A Member of The Linde Group

BOC Pension Scheme

Annual Report and Financial Statements

For the year ended 31 March 2020

Scheme Registration No. 10124787

Contents

Trustee and advisers

Trustee Report

The Trustee of the BOC Pension Scheme (the "Scheme") presents their annual report for the year ended 31 March 2020.

Introduction

The BOC Pension Scheme ("BOCPS") is a defined benefit pension scheme set up by a trust deed dated 29 March 1974. Subsequent variations have been issued, the latest dated 18 December 2018. Throughout the year under review, BOCPS Trustees Limited was the Trustee of BOCPS.

The Scheme provides a lump sum benefit in the event of death-in-service and earnings-related pension benefits for and in respect of Scheme members. The Scheme was closed to new entrants on 1 July 2003.

In the Report, "Company" means The BOC Group Limited.

Linde Plc, the Company, Gist Limited and the respective Trustee of the Scheme and the Gist Limited Pension Scheme ("GLPS") reached an agreement to merge GLPS into the Scheme with a planned completion date of 1 October 2020.

All the deferred pension benefits and benefits in payment will be merged into the Scheme and the GLPS will commence wind up after the merger has been completed. Any benefits due to members after the completion date will be payable by the Scheme.

Gist Limited offered an Early Retirement with Company Consent ("ERCC") programme to allow active GLPS members with deferred Scheme benefits to retire early if they were over the age of 54 on 30 June 2019. This programme used an actuarial reduction as set out in the GLPS rules. The cost of meeting this actuarial reduction was met by Gist Limited and is shown as augmentations in note 2 on page 19.

The Scheme investments are held within the BOC Pensions Investment Fund ("BOCPIF"). The Administrator Report for BOCPIF is attached as Appendix A. Further information on this is noted on page 12.

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

COVID-19

At its meeting on 1 April 2020 and subsequent meetings that have taken place since the outbreak, the Trustee has reviewed reports from its advisers and the Pensions Regulator on the impact of COVID-19 for pension schemes. The Trustee also continues to monitor the Scheme's funding position on a regular basis to ensure benefit payments can be met, and that the Scheme continues to be administered effectively.

The Trustee chose not to suspend the payment or quotation of cash equivalent transfer values (CETV), however bereavement services and payment of retirement benefits were classed as a priority for the administration team, with CETVs being designated a lesser priority. The administration team moved to a flexible home working environment and maintained full operational function. None of the team were furloughed.

On 25 March 2020 the Trustee secured a new Linde Plc Parent Company Guarantee, which is a legally binding group-wide commitment to financially support the Scheme. More information on this can be found in the actuarial review on page 8. As this provides significant additional security to Scheme benefits, the Trustee considers that the COVID-19 pandemic does not create a material uncertainty to the Scheme.

The Administrator Report of BOCPIF is attached as Appendix A which details further information on how investments have performed. This can be found in the Market Review section on page 7. Further comment regarding the impact of COVID-19 on investments can be found on page 9.

Trustee Report (continued)

Enquiries and complaints

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

Management of the Scheme

Three of the Trustee Directors, the Independent Trustee and the Professional Trustee are appointed by the Company.

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 Independent trustee is a person (John Hylands) who acts as a Trustee Director to the trust. That person 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 Member-Nominated Trustee Directors is normally five years. The Independent Trustee Director's term of office is three years. The Professional Trustee appointment is on an on-going basis subject to an agreed notice period on either side.

The four Member-Nominated Trustee Directors are elected from and by the Pensions Advisory Council (PAC). The PAC is a body set up by the Company, and responsible to the Company, whose primary role is to provide a sounding board on pensions policy and enable queries and information sharing on behalf of active membership. The PAC met on four occasions during the year.

The PAC comprises:

- contributing members of the Scheme elected by members from the various businesses
- two pensioner representatives elected by retired members of the Scheme
- a Chairman and Vice-Chairman appointed by the Company
- the Director of Pensions Services RUK (ex-officio)

A Trustee Director will generally cease to hold office on resignation or on leaving the Company. The PAC can instigate removal of elected Trustee Directors. The Company has the power to remove appointed Trustee Directors and the Professional Trustee.

The Trustee met on five occasions during the year to review investment activities, administration and any other matters affecting the Scheme and its members. The Trustee has appointed external specialists to advise on legal, investment, actuarial, employer covenant and accounting matters. There were no changes to the advisers for the year in review.

Policies

In 1997, acting on the advice of the Scheme Actuary, the Trustee suspended the acceptance of individual transfer payments from members' former pension schemes, subject to annual review. At its meeting in March 2005, following further advice from the Scheme Actuary, the Trustee decided to suspend transfers-in permanently. The Trustee will only review this decision again if the Scheme Actuary so advises.

Payments made in respect of deferred pensioners who exercised their option to have a cash equivalent or transfer value paid to another pension arrangement were calculated in accordance with the provisions introduced under Section 97 of Chapter IV of Pension Schemes Act 1993 using tables supplied by the Scheme's Actuaries. Payments made during the year fully reflected the value of the accrued benefit rights in each case. Statutory changes to transfer value calculations were implemented in October 2008.

Trustee Report (continued)

The calculation of transfer payments includes allowance for the Trustee's discretion to permit early payment of a deferred pension, without reduction, in circumstances of ill-health. No other discretionary benefits that could be available are included in transfer calculations.

There are written agreements in place between the Trustee and the Actuaries, the appointed Scheme Actuary, the Auditor, the Legal Advisers, the Medical Advisers, the Investment Advisers, the Corporate Financial Advisers and, in the form of delegation documents, the Joint Investment Committee, Pensions Investment Department and the Benefits Administrators.

Data protection

The Scheme is registered under the EU General Data Protection Regulation (GDPR) from 25 May 2018, (previously the Data Protection Act 1998) to process on computer and otherwise, personal information that the Trustee or its delegates may need for Scheme management.

Scheme tax and social security status

The Scheme is a registered scheme with HM Revenue & Customs under Chapter 2 of Part 4 of Finance Act 2004.

Contributory members of the Scheme were in contracted-out employment under Section 9 (2) of Pensions Act 1993 up to 31 March 2016 during the year for the purposes of state earnings-related pension provision, under certificate numbers E3800264Y and S0224094Y.

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 two occasions during the year. The Audit Committee is a joint committee consisting of a representative of the Trustees of each of BOCPS, BOC Senior Executive Pension Scheme, Gist Limited Pension Scheme, BOC Retirement Savings Plan and from the Administrator of BOC Pension 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 Scheme 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 twenty one occasions during the year. The Medical Committee exists to consider applications from members and the company for the award of medical pensions.

Governance Committee

The Governance Committee met on four occasions during the year. The Governance Committee is a joint committee with the Trustee of the BOC Senior Executive Pension Scheme.

The Committee's principal areas of focus are managing conflicts of interest, risk management, Scheme documents, Trustee Knowledge & Understanding and the Trustee's Business Plan.

Trustee Report (continued)

Joint Investment Committee

The Joint Investment Committee (JIC) met on five occasions during the year. The JIC is a corporate entity, BOC Pensions Limited, which is owned jointly by the Trustee and the Trustee of BOC Senior Executive Pension Scheme. Its Board is appointed from Directors of each Scheme.

The Trustee has delegated investment powers under the Trust Deed and Rules to the JIC which then acts as a decision-making body. The Directors of the JIC receive specific investment training. Some tasks such as preparing and maintaining the Scheme's Statement of Investment Principles remain the responsibility of the Trustee.

Scheme Governance

The Trustee requires an annual report from the Actuaries, the Auditor, the Legal Advisers, the Benefits Administrators, the Communications Consultants, the Pensions Investment Department, the Investment Managers, the Investment Advisers and the Custodian. Each report provides specified information in relation to the activities performed directly or indirectly on behalf of the Trustee in the previous Scheme year. All reports were reviewed at the Trustee's joint meeting with the Directors of the BOC Pension Scheme on 19 September 2019.

The objectives of the Governance Meeting are to increase both the transparency of the administration of the Scheme and BOC Pension Investment Fund and the accountability of the respective delegates and advisers.

The Trustee was satisfied that the Scheme continued to be managed in accordance with statutory requirements, industry best practices and its own and the Company's governance guidelines. On the basis of that review, together with written confirmation from the Scheme Legal Adviser and the Scheme Actuary that there were no issues to be raised in relation to the Scheme's governance, the Trustee was satisfied that the Scheme had also been managed to appropriate standards.

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, the Pensions Act 2004 and other applicable regulatory bodies.

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 scheme administrator. It also requires reports of 'notifiable events' and 'significant breaches' of pension scheme legislation.

Notifiable events are specific events relating to a scheme or a participating employer that TPR considers could potentially have a major impact on the security of members' benefits. The Company and the Trustee are under an obligation to advise TPR without delay of any notifiable events.

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

Red breaches are caused by: dishonesty, poor scheme governance, inadequate controls resulting in deficient administration or slow or inappropriate decision-making practices, incomplete or inaccurate advice, acting (or failing to act) in deliberate contravention of the law. An example of a red breach would be persistent failure to pay scheme contributions on time. During the year, there were no red breaches. The Trustee believes that in all respects the Scheme's administration has been in compliance with the requirements of both Acts throughout the year. The Trustee can confirm that contributions were of the amounts required and were received within the agreed timescales.

Trustee Report (continued)

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.

'Numerical data' is the additional information that will enable 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 99.93% and 'Conditional data' is 99.86%. The 'Numerical data' requirement is largely satisfied by the membership statistics/movements reported at each Trustee meeting.

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

Financial development of the Scheme

The financial statements set out on pages 16 to 23 and on pages 13 to 30 of Appendix A 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 withdrawals from dealing with members were £114,945k (2019: £81,345k). Net losses on investments were £82,189k (2018: net returns of £156,750k).

As a result of all the above the net assets of the Scheme fell to £2,890,138k at 31 March 2020, a decrease of £197,134k over the position at 31 March 2019.

Actuarial review

In accordance with the Trust Deed and Rules, the Scheme's Actuary carried out an actuarial valuation of the Scheme as at 31 March 2017.

In his latest report dated March 2019, the Scheme Actuary concluded that the Scheme's assets fell short of its liabilities by £647 million (2017: £731m) and the funding level was 82.7% (2017: 80%). As the next actuarial valuation was due as at 31 March 2020 there is no actuarial funding update report for the current year. The valuation is still in progress at the date of signing these Report and Accounts.

From the end of February until the end of March 2020, financial markets were severely disrupted, as fears about the impact of the Covid-19 pandemic impacted asset prices. As for nearly all UK pension schemes, the Scheme suffered a sharp reduction in the funding level. However, markets have since then recovered strongly, and the funding position at the time of the approval of these accounts has recovered to a similar level to its pre-Covid-19 position.

Trustee Report (continued)

On 25 March 2020 the Trustee secured a new Linde Plc Parent Company Guarantee, which is a legally binding group-wide commitment to financially support the Scheme. This means that there will be some changes to the actuarial assumptions for the next valuation, which will show a significantly improved funding position compared to 2017. This will result in lower, or possibly suspended, annual deficit contributions from the Company. This information was communicated to members in a special newsletter in June 2020. This also resulted in a new Schedule of Contributions being signed on 25 March 2020. No deficit funding contributions were due this year. Deficit funding contributions payable in future years are detailed in note 2.

Any Scheme member can obtain a copy of the actuarial valuation report or the schedule of contributions by contacting BOC Pension Services at the address shown on page 2.

Statement of funding principles ("SoFP")

Under requirements introduced by the Pensions Act 2004, the valuation consists of a statement of funding principles (SoFP), actuarial valuation, schedule of contributions and, if the Scheme's assets do not cover the technical provisions (the amount required to pay for the Scheme's built up pension benefits), a recovery plan. Under the SoFP, the Trustee, with advice from the Scheme Actuary and the agreement of the Company, selects the key assumptions to use in the valuation.

The Trustee agreed the valuation results and put in place a SoFP, a recovery plan and a Schedule of Contributions.

The results of the 2017 valuation were communicated to Scheme members.

Method

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

Actuarial assumptions

Discount rate: term dependent rates set by reference to the market implied gilt yield curve (as derived from the Bank of England data) at the valuation date plus an addition of 0.8% per annum.

Retail price inflation ("RPI"): (implied inflation curve) taken as the difference between the Bank of England fixed interest and index linked yield curve at the valuation date.

Consumer price inflation ("CPI"): RPI inflation with an adjustment on yields of 1.0% below RPI spot rates.

Salary increases: Implied RPI inflation plus 0.25% per annum; and allowing for the cap on salary increases for benefit calculations where applicable. Relevant market information will be used to calculate the effect of any caps. Analysis at 31 March 2017 determined that an assumed increase of 2.5% p.a. at all durations was appropriate.

Pension increases: The assumption is made with reference to the RPI curve. The curves will be derived in a consistent manner to the underlying inflation curve making allowance for caps and floors on benefit increases. Other pensions are assumed to increase at their fixed rates.

For the purpose of determining the level of additional contributions required to eliminate any shortfall, an assumed rate of return on assets is required. This rate for the purpose of the valuation at 31 March 2017 assumed to be 1.6% per annum above the yield curve of fixed interest government bonds

Trustee Report (continued)

Mortality

The longevity of scheme members is assumed to be in line as follows:

Current pensioners and future pensioners (post retirement)	• Current mortality rates to be set using information provided by Club Vita • The post retirement mortality base tables will be set using information provided by Club Vita • Future improvements in mortality to be projected in line with medium cohort projections, with a minimum increase of 1.5% per annum • An amount ("longevity buffer") will be added to the technical provisions. This amount was set as £95m as at 31 March 2017
Future pensioners (pre-retirement)	• 60% of AM92/AF92 tables

Pension increases

The effective date for pension increases is 1 April each year. The increases during the year to pensions in payment were therefore those effected on 1 April 2019.

Increases were provided in accordance with the Scheme Rules, and statutory GMP requirements, as set out below:

Pensions Accrued to 31 March 2011:

Service Terminated	Over State Pension Age at 1/4/2019	GMP portion accrued pre 6/4/1988	GMP portion accrued post 6/4/1988	Remaining pension ϕ
Before April 1997	Yes	Nil	2.7%	2.7%
Before April 1997	No	Fixed rate*	2.7%	2.7%
From April 1997	Yes/No	2.7%**	2.7%**	2.7%**

Pension Accrued from 1 April 2011:

The lesser of the percentage increase in the General Index of Retail Prices (RPI) over the calendar year to the previous 31 December or 2.5% on a rolling five year average. The increase in RPI over the calendar year to 31 December 2018 was 2.7%. Therefore, the rolling five year average was applied. The increase payable from 1 April 2019 on pensions that had been in payment for at least a full year was:

Date pension started	2019 increase**
2 March 2011 to 1 March 2012	2.7%
2 March 2012 to 1 March 2013	2.7%
2 March 2013 to 1 March 2014	2.7%
2 March 2014 to 1 March 2015	2.7%
2 March 2015 to 1 March 2016	2.5%
2 March 2016 to 1 March 2017	2.5%
2 March 2017 to 1 March 2018	2.5%
2 March 2018 to 1 March 2019	2.5%

* Either 8.5%, 7.5%, 7%, 6.25%, 4.75%, 4.5%, 4.0% or 3.5% per year depending on leaving date.

** For those pensioners who had been retired for less than 12 months but more than 1 month, a proportionate rate applied.

ϕ Any part of the pension that had been secured with the member's AVC Plan fund was increased on the basis notified to the member when the pension was purchased.

Trustee Report (continued)

Increases to dependants' pensions followed a similar pattern, subject to the modifications resulting from the Statutory GMP increase requirements for widows and widowers.

The Company did not award a discretionary increase.

Deferred Pensions

The GMP portion of qualifying deferred pensions was increased at 1 April 2019 by the Appropriate Fixed Rate of revaluation applicable to the leaving service date, as specified under the contracting-out regulations.

The non-GMP portion of deferred pensions is increased when the pension comes into payment. For leavers up to 31 March 2011 this increase is broadly the lower of 5% per annum compound and the movement in RPI for the period of complete years to 31 December 2010, either from 1 June 1990 or from the later date on which the member left the Scheme. The deferred pension as at 1 June 1990 had already been increased at 3% per annum compound at each 1 April since leaving date. From 1 January 2010 the measure of inflation was changed to the Consumer Prices Index (CPI).

For leavers from 6 April 2009 to 31 March 2011 deferred benefits will increase by a maximum of 2.5% per annum in respect of post-5 April 2009 service. For post-31 March 2011 leavers the maximum increase will be 5% per annum in respect of this period.

For post-31 March 2011 leavers the increase in respect of post-31 March 2011 service is the lower of 2.5% a year or the movement in RPI for the year to the previous 30 September for each complete year from the date on which the Member left the Scheme except for members who resign or are dismissed in which case the measure of inflation will be CPI.

Scheme rules

There were no changes to the Scheme deeds or rules for the year in review. Amendments made after 31 March 2020 have been disclosed in subsequent events on page 23.

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issue determined by the judgement arises in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and consequently, have concluded that no provision is required at this time.

Trustee Report (continued)

Membership

Active	Level A	Level B	Level C	Total
At 1 April 2019	458	562	39	1,059
Late notifications	-	(1)	-	(1)
Deaths	(1)	-	-	(1)
Retirements	(10)	(13)	-	(23)
Interlevel movements	18	(17)	(1)	-
Leavers with retained benefits	(19)	(43)	(2)	(64)
At 31 March 2020	**446**	**488**	**36**	**970**

Deferred	Total
At 1 April 2019	7,305
Late notifications	(28)
New members	64
Deaths	(8)
Retirements	(389)
Leavers	(89)
At 31 March 2020	**6,855**

Pensioners	Former members	Dependants	Children's allowances	Total
At 1 April 2019	9,599	3,078	66	12,743
Late notifications	24	7	2	33
New pensioners	412	159	3	574
Deaths	(289)	(189)	-	(478)
Cessations	(4)	-	(10)	(14)
At 31 March 2020	**9,742**	**3,055**	**61**	**12,858**

Late notifications relate to adjustments to the membership in respect of the prior year after the membership reconciliation was completed.

Cessations comprise members who have chosen to fully commute their pension, and children ceasing full time education.

Trustee Report (continued)

Investment management

The Scheme participates in the BOC Pension Investment Fund (BOCPIF), a common investment fund, with the BOC Senior Executive Pension Scheme. The major advantage to the Scheme of investing in BOCPIF is that it benefits from the economies of scale enjoyed by the larger fund, in the form of lower transaction and administration costs. The Trustee is satisfied that the investment objectives of BOCPIF are consistent with those of the Scheme. The operation of BOCPIF is regulated by a deed. The original deed, dated 31 March 1992, was updated by deeds of variation dated 29 October 2004, 4 March 2008, 9 December 2009 and 3 May 2012.

BOCPIF comprises both commingled assets and assets which are directly attributable to the Participating Schemes. The commingled assets share the same investment funds and are apportioned between the Participating Schemes, in accordance with the terms of the deed, using a standard formula which is derived using the latest SIP as part of the investment strategy agreed by Trustees by the help of the actuaries. The formula ensures that there is no cross-subsidy between the Schemes. It is applied each month to the change in market value of the assets. The change in value is apportioned in the ratio of the interest of each participating Scheme in each of the asset classes of BOCPIF at the start of the month, adjusted to take account of any money invested or withdrawn by the Schemes during the month. The apportionment of the change in value of BOCPIF in the year to 31 March 2020 is shown in Note 7.

An Administrator Report of BOCPIF has been issued and is attached as Appendix A. As a consequence the amount of information in this Report is reduced to avoid duplication. The Annual Report and Financial Statements of BOCPS should be read in conjunction with the Administrator Report of BOCPIF.

Signed on behalf of the Trustee on 30 September 2020

John Hylands	*George Emmerson*
Trustee Director	Trustee Director

Statement of Trustee's Responsibilities

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

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

The Trustee is also responsible for making available certain other information about the scheme in the form of an annual report.

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

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

Date 30 September 2020

John Hylands	*George Emmerson*
Trustee Director	Trustee Director

Independent Auditor's Report

Opinion

We have audited the financial statements of BOC Pension Scheme for the year ended 31 March 2020 which comprise the Fund Account, the Statement of Net Assets and the related notes 1 to 12, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2020, 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Financial Statements as set out on pages 2 to 27, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions.

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)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 trustees

As explained more fully in the Statement of Trustee's Responsibilities statement set out on page 13, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Reading
30 September 2020

The maintenance and integrity of the BOC Pension Scheme web site is the responsibility of the trustee; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fund Account for the year ended 31 March 2020

	Notes	2020 £ '000	2019 £ '000
Contributions and benefits			
Employer contributions	2	27,372	56,747
Employee contributions	2	330	361
		27,702	**57,108**
Benefits paid or payable	3	(107,487)	(101,572)
Payments to and on account of leavers	4	(31,910)	(34,185)
Administrative expenses	5	(3,250)	(2,696)
		(142,647)	**(138,453)**
Net withdrawals from dealing with members		**(114,945)**	**(81,345)**
Returns on investments			
Investment income	6	60	39
Share of (loss) / return in BOCPIF	7	(82,249)	156,711
Net (loss) / return on investments		**(82,189)**	**156,750**
Net (decrease) / increase in fund during the year		**(197,134)**	**75,405**
Net assets of the fund			
At 1 April		**3,087,272**	**3,011,867**
At 31 March		**2,890,138**	**3,087,272**

The notes on pages 18 to 23 form part of these financial statements.

Statement of Net Assets as at 31 March 2020

	Notes	2020 £ '000	2019 £ '000
Investment assets			
Share of BOCPIF	7	2,884,695	3,080,614
Total net investments		**2,884,695**	**3,080,614**
Current assets	8	10,059	10,535
Current liabilities	9	(4,616)	(3,877)
Net assets of the Fund at 31 March		**2,890,138**	**3,087,272**

The financial statements summarise the transactions and the net assets of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits that fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with the report on Actuarial Liabilities on pages 7 and 8, and these financial statements should be read in conjunction with them.

The notes on pages 18 to 23 form part of these financial statements.

These financial statements were approved by the Trustee on 30 September 2020

Signed on behalf of the Trustee

John Hylands
Trustee Director

George Emmerson
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 Scheme is established as a Trust under English Law. The scheme's address is shown in the Trustee's report.

Investments

The accounting policies for investments are dealt with in the financial statements of the BOC Pension Investment Fund (BOCPIF) attached as Appendix A to this report.

(a) Contributions

Employer and members' contributions are accounted for at the rates agreed between the Trustee and the Employer based on recommendations of the Actuary and the Schedule of Contributions.

(i) Members' normal contributions are accounted for when deducted from pay.

(ii) Employers' normal contributions are accounted for in the period in which the corresponding members' contributions are deducted from pay.

(iii) Employers' contributions under Salary Exchange are accounted for in the period that exchanged employee contributions would have been deducted from earnings.

(iv) Employers' deficit contributions are accounted on an accruals basis in accordance with the Schedule of Contributions under which they are paid.

(b) Benefits

(i) Benefits are generally accounted for in the year in which the member notifies the Trustee of his decision on the type of benefit to be taken or, if there is no member choice, on the date of retirement or leaving. For members with whom we have lost contact, benefits are accounted for on the date that we establish a contact with the member or beneficiary or, if later, the date that the relevant benefit has been identified.

(ii) Individual transfers are accounted for when paid which is normally when the liability is discharged.

(c) Expenses

All administration expenses are accounted for on an accruals basis.

(d) Currency

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

Notes to the financial statements (continued)

2. Contributions

	2020 £ '000	2019 £ '000
Employer contributions		
Normal	19,910	21,011
Deficit Funding	-	35,000
Pension Protection Fund Levy	917	704
Augmentations	6,545	32
Total employer contributions	**27,372**	**56,747**
Employee contributions		
Normal	330	361
Total employee contributions	**330**	**361**
Total contributions	**27,702**	**57,108**

Employer normal contributions include contributions in respect of salary sacrifice arrangements.

Augmentations comprise the cost of the Gist Limited ERCC programme as disclosed in the Trustee Report on page 3.

No deficit funding contributions were due in the year. Deficit funding contributions of £130m are payable no later than 31 December 2021. With effect from 1 January 2022 to 31 December 2028 further contributions of £43.5m are payable per calendar year no later than 31 December of the relevant year.

3. Benefits

	2020 £ '000	2019 £ '000
Pensions	91,552	88,316
Commutations and lump sum retirement benefits	18,575	15,595
AVC annuitisation	(454)	(247)
Lump sum death benefits	530	431
Disinvestments from BOCRSP-AVC Section	(2,716)	(2,523)
	107,487	**101,572**

Payment of retirement benefits relating to the Gist Limited ERCC programme disclosed in the Trustee Report, are included within commutation and lump sum retirement benefits.

The negative values above reflect the AVC amounts transferred to the Scheme to provide funding for all or part of the benefit payment mentioned above. AVC annuitisation comprises those members who chose to take their AVC value as pension. Further explanation of the disinvestments process from BOCRSP-AVC Section can be found in note 7 on page 21.

Notes to the financial statements (continued)

4. Payments to and on account of leavers

	2020 £ '000	2019 £ '000
Individual transfers to other schemes	31,674	32,337
Pension sharing orders	941	2,229
Disinvestments from BOCRSP-AVC Section	(705)	(381)
	31,910	**34,185**

The negative values above reflect the AVC amounts transferred to the Scheme to provide funding for all or part of the leaver payment mentioned above. Further explanation of the disinvestments process from BOCRSP-AVC Section can be found in note 7 on page 21.

5. Administrative expenses

	2020 £ '000	2019 £ '000
Administration and processing	1,137	1,159
Actuarial fees	443	418
Audit fees	59	52
Pension Protection Fund Levy	915	704
Legal and other professional fees	696	363
	3,250	**2,696**

Costs charged to the Scheme relate solely to the administration of the Scheme.

6. Investment income

	2020 £ '000	2019 £ '000
Net Interest receivable on cash deposits	60	40
Annuity income	-	(1)
	60	**39**

Net interest receivable comprises interest paid and received on the current account held with HSBC.

Notes to the financial statements (continued)

7. Investments

Investment reconciliation table

	2020 £ '000	2019 £ '000
Share of BOCPIF at 1 April	3,080,614	2,981,913
Net withdrawals	(113,670)	(58,010)
Share of return	(82,249)	156,711
Share of BOCPIF at 31 March	**2,884,695**	**3,080,614**

The share of BOCPIF includes any directly attributable investment holdings. Further breakdown is provided in Appendix A.

Net withdrawals comprises the net of contributions invested in the PIF and cash withdrawn.

AVC Investments

Members of the Scheme may make additional voluntary contributions to a range of investment facilities, which are administered by the Trustee of BOC Retirement Savings Plan (BOCRS Plan). When a member retires, or dies, the funds accumulated within BOCRS Plan (AVC section) in respect of that member are paid to the Trustee of the Scheme to provide additional benefits for, or in respect of, that member. They may also be paid to the Scheme when a member leaves service for transfer to another approved pension scheme. These amounts are shown in notes 3 and 4 as negative amounts.

The financial statements of BOCRS Plan are not included in the financial statements of the Scheme, but are separately available. A copy of these statements can be obtained by contacting BOC Pension Services at the address shown on page 2.

Notes to the financial statements (continued)

8. Current assets

	2020 £ '000	2019 £ '000
Employer contributions receivable	30	2
Other debtors	-	704
Amounts due from other BOC pension arrangements	553	595
Cash balances	9,476	9,234
	10,059	**10,535**

Employer contributions comprise £30k for contributions due from the Company for members who transferred from the Linde Cryoplants Pension Scheme on 1 August 2009. These monies became payable by the Employer from October 2019 in accordance with the latest Schedule of Contributions. The amount due is for the period October 2019 to February 2020. This was paid late to the Scheme and is disclosed in note 10 below.

Amounts due from other BOC pension arrangements comprise £286k due from Retirement Savings Plan and £267k due from Gist Limited Pension Scheme.

Further detail regarding these amounts is disclosed in note 11 on page 23.

9. Current liabilities

	2020 £ '000	2019 £ '000
Benefits payable	2,259	1,840
Accrued expenses	1,296	791
Tax due to HMRC	1,055	995
Other creditors	6	6
Amounts due to other BOC pension arrangements	-	245
	4,616	**3,877**

10. Employer related investments

Direct employer-related investment is not permitted under the Scheme Rules.

Contributions are due to the Scheme representing less than 0.11% of the total contributions due in the year as disclosed in note 8. This amount has subsequently been paid to the Scheme on 23 April 2020.

Notes to the financial statements (continued)

11.Related party transactions

The following related party transactions occurred during the year.

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

The costs incurred by BOC Group Limited in providing Scheme administration services are rechargeable to the Scheme. Amounts paid during the year were £1,749k (2019: £1,841k).

Key management personnel includes: the independent Trustee Director, the professional Trustee Director and the retired member-nominated Trustee Directors who received total remuneration of £91,866 (2019: £83,520) during the year. The fees for key management personnel are met by the Company. The independent Trustee Director charges a combined fee for services to the Scheme, BOC Senior Executive Pension Scheme and BOC Pension Investment Fund. This total fee is included within the above remuneration.

Amounts due from other BOC pension arrangements comprise £286k due from Retirement Savings Plan and £267k due from Gist Limited Pension Scheme for AVC disinvestments which have been paid as benefits by the Scheme in the current year.

12.Contingent liabilities

The Scheme had no contingent liabilities or commitments at 31 March 2020.

13.Subsequent events

A Merger Deed dated 29 July 2020 was issued and signed by the Trustee, the Principal Employer, Capital Cranfield Trustees Limited and Gist Limited.

The deed allows GLPS to be merged into the Scheme with effect on and from the date specified in a written notice. The value of this transfer is estimated as £165m as at 31 August 2020.

The transfer will be made without member consent. The Employer and the Trustee issued notice to members in August 2020.

Actuarial calculation of technical provisions

My certification of the calculation of the Technical Provisions is included below. I am also required to certify the adequacy of the contribution rates set out in the schedule of contributions. That certificate is appended to the contribution schedule.

Actuarial certification of the calculation of Technical Provisions as required by regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: BOC Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the scheme's Technical Provisions as at 31 March 2017 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the statement of funding principles dated 28 March 2018.

Date	28 March 2018
Name	Richard Shackleton
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall
	London
	EC2Y 5EA

Actuarial Certification of the Schedule of Contributions

Schedule of Contributions -Actuarial Certificate

Name of Scheme: BOC Pension Scheme

Adequacy of contributions

I certify that. in my opinion, the contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2017 to be met by the end of the period specified in the Recovery Plan dated

Consistency with statement of funding principles

I hereby certify that, in my opinion. this Schedule of Contributions is consistent with the Statement of Funding Principles dated 28 March 2018.

Please note that the adequacy of contributions statement in this certificate relates to the Scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Scheme's full liabilities with annuities if the Scheme were to wind up.

Signature

Date ____________________ 30 March 2020

Name Richard Shackleton

Qualification Fellow of the Institute and Faculty of Actuaries

Name of Employer Hymans Robertson LLP

Address One London Wall, London EC2Y SEA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

Summary of contributions

During the year ended 31 March 2020 the contributions payable to the Scheme under the schedules of contributions were as follows:

	£ '000
Employer normal contributions	19,910
Augmentations	6,545
Pension Protection Fund Levy	917
Employee normal contributions	330
Total contributions per note 2 of the financial statements	**27,702**

Payment of late contributions which remained outstanding at the end of the Scheme year is disclosed in note 10 on page 22.

Further details on augmentations is disclosed in note 2 on page 19.

All remaining contributions were received by their due date as required by the Schedules of Contribution.

Signed on behalf of the Trustee on 30 September 2020

John Hylands
Trustee Director

George Emmerson
Trustee Director

Independent Auditor's Statement about Contributions to the Trustee of BOC Pension Scheme

We have examined the summary of contributions to the BOC Pension Scheme for the scheme year ended 31 March 2020 which is set out on page 26.

In our opinion contributions for the scheme year ended 31 March 2020 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the scheme actuary on 28 March 2018, 31 December 2019 and 30 March 2020.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 26 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedules of contributions.

Respective responsibilities of trustees and auditor

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

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

Use of our statement

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

Ernst & Young LLP

Statutory Auditor

Reading

30 September 2020

Appendix A BOC PIF Administrator Report

A Member of The Linde Group

BOC Pension Investment Fund

Administrator Report

For the year ended 31 March 2020

Contents

Directors and advisers

Company	BOC Pensions Limited
Directors	J Hylands (Chair) Capital Cranfield Pension Trustees Limited represented by: G Emmerson (from 1 January 2020) M Jones (until 31 December 2019) C Morton C Schlegel (until 31 May 2019 – reappointed 1 April 2020) N Twist
Secretary	S K Kelly
Adviser	Mercer Limited
Auditor	Ernst & Young LLP
Legal adviser	Mayer Brown International LLP
Bankers	HSBC Bank Plc
Custodian	BNY Mellon Asset Servicing BV
Investment Managers	AHL Dimension (Cayman Limited) (appointed 23 September 2019) AQR Capital Management LLC Ares Real Estate Secured Income Fund LP ArrowStreet Capital, L.P. Aviva Investors UK Commercial Real Estate Senior Debt LP Barings Global Advisers Limited Baillie Gifford & Co. BlackRock Investment Management UK Ltd CBRE Global Investors (UK Funds) Limited Elementum Advisors LLC EQT Fund Management S.A.R.L. Highbridge Capital Management LLC Insight Investment Management (Global) Limited Invesco Asset Management Limited LGT Capital Partners Lynx Asset Management AB Marshall Wace Funds PLC Pharo Macro Management, Inc Prudential Global Investment Management (“PGIM”) Record Currency Management Limited Schroder Investment Management Limited Vontobel Asset Management, Inc. Wadwhani Asset Management LLP Wellington Management International Limited

Introduction

This report covers the management of BOC Pension Investment Fund ("The Fund") for the year to 31 March 2020. The Fund is a common investment fund in which the Participating Schemes are BOC Pension Scheme ("BOCPS") and BOC Senior Executive Pension Scheme ("SEPS").

Throughout the year under review, BOC Pensions Limited was the Administrator of The Fund.

On 8 May 2007, the Trustees of the Participating Schemes agreed to delegate most of their investment responsibilities to a Joint Investment Committee ("JIC"). The JIC is a corporate entity, known as BOC Pensions Limited ("BOCPL"), which was transferred to the joint ownership of the Trustees of the Participating Schemes on 6 August 2007. Members of the JIC are required to be Trustee Directors of the Participating Schemes, excluding one Director who is a Director of BOCPL only. The JIC was formally constituted on 11 December 2007. The JIC also serves as the Administrator of The Fund. The JIC is supported by the Pensions Investment Department.

The operation of The Fund is regulated by a deed. The original deed, dated 31 March 1992, was updated by deeds of variation dated 29 October 2004, 4 March 2008, 9 December 2009 and 3 May 2012.

The Fund comprises both commingled assets and assets which are directly attributable to the Participating Schemes. The commingled assets are apportioned between the Participating Schemes, in accordance with the terms of the deed, using a formula derived by using the latest SIP as part of the investment strategy agreed by Trustees by the help of the actuaries. The formula ensures that there is no cross-subsidy between the Participating Schemes. It is applied each month to the change in market value of the assets. The change in value is apportioned in the ratio of the interest of each Participating Scheme in each of the asset classes of The Fund at the start of the month, adjusted to take account of any money invested or withdrawn by the Participating Schemes during the month. The apportionment of the change in value of The Fund in the year to 31 March 2020 is shown in Note 2 of the financial statements.

Investment Report

Investment Management

Investment Principles

Each Participating Scheme has its own Statement of Investment Principles which were last updated and adopted on 25 March 2020 (BOCPS) and 27 March 2020 (SEPS).

Investment Policy

Throughout the year under review, the investment policy was set by the Trustee bodies of the Participating Schemes.

The Administrator was responsible for ensuring that the investment management structure and the objectives set for each Investment Manager were consistent with the investment policy set by the Trustee bodies. In addition, the Trustee requires that investment managers explain how they take ESG social, environmental and ethical considerations into account.

Relationship with Investment Managers

Investment Managers are appointed by the Administrator. As required by the Participating Schemes' Rules, all the investment management firms are independent of The BOC Group Limited. The Administrator enters into investment management agreements with each Investment Manager, setting out in detail the terms on which each portfolio is managed. Each agreement includes a detailed set of guidelines to be followed by the Investment Manager.

Investment Report (continued)

To the extent that the Investment Manager proposes investing in pooled funds, the JIC will ensure that the objectives and risk controls followed by these funds are consistent with those which the JIC would impose on the Investment Manager for a separately managed mandate.

Investment Management Structure

The following Investment Managers served as at 31 March 2020, managing portfolios in accordance with the mandates shown (all mandates are actively managed unless otherwise stated).

Investment Manager by asset class	Mandate
Liability Driven Investment "LDI"	
Insight Investment Management (Global)	BOC Pension Scheme LDI
	BOC Senior Executive Pension Scheme LDI
Bonds	
PGIM	Active Credit
Schroders	Active Credit
Invesco	Syndicated Corporate Loans
Aviva Investors UK	Real Estate Bond Fund
Insight Investment Management	Real Estate Loans
Ares Real Estate Secured Income Fund	Real Estate Loans
Barings	Private Corporate Loans
EQT	Private Corporate Loans
Property	
CBRE Global Investors	Fund of Funds
Equities	
AQR	Global Equities
Baillie Gifford	Global Equities
Vontobel	Global Equities
Wellington	Global Equities
Currency	
Record Currency Management	Passive Currency
Alternatives	
Elementum	Natural Catastrophe Reinsurance
LGT Capital Partners	Natural Catastrophe Reinsurance
AHL Dimension	Hedge Fund – Multi Strategy
AQR	Hedge Fund – Multi Strategy
Arrowstreet	Hedge Fund – Long/Short
Highbridge	Hedge Fund – Multi Strategy & Tactical Credit
Lynx	Hedge Fund – Global Macro
Marshall Wace	Hedge Fund – Long/Short
Pharo Macro	Hedge Fund – Credit
Wadwhani	Hedge Fund – Global Macro
Cash	
BlackRock Investment Management UK Ltd	Money Market Fund

The mandates given to each Investment Manager are more fully described in the latest Statement of Investment Principles of the Participating Schemes.

Investment Report (continued)

Custody

The Custodian is appointed by the Administrator. The Administrator believes it is essential that the assets of The Fund should be held by a Custodian with secure, accurate and timely administration systems which ensure that those assets are clearly identifiable and which minimise the risk of any loss. The Administrator has to be satisfied that the Custodian has in place systems and procedures that should safeguard The Fund's assets.

The Pensions Investment Manager reviews the annual reports on controls issued by the Custodian and by the Investment Managers and reports any issues of significance to the JIC.

The London branch of BNY Mellon Asset Servicing BV (BNYM) served as Custodian throughout the year.

Exercise of Voting Rights

The voting action is governed by the Statements of Investment Principles of the Participating Schemes. The Trustees of the Participating Schemes believe that proxy-voting decisions are part of the investment process to achieve the best outcome for the Schemes. Therefore, the Schemes' appointed Investment Managers have the responsibility for voting all proxies pertinent to the assets held under their management mandate. Managers are required to keep records of exercised votes and report to the JIC on request. Equity managers will provide their calendar year data on voting which the Pensions Investment Manager will report annually to the JIC.

Employer-related Investment

Legislation prohibits the trustees of most occupational pension schemes, including the Participating Schemes, from making employer-related investments in excess of 5% of scheme assets. The Rules of the Participating Schemes impose a stricter limitation by not allowing any direct investment in, or loans to, Linde plc (or, previously, The Linde Group AG, The BOC Group plc) or any Group company. Investment in property owned by, or occupied by, Linde plc (or, previously, The Linde Group AG, The BOC Group plc) or any Group company is also prohibited. The same restrictions are also imposed on The Fund.

The Administrator does permit Investment Managers to invest in pooled equity funds designed to track the performance of the relevant index, and also to deal in financial futures. Since the pooled funds may invest in Group companies, investment in such funds may result in an indirect exposure to Linde plc. Also, where Group companies form part of a particular index, investment in financial futures will result in an indirect exposure to Linde plc. Having taken legal advice, the Trustee bodies of the Participating Schemes have satisfied themselves that such indirect investment is permitted by their Rules, and that the exposure to Group companies' shares which could result would not be material to the Participating Schemes.

Stock-lending

The Administrator instructed the Custodian not to perform any stock-lending in the year.

Liability Driven Investment

The two Participating Schemes have separate scheme-specific liability driven investment (LDI) portfolios held in a Qualifying Investment Fund (QIF) managed by Insight Investment Management (Global) Limited (see page 4). The LDI manager was set targets for matching a proportion of the interest rate and inflation sensitivity of the latest projected liability cashflows, as provided by the Actuary for each Scheme. The purpose of this approach is to hedge a proportion of the risks associated with the Schemes' exposure to movements in interest rates and inflation. The LDI manager employs a number of investment instruments to achieve the hedging strategy which includes gilts, index-linked gilts, interest rate swaps, inflation swaps, swaptions, repurchase agreements and cash. These portfolios are registered in the name of The Fund.

Investment Report (continued)

Although the Fund invests in two separate portfolios within the QIF and therefore owns units in pooled funds, the underlying assets are closely monitored as part of review of the LDI strategy.

As at the year-end the LDI investments consisted of the following sub-funds:

		BOCPS		SEPS
	£ m	£ m	£ m	£ m
Fixed income sub-fund				
Corporate index linked	-		2.5	
Government bonds	480.8		21.2	
Government index linked	1,093.6		123.8	
Investment funds	110.3		11.9	
Interest rate swaps	(14.5)		(0.7)	
LPI & RPI swaps	(137.8)		(2.3)	
Repurchase agreements	(637.1)		(22.6)	
Liquidity	4.0		1.7	
		899.3		135.5
Swaption sub-fund				
Interest rate swaps	(6.2)		-	
Other swaps	(7.1)		-	
		(13.3)		-
		886.0		**135.5**

Notes: Liquidity consists of cash, pending trades and pending FX transactions.

Investment Report (continued)

Market Review

Market background

2019 was marked by the synchronised shift to accommodative monetary policy across major economies. The US Federal Reserve cut interest rates for the first time since the Global Financial Crisis in 2008, the European Central Bank re-started its Asset Purchase programme, and the People's Bank of China also cut its key rate. This wave of liquidity in major economies helped sustain risk assets over 2019 despite fears of a turn in the economic cycle, slowing economic growth and bouts of heightened geopolitical risk related to Brexit, US-China trade relations and Gulf tensions.

However, from the end of January 2020, investors' attention increasingly became focused on the Covid-19 coronavirus outbreak. As the virus spread throughout the globe, so too did enforced shutdowns and uncertainty on the implications for economic growth, business revenue and stability and society. This triggered some of the sharpest price movements in asset prices that have been seen since the stock market crash in 1987 and the Global Financial Crisis in 2008. Policymakers acted again, this time with unprecedented speed and scale and with co-ordination between central banks and governments. This has helped markets recover some of their losses, particularly equities, although most of the recovery came through after 31 March 2020.

Economic growth

For most of 2019, there was a continuation of the trends seen in the previous year, with economic activity slowing down in some of the largest advanced economies. The IMF highlighted a broad-based weakening in advanced economies, particularly in the US and Euro area, as well as a pronounced slowdown in activity in Emerging Markets countries such as Brazil, China, India, and Mexico. However, the service sector and consumer spending held up relatively well which sustained positive global growth through until the coronavirus started to spread. Since then, enforced shutdowns have put economic activity on hold. While the full impact is still unclear, most analysts expect a drop in global growth of at least 30% as a result.

Monetary and fiscal policy

Major central banks took an increasingly loosening stance in their monetary policy. In the US, the Federal Open Market Committee cut rates in July for the first time since the Global Financial Crisis and proceeded to make one further cuts in September and October 2019, dropping the key rate from 2.25%-2.50% at the beginning of 2019 to 1.50%-1.75% in December. In September 2019, the European Central Bank moved in the same direction with the announcement of the re-start of its asset purchase programme and the cut of its deposit rate to record low of -0.5%. The PBOC (China) also cut its key interbank rates by 5 basis points in November 2019 for the first time since 2016. The only notable exception was the Bank of England which maintained its main rate steady throughout 2019.

Since the coronavirus outbreak, most developed economy central banks have cut interest rates to or near zero and started large programmes buying government and corporate bonds. This was coordinated with huge fiscal spending pledges to support businesses and individuals through the crisis, with many governments pledging a total of over 10% of their GDP in new spending.

Equities

The coronavirus outbreak wiped out strong gains made over 2019 in equity markets worldwide, with global equities falling c.20% over Q1 2020 alone and returning -10% over the 12 months to 31 March 2020. US equities did relatively well, ending the 12 months down 7%, in part due to the bias towards higher quality companies with strong balance sheets in US equity indices. China managed to recover some of its initial losses and end the 12 months down 11%. China was one of the first countries to get the virus under control and start to consider re-opening its economy. Other emerging markets fared much worse, with many down 20-30% over the same period. In Europe, countries worse hit by the virus suffered the most, with Spain, Italy and France down 24%, 19% and 15% respectively. This was in part impacted by the policy response from the ECB, which was less supportive than others, notably the US Fed.

Investment Report (continued)

Market Review (continued)

Government bonds

Both short-term and long-term yields have fallen across major economies: Shorter term yields have been pinned down by low central bank base rates while longer term yields by central banks purchasing longer dated government bonds in large quantities. US Treasuries yields fell the most, but from a higher starting point: 10-year rates were down 1.7% and 30-year rates were down 1.5%. Despite starting at or below zero, German Bund yields fell another 0.4% at the 10-year point and 0.5% at the 30-year point. 10-year and 30-year UK gilts both fell 0.7%, to near all-time lows of 0.4% and 0.8% respectively.

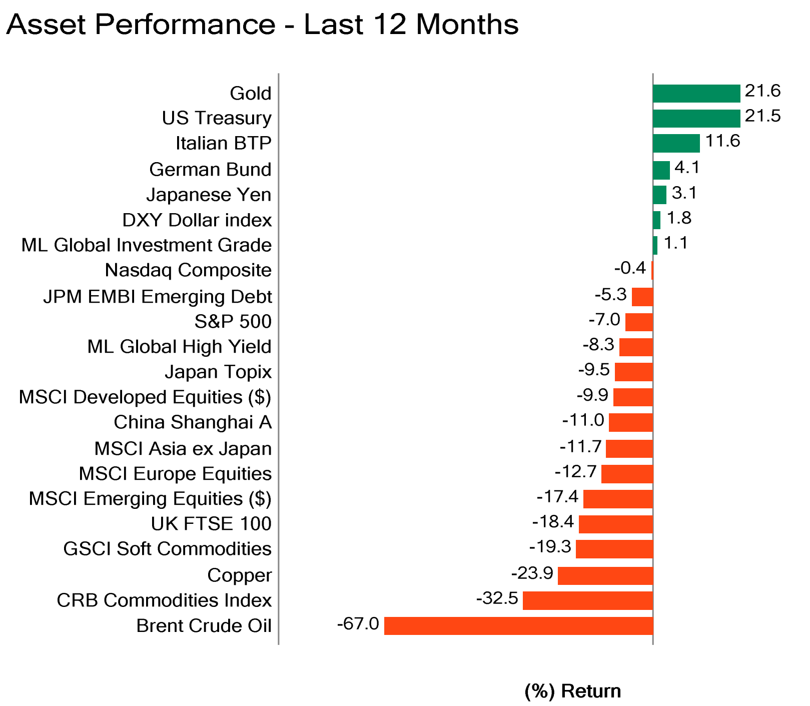
Other investments

Corporate bond spreads, the difference in yield between corporate bonds and government bonds, widened significantly as the coronavirus outbreak and shutdowns increased the price of credit risk with companies. Higher quality investment grade credit spreads widened around 1%, whereas lower quality high yield credit spreads widened 3-5% depending on the region.

At the opposite end of the returns table over the 12 months to 31 March 2020 were two commodities: Gold up 22% and Oil down 67%. Gold benefited from its reputation as a 'safe haven' asset amid the coronavirus uncertainty. Oil faced a painful supply and demand squeeze, with the collapse in demand due to the shutdown of global economic activity exacerbate by a dispute between Russia and Saudi Arabia on global supply management.

Sterling depreciated almost 5% against the US Dollar, as investors globally flocked to the Dollar as a 'safe haven' investment.

The chart below highlights performance of selected markets over the last 12 months:



Source: Refinitiv Datastream, chart by BlackRock Investment Institute. Apr 01, 2020
Note: The bars show the total return in local currency terms, except for currencies, gold and copper, which are spot returns. Government bonds are 10-year benchmark issues. RO-191915

Investment Report (continued)

Market Review (continued)

COVID-19

The Fund has engaged with investment managers regarding their valuation policies, given the potential difficulties in valuation as a result of COVID-19. It is satisfied that there is limited impact in the long term, with short term factors reflected in appropriate prudent valuations, in particular focusing on Corporate Loans and Corporate Real Estate.

The Trustee continues to monitor the operational impact of the developments and has no significant concerns regarding the Fund's ongoing ability to fulfil its operational or cash flow requirements. The Trustee has considered the impact of COVID-19 has had on the Fund's invested assets. At the year end the value of the Fund's invested assets were £3.1b and at 31 August 2020 the value was not materially different at £3.5b.

Fund Performance

The performance of The Fund and its Investment Managers is measured by an independent performance measurement service provided by BNY Mellon Asset Servicing BV. This service calculates investment returns for BOCPS and SEPS in The Fund, including income and changes in market value.

Investment performance, shown for the BOCPS and SEPS which comprise The Fund, for one, three and five years ended 31 March 2020 was as follows:

	1 year		**3 years pa**		**5 years pa**	
Total Fund	**Actual**	**Benchmark**	**Actual**	**Benchmark**	**Actual**	**Benchmark**
BOCPS	-2.5%	0.2%	2.4%	1.7%	4.5%	4.1%
SEPS	1.4%	1.7%	3.4%	3.1%	4.6%	4.5%

Short-term market fluctuations can cause the absolute rate of return to vary considerably from year to year. It is important to look at the investment performance over the long-term; too much emphasis should not be placed on the absolute rate of return achieved in any one year.

This Investment Report was approved by the Administrator on 30 September 2020 and signed on its behalf by:

John Hylands
Trustee Director

George Emmerson
Trustee Director

Statement of Administrator Responsibilities

The non-statutory financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Administrator. The Trust Deed requires the Administrator to make available audited non-statutory financial statements for each Fund year that:

- show a true and fair view of the financial transactions of The Fund during The Fund year and of the amounts and disposition at the year end of the assets and liabilities, and

- state whether applicable accounting standards have been followed and whether the financial statements have been prepared, to the extent possible, in accordance with the Statement of Recommended Practice (SORP) May 2018.

The Administrator has supervised the preparation of the non-statutory financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

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

Independent Auditor's Report to the Administrator of The Fund

Opinion

We have audited the financial statements of BOC Pension Investment Fund for the year ended 31 March 2020 which comprise the Fund Account, the Statement of Net Assets and the related notes 1 to 10, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of The Fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 below. We are independent of The Fund 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Administrator's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Administrator has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about The Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information compromises the information included in the Annual Report of the Administrator on pages 1 to 10, excluding the financial statements and our auditor's report thereon. The Administrator is responsible for the other information.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Administrator

As explained more fully in the Statement of Administrator responsibilities set out on page 10, the Administrator 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 Administrator 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 Administrator is responsible for assessing The Fund'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 Administrator either intends to wind up The Fund 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.

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 Fund's Administrator, as a body, in accordance with the engagement letter. Our audit work has been undertaken so that we might state to The Fund's Administrator 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 Fund's Administrator as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Reading
30 September 2020

The maintenance and integrity of the BOCPS and SEPS web site is the responsibility of the trustee; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fund Account for the year ended 31 March 2020

	Notes	2020 £ '000	2019 £ '000
Net disinvestments			
BOC Pension Scheme	2	(113,670)	(58,010)
BOC Senior Executive Pension Scheme	2	(11,990)	(11,230)
		(125,660)	**(69,240)**
Returns on investments			
Investment income	3	43,743	44,390
Change in market value of investments	4	(118,501)	138,444
Investment management expenses	5	(6,922)	(12,251)
Net returns on investments		**(81,680)**	**170,583**
Net (decrease)/increase in Fund during the year		**(207,340)**	**101,343**
Net assets of the Fund			
At 1 April		**3,351,622**	**3,250,279**
At 31 March		**3,144,282**	**3,351,622**

The notes on pages 15 to 30 form part of these financial statements.

Statement of Net Assets as at 31 March 2020

	Notes	2020 £ '000	2019 £ '000
Investment assets	4		
Global equities		554,495	601,621
Private secured loans		728,196	579,574
Liquid alternatives		356,440	424,590
Cash instruments		40,621	62,853
Emerging market debt		234,954	274,518
Natural catastrophe reinsurance contracts		240,679	216,555
Property		13,146	14,981
Derivatives		18,654	5,547
Liability driven investments		1,023,289	1,149,522
Other investment balances		66,713	42,269
Cash and cash equivalents		10,072	21,953
		3,287,259	**3,393,983**
Investment liabilities	4		
Derivatives		(109,484)	(19,152)
Other investment balances		(29,434)	(17,591)
		(138,918)	**(36,743)**
Total net investments		**3,148,341**	**3,357,240**
Current liabilities	6	(4,059)	(5,618)
Net assets of the Fund at 31 March		**3,144,282**	**3,351,622**

The notes on pages 15 to 30 form part of these financial statements.

These financial statements were approved by the Administrator on 30 September 2020 and signed on its behalf by:

John Hylands
Trustee Director

George Emmerson
Trustee Director

Notes to the financial statements

1. Accounting policies

Basis of preparation

The non-statutory financial statements have been prepared by the Administrator as required by the Trust Deed and summarise the transactions and net assets of the BOC Pension Investment Fund. The non-statutory financial statements have been prepared in accordance with the guidelines set out in the Statement of Recommended Practice (SORP) May 2018 – Financial Reports of Pension Schemes.

Income and expenditure

a) Income and expenditure, with the exception of direct commission income, are dealt with in the transactions of The Fund on an accruals basis. Direct commission income is accounted for on receipt. Investment managers are remunerated on a fee basis in accordance with the terms under which they were appointed.
b) Dividends from quoted securities are accounted for when the security is declared ex-div.
c) Income from overseas investments is translated into Sterling at rates of exchange ruling on the date of receipt. Income is stated net of attributable tax credits but gross of recoverable withholding taxes which are accrued with the associated investment income.
d) Interest on swaps is included within investment income.
e) Where income is not distributed on unit trusts/managed funds, the income arising on underlying assets is accounted for within change in market value of investments.

Currency

f) The Scheme's functional currency and presentational currency is pounds sterling (GBP).
g) Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.
h) Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments

Investment assets

i) Listed investments are valued on the basis of last traded price or bid price at the year end depending on the conventions of the stock exchange on which they are listed. Investments in pooled investment vehicles (unit trusts/managed funds) are valued at bid price or at the single quoted price. Unquoted securities are included in the financial statements at the value supplied by the investment manager. The underlying assets are valued using the guidelines of the British Venture Capital Association. Fixed interest securities are stated at the price excluding accrued interest (the "clean" price). Accrued income is accounted for within investment income.
j) Investment costs, such as brokers' commission and stamp duty, are added to the purchase costs of investments. The costs incurred in the sales of investments are deducted from the sale proceeds.
k) Liquid alternatives and private secured loans are valued at the net asset value as at the year end. The Administrator believes that this accounting policy equates to fair value.
l) Natural Catastrophe Investments are valued at the net asset value as at the year end as advised by the Investment Manager. The Administrator has reviewed the pricing and valuation policy issued by the Investment Manager and believes that this accounting policy equates to fair value.
m) Net disinvestments represent monies transferred to or from The Fund by the two Participating Schemes. These net contributions are determined by the monthly funding requirements of each Participating Scheme. These amounts are shown as net disinvestments in the Fund Account.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Derivatives

n) Derivatives are accounted for at market value. Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date and entering into an equal and opposite contract at that date. Open positions on fixed-interest and equity financial futures contracts are included in the financial statements at market value at the year end. Purchased options with negative market values are valued at nil. Swaps are valued at fair value at the price notified by the Investment Manager. All gains and losses arising on derivative contracts are reported within the Change in Market Value of investments.

o) The Fund enters into agreements with counterparties whenever possible to reduce its credit exposure on derivative transactions and, when appropriate, obtains collateral. The agreements provide that if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. Collateral receipts and payments that are not beneficially owned by The Fund are not included in the net asset statement. Any interest that becomes payable or receivable arising from the agreements is recorded as interest expense or interest income respectively.

p) Under repurchase arrangements, the Fund continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

2. Fund apportionment

	Total Fund	BOCPS	SEPS	2019
	£ '000	£ '000	£ '000	£ '000
Apportioned fund at 31 March 2019	3,351,622	3,080,614	271,008	3,250,279
Net disinvestments	(125,660)	(113,670)	(11,990)	(69,240)
Share of (decrease)/increase in value of Fund	(81,680)	(82,249)	569	170,583
Apportioned fund at 31 March 2020	**3,144,282**	**2,884,695**	**259,587**	**3,351,622**

Apportionment by Participating Scheme	Total Fund	BOCPS	SEPS	2019
	£ '000	£ '000	£ '000	£ '000
Global equities	552,525	528,619	23,906	608,295
Emerging market debt	229,560	218,495	11,065	277,950
Private secured loans	731,066	670,280	60,786	592,877
Property	13,146	12,577	569	14,985
Cash	36,550	34,887	1,663	63,810
Liquid alternatives	341,587	326,802	14,785	435,810
Natural catastrophe reinsurance contracts	218,425	207,075	11,350	208,018
LDI	1,021,423	885,960	135,463	1,149,877
Apportioned fund at 31 March 2020	**3,144,282**	**2,884,695**	**259,587**	**3,351,622**

Derivatives, cash under management and the associated current assets and liabilities shown in the statement of net assets have been allocated to each Participating Scheme.

Notes to the financial statements (continued)

3. Investment Income

	2020 £ '000	2019 £ '000
Income from bonds	682	763
Income from equities	8,608	8,931
Income from emerging market debt	14,687	17,042
Income from private secured loans	15,341	13,735
Income from natural catastrophe reinsurance contracts	2,308	2,273
Income from property	1,506	478
Net interest receivable on cash deposits	611	1,168
Investment income	**43,743**	**44,390**

4. Investments

Reconciliation of investments held at beginning and end of year

	Value at 1 April 2019 £ '000	Purchases at costs and derivative payments £ '000	Sales proceeds and derivative receipts £ '000	Change in market value £ '000	Value at 31 March 2020 £ '000
Global equities	601,621	446,942	(490,582)	(3,486)	554,495
Private secured loans	579,574	366,221	(208,923)	(8,676)	728,196
Liquid alternatives	424,590	77,649	(147,062)	1,263	356,440
Cash instruments	62,853	445,793	(469,711)	1,686	40,621
Emerging market debt	274,518	840,841	(867,940)	(12,465)	234,954
Natural catastrophe reinsurance contracts	216,555	257,147	(253,158)	20,135	240,679
Property	14,981	1,364	(432)	(2,767)	13,146
Derivatives	(13,605)	98,007	(75,839)	(99,393)	(90,830)
Liability driven investments	1,149,522	118,631	(229,624)	(15,240)	1,023,289
	3,310,609	**2,652,595**	**(2,743,271)**	**(118,943)**	**3,100,990**
Cash	21,953			442	10,072
Other investment balances	24,678				37,279
Total investments	**3,357,240**			**(118,501)**	**3,148,341**

Investments in liquid alternatives consist of 9 Hedge Fund investment managers.

Notes to the financial statements (continued)

4. Investments (continued)

Transaction costs

	Fees & Taxes £ '000	Commissions £ '000	2020 total £ '000	2019 total £ '000
Emerging market debt	-	1	1	3
Global equities	119	258	377	539
Total transaction costs	**119**	**259**	**378**	**542**

Transaction costs are included within the above purchases and sales figures. Costs are also borne by The Fund in relation to transactions in pooled investment vehicles. However, such costs and bid-offer spreads are taken into account within calculating the price of these investments and are therefore not separately identifiable.

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.

Pooled investment vehicles

	2020 £ '000	2019 £ '000
Hedge funds	341,587	425,654
Commercial real estate ("CRE") loans	178,347	162,030
Property	13,146	14,981
Total pooled investment vehicles	**533,079**	**602,665**

Other investment balances

Assets	2020 £ '000	2019 £ '000
Dividends and Interest Receivable	4,847	5,714
Outstanding settlements	59,052	33,630
VAT due from HMRC	17	339
Tax recoverable	2,797	2,586
	66,713	**42,269**

Liabilities	2020 £ '000	2019 £ '000
Outstanding settlements	29,434	17,591

Notes to the financial statements (continued)

4. Investments (continued)

Allocation of investments held by manager

Investments can be further analysed by investment manager as shown below:

			2020		2019	
			£ '000	%	£ '000	%
AHL	Hedge fund	Liquid Alternatives	29,247	0.9%	-	-
AQR	Multi strategy hedge fund	Liquid Alternatives	22,559	0.7%	67,549	2.0%
	Global equity mandate	Global equities	648	-	697	-
Ares	Real estate loans	Private Credit	93,133	3.0%	-	-
Arrowstreet	Equity Long/Short fund	Liquid Alternatives	82,059	2.6%	86,521	2.6%
Aviva	Real estate bond fund	Corporate bonds	178,346	5.7%	162,029	4.9%
Barings	Private corporate loans	Private Credit	206,891	6.6%	200,665	6.0%
Baillie Gifford	Global equity mandate	Global equities	188,442	6.0%	197,699	5.9%
BlackRock	Cash fund	Other	45,996	1.5%	84,787	2.5%
CBRE Global Investors	Active property fund	Property	13,146	0.4%	14,984	0.4%
Elementum	Natural Catastrophe Reinsurance	Natural catastrophe contracts	143,652	4.5%	158,359	4.7%
EQT	Private corporate loans	Private Credit	68,709	2.2%	11,697	0
GMO UK	Global equity mandate	Global equities	-	-	16	-
Highbridge	Multi strategy hedge fund	Liquid Alternatives	10,054	0.3%	85,823	2.6%
	Credit Fund	Liquid Alternatives	27,542	0.9%	-	-
Insight	BOCPS LDI	Scheme LDI	820,549	26.1%	913,337	27.3%
	SEPS LDI	SEPS LDI	135,441	4.3%	130,589	3.9%
Insight	Collateral	UK Gilts	65,368	2.1%	105,916	3.2%
	Real estate loans	Private Credit	42,102	1.3%	37,243	1.1%
Invesco	Syndicated Corp Loans	Senior Secured Loans	134,411	4.3%	177,715	5.3%
K2 (BOC Alpha Limited)	Fund of hedge funds	Liquid Alternatives	-	-	(36)	-
LGT	Natural Catastrophe Reinsurance	Natural catastrophe contracts	74,772	2.4%	49,659	1.5%
Lynx AM	Hedge fund	Liquid Alternatives	35,626	1.1%	49,349	1.5%
Marshall Wace	Hedge fund	Liquid Alternatives	73,424	2.3%	72,057	2.1%
PGIM	Active credit mandate	EM Corporate bonds	77,041	2.4%	81,804	2.4%
Pharo Macro	Hedge fund	Liquid Alternatives	14,654	0.5%	7,460	0.2%
Record Currency Management	Passive currency management	Currency Overlay	1,939	0.1%	520	-
Schroders	Active credit mandate	EM Corporate bonds	153,431	4.8%	195,715	5.8%
Stone Harbor	Active credit mandate	EM Corporate bonds	17	-	17	-
Vontobel	Global equity mandate	Global equities	178,822	5.7%	202,529	6.0%
Wadwhani	Hedge fund	Liquid Alternatives	46,422	1.5%	56,932	1.7%
Wellington	Global equity mandate	Global equities	183,898	5.8%	205,608	6.1%
Total investments			**3,148,341**	**100.0%**	**3,357,240**	**100.0%**

Amounts in the above table include cash and other investment balances which are disclosed in note 4.

Notes to the financial statements (continued)

4. Investments (continued)

Derivative contracts

Assets	2020 £ '000	2019 £ '000
Cleared zero coupon swaps	35	-
Cleared interest rate swaps	259	-
Credit default swaps	-	75
Interest rate swaps	22	145
Equity index swaps	-	168
Other swaps	2,697	-
Total return swaps	11,461	-
Forward foreign exchange contracts	4,180	5,159
	18,654	**5,547**

Liabilities	2020 £ '000	2019 £ '000
Cleared zero coupon swaps	12	-
Cleared interest rate swaps	78	-
Credit default swaps	17	96
Interest rate swaps	55	-
Equity index swaps	13,282	-
Other swaps	38,319	18,316
Total return swaps	222	-
Forward foreign exchange contracts	57,499	740
	109,484	**19,152**
Net derivative contracts	**(90,830)**	**(13,605)**

Objectives and policies for holding derivatives

The JIC has authorised the use of derivatives by their Investment Managers as part of their investment strategy for The Fund. The use of derivatives is permitted for the efficient management of market risks or for the efficient management of strategic exposures. Derivatives are not permitted for market speculation. The main objectives for the use of key classes of derivatives and the policies followed during the year are as follows:

Swaps

As part of their LDI strategy the JIC has authorised the use of swaps by Insight Investment Management (Global) to allow better matching to the long-term liabilities of the Schemes. These are held within the QIF portfolios.

Notes to the financial statements (continued)

4. Investments (continued)

Objectives and policies for holding derivatives (continued)

Options

In order to mitigate some of the risks of a large fall in equity markets the JIC may instruct Insight Investment Management (Global) to put in place equity options. These would be held within the QIF portfolios. During the accounting period, no equity options were held by the portfolio.

Swaptions

To assist with the de-accumulation and re-accumulation of the LDI Target Hedge Ratio the JIC has authorised the use of swaptions by Insight Investment Management (Global) to allow for a systematic programme defined with trigger levels.

Repurchase Agreements (Repos)

Repos are collateralised lending transactions which permit the Manager to secure cash loans to purchase additional Index Linked Gilts to better match long-term liabilities of the Schemes. The JIC has allowed the use of Repos by Insight Investment Management (Global) up to certain limits which are kept under review.

Forward foreign exchange

In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To reduce the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme is in place over a proportion of the equity holdings and over the investment in alternatives and certain types of global credit.

Swaps

Type	Expiration	Notional Principle £ '000	Asset £ '000	Liability £ '000
Cleared zero coupon swaps	1 - 10 years	(344,289)	35	12
Cleared interest rate swaps	1 - 20 years	1,545,604	259	78
Credit default swaps	< 1 year	(275)	-	17
Interest rate swaps	1 - 10 years	198,275	22	55
Equity index swaps	1 - 3 years	717	-	13,282
Other swaps	< 1 year	(656,838)	2,697	37,491
Other swaps	1 - 3 years	(24,761)	-	828
Total return swaps	< 1 year	178,000	11,461	222
			14,474	**51,985**

Notes to the financial statements (continued)

4. Investments (continued)

Forward Foreign Exchange Contracts

Expiration	Currency bought	Currency sold	Asset £ '000	Liability £ '000
1 - 3 months	CNH	USD	-	6
1 - 3 months	CZK	EUR	-	16
1 - 3 months	CZK	USD	-	29
1 - 3 months	EUR	HUF	14	-
1 - 3 months	EUR	USD	-	3
1 - 3 months	GBP	USD	-	558
1 - 3 months	HUF	EUR	-	14
1 - 3 months	HUF	USD	-	10
1 - 3 months	JPY	USD	-	7
1 - 3 months	MXN	USD	2	-
1 - 3 months	PLN	USD	-	4
1 - 3 months	RUB	USD	698	-
1 - 3 months	USD	CNH	8	-
1 - 3 months	USD	EUR	17	-
1 - 3 months	USD	GBP	325	-
1 - 3 months	USD	JPY	-	13
1 - 3 months	USD	MXN	2	-
1 - 3 months	USD	PLN	20	-
1 - 3 months	USD	ZAR	-	1
> 3 months	CNH	USD	-	6
> 3 months	CZK	USD	-	153
> 3 months	EUR	GBP	19	-
> 3 months	EUR	USD	-	41
> 3 months	GBP	AUD	20	-
> 3 months	GBP	CAD	188	-
> 3 months	GBP	CHF	125	-
> 3 months	GBP	EUR	-	1,701
> 3 months	GBP	HKD	375	-
> 3 months	GBP	USD	-	54,279
> 3 months	HKD	GBP	-	12
> 3 months	HUF	USD	-	38
> 3 months	JPY	USD	9	-
> 3 months	MXN	USD	-	373
> 3 months	PLN	USD	-	77
> 3 months	RON	USD	-	3
> 3 months	RUB	USD	-	80
> 3 months	SGD	USD	-	8
> 3 months	THB	USD	-	19
> 3 months	USD	GBP	2,090	-
> 3 months	USD	MXN	18	-
> 3 months	USD	RUB	21	-
> 3 months	USD	SGD	4	-
> 3 months	USD	THB	7	-
> 3 months	USD	TRY	27	-
> 3 months	USD	ZAR	191	-
> 3 months	ZAR	USD	-	48
			4,180	**57,499**

Notes to the financial statements (continued)

4. 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 Funds net investment assets and liabilities disclosed on page 16 have been fair valued using the above hierarchy categories as follows:

2020	Level 1 £ '000	Level 2 £ '000	Level 3 £ '000	Total £ '000
Global equities	554,495	-	-	554,495
Private secured loans	-	-	728,196	728,196
Liquid alternatives	-	-	356,440	356,440
Cash instruments	40,621	-	-	40,621
Emerging market debt	-	234,954	-	234,954
Natural catastrophe reinsurance contracts	-	-	240,679	240,679
Property	-	-	13,146	13,146
Derivatives	-	(90,830)	-	(90,830)
Liability driven investments	-	1,023,289	-	1,023,289
Cash	10,072	-	-	10,072
Other investment balances	37,279	-	-	37,279
Total investments	**642,467**	**1,167,413**	**1,338,461**	**3,148,341**

2019	Level 1 £ '000	Level 2 £ '000	Level 3 £ '000	Total £ '000
Global equities	601,621	-	-	601,621
Private secured loans	-	-	579,574	579,574
Liquid alternatives	-	-	424,590	424,590
Cash instruments	62,853	-	-	62,853
Emerging market debt	-	274,518	-	274,518
Natural catastrophe reinsurance contracts	-	-	216,555	216,555
Property	-	-	14,981	14,981
Derivatives	-	(13,605)	-	(13,605)
Liability driven investments	-	1,149,522	-	1,149,522
Cash	21,953	-	-	21,953
Other investment balances	24,678	-	-	24,678
Total investments	**711,105**	**1,410,435**	**1,235,700**	**3,357,240**

Notes to the financial statements (continued)

4. Investments (continued)

Valuation methods

Bonds and emerging market debt

The Fund invests in developed and emerging market corporate and sovereign bonds. In the absence of a quoted price in an active market they are valued on a 'clean' basis which excludes accrued interest using observable market data such as recently executed transaction prices of securities of the issuer or comparable issuers. The Fund categorises these investments as level 2.

Global Equities

Directly-held global equities are normally quoted at bid prices which are readily available and regularly occurring in active markets from relevant securities exchanges. The Fund categorises these investments as Level 1.

Property, liquid alternatives and loans

The Fund invests in pooled investment vehicles including property, hedge funds and real estate loans. The pooled investment vehicles which are traded regularly are included at Level 2 of the fair value hierarchy. The prices are published by the pooled investment vehicle manager at bid price on a daily or weekly basis.

Unquoted pooled investment vehicles using net asset values are valued by the pooled investment vehicle manager using fair value principles to value the underlying investments of the pooled arrangement. These investments which are subject to certain redemption notice periods and are not traded. The Fund categorises these investments as Level 3.

Property funds are closed ended and are valued as level 3 as per SORP guidance.

Natural catastrophe reinsurance investments

Natural catastrophe reinsurance investments comprise contract and bonds which are valued on an average of all independent broker-dealer bids (if long) or a price provided by an independent broker-dealer if short. Broker-dealers base their prices on a mixture of observable input, comparable trades and estimates. The bonds are either priced weekly or monthly. These investments are subject to certain redemption notice periods and are not publicly traded regularly. The Fund categorises these investments as Level 3.

Derivatives

The Fund uses widely recognised valuation models for determining fair values of OTC interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. Repurchase agreements are priced at Par. For these financial instruments, significant inputs into models are market observable and are included within Level 2 of the fair value hierarchy.

Liability driven investments

The LDI comprises bonds and derivatives for which valuation methods are disclosed above.

Concentration of investments

Barings held 6.76% (2019: 5.99%) of the Funds' net assets with a value of £212,646k (2019: £200,212k) at 31 March 2020.

Notes to the financial statements (continued)

5. Investment management expenses

	2020 £ '000	2019 £ '000
Administration, management and custody	6,338	11,807
Other advisory fees	502	375
Performance measurement services	82	69
	6,922	**12,251**

From 1 January 2019 an IMA amendment was put in place with Baillie Gifford to replace the performance fee with a tiered basis point fee on assets. This generated a significant fee reduction in administration expenses in the current year.

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

6. Current liabilities

	2020 £ '000	2019 £ '000
Accrued expenses	**4,059**	**5,618**

Accrued expenses comprise investment management fees payable at the year end.

7. Investment objectives, strategy and risk

Investment Strategy

The Administrator, whom has delegated authority from the Participating Schemes' Trustees, is responsible for determining The Fund's investment strategies, which are set after taking appropriate advice. Subject to complying with the agreed strategies, which specify the target proportions of The Fund which should be invested in the principal market sectors, the day-to-day management of the asset portfolios, is the responsibility of the Investment Managers.

The Administrator's objective is to invest the assets in the best interest of the members and beneficiaries. Within this framework the Administrator has agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which The Fund is exposed.

The Funds' strategic asset allocation is set out by the Participating Schemes below:

Asset Class	BOCPS Strategic Exposure	SEPS Strategic Exposure
Global Equity	25.0%	10.0%
Emerging Market Debt & Listed Credit	8.0%	5.0%
Private Debt	30.0%	25.0%
Liquid Alternatives & Insurance-Linked Securities	15.0%	8.0%
Return Seeking Assets	**78.0%**	**48.0%**
LDI	20.0%	50.0%
Cash	2.0%	2.0%
Matching Assets	**22.0%**	**52.0%**
Total	**100.0%**	**100.0%**

Notes to the financial statements (continued)

7. Investment objectives, strategy and risk (continued)

The Administrator has the responsibility for deciding The Fund's underlying asset allocation and selecting and monitoring the specific investment managers.

Investment Policy

Overall investment policy falls into two parts. The strategic management of members' assets is fundamentally the responsibility of the Administrator acting on advice from their investment consultant, Mercer Limited, and is driven by their investment objectives as set out in the Statement of Investment Principles ("SIP"). The remaining elements of policy are part of the day-to-day management of the assets which are delegated to professional investment managers. Decisions on appointment and retention of investment managers are taken by the Administrator on advice from their investment consultant.

Risk

FRS 102 requires the disclosure of information in relation to certain investment risks to which The Fund is exposed 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 or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

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

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

The Fund has exposure to the above risks because of the investments it makes to implement the investment strategies. The Administrator manages the investment risks through a strategic asset allocation which is set taking into account the strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with The Fund's Investment Managers and monitored by the Administrator through regular reviews of the investment portfolios. The investment objectives and risk limits of The Fund is further detailed in the SIPs.

Notes to the financial statements (continued)

7. Investment objectives, strategy and risk (continued)

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

	Credit risk	Market risk			2020	2019
		Currency	Interest rate	Other price	£ '000	£ '000
Global equities (Direct)	□	■	□	■	**549,971**	**602,516**
Emerging market debt (Direct)	■	■	■	□	**230,065**	**274,798**
Senior loans (Direct)	■	□	■	■	**139,054**	**170,002**
Private corporate loans (Direct)	■	□	■	■	**275,599**	**212,362**
Commercial real estate ("CRE") loans (Direct)	■	□	■	■	**120,314**	**37,243**
Commercial real estate ("CRE") loans (Indirect)	■	□	■	■	**178,347**	**162,030**
Insurance-linked securities ("ILS") (Direct)	■	□	■	■	**195,769**	**198,914**
Liability Driven Investment ("LDI") (Direct)	◘	□	■	□	**1,021,247**	**1,149,689**
Hedge Funds (Indirect)	◘	◘	◘	■	**341,587**	**425,654**
Property (Indirect)	◘	□	■	◘	**13,146**	**14,981**
Cash * (Direct)	◘	□	◘	□	**35,892**	**62,419**
Total					**3,100,990**	**3,310,609**

Source: Investment Managers. Figures may not sum due to rounding.

** denotes cash held within the BlackRock portfolio*

In the above table, the risk noted affects the asset class [■] significantly, [◘] partially or [□] hardly/not at all.

Note: Cash and other investment balances disclosed in note 4 on page 17 are excluded from the above table.

Notes to the financial statements (continued)

7. Investment objectives, strategy and risk (continued)

1. Credit Risk

The Fund is subject to direct credit risk through the holdings in Emerging Market Debt, Senior and CRE Loans, LDI, Investment Grade Corporate Bonds, Residential Mortgage Backed Securities ('RMBS') and cash mandates. In addition, The Fund is subject to indirect credit risk through the pooled Hedge Fund and Property mandates.

- The Fund has exposure to non-investment grade assets within the emerging market debt, senior corporate and CRE loan portfolios. The credit risk of these portfolios is mitigated by holding a diversified portfolio of underlying assets that minimises the impact of a particular issuer defaulting on its obligations. The Administrator invests in non-investment grade assets with a view to adding value over that which is available with investment grade assets.

The table below provides a breakdown of the average credit quality of each underlying portfolio as at 31 March 2020:

Asset Class	AAA	AA	A	BBB	BB or below
Emerging Market Debt	-	-	-	230,065	-
Senior Loans	-	-	-	-	139,054
CRE Loans	-	-	-	27,181	-
LDI	-	1,021,247	-	-	-
Cash *	35,892	-	-	-	-

** denotes cash held within the BlackRock portfolio only*

- OTC derivative contracts within the LDI portfolio are not guaranteed by any regulated exchange and therefore The Fund is subject to risk of failure of the counterparty. The credit risk for OTC swaps and repurchase agreements is reduced through collateral arrangements in place with the investment managers. The Fund's exposure to repurchase agreements as at 31 March 2020 was £659.7m, and collateral was valued at £65.4m.

- Credit risk arising on cash held within the trustee bank accounts is mitigated by ensuring cash is held with institutions which are at least investment grade credit rated. The cash balances are minimised and are intended only to meet the ongoing costs of the Participating Schemes (for example, member benefit payments and administration expenses).

The credit risk associated with cash and government bonds is expected to be minimal.

Pooled investment arrangements

The pooled investment arrangements used by The Fund comprise unit-linked insurance contracts and authorised unit trusts. The Fund's holdings in pooled investment vehicles are not rated by credit rating agencies. The Administrator manages and monitors the credit risk arising from their pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

Credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and diversification of investments amongst a number of pooled arrangements. Cash held by the pooled manager's custodian is not ring-fenced but the credit risk arising on this is mitigated through the use of regular cash sweeps (typically daily) and investing cash in liquidity funds.

Notes to the financial statements (continued)

7. Investment objectives, strategy and risk (continued)

Investments backing unit-linked insurance contracts are comingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, The Fund may be protected by the Financial Services Compensation Fund ("FSCS") and may be able to make a claim for a proportion of its policy value, although noting that compensation is not guaranteed. The Administrator carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

Some of The Fund's pooled arrangements invest in other pooled arrangements, for example, the investment in Property. The Administrator has considered the impact of these arrangements in relation to The Fund's exposure to failure by the sub-funds who may have different regulatory protections compared to the pooled investment made directly by The Fund and believes that the indirect credit risk arising from these sub-funds is appropriate due to the potential reward.

2. Market Risk

Market risk comprises three types of risk:

a) Currency Risk

The Fund is subject to direct currency risk because some of The Fund's investments are held in overseas markets or are dominated/priced in a foreign currency (i.e. a currency other than sterling) and not hedged back to sterling. The Fund's foreign currency exposure comes from the holdings in global and emerging market equities and emerging market debt.

The Administrator seeks to hedge part of The Fund's overseas developed market equity exposure against currency movements. Developed equity exposure is hedged back to sterling using forward contracts on the US dollar (50%), euro (60%) and Hong Kong dollar (50%).

The direct currency risk arising from the emerging market debt and emerging market equity allocation is left unhedged as the Administrator believes that these currencies can be expected to appreciate relative to sterling over the long term.

The investment managers have discretion to take currency positions within the Hedge Fund mandates, although these positions are generally held for short periods in order to generate returns or hedge portfolios and are not necessarily strategic in nature.

b) Interest Rate Risk

The Fund is subject to direct interest rate risk through the investments in emerging market debt, senior and CRE loans, investment grade corporate bonds, RMBS, ILS and cash mandates. In practice the interest risk from the cash holdings is minimal, as it is mitigated by holding short duration money market instruments.

The Administrator has LDI mandates in place for both Participating Schemes, with the objective of hedging the interest rate risk. Over time, the Administrator may decide to decrease the level of interest rate exposure with a view to adding value. Under these strategies, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Notes to the financial statements (continued)

7. Investment objectives, strategy and risk (continued)

c) Other Price Risk

Other price risk arises principally in relation to The Fund's return-seeking assets which include equities, emerging market bonds, Senior and CRE Loans, RMBS, ILS, Hedge Funds and Property.

The Administrator manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

8. Employer related investments

There were no directly held employer-related investments at any time during the year. Further information about The Fund's policy on employer related investments is disclosed on page 5.

9. Related party transactions

The following related party transactions occurred during the year.

The Fund retained investments in BOC Alpha Limited, a wholly owned company of The Fund. BOC Alpha Limited invests in a Fund of Hedge Fund arrangement designed to allow the Administrator to maintain a bespoke investment strategy portfolio of other investment funds rather than direct investments. This service is now being wound down and therefore contains no material investments at 31 March 2020.

The costs incurred by BOC Group Limited in providing services for payment of Scheme investment administration fees are rechargeable to The Fund. Amounts charged during the year were £2.1m (2019: £1.7m) and are included in note 5.

10. Contingent liabilities

Capital commitments at 31 March 2020 are shown in the table below:

	Currency	'000
Barings	USD	106,009
EQT	EUR	124,878
Ares	USD	4,143
Aviva Investors UK	GBP	111,862