&R – as a matter of course, all discussion of non-trivial matters requiring a decision is preceded by a reminder of the relevant provisions in the TD&R
 - have a working knowledge of the Plan's Statement of Investment Principles (SoIP) as well as the investment concepts relevant to the Plan;
 - the Trustee periodically reviews the Plan's default strategy and investment funds that are made available to Plan members; the current SoIP was updated on 28 September 2020 to include additional information on Environmental, Social and Governance (ESG) considerations
 - whenever a change to the SoIP is proposed, the updated document is circulated to each Trustee Director for reading prior to being formally presented to the Trustee at a meeting
 - the Trustee is also closely involved with the preparation of this statement for which the SoIP is highly relevant and therefore contributes further to the Trustee's awareness of the SoIP
 - build sufficient knowledge and understanding relating to the relevant principles of funding and investment that relate to the Plan;
 - the Trustee has benefited from the cumulative knowledge acquired from presentations given by the Plan's investment adviser in connection with the Plan's investment options (examples include reviewing the appropriateness of the range of member investment options and the annual review of value for members)

Statement regarding DC governance (continued)

- build a working knowledge of the law and legislation relating to pension schemes and trusts, including the Pension Regulator's DC Code of Practice 13 and supporting Guides;
 - the Trustee's legal adviser attends all formal Trustee's meetings to offer guidance where needed, this is an established practice which also enables the Trustee Directors to maintain their collective understanding of the key legal considerations and focus on relevant factors only
 - the Trustee receives training from its legal adviser on all material changes in legislation affecting pension schemes to ensure it understands the implications for the Plan
 - undertake further study and qualifications which support their work as Trustees
 - although the Trustee Directors do not pursue further formal study and qualifications, they are encouraged to attend events which they identify as being useful for their role, including seminars, briefing sessions, networking events and attending webinars on topical issues
 - Trustee Directors are also asked to report any training attended and share any noteworthy learning points with the Trustee
 - the current Chair is an APPT accredited professional pension trustee, so is subject to minimum standards including a requirement to demonstrate Continued Professional Development
 - maintain and improve their familiarity with the Plan's documentation and policies
 - although the Trustee Directors do not formally record and demonstrate their knowledge on the Plan's documentation and policies, they have identified the key Plan documents that are used by the Trustee and agreed that they will be reviewed periodically at Trustee's meetings.
3. The Trustee has an ongoing programme of training to ensure it has appropriate knowledge and understanding to perform its duties. Its approach to training is set out in a training policy document which is regularly reviewed and updated for new areas of consideration.
- Formal training sessions are delivered during Trustee's meetings or over half-day training sessions as required.
 - In addition to the new Trustee Director training in (1) above, the Trustee will also run refresher training for existing Trustee Directors from time to time.
 - Trustee Directors do not maintain individual training logs, preferring instead to use the meeting minutes as the basis for recording training activities.
4. The Trustee has had a policy of informally reviewing individual Trustee Director's effectiveness, including their level of knowledge, through an annual one-to-one meeting with the Chair, who has Plan specific understanding, to:
- discuss their trusteeship and provide guidance; and

Statement regarding DC governance (continued)

- benefit from the Chair's broader industry knowledge and understanding of the Pensions Regulator's expectations, which provide context for each Trustee Director's Plan specific needs.

This process helps to identify Trustee Directors' individual knowledge or skills gaps and how they might be addressed through additional training to help improve the overall management of the Plan.

The Trustee periodically arranges training to be attended by the Trustee Directors to address general trustee training matters as well as matters specific to the Plan. The Trustee also carried out a review of the effectiveness of the Trustee as a whole in January 2020, with the help of an external facilitator, and points raised during the review are periodically considered.

To support its management of the Plan, the Trustee locates all its current policy documents in one location. The Trustee's business plan makes provision for these policies to be reviewed from time to time. The Trustee is also aware that effective management of the Plan requires it to periodically check that the Company is meeting its obligation to pay contributions to the Plan accurately and on a timely basis and that these contributions are invested on a timely basis by the administrator.

The Trustee believes that its management of the Plan is strengthened by the appointment of an independent Chair, who benefits the Trustee as a whole by sharing broader industry insight that can lead to better decision making in general. The independent Chair has also become conversant with the Plan's documentation and developed a high level of Plan specific understanding that further benefits the Trustee in managing the Plan. The Trustee also confirms that it has appointed recognised and suitably qualified legal advisers, investment consultants and benefit consultants to:

- provide advice on the operation of the Plan in accordance with the Plan's Trust Deed and Rules and in compliance with legislation;
- provide regular training for the Trustee at Trustee meetings, including quarterly updates on topical issues that highlight considerations for the Plan and its members; and
- help ensure that the Trustee's discussion and overall effectiveness (and subsequent decision-making) are focussed on relevant factors.

The effectiveness of the Trustee's advisers is reviewed annually, and adviser appointments are reviewed on a periodic basis.

The Trustee received the following training during the last year:

Statement regarding DC governance (continued)

Date	Topic	Aim	Trainer
10 November 2020	Administration training	Understand the importance of DC administration governance in the context of PASA guidance focussing on data quality & security, decumulation, controls & processes and well as management information and transition management.	Hymans Robertson
23 April 2021	Communications	Understand different ways in which to communicate and engage with member effectively.	Gallagher (formerly AHC)
23 April 2021	Investment	General investment considerations as well as understanding how Environmental, Social and Governance factors may be taken into account in investment.	Mercer
4 September 2020, 4 December 2020, 22 February 2021 & 25 May 2021	DC update	Keep the Trustee up to date on news in the DC marketplace.	Hymans Robertson
4 September 2020, 4 December 2020, 22 February 2021 & 25 May 2021	Regulatory update	Keep the Trustee up to date on changes to DC legislation and the actions of the Pensions Regulator.	Mayer Brown/Hymans Robertson

The Trustee undertook the following reviews during the last year:

Date	Review of
4 September 2020	The Plan's investment risks and controls
4 December 2020	The Plan's default investment fund

The Trustee is satisfied that during the period covered by this Statement the combination of individual Trustee Directors' knowledge and understanding together with access to suitable advice enabled it to exercise properly its functions as Trustee of the Plan.

(h) Action plan for the next year

In recent years the Plan's members have benefited from a number of changes (over and above "business as usual") driven or welcomed by the Trustee. Each has improved VfM within the Plan. Over the last 12 months the Trustee undertook the following to improve value for members:

Statement regarding DC governance (continued)

- 1 **Ongoing monitoring** – The Trustee regularly receives updates from the Plan’s investment adviser and the BOC Pensions Investment Team reflecting ongoing monitoring of markets and managers. Since the start of the COVID-19 pandemic, the Trustee has received enhanced analysis of fund performance broken down by members’ term to retirement to assess resilience to market volatility of the default strategy and the other funds. This has enabled the Trustee to communicate with members effectively regarding the impact of the pandemic.
- 2 **Consideration of fund manager performance** - The Trustee reviews regular updates on fund manager performance net of fees against the benchmark returns for the fund, with a more in-depth annual review in addition to this. Annual reviews include advice from the Trustee’s advisers on whether the fees charged on funds offered to members are competitive when assessed against consistent funds in the market. The Trustee has also set objectives as part of the CMA requirements for the investment consultant to provide advice that supports the Trustee’s aim to offer good value to members.
- 3 **Transaction costs** - Work with investment managers regarding the transparency of the underlying transaction costs charged to members.
- 4 **Review of default strategy** – The Trustee initiated a review of the Plan’s default strategy to assess whether it remains appropriate for Plan members.
- 5 **Unit-linked legacy AVC funds** - The Trustee improved Value for Members in relation to unit-linked legacy AVC funds with Friends Life and Prudential. It had agreed that these funds should be transferred, at no cost to members, into similar Plan funds on the Aegon platform that represent better value for members. The transition of the Friends Life funds was completed during the period in June 2021. The transitioning of the Prudential funds was ongoing at the year-end but was completed in September 2021.

Improving VfM

Improving VfM is an evolving process and takes place over a period of time - the changes summarised above illustrate this. The Trustee has also identified a number of potential actions that would, in its view, contribute to improving value for members. These actions are under consideration although, unless stated otherwise, no decision has been made to implement each change. These are summarised below but it is important to note that the timing of any implementation will depend upon the materiality and urgency of the matter:

- 1 **Fund performance** - Review fund manager performance and the performance monitoring process to ensure the framework remains appropriate to the size of the Plan.
- 2 **At retirement** - Review the service provided by Origen to Plan members at retirement and the clarity of member communications to improve value both from the perspective of the service offered and members’ understanding of the value they can derive from the at-retirement service.

Progress on these potential actions will be reported to members in each year’s Chair’s Statement as and when each develops further.

Statement regarding DC governance (continued)

Signed on behalf of the Trustee by:

A Cheseldine

Andrew Cheseldine, for Capital Cranfield Pension Trustees Limited
Chair of the Trustee of the BOC Retirement Savings Plan
31 January 2022

Statement regarding DC governance (continued)

Appendix I: Statement of Investment Principles

This has been removed from this section and has been shown as an Appendix to the Report and Accounts.

Appendix II: Transaction Costs

Transaction costs

The table below summarises the transaction costs (provided by Aegon for the year to 30 June 2021) associated with the Plan's range of funds over the period. The Trustees requires this information as part of its Value for Members review requirements under the Pension Regulator's DC Code of Practice and legislative requirements of the annual Chair's Statement.

BOC RSP – DC SECTION	Transaction cost	
	% p.a.	£ per £1,000
BOC Equity Fund	0.03%	0.30
BlackRock DC Aquila UK Equity Index Fund	0.00%	-
BlackRock DC Aquila World (ex UK) Equity Index Fund	0.02%	0.20
BOC Diversified Growth Fund	0.31%	3.10
BOC Growth Fund	0.17%	1.70
BOC Pre-Retirement Fund	0.09%	0.90
BOC Corporate Bond Fund	0.05%	0.50
BlackRock DC Aquila Over 15 Years Gilt Index Fund	-0.01%	-0.10
BlackRock Aquila Life Over 5 Years Index-linked Gilt Index	0.00%	0.00
BlackRock DC Cash Fund	0.02%	0.20

Source: Aegon

Further information is set out in the remaining tables to illustrate how transaction costs vary within the default strategies.

Default Lifestyle transaction costs: "Annuity Lifestyle Strategy"

The table below sets out the variation in transaction costs under the Plan's default arrangement.

Statement regarding DC governance (continued)

Years to Retirement	Equity (%)	Diversified Growth (%)	Pre-retirement (%)	Cash (%)	Transaction costs	
					% p.a.	£ per £1,000
>10	50.0	50.0	0.0	0.0	0.17%	1.70
10	50.0	50.0	0.0	0.0	0.17%	1.70
9	50.0	50.0	0.0	0.0	0.17%	1.70
8 ^[Note 9]	50.0	50.0	0.0	0.0	0.17%	1.70
7	37.5	50.0	12.5	0.0	0.18%	1.80
6	25.0	50.0	25.0	0.0	0.18%	1.80
5	12.5	50.0	37.5	0.0	0.19%	1.90
4	0.0	50.0	50.0	0.0	0.20%	2.00
3	0.0	37.5	62.5	0.0	0.17%	1.70
2	0.0	25.0	67.0	8.0	0.14%	1.40
1	0.0	12.5	71.5	16.0	0.10%	1.00
0	0.0	0.0	75.0	25.0	0.07%	0.70

Note 9: Members are invested in the BOC Growth fund until 8 years before retirement, after which life-style rebalancing commences as shown above. The BOC Growth fund is made up of 50% BOC Equity fund and 50% BOC Diversified Growth fund.

Alternative Lifestyle transaction costs: "Income Drawdown Strategy"

The table below sets out the variation in transaction costs under the income drawdown strategy.

Years to Retirement	Equity (%)	Diversified Growth (%)	Corporates (%)	Cash (%)	Transaction costs	
					% p.a.	£ per £1,000
>10	50.0	50.0	0.0	0.0	0.17%	1.70
10	50.0	50.0	0.0	0.0	0.17%	1.70
9	50.0	50.0	0.0	0.0	0.17%	1.70
8	50.0	50.0	0.0	0.0	0.17%	1.70
7	44.0	50.0	6.0	0.0	0.17%	1.70
6	37.5	50.0	12.5	0.0	0.18%	1.80
5	31.0	50.0	19.0	0.0	0.18%	1.80
4	25.0	50.0	20.0	5.0	0.18%	1.80
3	19.0	50.0	20.0	11.0	0.18%	1.80
2	12.5	50.0	20.0	17.5	0.18%	1.80
1	6.0	50.0	20.0	24.0	0.18%	1.80
0	0.0	50.0	20.0	30.0	0.18%	1.80

Statement regarding DC governance (continued)

Alternative Lifestyle transaction costs: “Cash Strategy”

The table below sets out the variation in transaction costs under the Plan’s cash strategy.

Years to Retirement	Equity (%)	Diversified Growth (%)	Corporates (%)	Cash (%)	Transaction costs	
					% p.a.	£ per £1,000
>10	50.0	50.0	0.0	0.0	0.17%	1.70
10	50.0	50.0	0.0	0.0	0.17%	1.70
9	50.0	50.0	0.0	0.0	0.17%	1.70
8	50.0	50.0	0.0	0.0	0.17%	1.70
7	37.5	50.0	12.5	0.0	0.17%	1.70
6	25.0	50.0	25.0	0.0	0.18%	1.80
5	12.5	50.0	37.5	0.0	0.19%	1.90
4	0.0	50.0	50.0	0.0	0.20%	2.00
3	0.0	37.5	37.5	25.0	0.15%	1.50
2	0.0	25.0	25.0	50.0	0.11%	1.10
1	0.0	12.5	12.5	75.0	0.06%	0.60
0	0.0	0.0	0.0	100.0	0.02%	0.20

The Plan has holdings in a number of AVC policies with Prudential. With respect to the With-Profits policies, pay-outs on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, the actual performance received by members, net of charges, is only ever known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of ‘smoothing’.

The Trustee has sought to quantify the transaction costs associated with the holdings in these funds by requesting the information from these providers in line with the prescribed transaction cost disclosure methodology. Managers were not able to provide complete information to satisfy these requirements. The Trustee will continue to request this information each quarter to ensure the missing information is obtained.

Appendix III: Impact of member borne costs and charges

In accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, trustees and managers of relevant schemes must, amongst other things, provide an illustrative example of the cumulative effect of costs and charges on members’ savings as part of the Chair’s Statement.

The latest guidance, produced by the Department for Work & Pensions, sets out that trustees and managers should present the impact of costs and charges typically paid by a member as a figure in pounds, or pounds and pence. It should use realistic assumptions and be representative of membership in terms of pot size, contribution rates, expected investment returns in real terms, time period and actual charges and costs.

The guidance drafted by the Department for Work and Pensions notes that the illustrations should be produced, taking into account the following elements specific to the membership:

Statement regarding DC governance (continued)

- Savings pot size;
- Contributions;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of costs and charges on a typical member's Retirement Account, we provided an example below for a young active Plan member. The illustration includes member-borne costs, including TERs and transaction costs but does not include costs involved with trading in and out of the funds.

Year End	Default Investment Option (Most Popular)		BlackRock UK Equity Fund (Highest Expected Return)		BlackRock DC Cash Fund (Lowest Expected Return)		BOC Diversified Growth Fund (Most Expensive)		BlackRock Over 15 Years Gilt Index Fund (Least Expensive)	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	£3,056	£3,039	£3,058	£3,054	£2,967	£2,962	£3,054	£3,028	£2,966	£2,963
3	£7,348	£7,264	£7,363	£7,341	£6,798	£6,777	£7,335	£7,201	£6,797	£6,781
5	£11,894	£11,691	£11,932	£11,879	£10,498	£10,450	£11,859	£11,536	£10,494	£10,458
10	£24,469	£23,707	£24,623	£24,421	£19,199	£19,046	£24,328	£23,126	£19,186	£19,069
15	£38,984	£37,213	£39,356	£38,881	£27,170	£26,865	£38,643	£35,877	£27,143	£26,909
20	£55,738	£52,392	£56,459	£55,552	£34,472	£33,976	£55,079	£49,903	£34,428	£34,047
25	£75,076	£69,453	£76,314	£74,772	£41,162	£40,445	£73,950	£65,333	£41,098	£40,547
30	£97,397	£88,629	£99,363	£96,931	£47,291	£46,328	£95,616	£82,308	£47,204	£46,464
35	£123,162	£110,182	£126,122	£122,479	£52,906	£51,680	£120,492	£100,981	£52,794	£51,852
40	£148,036	£130,139	£157,185	£151,933	£58,049	£56,548	£149,053	£121,523	£57,912	£56,758
45	£154,696	£134,791	£193,246	£185,891	£62,762	£60,975	£181,845	£144,121	£62,597	£61,225

Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £1,000, salary is assumed to start at £20,000 per annum and the member joined the Scheme at age 20.
4. Inflation and salary increases are assumed to be 2.5% per annum.
5. Fee information are those available as at 30 June 2020. Transaction costs have been included in the 'Pot size with Charges Incurred column' and are the average of the previous two years of costs available to 30 June 2020.
6. Where quoted transaction costs for a fund are negative, they have been assumed to be zero as a prudent assumption for these illustrations.
7. The contribution rate used is 10% per annum.
8. Contributions are assumed to be paid every year with no contribution holidays and increase in line with assumed earnings inflation of 2.5% p.a. only.
9. The projected gross growth rates for each fund are as follows:

Default investment option:	4.3% p.a. before inflation for members further than 8 years from retirement 1.65% p.a. before inflation for members at or beyond retirement
BlackRock DC Aquila UK Equity Fund:	5.5 % p.a. before inflation
BlackRock DC Cash Fund:	1.5% p.a. before inflation
BOC Corporate Bond Fund	2.5% p.a. before inflation
BlackRock DC Aquila Over 15 Years Gilt Index Fund	1.5% p.a. before inflation

Appendix IV: Areas covered under the draft administration agreement

A formal service level agreement with the Plan's administrator has been agreed with the Company and covers service standards in the following key areas:

- Processing new joiner and regular contributions files and the allocation of contributions
- Provision of retirement pack and quotation of benefits

Statement regarding DC governance (continued)

- Payments of benefits
- Provision of leaver option packs
- Processing transfers out of the Plan
- Processing individuals transferring into the Plan where permitted
- Arrangement of death benefits
- Processing ill-health benefits
- Response to members' enquiries
- Provision of statements upon request
- Processing of investment switches and lifestyling
- Issuing information and communications to members as required
- Processing complaints
- Analysing and maintaining data accuracy

Appendix V: Investment performance

Default Lifestyle fund performance: "Annuity Lifestyle Strategy"

The investment performance of the funds used in the default arrangement during periods up to 30 June 2021 net of all costs and charges expressed as an annual geometric compound percentage were:

Fund	1 year	3 years	5 years
BOC Equity Fund	27.21%	9.35%	11.60%
BOC Diversified Growth Fund	14.69%	4.94%	4.80%
BOC Pre Retirement Fund	-4.88%	4.27%	3.30%
Aegon Blackrock Cash	-0.03%	0.41%	0.36%
BOC Growth Fund	20.83%	7.20%	8.22%

Source: Aegon

These funds are also the only funds used in the "Drawdown Lifestyle Strategy" and the "Cash Lifestyle Strategy", therefore the above performance figures also apply.

Performance of other investment options

There are a range of investment options available to members. For the funds available in addition to those listed above, the investment performance during the periods up to 30 June 2021 net of all costs and charges expressed as an annual geometric compound percentage were:

Statement regarding DC governance (continued)

Fund	1 year	3 years	5 years
Aegon Blackrock Over 15 Years Gilt Index	-11.23%	4.65%	3.18%
Aegon Blackrock Over 5 Years Index Linked Gilt	-4.52%	5.44%	5.04%
Aegon Blackrock UK Equity Index	21.29%	1.99%	6.44%
Aegon Blackrock World (ex-UK) Equity Index	25.22%	14.27%	15.04%
BOC Corporate Bond Fund	1.90%	4.90%	4.22%

Source: Aegon

Independent Auditor's Report

Opinion

We have audited the financial statements of BOC Retirement Savings Plan for the year ended 30 June 2021 which comprise the Fund Account, the Statement of Net Assets and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Plan during the year ended 30 June 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of 12 months from when the Plan's annual accounts are authorised for issue.

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

Other information

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

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

Independent Auditor's Report (continued)

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

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 28, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustee is responsible for assessing the 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 the Trustee either intends to wind up the Plan or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Plan and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes).
- We understood how the Plan is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee meeting minutes.

Independent Auditor's Report (continued)

- We assessed the susceptibility of the Plan's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Plan has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment we considered the risk of management override. Our audit procedures included testing manual journals, including segregation of duties.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee minutes.
- The Plan is required to comply with UK pensions regulations. As such the Statutory Auditor has considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Plan with these regulations as part of our audit procedures.

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor Reading

Fund Account for the year ended 30 June 2021

	Notes	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Contributions and benefits							
Employer contributions	2	38,242	3,437	41,679	38,893	6,582	45,475
Employee contributions	2	824	82	906	287	44	331
Transfers in	3	802	-	802	157	-	157
Other income	4	2,101	-	2,101	1,937	-	1,937
		41,969	3,519	45,488	41,274	6,626	47,900
Benefits paid or payable	5	(6,275)	(4,696)	(10,971)	(4,449)	(4,303)	(8,752)
Payments to and on account of leavers	6	(5,181)	(649)	(5,830)	(2,371)	(735)	(3,106)
Other payments	7	(1,813)	-	(1,813)	(2,116)	-	(2,116)
Administrative expenses	8	(863)	-	(863)	(1,173)	-	(1,173)
		(14,132)	(5,345)	(19,477)	(10,109)	(5,038)	(15,147)
Net additions / (withdrawals) from dealing with members		27,837	(1,826)	26,011	31,165	1,588	32,753
Returns on investments							
Interest on cash deposits		(1)	-	(1)	6	19	25
Change in market value of investments	9	42,101	3,439	45,540	(905)	239	(666)
Investment management expenses	11	(132)	-	(132)	(67)	-	(67)
Net returns / (losses) on investments		41,968	3,439	45,407	(966)	258	(708)
Net increase in fund during the year		69,805	1,613	71,418	30,199	1,846	32,045
Net assets of the fund							
At 1 July		230,960	27,267	258,227	200,761	25,421	226,182
At 30 June		300,765	28,880	329,645	230,960	27,267	258,227

The notes on pages 65 to 78 form part of these financial statements.

Statement of Net Assets as at 30 June 2021

	Notes	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Investment assets	9						
Pooled investment vehicles		297,062	28,876	325,938	231,068	27,256	258,324
Other investment balances		1,853	217	2,070	31	38	69
		298,915	29,093	328,008	231,099	27,294	258,393
Investment liabilities	9						
Other investment balances		-	(247)	(247)	(12)	(128)	(140)
Total net investments		298,915	28,846	327,761	231,087	27,166	258,253
Current assets	12	4,066	423	4,489	2,284	429	2,713
Current liabilities	13	(2,216)	(389)	(2,605)	(2,411)	(328)	(2,739)
Net assets of the Fund at 30 June		300,765	28,880	329,645	230,960	27,267	258,227

The financial statements summarise the transactions and the net assets 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 other benefits that fall due after the end of the Plan year.

The notes on pages 65 to 78 form part of these financial statements.

These financial statements were approved by the Trustee on

Signed on behalf of the Trustee:

A Cheseldine

M Poole

Trustee Director

Trustee Director

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and with the guidelines set out in the Statement of Recommended Practice (SORP) May 2018 – Financial Reports of Pension Schemes. The Plan is established as a Trust under English Law. The Plan's address is shown in the Trustee's report.

Currency

The Plan's functional and presentational currency is pounds sterling.

(a) Contributions

RS Section

- (i) RS section members' Core and Extra Contributions are accounted for when deducted from earnings. Employers' contributions are accounted for in the period to which the corresponding members' Core Contributions or exchanged contributions relate.
- (ii) Employers' non-designated and supplementary contributions are accounted for in the period they fall due as payable to the Plan.

AVC Section

- (i) AVC section members' contributions are accounted for when deducted from earnings.
- (ii) Employers' contributions under Salary Exchange are accounted for in the period that exchanged employee contributions would have been deducted from earnings.
- (iii) Employers' additional and augmentation contributions are accounted for in accordance with the agreement under which they are paid.

(b) Transfers from and to other plans

Individual transfers are accounted for when the liability is discharged, which is normally when the transfer is paid.

(c) Benefits

Where the member has a choice about the form of benefit, benefits are accounted for on the date that the member notifies the Trustee of how the benefit is to be taken. Where the member has no choice, the benefit is accounted for on the date the benefit becomes payable.

(d) Expenses and other payments

All administration expenses, term insurance policies and investment management costs are accounted for on an accruals basis.

(e) Change in market value

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

(f) Investments

Investments in pooled investment vehicles are valued at a single price, determined in accordance with fair value principles, provided by the pooled investment manager.

Notes to the financial statements (continued)

2. Contributions

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
<i>Employer contributions</i>						
Normal	33,427	2,232	35,659	35,700	5,956	41,656
Non-designated	4,590	-	4,590	2,985	-	2,985
Augmentations	225	1,205	1,430	208	626	834
Total employer contributions	38,242	3,437	41,679	38,893	6,582	45,475
<i>Employee contributions</i>						
Normal	688	-	688	265	-	265
Additional voluntary contributions	136	82	218	22	44	66
Total employee contributions	824	82	906	287	44	331
Total contributions	39,066	3,519	42,585	39,180	6,626	45,806

Employer normal contributions include contributions in respect of salary sacrifice arrangements. From 1 June 2010, members of both sections could choose to participate in a salary sacrifice arrangement. Under this arrangement (Salary Exchange), Core and Extra Contributions and Additional Voluntary Contributions from the member cease, and instead the Company makes increased contributions on the member's behalf.

Employer non-designated contributions comprise amounts received from the Employer to cover administration expenses and life assurance premiums.

AVC section members who do not participate in a salary sacrifice arrangement may contribute up to 15% of their annual pay less their contributions to their underlying BOC pension scheme. There is no 15% limit on contributions made under Salary Exchange.

Augmentations to either section are amounts paid to provide additional benefits for individual members as part of their redundancy arrangements.

3. Transfers In

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Individual transfers in from other schemes	802	-	802	157	-	157

4. Other income

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Claims on term insurance policies	2,101	-	2,101	1,937	-	1,937

Notes to the financial statements (continued)

5. Benefits

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Commutations and lump sum retirement benefits	3,400	4,338	7,738	2,331	3,918	6,249
Self annuitisation	-	353	353	-	359	359
External purchase of annuities	525	-	525	4	-	4
Lump sum death benefits	2,350	5	2,355	2,114	26	2,140
	6,275	4,696	10,971	4,449	4,303	8,752

When a member of the AVC Plan retires or dies, the AVC section funds accumulated in respect of that member are transferred to the Trustee of the underlying defined benefit scheme for the provision of additional benefits for, or in respect of, that member as categorised above.

Self-annuitisation comprises members who have chosen to take all or part of their AVCs as pension, which are transferred and then paid by the underlying defined benefit scheme.

6. Payments to and on account of leavers

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Pension sharing orders	-	49	49	163	2	165
Individual transfers to other schemes	5,181	600	5,781	2,208	733	2,941
	5,181	649	5,830	2,371	735	3,106

7. Other payments

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Premiums on term insurance policies	1,813	-	1,813	2,116	-	2,116
	1,813	-	1,813	2,116	-	2,116

Notes to the financial statements (continued)

8. Administrative expenses

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Administration and processing	555	-	555	664	-	664
Audit fees	22	-	22	11	-	11
Levies	15	-	15	14	-	14
Legal and other professional fees	271	-	271	484	-	484
	863	-	863	1,173	-	1,173

Expenses charged to the Plan relate solely to the administration of the RS Section. Expenses for the AVC Section are borne by the underlying defined benefit scheme.

The Employer pays additional contributions to the Plan to cover the administration expenses. These contributions are classified as non-designated in note 2 on page 66.

9. Investments

Investments purchased by the Plan are allocated to the designated investment accounts of the individuals on whose behalf the corresponding contributions were paid. Accordingly, the assets identified as allocated to members in the Net Assets Statement do not form a common pool of assets available for members generally. Members each receive annual statements confirming the contributions paid on their behalf and the value of their designated investment account.

RS Section

Investment reconciliation table

	Value at 1 July 2020 £ '000	Purchases at cost £ '000	Sales proceeds £ '000	Change in market value £ '000	Value at 30 June 2021 £ '000
Pooled investment vehicles	231,068	98,747	(74,854)	42,101	297,062
	231,068	98,747	(74,854)	42,101	297,062
Cash in transit *	19				1,853
Total investments	231,087				298,915

Transaction costs which include fees, commissions, stamp duty and other duties are incurred on investments within pooled investment vehicles, but not disclosed separately. Indirect transaction costs are incurred through the bid-offer spread on investments. The amounts of indirect transaction costs are not separately provided to the Plan.

	2021 £ '000	2020 £ '000
* Cash in transit		
Aegon	1,853	-
	1,853	-

Included in investments are £1,802k (2020: £2,380k) which are not designated to members.

Notes to the financial statements (continued)

9. Investments (continued)

AVC Section

	Value at 1 July 2020	Purchases at cost	Sales proceeds	Change in market value	Value at 30 June 2021
	£ '000	£ '000	£ '000	£ '000	£ '000
Pooled investment vehicles					
Prudential	2,204	100	(711)	402	1,995
Aviva	304	2	(316)	52	42
Aegon	24,748	10,506	(11,400)	2,985	26,839
	27,256	10,608	(12,427)	3,439	28,876
Cash in transit *	38				217
Amounts due from / (to) **	(128)				(247)
Total investments	27,166				28,846

	2021	2020
	£ '000	£ '000
** Amounts due to		
Aegon	247	128
Total amounts due to AVC providers	247	128

Amounts due to providers comprise augmentations that had been received by the Plan but not invested at the year end.

	2021	2020
	£ '000	£ '000
* Cash in transit		
Aegon	217	38
	217	38

Cash in transit comprises amounts that have been paid to providers by the Plan but not received by Aegon at year end.

Notes to the financial statements (continued)

9. Investments (continued)

Investment Fair Value Hierarchy

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

- Level 1 – the unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;
- Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

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

		Level 1	Level 2	Level 3	Total
		£ '000	£ '000	£	£ '000
2021					
Pooled investment vehicles	RS Section		297,062	-	297,062
	AVC Section		27,780	1,066	28,846
Cash in transit	RS Section	1,853			1,853
		1,853	324,842	1,066	327,761
		Level 1			
2020		£ '000	£ '000	£	£ '000
Pooled investment vehicles	RS Section		231,087	-	231,087
	AVC Section		25,778	1,388	27,166
		-	256,865	1,388	258,253

Valuation techniques

Pooled investment vehicles

The Plan invests in pooled investment vehicles which are not quoted in an active market and which may be subject to restrictions on redemptions such as (monthly) periodic dealing.

The Trustee considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the realisable value based on a single price of these funds may be used as an input into measuring their fair value.

Pooled investment vehicles by type

The following represents a breakdown of PIV by type as at 30 June 2021:

RS Section	2021	2020
	£'000	£'000
Aegon BlackRock Cash (BLK) Class W	7,459	7,989
Aegon BlackRock Over 15 Years Gilt Index (BLK) Class J	1,282	1,353
Aegon BlackRock Over 5 Year Index Linked Gilt Index (BLK) Class J	2,128	2,137
Aegon BlackRock UK Equity Index Class J	6,996	5,235
Aegon BlackRock World (ex-UK) Equity Index (BLK) Class P	11,009	8,825
BOC Corporate Bond Fund Class J	444	387
BOC Diversified Growth Fund Class J	25,668	18,759
BOC Equity Fund Class J	11,403	7,691
BOC Growth Fund Class J	205,285	157,719
BOC Pre-Retirement Fund Class J	25,387	20,991

AVC Section	2021	2020
	£'000	£'000
Aegon BlackRock 70/30 Global Equity Index Class P	1,618	1,445
Aegon BlackRock Cash (BLK) Class W	3,679	3,981
Aegon BlackRock European Equity Index Class P	706	553
Aegon BlackRock Japanese Equity Index Class P	341	302
Aegon BlackRock Over 15 Years Gilt Index (BLK) Class J	556	713
Aegon BlackRock Over 5 Year Index Linked Gilt Index (BLK) Class J	489	568
Aegon BlackRock Pacific Rim Equity Index Class P	864	613
Aegon BlackRock UK Equity Index Class J	1,766	1,545
Aegon BlackRock US Equity Index Class P	1,609	1,047
BOC Corporate Bond Fund Class J	592	321
BOC Diversified Growth Fund Class J	2,442	2,347
BOC Equity Fund Class J	1,693	1,463
BOC Global Bond Fund Class J	-	218
BOC Growth Fund Class J	7,010	8,640
BOC Pre-Retirement Fund Class J	3,241	3,500

Concentration of investments

The following investments represent more than 5% of the Plan's net assets at 30 June 2021:

	2021	2020
BOC Growth Fund	64.8%	56.4%
Diversified Growth Fund	8.6%	7.3%
Pre-Retirement Fund	8.7%	8.4%

Notes to the financial statements (continued)

10. Investment objectives, strategy and risk

Investment Strategy

The main priority of the Trustee when considering the investment policy for the Plan is to make available investment funds which serve to meet the varying investment needs and risk tolerances of the members. The Statement of Investment Principles outlines the investment objectives and strategy in detail and is available on request.

The Trustee recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available a default investment strategy, which they believe to be broadly appropriate, having taken expert advice, for any member not wishing to make their own investment choices.

The default lifestyle strategy, which is the “annuity lifestyle” strategy, automatically de-risks members’ assets from growth assets to assets intended to protect annuity purchasing power and take the maximum allowable tax-free cash as they approach retirement.

Further information on the Trustee’s approach to risk management, credit and market risk is set out below.

The investment funds offered to members are as follows:

- Aegon BlackRock UK Equity Index Fund
- Aegon BlackRock World (ex UK) Equity Index Fund
- BOC Equity Fund
- BOC Growth Fund
- BOC Diversified Growth Fund
- BOC Corporate Bond Fund
- BOC Pre-Retirement Fund
- Aegon BlackRock Over 15 Years Gilt Index Fund
- Aegon BlackRock Over 5 Years Index-Linked Gilt Fund
- Aegon BlackRock Cash Fund

Within the Additional Voluntary Contributions (AVC), the Trustee makes available range of assets similar to the main assets of the Plan. The Trustee also makes available a number of with profit funds that are closed either to further contributions or which are only open to existing members.

Investment Policy

Overall investment policy falls into two parts:

Strategic management of the Plan’s assets is fundamentally the responsibility of the Trustee (acting on professional advice, as they deem appropriate, from their investment consultants, Mercer Limited) and is driven by their investment objectives.

The day-to-day management of the assets, all of which are held in pooled investment vehicles accessed via a long-term insurance policy issued by Aegon (the “Platform Provider”), is delegated to a number of third party investment managers. The Trustee recognises that the third party investment managers have full responsibility for monitoring and managing the risks described above. The investment managers have full discretion to buy and sell investments on behalf of the Plan, subject to agreed constraints and applicable legislation. They have been selected for their expertise in managing the different types of investments offered to Plan members.

Notes to the financial statements (continued)

10. Investment objectives, strategy and risk (continued)

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Risk

FRS 102 requires the disclosure of information in relation to certain investment risks to which BOC Retirement Savings Plan (“the Plan”) is exposed to at the end of the reporting period. These risks are set out by FRS 102 as follows:

1. **Credit risk:** the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
2. **Market risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.
 - **Currency risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
 - **Interest rate risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
 - **Other price risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee manages investment risks through the careful selection of pooled investment funds, selected to meet the Plan’s strategic investment objectives.

Notes to the financial statements (continued)

10. Investment objectives, strategy and risk (continued)

The following table summarises the extent to which the various classes of investments are affected by financial risks:

RS Section

					2021 £ '000	2020 £ '000
	Credit risk (indirect)	Market risk				
		Currency	Interest rate	Other price		
BlackRock Aquila Life UK Equity Index	×	×	×	✓	6,951	5,235
BlackRock Aquila World (ex UK) Equity Index	×	✓	×	✓	10,993	8,825
BOC Equity Fund	×	✓	×	✓	11,403	7,691
BOC Growth Fund	✓	✓	✓	✓	205,347	157,725
BOC Diversified Growth Fund	✓	✓	✓	✓	25,668	18,759
BOC Corporate Bond Fund	✓	×	✓	×	444	387
BOC Pre-Retirement Fund	✓	×	✓	✓	25,387	20,991
Blackrock Aquila Over 15 Years Gilt Fund	✓	×	✓	×	1,282	1,351
BlackRock Aquila Over 5 Years Index-Linked Gilt	✓	×	✓	×	2,128	2,134
BlackRock Cash Fund	✓	×	✓	×	7,459	7,989
RS Section					297,062	231,087

Source: Investment Managers.

AVC Section

					2021 £ '000	2020 £ '000
	Credit risk (indirect)	Market risk				
		Currency	Interest rate	Other price		
Aegon	✓	✓	✓	✓	26,809	24,658
Prudential	✓	✓	✓	✓	1,995	2,204
Aviva	✓	×	✓	✓	42	41
Aviva (ex Friends Life)	✓	✓	✓	✓	-	263
AVC Section					28,846	27,166

Source: Investment Managers.

Notes to the financial statements (continued)

10. Investment objectives, strategy and risk (continued)

Direct Credit Risk

The Plan is subject to direct credit risk in relation to its long term insurance contract with the Platform Provider (BlackRock Pensions Limited). The Platform Provider is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The underlying investment managers are also appropriately authorised and regulated.

As well as the level of oversight of member savings provided by the regulatory framework, the Platform Provider, as a life insurance company, is also required to hold capital reserves to reduce the risks of insolvency. However, in the event of the Platform Provider becoming insolvent, the Plan may be eligible for protection under the Financial Services Compensation Scheme ("FSCS"). Hence, the Trustee of the Plan may make a claim for 100% of the policy value with the Platform Provider in relation to losses from the failure of the Platform Provider, although it should be noted that compensation is not guaranteed.

Indirect Credit and Market Risk

The Plan is also subject to indirect credit and market risk arising from the underlying investments held in the funds:

- Indirect credit risk arises in relation to the solvency of the life insurance companies with which the Platform Provider contracts to provide access to some of the underlying investment funds. FSCS compensation would not be available in these circumstances, but the risks to members are mitigated through the way the relationship between the Platform Provider and the underlying investment managers is structured;
- Indirect credit risk arises in relation to underlying bond investments held in the bond and cash pooled investment vehicles;
- Indirect currency risk arises from the sterling priced pooled investment vehicles which hold unhedged underlying investments denominated in foreign currency;
- Indirect market risk arises where the underlying investments of a pooled investment vehicle is exposed to interest rate or other price risks.

The Trustee has considered these indirect risks in the context of the investment strategy.

The risks disclosed here relate to the Plan's investments as a whole. As members are able to choose their own investments from the range of funds offered by the Trustee, member level of risk exposures will be dependent on the funds invested.

The tables on page 68 include other investment balances as shown in the Statement of Net Assets.

11. Investment management expenses

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Administration fees	2	-	2	3	-	3
Other advisory fees	130	-	130	64	-	64
	132	-	132	67	-	67

Other advisory fees comprise amounts for in-house investment services and advice supplied by Mercer Limited.

Notes to the financial statements (continued)

12. Current assets

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Amounts due from other BOC pension arrangements	-	-	-	-	26	26
Cash balances	4,066	423	4,489	2,284	403	2,687
	4,066	423	4,489	2,284	429	2,713

13. Current liabilities

	RS Section £ '000	AVC Section £ '000	2021 Total £ '000	RS Section £ '000	AVC Section £ '000	2020 Total £ '000
Benefits payable	1,167	94	1,261	316	-	316
Accrued expenses	1,024	-	1,024	847	-	847
Other creditors	25	24	49	1,222	24	1,246
Amounts due to other BOC pension arrangements	-	271	271	26	304	330
	2,216	389	2,605	2,411	328	2,739

Detail regarding amounts due to other BOC pension arrangements is disclosed in note 15 below.

14. Employer related investments

Direct employer-related investment is not permitted under the Plan Rules which comply with any restrictions prescribed by regulations made under section 40(2) of the 1995 Act. None occurred during the current or previous year.

15. Related party transactions

The following related party transactions occurred during the year.

The Plan has received member contributions in respect of Trustee Directors who are also Plan members. These transactions are in accordance with the Plan Rules.

The costs incurred by BOC Group Limited in providing Scheme administration services are rechargeable to the Plan (RS Section). Amounts paid during the year were £1,267k (2020: £1,170k). The remaining amounts due to BOC Group Ltd for the period up to and including June 2021 are included within accrued expenses as shown in note 13.

Key management personnel includes the professional Trustee Director who received total remuneration of £23,534 (2020: £38,675) during the year. The fees of the professional Trustee Director are met by the Company.

AVC Section:

Amounts due to other BOC pension arrangements comprise £271,733 (2020: £304,657) due to BOC Pension Scheme for disinvestments of benefits which have been paid by the Scheme.

Notes to the financial statements (continued)

15. Contingent liabilities

The Plan had no contingent liabilities or commitments at 30 June 2021 (2020: nil)

Summary of contributions

During the year ended 30 June 2021 the contributions payable to the Plan under the Payment Schedule were as follows:

	£ '000
Employer normal contributions	35,659
Employers non-designated	4,590
Employee normal contributions	688
Total contributions under the Payment Schedules	40,937
Additional voluntary contributions	218
Augmentations	1,430
Total contributions per note 2 of the financial statements	42,585

Further detail regarding contribution issues is disclosed on page 6 of the Trustee Report. Aside from those discrepancies all other contributions were received by their due date on the Payment Schedule.

Signed on behalf of the Trustee on

A Cheseldine

M Poole

Trustee Director

Trustee Director

Independent Auditor's Statement about Contributions to the Trustee of BOC Retirement Savings Plan

We have examined the summary of contributions to the BOC Retirement Savings Plan for the year ended 30 June 2021 which is set out on page 78.

In our opinion contributions for the Plan year ended 30 June 2021 as reported in the summary of contributions and payable under the payment schedule have in all material respects been paid at least in accordance with the payment schedule signed by the Employer on 27 June 2019.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 78 have in all material respects been paid at least in accordance with the payment schedule. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the payment schedule.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustee Responsibilities, the Plan's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a payment schedule and for monitoring whether contributions are made to the Plan by the employer in accordance with the payment schedule.

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

Use of our statement

This statement is made solely to the Plan's Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Statutory Auditor

Reading

Appendix I: Statement of Investment Principles

Introduction

This Statement of Investment Principles (the “Statement”) sets out the principles adopted by BOC RSP Trustee Limited (the “Trustee”), the Trustee of the BOC Retirement Savings Plan (the “Plan”), for governing the management of the Plan’s assets by the Trustee.

In preparing the Statement, the Trustee has consulted with The BOC Group Limited (“the Company”) both in its capacity as Principal Employer and as representative of the Plan’s other employers, and after receiving advice from the Plan’s investment advisers, Mercer Limited (“Mercer”). The Trustee has also taken into account the requirements of the following legislation:

- The Pensions Act 1995 and as amended by the Pensions Act 2004; and,
- The Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The Trustee reviews, at least every three years, and more frequently as appropriate, the Plan’s investment strategies, the investment manager arrangements and the fund choices offered to members, taking advice as required.

This SIP has been prepared after obtaining written professional advice from Mercer (the “Investment Consultant”). The Trustee believes that the Investment Consultant meets the requirements of Section 35 (5) of the Pensions Act 1995.

The Trustee’s investment responsibilities are governed by the Plan’s Trust Deed and this Statement takes full regard of its provisions.

Structure of the Plan’s Investment Arrangements

The Plan is divided into two sections: the Retirement Savings (‘RS’) Section and the Additional Voluntary Contribution (‘AVC’) Section.

- Plan members who are members of the RS Section may invest employee and employer contributions paid on their behalf in a limited range of investment options. Where it is relevant in this document to recognise these assets separately, the assets will be referred to as “DC Assets”.
- Plan members who are members of the AVC Section may invest AVCs in a range of AVC investment options made available in the Plan. Where it is relevant in this document to recognise these assets separately, the assets will be referred to as “AVC Assets”.

Collectively, the funds held in both these Sections are referred to as Member Designated Funds.

The Trustee also holds assets for members of the RS Section and for administration expenses of that Section. These assets are referred to as “Trustee Funds”.

Statement of investment principles (continued)

1. DC Assets

Investment Objectives

The Plan operates on a defined contribution basis. The primary objectives of the Plan are to provide:

- Lump sum benefits in the event of death-in-service for all eligible employees of BOC.
- A designated investment account for each eligible employee who elects to become a contributory member, in order to provide (a) benefits for the member on retirement or (b) benefits for the member's dependants in the event of the member's death before retirement.

Investment Strategy – Member Designated Funds

The Trustee makes available a range of funds in which members can choose to invest. Members may decide that they want to select the funds in which their contributions should be invested or they may decide that they want the decision to be made for them.

For those members who wish to make these decisions themselves, the Trustee makes available a range of funds which it believes provides appropriate strategic choices for members, given they may have a wide range of different savings objectives, risk profiles and time horizons. Currently these comprise equity funds, bond funds, a diversified growth fund, a growth fund (a blend of other funds), a pre-retirement fund and a cash fund. More information on these choices can be found in Appendix A.

For those members who prefer that fund choice decisions be made for them or those that do not make a decision, the Trustee provides three Lifestyle options, in which contributions are invested according to an 'automatic' lifestyling matrix. Under these options, investment is made principally in a common growth asset allocation (equities and diversified growth return funds) when members are further from retirement, and as members approach retirement (eight years away from their selected retirement) they will be asked to choose one of the following three protection phase strategies that best reflects their likely requirements for income in retirement:

- Annuity lifestyle option – for those planning to buy an annuity (a pension income for life) and taking 25% as tax free cash at their target retirement date.
- Income drawdown lifestyle option – for those planning to leave their retirement savings invested and withdraw income flexibly over time, alongside taking 25% as tax free cash. Members who wish to utilise this option would have to take their retirement savings out of the Plan at retirement.
- Cash lifestyle option – for those planning to take their retirement savings as a cash lump sum.

Statement of investment principles (continued)

Investment Strategy – Trustee Funds

The Trustee holds assets for certain expenses of the Plan. The Trustee has decided that it is appropriate that such Trustee funds should be invested in cash and a diversified investment (selected from the Plan's range of funds) until needed for payment of the aforementioned expenses.

Default Investment Option

The Annuity Lifestyle Strategy is the default investment option for the Plan. Typically, a proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority invested in the default option have not made an active investment decision.

The aims and objectives of the default option, and the ways in which the Trustee seeks to achieve these aims are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

The default option's growth phase invests in equities and other growth-seeking assets (through a diversified growth fund). These investments are expected to provide equity-like growth over the long term with some downside protection and some protection against inflation erosion.

- To provide a strategy that reduces investment risk for members as they approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustee believes the primary aim should be to provide protection against a mismatch between asset values and the expected costs of retirement benefits.

In view of the above, the Trustee considers the level of risk within the default option in the context of the variability of returns relative to annuity prices and cash rates.

The Annuity Lifestyle Strategy therefore aims to reduce volatility near retirement via automated lifestyle switches over an eight year period to a member's selected retirement date. Investments are switched firstly into a pre-retirement fund (to broadly match short-term changes in the price of fixed annuities). Three years prior to retirement, an allocation to a cash fund is introduced for capital preservation purposes.

- To provide exposure, at retirement, to assets that are broadly appropriate for an individual planning to use their savings in the Plan to buy a fixed annuity and take a 25% tax-free cash lump sum at retirement.

At the member's selected retirement date, 75% of the member's assets will be invested in a pre-retirement fund and 25% in a cash fund.

- To comply with regulatory requirements around charges

The Trustee reviews the charges arising from investment in the Default Investment Option which will change over time, according to the investment strategy's fund allocation, to make sure that the charges comply with regulatory requirements.

Statement of investment principles (continued)

The Trustee's policies in relation to the default option are:

- The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustee has explicitly considered the trade-off between expected risk and returns. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.
- The Trustee has considered the balance of investments to be held in the default investment option, including the characteristics of particular asset classes and the balance between the use of active and passive investments where appropriate.
- Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustee considered profiling analysis of the Plan's membership in order to inform decisions regarding the default option. Based on this understanding of the membership, a default option that targets the purchase of a fixed annuity at retirement is considered appropriate.
- Members are supported by clear communications regarding the aims of the default investment option and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy or an alternative lifestyle strategy on joining but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the default option; the target benefits are merely used to determine the investment strategy held pre-retirement.
- Assets in the default option are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds. Likewise, the investment managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.
- The trustees will review both the default strategy and the performance of the default arrangement at least every three years or any significant change in investment policy or the demographic profile of the membership.
- Within the default option, units across the underlying pooled funds are bought and sold according to the table overleaf:

Statement of investment principles (continued)

Years to Retirement	BOC Equity (%)	BOC Diversified Growth (%)	Pre-Retirement (%)	Cash (%)
>10*	50.0	50.0	0.0	0.0
10*	50.0	50.0	0.0	0.0
9*	50.0	50.0	0.0	0.0
8	50.0	50.0	0.0	0.0
7	37.5	50.0	12.5	0.0
6	25.0	50.0	25.0	0.0
5	12.5	50.0	37.5	0.0
4	0.0	50.0	50.0	0.0
3	0.0	37.5	62.5	0.0
2	0.0	25.0	67.0	8.0
1	0.0	12.5	71.5	16.0
0	0.0	0.0	75.0	25.0

* Allocation to BOC Equity and BOC Diversified Growth funds is managed through the BOC Growth Fund.

Day to Day Investment Management (all investments)

The Trustee uses an investment platform provider which provides the Plan with access to a range of underlying funds and investment managers. It also allows the Trustee to create blended funds which provide exposure to several underlying asset classes and managers within a single fund and it assists with dealing frequency and liquidity. The Trustee has selected Aegon (a brand name of Scottish Equitable plc.) as the investment platform provider (the "Provider"). The Trustee has delegated day-to-day investment decisions to the investment managers via the Provider.

The terms of the Provider's appointment is contained in the Policy issued by the Provider to the Trustee. The Provider's responsibilities are also governed by applicable law. Each of the investment managers offered via the Provider has an Investment Management Agreement ("IMA") or re-assurance agreement with the Provider. Currently, the Plan invests in funds managed by BlackRock Life Limited, Schroder Life Limited and Aberdeen Standard Investments.

The Trustee considers, on a regular basis, the range of funds made available. The funds offered are primarily passively managed, with the exception of those funds where an actively managed approach is deemed more suitable such as corporate bonds, cash and diversified growth return. The underlying funds are pooled funds, which the Trustee believes are appropriate, given the size and nature of the DC Assets.

Statement of investment principles (continued)

Risk Management

The Trustee has considered risk from a number of perspectives in relation to the DC assets, including the default option. The list below is not exhaustive, but covers the main risks considered by the Trustee in formulating the policy regarding the default investment options. The factors referenced are those that the Trustee considers to be financially material considerations in relation to the DC Section. The Trustee believes that the appropriate time horizon in which to assess as financially material considerations is based on individual member's horizons, and are dependent on member age and target retirement dates. In designing the default option and alternative lifestyles the Trustee has considered the proximity to target retirement dates when designing the strategy.

Type of Risk	Description	How is the risk managed and measured?	
Market Risk	Inflation Risk	The risk that the investment return over members' working lives will not keep pace with inflation.	The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with or exceed inflation over the long term.
	Currency Risk	The risk that fluctuations in foreign exchange rates will cause the sterling value of overseas investments to fluctuate.	Members are able to set their own investment allocations, in line with their risk tolerances.
	Credit Risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	During the growth phase of the default option, members are invested in an allocation which is expected to grow their pension savings in excess of inflation.
	Equity, property and other price risk	The risk that investment market movements lead to a substantial reduction in the market value of investments.	Within active funds, management of many of these risks is the responsibility of the investment manager. The Trustee considers fund performance, including that of the default investment option, on a quarterly basis.

Statement of investment principles (continued)

Type of Risk	Description	How is the risk managed and measured?
Pension Conversion Risk	Member's investments do not match how they would like to use their pots in retirement.	<p>The Trustee makes available three lifestyle strategies for members.</p> <p>Lifestyle strategies automatically switch member's assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.</p> <p>The default option is a lifestyle strategy which targets annuity at retirement. As part of any default strategy review, the Trustees review whether the default destination remains appropriate by considering the membership profile, market trends and how members have previously accessed their pension savings.</p> <p>Members who wish to take their pots via other methods are able to choose alternative lifestyles which may be more suitable for targeting these outcomes, reducing the risk of mismatches between investment strategy and target destination.</p>
Liquidity Risk	The risk that assets cannot be realised at short notice in line with demand.	<p>The assets are invested in daily dealt and daily priced pooled funds, via an insurance policy.</p> <p>Investment managers are expected to manage the liquidity of assets in the underlying strategies and keep exposures to any illiquid assets to prudent levels.</p>
Investment Manager Risk	The risk that the investment manager does not meet its fund performance objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	<p>The Trustee considers fund returns relative to the benchmark. This is monitored on a quarterly basis.</p> <p>The Trustee considers the Investment Consultant's rating of the investment managers on an ongoing basis and prior to implementation.</p>

Statement of investment principles (continued)

Type of Risk	Description	How is the risk managed and measured?
Environmental, Social and Governance Risk	The risk that ESG factors, including climate change, have a financially material impact on the return of the Plan's assets.	<p>The management of this risk has been considered and investment managers are expected to integrate this into their processes.</p> <p>The Trustee reviews the investment managers' policies and actions in relation to this from time to time.</p> <p>The Trustee policy on Responsible Investment and Corporate Governance is set out in the section regarding Social, Environmental and Ethical Considerations and Exercise of Voting Rights.</p>

Expected Return on Investment

The objective of the equity-based and diversified growth investments is to provide a positive real rate of return over the long term. The objectives of cash and bond-based investments are, respectively, to provide for the payment of the tax free lump sum on retirement, and to protect the value of assets close to retirement in order to protect members from fluctuations in annuity rates, rather than to achieve a specified 'real' or 'nominal' return.

2. AVC Assets

Investment Objective

The primary objective of the Plan is to provide a range of investment options in which members can invest additional voluntary contributions. Members make their own investment choices from a range of options that are expected to give a range of long-term investment returns. It is expected that members will consider the need to take independent investment advice before making investment choices.

However, the Trustee is not obliged to provide, or to continue to provide, any particular investment option if, in its opinion, a suitable vehicle is not available. Equally, the Trustee may add to the range of investment options if a suitable new vehicle becomes available. The balance between different types of investment will be dictated both by the range of investment options chosen by the Trustee and by the investment decisions made by members. The Trustee will give effect, where practicable, to the principles set out in this statement, when considering which investment options to make available to members.

The Trustee recognises that frequent changes of investment option or manager may harm investment performance. Nevertheless, the Trustee monitors each investment vehicle to check, where possible, that the underlying investments remain consistent with the objectives of the investment vehicle and that the distribution of the underlying investments by asset class also remains consistent with the performance objectives of the investment vehicle; performance is monitored on a regular basis to satisfy the Trustee that investment performance remains acceptable.

Statement of investment principles (continued)

Investment Strategy

The Trustee makes available a range of different types of investment options.

The selection of any particular option or combination of options, from the range available within the Plan lies entirely with the individual member. It is not the responsibility of the Trustee to make investment decisions on behalf of members, nor to make any recommendations. Similarly, it is not the responsibility of the Trustee to ensure that members adequately diversify investments within their individual portfolios.

Within the AVC Assets, the Trustee currently makes available a Lifestyle option which uses the same funds and switching pattern as used for the RS Section. The Trustee also makes available a number of other investment options and there are a number of legacy funds which are either closed to further contributions or which are only open to existing members.

Default Investment

During June 2020, the underlying fund of the BOC Global Bond Fund closed with holdings automatically transferred into a temporary cash holding by Aegon. The Trustees decided to close the BOC Global Bond Fund and transfer holdings into the BOC Corporate Bond Fund. Given the nature of this transfer and given that members were not given a choice at this time, an additional default arrangement has been created and the Trustee will monitor this as per the broader definition of a default in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (“the Charges and Governance Regulations 2015”), effective from 6 April 2018. For additional information on this fund and the policies in place for this arrangement, please refer to the Appendix B.

Risk and Return

The Trustee believes that it should make available a range of investment options with different levels of risk and different expected investment returns. This will enable members to construct portfolios according to their own individual risk tolerance and investment aims. However, the Trustee also believes that (a) the range of investment options should always contain a number of relatively low-risk options and (b) members should be made aware of the degree of risk associated with any particular option.

3. DC Assets and AVC Assets

Appointment and Responsibility of Investment Managers

The Trustee is responsible for the selection, appointment, monitoring and replacement of the underlying options offered to members. The Plan’s investment adviser provides assistance and advice with monitoring the options. The terms of the Provider’s appointment is contained in the policy of assurance issued by the Provider to the Trustee. The Provider is responsible for providing the Trustee with periodic statements of the assets and cash flows. The Provider also has a role to play in the appointment, monitoring and replacement of the underlying investment managers offered via the platform. In particular, it is responsible for informing the Trustee of any changes in the performance objective or guidelines of any underlying funds used by the Plan as soon as practicable.

Statement of investment principles (continued)

Each investment manager of the underlying pooled funds offered on the Provider's platform has an investment management agreement or re-assurance agreement with the Provider. The investment managers are responsible for managing the portfolios of assets within the investment guidelines, objectives, risk parameters and restrictions set out in the respective agreements but, subject to that, exercise discretion as appropriate when investing the portfolio. The investment managers have regard to the need for diversification of investments so far as appropriate and to the suitability of investments. They appoint custodians for the assets managed in the underlying funds.

The pooled investment vehicles are daily-dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Trustee or member demand. The selection, retention and realisation of investments within the pooled investment vehicles is the responsibility of the relevant investment manager.

The below table sets out the Trustee's approach to implementation and engagement. The list below is not exhaustive, but covers the main areas considered by the Trustee.

Policy statement	Trustee's Approach
<p>How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies</p>	<p>The Trustee appoints underlying investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives.</p> <p>As the Trustee invests in pooled investment vehicles, they accept that they have limited ability at most to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</p> <p>The underlying investment 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.</p> <p>If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.</p>

Statement of investment principles (continued)

Policy statement	Trustee's Approach
<p>How the arrangement incentivises the asset manager 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</p>	<p>The Trustee expects investment managers to incorporate the consideration of longer-term factors, such as ESG considerations, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments.</p> <p>The Trustee expects voting and engagement activity to be used by investment managers to discuss the performance of an issuer of debt or equity.</p>
<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies</p>	<p>The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner.</p> <p>The Trustee reviews both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members.</p> <p>If performance is not satisfactory, the Trustee will ask the fund manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees.</p> <p>The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over three months, one year and three years. The Trustee reviews the absolute performance, relative performance against a suitable benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account.</p>

Statement of investment principles (continued)

Policy statement	Trustee's Approach
<p>How the Trustee monitors portfolio turnover costs incurred by the asset manager.</p>	<p>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment as part of transaction cost data received.</p> <p>The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for money assessments. Importantly, performance is reviewed net of portfolio turnover costs.</p> <p>The Trustee will engage with managers if they believe that any costs associated with trading are deemed to be excessive compared to expectations, but these will be determined on an ad-hoc and subjective basis.</p>
<p>How the Trustee defines and monitors targeted portfolio turnover or turnover range.</p>	<p>The Trustee does not currently define target portfolio turnover ranges for funds.</p> <p>The Trustee will engage with managers if they believe that the level of portfolio turnover is deemed to be excessive compared to expectations, but these will be determined on an ad-hoc and subjective basis.</p>
<p>How the Trustee defines and monitors the duration of the arrangement with the asset manager.</p>	<p>The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments.</p> <p>The funds are reviewed on a regular basis, supported by advice from the investment consultants.</p> <p>The Trustee may choose to remove a fund from the fund range, if it is no longer considered appropriate, and the fund range is reviewed on at least a triennial basis.</p>

Social, Environmental and Ethical Considerations and Exercise of Voting Rights

The Trustee believes that environmental, social, and corporate governance (ESG) factors can 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, including climate change, present risks and opportunities that increasingly may require explicit consideration.

Statement of investment principles (continued)

The Trustee invests the assets in pooled funds and therefore, has delegated day to day management of the assets to its underlying investment managers. It has given appointed managers full discretion—within the mandate provided—to evaluate ESG factors, including climate change considerations and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.

The Trustee, therefore, considers how ESG including climate change and stewardship is integrated within managers own corporate governance policies and investment processes when appointing new investment managers. Further, it also considers these areas when monitoring existing investment managers on an annual basis. ESG ratings are disclosed in the performance report received by the Plan’s investment advisor, which is reviewed by the Trustee regularly.

Non-financial matters refer to the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impacts of investments and the future quality of life of members.

The Trustee will consider feedback from members and where appropriate, will reflect on feedback received as part of any discussions relating to the available fund range. 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 the future.

These policies regarding ESG factors are applied across the range of investment options made available to members as part of the Plan including both the default investment option, alternative lifestyle options and the single investment range.

Employer-Related Investment

No direct investment may be made in securities issued by the Company, its parent or its subsidiaries, nor in any land or property owned, occupied or used by the Company, its parent or its subsidiaries. Indirect holdings in these areas, such as those held in pooled funds are permitted under current legislation because the pooled funds are wrapped in the insurance contract issued by the Provider.

Realisation of Investments

The Investment Managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. They also have responsibility for generating cash as and when required, as notified by the Administrators. The underlying securities held by the pooled funds are mostly quoted on major stock markets and may be realised quickly if required.

Choosing Investments

The Trustee considers the investment objectives and policies when choosing investments either for the self-select fund range or for inclusion within the default investment option. The Trustee receives written advice from their Investment Consultant on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

Statement of investment principles (continued)

Records

The Trustee requires the Administrator of the Plan to ensure that investment accounting records are kept in aggregate and by Plan member, and that the records in aggregate are reconciled with the records of the Provider.

4. Compliance with this Statement

The Trustee will review the Statement on the advice of Mercer and will record compliance with it at relevant Trustee meetings. The Trustee will monitor the arrangements with the Provider to ensure that the service continues to meet the Plan's needs and objectives. The Trustee will also consult with the Company over any changes to the Statement.

Signed:

A Cheseldine

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Chair of Trustee

For and on behalf of BOC Retirement Savings Plan as Trustee of the BOC Retirement Savings Plan

Date:

Statement of investment principles (continued)

Appendix A: Fund range

BOC Income Drawdown Lifestyle – for those who plan to take a tax-free cash lump sum of 25% on retirement and transfer the rest to an income drawdown arrangement.

Years to Retirement	BOC Equity (%)	BOC Diversified Growth (%)	Pre-Retirement (%)	Cash (%)
>10*	50.00	50.00	0.00	0.00
10*	50.00	50.00	0.00	0.00
9*	50.00	50.00	0.00	0.00
8	50.00	50.00	0.00	0.00
7	43.75	50.00	6.25	0.00
6	37.50	50.00	12.50	0.00
5	31.25	50.00	18.75	0.00
4	25.00	50.00	20.00	5.00
3	18.75	50.00	20.00	11.25
2	12.50	50.00	20.00	17.50
1	6.00	50.00	20.00	24.00
0	0.00	50.00	20.00	30.00

* Allocation to BOC Equity and BOC Diversified Growth funds is managed through the BOC Growth Fund.

BOC Cash Lifestyle – for those who plan to take their whole Account as a cash lump sum.

Years to Retirement	BOC Equity (%)	BOC Diversified Growth (%)	Pre-Retirement (%)	Cash (%)
>10*	50.00	50.00	0.00	0.00
10*	50.00	50.00	0.00	0.00
9*	50.00	50.00	0.00	0.00
8	50.00	50.00	0.00	0.00
7	37.50	50.00	12.50	0.00
6	25.00	50.00	25.00	0.00
5	12.50	50.00	37.50	0.00
4	0.00	50.00	50.00	0.00
3	0.00	37.50	37.50	25.00
2	0.00	25.00	25.00	50.00
1	0.00	12.50	12.50	75.00
0	0.00	0.00	0.00	100.00

* Allocation to BOC Equity and BOC Diversified Growth funds is managed through the BOC Growth Fund.

Statement of investment principles (continued)

Funds	Underlying Fund
BOC Equity Fund	BlackRock DC Aquila (30:70) Currency hedged Global Equity Index Fund
	BlackRock DC Aquila World (ex-UK) Equity Index Fund
	BlackRock DC Aquila UK Equity Index Fund
	BlackRock DC Aquila Emerging Markets Equity Index Fund
BOC Diversified Growth Fund	BlackRock DC Aquila Life Market Advantage Fund
	Schroders Life Intermediated Diversified Growth Fund
BOC Growth Fund	50% BOC Equity Fund: 50% BOC Diversified Growth Fund
BOC Pre-Retirement Fund	BlackRock Pre-Retirement Fund
BOC Corporate Bond Fund	Standard Life Corporate Bond Fund
BOC Global Bond Fund (AVC contributions only)*	BlackRock Fixed Income Global Opportunities Fund

*please note that this fund was closed on the 1 June 2020. The underlying fund for this blended fund, the BlackRock Fixed Income Global Opportunities was closed. As a result of this change, and following investment advice from the Plan's investment advisors, all monies were reinvested within the BOC Corporate Bond fund. The assets were temporarily invested in cash for the period between the disinvestment from the closed fund and reinvestment in the new one, additional information can be found in Appendix B.

Statement of investment principles (continued)

Single investments

The following single fund choices are available to Plan members.

Fund	Fund manager	Benchmark	Annual Management Charge (% per annum)
Standard Life Corporate Bond Fund ¹	Standard Life	iBoxx Sterling Non-Gilts Index	0.45
Schroders Life Intermediated Diversified Growth Fund ²	Schroders	CPI + 5%	0.82
BlackRock DC Aquila (30:70) Currency Hedged Global Equity Index Fund ⁵	BlackRock	30% FTSE All Share Index, 60% Developed Overseas Equities with currency hedging back to sterling and 10% Emerging Market Equities	0.15
BlackRock DC Aquila Emerging Markets Equity Index Fund ⁴		MSCI Global Emerging Markets Index	0.25
BlackRock DC Aquila UK Equity Index Fund		FTSE All Share Index	0.10
BlackRock DC Aquila World (ex UK) Equity Index Fund		FTSE AW Developed World (ex UK) Index	0.13
BlackRock DC Aquila Over 15 Years Gilt Index Fund		FTSE UK Gilts Over 15 Years Index	0.10
BlackRock DC Aquila Over 5 Years Index-Linked Gilt Index Fund		FTSE-A Index-Linked (Over 5 Year) Index	0.10
BlackRock DC Aquila Life Market Advantage Fund ²		3 month LIBOR	0.25
BlackRock Pre-retirement Fund ³		Composite of underlying asset classes	0.17
BlackRock DC Cash Fund		7 Day LIBID	0.10
BlackRock DC Aquila European Equity Index Fund		FTSE All World Developed Europe ex UK Index	0.13
BlackRock DC Aquila Japanese Equity Index Tracker Fund		FTSE AW Japan Index	0.13
BlackRock DC Aquila Pacific Equity Index Tracker Fund		FTSE All World Developed Asia Pacific ex Japan Net of Tax GBP	0.13
BlackRock DC Aquila US Equity Index Tracker Fund		FTSE AW USA Index	0.13
BlackRock DC Aquila (70:30) Global Equity Index Fund	70% FTSE All Share Index, 30% ABI 40-85 Sector Index	0.13	

Statement of investment principles (continued)

¹ Only accessible via the BOC Corporate Bond Fund

² Only accessible via the BOC Diversified Growth Fund

³ Only accessible via the BOC Pre-Retirement Fund

⁴ Only accessible via the BOC Equity Fund

Legacy investments

There are currently unit-linked and with-profit investments invested with policies with Aviva and Prudential.

Statement of investment principles (continued)

Appendix B - Default Fund Information

BOC Corporate Bond Fund

Due to the closure of the BOC Global Bond Fund, in June 2020, AVC members who were previously invested within the BOC Global Bond Fund had their assets transferred to the BOC Corporate Bond Fund. This created a new default arrangement, as per the broader definition of a default in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (“the Charges and Governance Regulations 2015”), effective from 6 April 2018.

Trustee policies that are not explicitly mentioned in this Appendix are as outlined in the main SIP. In line with regulatory requirements, the Trustee will continue to review the following over time in respect of the BOC Corporate Bond Fund.

Aims Objectives and Policies

The Trustee sees the BOC Corporate Bond Fund as an appropriate alternative investment following the closure of the BOC Global Bond Fund.

The primary aim of the fund is to provide long term growth by investing predominantly in Sterling denominated corporate bonds. The fund may also invest a proportion of assets in other fixed interest securities such as overseas bonds, gilts and money market instruments.

The Trustee has focussed on what it considers to be ‘financially material considerations’. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and when they expect to retire.

Other policies in relation to this arrangement are in line with the AVC section of the Plan.

Statement of investment principles (continued)

Risk

Type of Risk	Description	How is the risk managed and measured?
Market Risk	Inflation Risk	The risk that the investment return over members' working lives will not keep pace with inflation.
	Currency Risk	The risk that fluctuations in foreign exchange rates will cause the sterling value of overseas investments to fluctuate.
	Credit Risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.
	Equity, property and other price risk	The risk that investment market movements lead to a substantial reduction in the market value of investments.
		<p>The fund is managed in line with the risk management policies of the DC Section, as set out in Section 1, in relation to return expectations, active fund management and performance monitoring.</p> <p>As a fixed income investment fund members investing in this default fund will be exposed to inflation risk. This was also the case with the BOC Global Bond Fund which the fund replaced.</p> <p>Current risk is expected to be limited since the fund invests predominantly in Sterling denominated assets.</p> <p>Credit risk is managed by the underlying manager making active allocations to different instruments.</p> <p>Price risk is expected to be predominantly related to credit spreads and interest rates, which would also have been key drivers of returns for the BOC Global Bond Fund which the fund replaced.</p>
Pension Conversion Risk	Member's investments do not match how they would like to use their pots in retirement.	This default is an alternative similar fund for members who have self-selected the closed BOC Global Bond Fund.
Liquidity Risk	The risk that assets cannot be realised at short notice in line with demand.	The fund is managed in line with the risk management policies of the DC Section, as set out in Section 1.
Investment Manager Risk	The risk that the investment manager does not meet its fund performance objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The fund is managed in line with the risk management policies of the DC Section, as set out in Section 1.
Environmental, Social and Governance Risk	The risk that ESG factors, including climate change, have a financially material impact on the return of the Plan's assets.	The fund is managed in line with the risk management policies of the DC Section, as set out in Section 1.

Members Interests

The BOC Corporate Bond Fund is designed to meet its objective as outlined above.