CAPITA

Steria Retirement Plan

Plan Registration Number: 10029090

Trustee’s Annual Report and Financial Statements for the 18 Month Period Ended 30 September 2021

CONFIDENTIAL

Contents

Trustee, Principal Employer, Trustee's Advisers and Statutory and Other Bodies

Trustee:	Steria (Retirement Plan) Trustees Limited (Company Number 02114806)
Principal Employer:	Sopra Steria Limited Three Cherry Trees Lane Hemel Hempstead Hertfordshire HP2 7AH
Directors of Trustee Company:	**Company Nominated Trustee Directors:** David Woods (Chairman) (resigned 1 April 2021) Independent Trustee Services Limited (appointed 1 April 2021) – represented at the period end by Frank Oldham Hilary Robertson The Law Debenture Pension Trust Corporation plc – represented at the period end by Keith Scott **Member Nominated Trustee Directors:** John Rice Kevin Simonis (resigned 10 May 2021)
Secretary to the Trustee:	c/o Steria (Retirement Plan) Trustees Limited Sopra Steria Limited Three Cherry Trees Lane Hemel Hempstead Hertfordshire HP2 7AH
Address for Enquiries:	The Steria Retirement Plan Capita Pension Solutions Limited PO Box 555, Stead House Darlington DL1 9YT
Administrator:	Capita Pension Solutions Limited (formerly Capita Employee Benefits Limited)
Actuarial Consultant:	Aon Solutions UK Limited (trading as Aon)
Plan Actuary:	G Tucker FIA, Aon Solutions UK Limited (trading as Aon)
Employer Covenant Adviser:	Ernst & Young LLP
Independent Auditor:	Crowe U.K. LLP
Banker:	The Royal Bank of Scotland plc (to 30 September 2021)

Trustee, Principal Employer, Trustee's Advisers and Statutory and Other Bodies (continued)

Investment Managers:	*Manager of segregated investment funds in which the Plan had interests prior to the transfer to the SRP Section of the Sopra Steria Retirement Benefits Scheme:* BlackRock Investment Management (UK) Limited *Managers of pooled investment funds in which the Plan had interests prior to the transfer to the SRP Section of the Sopra Steria Retirement Benefits Scheme:* Barings Global Advisers Limited Brookfield Asset Management Inc Christopherson, Robb & Company LLC DRC Capital LLP Global Investment Management LLC Harris Associates L.P. Macquarie Investment Management (UK) Limited MFS Investment Management Limited Morgan Stanley Investment Management Limited *Investments managed by the following manager comprised the Steria Pooled Investment Fund, in which the Plan had interests prior to the transfer to the SRP Section of the Sopra Steria Retirement Benefits Scheme:* Schroder Investment Management Limited
Custodians:	The Bank of New York Mellon SA/NV, London Branch Capita Pension Solutions Limited (formerly Capita Employee Benefits Limited) (in relation to the Plan's bank account) (to 30 September 2021)
Investment Adviser:	Aon Solutions UK Limited (trading as Aon)
Legal Advisers:	Gowling WLG (UK) LLP Sacker & Partners LLP (appointed for a limited purpose)
AVC Providers:	Utmost Life and Pensions (to 30 September 2020) Zurich Assurance Limited (to 30 September 2020)

Trustee's Report

The Trustee of the Steria Retirement Plan ("the Plan") has pleasure in presenting its annual report and financial statements for the period of 18 months ended 30 September 2021 ("the period under review"). The comparative period is for the year ended 31 March 2020. Following the signing of this annual report and financial statements, the Plan will be formally wound up. This will therefore be the final annual report and financial statements prepared for the Plan.

Plan Management

The Plan

The purpose of the Plan is to provide retirement benefits for Plan members and, in the event of members' deaths, to provide benefits to their spouses and dependants as prescribed in the Plan's Rules.

The Plan was established under a trust which is currently governed by a Definitive Trust Deed and Rules dated 7 April 2006 and subsequent amending deeds. The Plan is a Registered Pension Scheme under the Finance Act 2004 and is, therefore, exempt from certain UK Income and Capital Gains taxes. Members were contracted-out of the State Second Pension (S2P) until 5 April 2016 when this was abolished.

The Plan provides defined benefits for members on either a final salary or Career Average Revalued Earnings (CARE) basis.

The Plan closed to future accrual of benefits on 1 April 2010 for all employees except (i) those who are members of the Principal Civil Service Pension Scheme ("PCSPS") and Local Government Pension Scheme ("LGPS") sections of the Plan and (ii) some members who transferred on 1 April 2010 from the Steria Pension Plan who have benefits arising from a transfer from the AXA Pension Scheme.

The Plan is closed to new members except for employees who transfer under certain TUPE agreements.

The Principal Employer

The Principal Employer is Sopra Steria Limited, Three Cherry Trees Lane, Hemel Hempstead, Hertfordshire, HP2 7AH (Registered No. 7414135) ("the Company"). The Company is vested with certain powers and duties such as the appointment of the Trustee and some of its Directors.

Plan merger

On 31 January 2020, the Trustee executed a Merger Deed with the Trustee of the Sopra Steria Retirement Benefits Scheme ("the Scheme"). The Merger Deed provided for the transfer of the Plan's assets into the Scheme's SRP Section, in exchange for that section of the Scheme assuming responsibility for the liabilities of the Plan. The decision to enter into the Merger Deed was taken by the Trustee following receipt of detailed legal and actuarial advice.

On 30 September 2020, in accordance with the Merger Deed, the first transfer was completed to the SRP Section of the Scheme in relation to the accrued benefits of and in respect of the vast majority of the Plan's pensioners and deferred members, including the past service benefits of those who had become active members of the Scheme on 1 February 2020, but excluding those who were to be the subject of the second, third and fourth transfers referred to below or were to receive winding up lump sums or trivial commutation lump sum death benefits (together "Lumps Sums").

On 30 November 2020 in accordance with the Merger Deed, a second transfer was completed from the Plan to the SRP Section of the Scheme in relation to the accrued benefits of and in respect of certain pensioners and deferred members who had not been included in the first transfer.

Trustee's Report – Plan Management (continued)

Plan merger (continued)

On 12 March 2021, in accordance with the Merger Deed and shortly before the triggering of the winding-up of the Plan, a third transfer was completed in relation to certain liabilities and contingent liabilities that had not been included in the first and second transfers. These liabilities represented all liabilities remaining in the Plan at that date, except for the members that transferred in the fourth and final transfer.

The fourth and final transfer occurred on 2 August 2021, in accordance with the Merger Deed, in relation to the accrued benefits of and in respect of all pensioners and deferred members who have not been the subject of earlier transfers (including some individuals who had been offered but had not accepted lump sums, some who are beneficiaries of deceased members and some whose whereabouts were unknown).

The Plan is currently in the process of being wound-up pursuant to notices issued by the Principal Employer on 16 March 2021, with effect from the same date. The Trustee of the Plan passed resolutions on the same date to confirm that the Plan was winding-up. The Principal Employer has agreed to bear the Plan's winding up costs and expenses.

By virtue of the first and second transfers on 30 September and 30 November 2020, SRP Section of the Scheme acquired beneficial ownership of all of the assets of the Plan, apart from cash assets of £3.7 million (representing about 0.4% of the total value of the assets of the Plan) which were calculated to be sufficient to meet the benefit liabilities retained by the Plan. The third transfer did not transfer any known liabilities, and therefore no assets were notionally transferred as part of it. Residual cash and net current assets of £4.1 million were transferred as part of the fourth and final transfer.

Management of the Plan

At the period-end there were four Directors of the Trustee Company. The members of the Plan have the right to nominate one third of them. There is currently a Member Nominated Trustee Director vacancy following the resignation of Kevin Simonis on 10 May 2021. Three are appointed by the Principal Employer (the 'Employer'), including the Chairman. The Law Debenture Pension Trust Corporation plc (Company Number 3267461) was appointed to act as an independent Director in February 2005. Independent Trustee Services Limited was appointed on 1 April 2021.

Member nominated Trustee Directors must be either current active members or current pensioners of the Plan or deferred members of the Plan who are still employed by the Employer.

During the period under review the Board of Directors of the Trustee continued to hold quarterly joint meetings with the Boards of Directors of the Trustees of the Steria Management Plan, the Steria Pension Plan, the Sopra Steria Retirement Benefits Scheme and the Steria Electricity Supply Pension Scheme (collectively "the Schemes"). Meetings of the following joint committees of the Schemes also took place as required:

- Joint Audit and Risk Committee
- Joint Communications Committee
- Joint Investment Committee
- Joint Valuation Committee

In addition there is a Joint Dispute Resolution Committee, a Joint Merger Committee and a Joint GMP Reconciliation / Data Cleanse Working Group. Each committee or working group has formal Terms of Reference which have been agreed by the Trustee of each Scheme and are reviewed regularly.

Trustee's Report – Plan Management (continued)

Management of the Plan (continued)

As a result of COVID-19, the Board of Directors of the Trustee, along with the trustees of the Schemes, undertook all Board meetings and meetings of the joint Committees online.

Governance

The Pensions Regulator is keen to promote the good governance of pension schemes and issues guidance for trustees including a number of Codes of Practice.

In order to facilitate good governance of the Plan, the Trustee maintains appropriate internal controls and risk management processes including a formal Risk Register. Trustee Directors are required to undertake relevant training and receive written publications from their advisers on topical issues to help them keep abreast of relevant changes to legislation, regulation and industry practice.

Plan Advisers

The names of the professional advisers to the Trustee and other individuals and organisations who have acted for or were retained by the Trustee during the period under review are listed on pages 2 and 3.

Plan Audit

The accounts have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Financial Development

The financial development of the Plan during the period under review is shown below:

	£'000
Net assets at the start of the period	508,068
Contributions	10,981
Other income	2
Benefits and expenses	(24,100)
Group transfers out	(547,490)
Net return on investments	52,539
Net assets at the end of the period	**-**

Pension Increases

Pensions in payment are reviewed on 1 April each year in accordance with the Plan Rules and statutory requirements.

Guaranteed Minimum Pensions (GMPs) are generally increased in line with statutory requirements. Pensions in excess of GMP are generally increased in line with the change in the Retail Prices Index (RPI) over the year to the previous September subject to a cap of 5%, except that:

(a) the cap is 2.5% in relation to pensions earned after 5 April 2006 otherwise than by members of the PCSPS, LGPS and Lloyds sections of the Plan; and

(b) pensions earned after 31 March 2013 by members of the PCSPS, LGPS and Lloyds sections of the Plan are increased in line with the change in the Consumer Prices Index (CPI) over the year to the previous September subject to a cap of 5%.

Trustee’s Report – Plan Management (continued)

Pension Increases (continued)

Over the year to September 2019, the RPI and the CPI increased by 2.4% and 1.7% respectively. On 1 April 2020, pensions in excess of GMP were increased accordingly by 2.4% (or by 1.7% in the case of any elements of pension falling (b) above).

Over the year to September 2020, the RPI and the CPI increased by 1.1% and 0.5% respectively. On 1 April 2021, pensions in excess of GMP were increased accordingly by 1.1% (or by 0.5% in the case of any elements of pension falling (b) above).

No discretionary increases were awarded during the period under review.

Plan Membership

	Deferred members	Member pensioners	Dependant pensioners	Total
Numbers at the start of the period	**1,957**	**1,275**	**182**	**3,414**
Net adjustments*	(5)	(4)	-	(9)
Retirements	(38)	38	-	-
Deaths	(3)	(14)	(2)	(19)
New dependant pensions	-	-	4	4
Transfers	(15)	-	-	(15)
Cessation	-	-	(1)	(1)
Group transfer out on 30 September 2020	(1,560)	(1,253)	(169)	(2,982)
Net adjustments**	(133)	4	3	(126)
Deaths	-	(1)	-	(1)
Group transfer out on 30 November 2020	(191)	(6)	(1)	(198)
Net adjustments**	(2)	2	-	-
Retirements	(1)	1	-	-
Cessation	-	(1)	-	(1)
Winding up lump sums	(6)	(30)	(11)	(47)
Group transfer out on 2 August 2021	(3)	(11)	(5)	(19)
Numbers at the end of the period	-	-	-	-

*The membership numbers at the start of the period under review have been adjusted from those shown in the previous period’s report to reflect late notifications.

**The figures shown as Group transfers out have been adjusted to reflect late notifications and adjustments.

Trustee's Report – Plan Management (continued)

Changes to the Plan

As disclosed on page 5 of the Trustee Report, the Plan's wind up has formally been triggered.

Summary of Contributions

The latest actuarial valuation of the Plan as at 31 March 2019 was completed during the period under review. A revised Schedule of Contributions was agreed and certified by the Plan Actuary on 29 June 2020. A copy of the Actuary's Certificate is included on page 17.

During the period under review the contributions paid to the Plan by the Participating Employers under the Schedule of Contributions then in force were as follows:

Employer	**£'000**
Deficit funding	9,317
Section 75 debt	406
Other – Expense funding	812
Other - Levies	446
Total contributions payable under the Schedule of Contributions and per note 4 to the Financial Statements	**10,981**

Under the terms of the Merger Deed, deficit repair and expense contributions received by the Plan after 30 September 2020 in accordance with the Schedule of Contributions have been transferred to the SRP Section of the Scheme, in proportion to the value of the member liabilities transferred from the Plan. This applied until the final bulk transfer payment was made on 2 August 2021, and included the contributions payable for July 2021 which were payable to the Plan by 19 August 2021. The transfer is included in Other Payments in note 9 to the Financial Statements.

Funding Guarantee

In connection with the actuarial valuation as at 31 March 2016, a written guarantee was provided to the Trustee by Sopra Steria Group SA (SSGSA), the ultimate parent of the Sopra Steria Group, which undertook to assume the funding obligations of Sopra Steria Limited (SSL) under the Schedule of Contributions over a three year period starting from the date that SSL first ceased to meet those oligations or, if shorter, over the period between that date and 31 August 2030. This was subject to an increasing maximum of between £31,033,000 and £40,971,200 in relation to SSL's obligations to the Plan. It was also subject to an aggregate maximum of £85,000,000 in relation to SSL's obligations to the Plan, Steria Management Plan, Steria Pension Plan and Steria Electricity Supply Pension Scheme. The guarantee also provided additional protection to the Plan in the event of a corporate reorganisation within the Sopra Steria Group of companies.

In connection with the actuarial valuation as at 31 March 2019, this guarantee has been superseded by a new guarantee signed in June 2020 and provided to the Trustee by SSGSA in relation to SSL's funding obligations under the new Schedule of Contributions, covering the period to 31 March 2025, this being the end of the period covered by the new Schedule of Contributions. The guarantee also provided additional protection to the Plan in the event of a corporate reorganisation within the Sopra Steria Group of companies.

Trustee's Report – Plan Management (continued)

Funding Guarantee (continued)

SSL has agreed to guarantee the payment of an additional amount of approximately £405,000 which SSL is obliged to make under an approved withdrawal arrangement in relation to one of the Plan's former employers in the event that the Plan winds up. This additional amount was received during the period.

The guarantee anticipated the merger of the Plan into the Sopra Steria Retirement Benefits Scheme and was given in favour of not only the Trustee of the Plan but also the Trustee as trustee of the SRP Section of the Scheme.

Recent Events

Guaranteed Minimum Pension Benefits

As reported in the previous period, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in order to address the inequalities inherent in guaranteed minimum pension benefits earned after 17 May 1990.

A further consequential ruling on 20 November 2020 means that there is likely to be an obligation to provide top up payments for members who transferred out of the Plan in the period between 17 May 1990 and 26 October 2018, where they would have been entitled to extra benefits in the Plan due to GMP equalisation. The Trustee of the Plan is aware that this issue affects the Plan and is taking advice on what should be done and what the financial impact is likely to be.

As also reported in the previous period, 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 therefore has not included a liability in respect of these matters in these financial statements. As such, they will be accounted for in the period in which they are determined. in the SRP Section of the Sopra Steria Retirement Benefits Scheme.

COVID-19

The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a global health emergency on the 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in significant fluctuations in global financial markets during the period under review and subsequently. The Trustee is monitoring developments relating to COVID-19 in conjunction with its advisers and service providers, based on business continuity planning and taking into account guidance from global health organisations and the UK government and general pandemic response best practice. Capita, the Plan's administrator, has remained open and fully functional throughout the pandemic, with its staff working remotely during this period. The Trustee is continuing to monitor future developments in this respect.

As a result of COVID-19, the Trustee Directors have adapted well to a new virtual way of working. Board meetings and meetings of the Committees have taken place online, as have a number of online strategy and training sessions at Board and Committee level.

Global financial markets have been subject to volatility as a result of the impact of the COVID-19 pandemic although the impact on the Plan has been partially mitigated due to the Trustee's liability matching and hedging strategies.

Trustee's Report (continued)

Investment Matters

The following section outlines the arrangements in place for the Plan's investment assets prior to their transfer to the SRP Section of the Sopra Steria Retirement Benefits Scheme.

General Objective

The Trustee's investment objective was to invest the assets of the Plan prudently with a view to ensuring that members' benefits could be paid as and when they fell due. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities. The asset allocation selected was designed to achieve a higher return than the lowest risk strategy, whilst maintaining a prudent approach to meeting the Plan's liabilities.

The Plan's investment strategy became the responsibility of the Trustee Directors of the Sopra Steria Retirement Benefits Scheme on 30 September 2020 when the vast majority of investment assets and liabilities were transferred to the SRP Section of the Scheme.

Investment managers

The names of the investment managers who managed the Plan's investments during the period are listed on page 3.

Statement of Investment Principles and Engagement Policy Implementation Statement

Following legal advice, the Engagement Policy Implementation Statement for the Sopra Steria Retirement Benefits Scheme as at 31 December 2020, which covers the period up until the majority of the Plan's investments were transferred out, is included as Appendix 2 to this Report and Financial Statements and also forms part of the Trustee's Report.

In accordance with section 35 of the Pensions Act 1995, the Trustee prepared a Statement of Investment Principles. This Statement applied from 1 April 2020 until the vast majority of the Plan's assets transferred on 30 September 2020, and summarised how the Trustee:

- set its investment policy and chose the most suitable types of investments for the Plan;
- delegated buying and selling investments to the Plan's investment managers; and
- monitored the performance of the Plan's investments.

In accordance with section 35, the matters that the Statement must cover include:

(a) the considerations (including climate change and other environmental, social and governance considerations) which the Trustee considers financially material over the Plan's funding time horizon in relation to the selection, retention and realisation of investments;

(b) the extent (if at all) to the views of the Plan's members and beneficiaries (including their ethical views and their views in relation to social and environmental impact and their future quality of life) are taken into account in the selection, retention and realisation of investments;

(c) the Trustee's policy in relation to (i) the exercise of the rights (including voting rights) attaching to the Plan's investments; and (ii) undertaking engagement activities in respect of the Plan's investments; and

(d) the Trustee's policy in relation to its arrangement with asset managers in a number of respects, including how they incentivise the managers to align their investment strategy and decisions with the Trustee's policies mentioned (a) and (b) above

Trustee's Report – Investment Matters (continued)

Statement of Investment Principles and Engagement Policy Implementation Statement (continued)

The Trustee's Policy on Responsible Investment and Related Matters and other relevant extracts from the Statement are included as an Appendix to this Report and Financial Statements.

A copy of the full Statement is available on request from the Plan Administrator, which can be contacted at the Address for Enquiries shown on page 14.

Strategy

The Trustee worked with Aon to develop, in consultation with the Employer, an investment strategy which intended to meet the general objective. The Trustee agreed to allocate the Plan's assets to three portfolios; a Growth portfolio, a Credit portfolio and a Liability Matching portfolio (designed to move in line with a proportion of the Plan's liabilities).

The fund managers of the Growth and Credit portfolios were mandated to out-perform various investment performance benchmarks, which themselves were expected to out-perform the Plan's liabilities.

During the period prior to the transfer of assets and liabilities to the SRP Section of the Sopra Steria Retirement Benefits Scheme, and as a result of improvements in funding levels, the Trustee de-risked the investment strategy of the Plan by reducing allocations to the Growth and Credit portfolios and increasing their allocations to the Liability Matching portfolios.

Following the merger, the Trustee of the Sopra Steria Retirement Benefits Scheme has adopted an approach for the SRP Section which is consistent with that followed by the Trustee of the Plan.

The allocation of the Plan's assets as at 30 September 2020, when the vast majority of the Plan's investment assets and liabilities were transferred to the SRP Section of the Sopra Steria Retirement Benefits Scheme, was as follows:

Portfolio	Strategic target	Range	Actual (as at 30 Sept 2020)
Growth	**40.0%**	+/- 5%	**36.4%**
Credit	**27.5%**	+/- 5%	**23.5%**
Liability Matching	**32.5%**	+/- 5%	**40.0%***

Note: numbers may not sum up due to rounding.

* Market and yield volatility, because of COVID-19, resulted in the portfolio falling outside of the rebalancing range as at 31 September 2020. Shortly after quarter end, market movements brought the portfolio back within its tolerance range

Steria Pooled Investment Fund

The units held by the Plan in the Pooled Investment Fund were transferred to the SRP Section of the Sopra Steria Retirement Benefits Scheme on 30 September 2020 in accordance with the Merger Deed.

Employer-related investments

There were no employer related investments held at any time during the period under review.

Trustee’s Report – Investment Matters (continued)

Performance

Performance of the Plan’s assets as at 30 September 2020, when the vast majority of the Plan’s investment assets and liabilities were transferred to the SRP Section of the Sopra Steria Retirement Benefits Scheme, is measured by BNY Mellon on a quarterly basis using two key measures:

- The performance of the relevant assets excluding the performance of the Liability Matching portfolio against a combined benchmark (which comprises a weighted average of the individual managers’ benchmarks based on the medium-term target allocations of each manager, reset on a quarterly basis). This measure is not available for periods longer than three years.
- The performance of the Plan’s assets including the performance of the Liability Matching portfolio. This is designed to outperform the Plan’s liabilities, so it is not possible to monitor this against a market index.

	Overall Performance	**Performance excluding Liability Matching portfolio**	**Combined Benchmark Excluding Liability Matching portfolio**	**Under/ Outperformance Excluding Liability Matching portfolio**
	% per annum	% per annum	% per annum	% per annum
3 months to 30 September 2020	(0.4)	2.4	1.9	0.5
1 year to 30 September 2020	1.4	1.6	4.4	(2.8)
3 years to 30 September 2020	9.5	5.0	5.3	(0.3)
5 years to 30 September 2020	11.3	8.6	7.7	0.9

Trustee's Report (continued)

Compliance Matters

The purpose of this section of the Report is to provide information, which is required to be disclosed in accordance with Schedule 3 to the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or is disclosed voluntarily by the Trustee. The information deals with matters of administrative routine.

Taxation

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

Transfer Values

Transfer values paid during the period under review from the Plan to other arrangements were calculated and paid on a basis determined by the Trustee on the advice of the Plan Actuary. The Plan Actuary has confirmed that the Plan's transfer value calculation basis satisfies the relevant legislation. Transfer values do not include any allowance for discretionary benefits.

The Money and Pensions Service ("MaPS")

MaPS is available to assist members and beneficiaries of the Plan on pension matters.

MaPS may be contacted at Money and Pensions Service, 120 Holborn, London, EC1N 2TD

Telephone: 0115 965 9570

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Plan in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Plan and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

The Pensions Ombudsman may be contacted at 1st Floor, 10 South Colonnade, Canary Wharf, London E14 4PU Telephone: 0800 917 4487
Early resolution email: helpline@pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk

Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator may be contacted at Napier House, Trafalgar Place, Brighton, BN1 4DW.

Telephone: 0345 600 7060

Trustee's Report - Compliance Matters (continued)

Pension Tracing

A pension tracing service is carried out by the Department for Work and Pensions.

The Pension Tracing Service may be contacted at The Pension Service 9, Mail Handling Unit A, Wolverhampton, WV98 1LU. Telephone: 0800 731 0193

Queries or Complaints

Any enquiries or complaints about the Plan or the SRP Section of the Sopra Steria Retirement Benefits Scheme, including requests from individuals for information about their benefits or Plan / Scheme documentation, should be sent to:

Sopra Steria Retirement Benefits Scheme
c/o Capita Pension Solutions Limited
PO Box 555, Stead House
Darlington DL1 9YT

Email: steria@capita.com

Trustee's Report (continued)

Report on Actuarial Liabilities

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

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2019. This showed that on that date:

The value of the Technical Provisions was:	£560.4 million
The value of the assets at that date was:	£496.9 million
The funding level was therefore:	89%

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

Method

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

Significant Actuarial Assumptions

Discount interest rate: term dependent rates set by reference to the fixed interest government bond curve (as derived from Bank of England data) at the valuation date, plus an allowance for expected outperformance from the Plan's assets relative to government bonds. For the valuation as at 31 March 2019, the allowance for outperformance reflected a de-risking strategy with trigger points where the funding level of the Plan is assessed on a low risk basis.

Future Retail Price inflation: term dependent rates derived from the inflation linked government bond markets less allowance for an inflation risk premium of 0.05% per annum.

Future Consumer Price inflation: term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 1.1% per annum at all durations.

Pension increases: derived from the relevant price inflation assumptions, allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Pay increases: term dependent rates derived from the assumption for future retail price inflation.

Mortality*:* for the period in retirement, standard S3PMA all amounts tables with a scaling factor of 98% for men and standard S3PFA middle amounts tables with a scaling factor of 97% for women. Future improvements are assumed to be in line with the CMI 2018 core projection, with a long term improvement rate of 1.50% p.a., a smoothing parameter of 7.0 and an initial addition of 0.5% to mortality improvements for men and women.

The next actuarial valuation will be performed in respect of the SRP Section of the Sopra Steria Retirement Benefits Scheme and is being undertaken as at 31 December 2020.

Trustee's Report (continued)

Statement of Trustee's Responsibilities

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

- show a true and fair view of the financial transactions of the Plan during the period under review and of the amount and disposition at the end of that period of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the period under review; and
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so; and
- making available each period under review, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which the Trustee should ensure is consistent with the financial statements it accompanies.

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 to the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

Approval of the Trustee's Report

Signed on behalf of the Steria (Retirement Plan) Trustees Limited

DocuSigned by:

6BF6DFDFB196413... **Date:** 16 February 2022

Frank Oldham, Independent Trustee Services Limited, Chairman

Actuary's Certification of the Schedule of Contributions

Certification of schedule of contributions

Steria Retirement Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2019 to be met by the end of the period specified in the recovery plan dated 29-Jun-2020 .

I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29-Jun-2020 .

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

DocuSigned by:

Signature

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Date 29-Jun-2020

Name Greg Tucker

Qualification

Fellow of the Institute and Faculty of Actuaries

Address Parkside House
Ashley Road
Epsom
KT18 5BS

Name of employer Aon Solutions UK Limited

Independent Auditor’s Report to the Trustee of the Steria Retirement Plan

Opinion

We have audited the financial statements of Steria Retirement Plan (“the Plan”) for the eighteen month period ended 30 September 2021 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Basis of preparation – financial statements prepared on a cessation basis

We draw your attention to Note 1 of the financial statements confirming the merger of the Plan into the Sopra Steria Retirement Benefits Scheme and the intention to wind up the Plan in the foreseeable future. Consequently the Trustee does not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and the financial statements have accordingly been prepared on a cessation basis. Our opinion is not modified in this respect

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (continued)

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

We have nothing to report in this regard.

Responsibilities of the Trustee

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Non-receipt of contributions and other income due to the Plan from the employer and the Transferring Plans. This is addressed by testing contributions and other income due are paid to the Plan in accordance with the Schedule of Contributions or other relevant agreements between the Employer and the Trustee.
- Completeness of group transfers out. This is addressed through testing that the assets were transferred out in accordance with advice from the Actuary and transfer deeds which confirm that beneficial ownership of the assets passed to the receiving Scheme. In addition, we agreed net asset values to investment custodian and fund managers records and other supporting documentation at the date beneficial ownership transferred.

Independent Auditor's Report (continued)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Crowe U.K. LLP

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Crowe U.K. LLP

Statutory Auditor

London

Date: 17 February 2022

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

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the Steria Retirement Plan ("the Plan"), for the 18 month period ended 30 September 2021 which is set out in the Trustee's report on page 8.

In our opinion contributions for the period ended 30 September 2021 as reported in the summary of contributions on page 8 above and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Actuary on 28 June 2017 and 29 June 2020.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the summary of contributions on page 8 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Responsibilities of the Trustee

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

Auditor's responsibilities for the statement about contributions

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

Use of our statement

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

Crowe U.K. LLP
Statutory Auditor
London

DocuSigned by:
Crowe U.k. LLP
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Date 17 February 2022

Fund Account for the 18 Months Ended 30 September 2021

	Note	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Contributions and benefits			
Contributions	4	**10,981**	9,519
Other income	5	**2**	-
		10,983	9,519
Benefits paid or payable	6	**(7,673)**	(13,644)
Payments to and on account of leavers	7	**(9,079)**	(5,775)
Group transfers out	8	**(547,490)**	-
Other payments	9	**(6,399)**	-
Administrative expenses	10	**(949)**	(1,214)
		(571,590)	(20,633)
Net withdrawals from dealings with members		**(560,607)**	(11,114)
Returns on investments			
Investment income	11	**6,663**	12,946
Change in market value of investments	12	**46,626**	9,248
Investment management expenses	14	**(750)**	(1,927)
Net returns on investments		**52,539**	20,267
Net (decrease)/increase in the fund during the period under review		**(508,068)**	9,153
Net assets of the Plan			
At the start of the period under review		**508,068**	498,915
At the end of the period under review		**-**	508,068

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

Statement of Net Assets as at 30 September 2021 available for benefits

	Note	30 September 2021 £'000	31 March 2020 £'000
Investment assets:			
Bonds	12	-	379,030
Pooled investment vehicles	15	-	262,788
Derivatives	17	-	8,439
Steria Pooled Investment Fund	15	-	35,945
AVC investments	19	-	1,968
Cash and cash equivalents		-	23,438
Other investment assets	16	-	6,260
Reverse repurchase agreements	18	-	205,737
		-	923,605
Investment liabilities:			
Derivatives	17	-	(55,493)
Repurchase agreements	18	-	(364,237)
		-	(419,730)
Total net investments		-	503,875
Current assets	22	-	4,802
Current liabilities	23	-	(609)
Net assets of the Plan at end of period under review		-	508,068

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the period under review. The actuarial position of the Plan is dealt with in the Report on Actuarial Liabilities on page 15 of the Annual Report and these financial statements should be read in conjunction with this report.

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

These financial statements were approved by the Trustee on 16 February 2022 ……………………………………….2022.

DocuSigned by:
6BF6DFDFB196413... **Trustee Director**

DocuSigned by:
Keith Scott
E3F21BDA744B49E... **Trustee Director**

Notes to the Financial Statements

1. 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 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice.

As disclosed in the Trustee's Report, the Trustee agreed to the merger of the Plan with the Steria Pension Plan and the Steria Management Plan into the Sopra Steria Retirement Benefits Scheme and subsequently wind up has been triggered. These financial statements have therefore been prepared on a cessation basis.

2. Identification of the financial statements

The Plan is established as a trust under English Law. The registered address of the Plan is shown on page 4 of the Trustee's Report.

3. Accounting policies

The financial statements have been prepared on an accruals basis. The Plan's functional and presentational currency is pounds sterling.

Investments (policies adopted for the purpose of calculating the Group Transfers Out)

Investments are included at fair value as described below:

Quoted securities in active markets are usually valued at the current bid prices at the reporting date.

Pooled investment vehicles are valued at closing bid price or closing single price except for the infrastructure funds. The infrastructure funds are valued in accordance with the guidelines of the British Venture Capital Association.

The investment in the Steria Pooled Investment Fund (SPIF) is valued at the price determined by the fund manager and the SPIF administrator on the period end date.

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

Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.

With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Investments (continued)

A small number of annuity policies existed in the name of the Plan but the value of these policies was not considered to be material for inclusion in the financial statements by the Trustee.

Where the Plan has entered into repurchase agreements, the Plan continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. These transactions are not therefore included within the purchases and sales of investments during the period. The cash received is recognised as an asset and the obligation to repurchase the securities at an agreed price is recognised as a payable amount.

Where the Plan has entered into reverse repurchase agreements, the Plan does not recognise the securities received as collateral in its financial statements. The Plan does recognise the cash delivered to the counterparty as a receivable in the financial statements.

Derivatives

Swaps are valued at fair value, using a pricing model which calculates the current value of future expected net cashflows arising from the swap, for which the time value of money is taken into account. The amounts included in the “change in market value” column are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts.

Collateral that is posted to the Plan in respect of swaps to mitigate counterparty risk is not treated as forming part of the Plan’s net assets. It would only be treated as an asset of the Plan if the counterparty were to default on its obligations. Similarly any collateral posted by the Plan in respect of swaps which have a negative market value is treated as remaining an asset of the Plan and is included in net assets reported in the financial statements.

Open futures contracts are exchange traded and are included in the net assets statement at market value. The market value represents the unrealised gain or loss at the quoted bid price of the contracts at the period end date. The amounts included in change in market value are the realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.

Forward foreign exchange contracts outstanding at the period end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was closed out at the period end date with an equal and opposite contract.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the period end.

Foreign currency transactions are translated into sterling at the exchange rate at the date of the transactions.

Gains or losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Taxation

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

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Presentation currency

The Plan functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Plan period end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Investment income

Income from pooled investment vehicles which distribute income is accounted for on the date stocks are quoted ex-dividend. Pooled investment vehicles which are accumulation funds include their underlying income within the unit price which is reported within change in market value of investments.

Income from fixed interest and index-linked securities, cash and short term deposits is accounted for on an accruals basis.

Coupons, receipts or payments on credit default swap contracts are reported within investment income.

Contributions

Normal contributions are accounted for on an accruals basis in the month employee contributions are deducted from the payroll.

Employer deficit funding and other contributions are accounted for in the period to which they relate in accordance with the Schedule of Contributions, or earlier if agreed by the Trustee and the Employer.

Employer contributions in respect of augmentations are accounted for when paid or when determined by the Plan Actuary, whichever is earlier.

Benefits paid or payable

Benefits are accounted for on the later of the period in which the member notifies the Trustee of his or her decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice, benefits are accounted for on the date of retiring, leaving or notification of death.

Transfers to and from other schemes

Individual transfer values relating to early leavers are included at values on a basis determined by the Trustee on the advice of the Plan Actuary. Transfers are accounted for when the transfer value has actually been paid.

Group transfers in or out are accounted for in accordance with the terms of the transfer agreement.

Administrative and investment management expenses

Expenses are accounted for on an accruals basis, net of any recoverable VAT.

Notes to the Financial Statements (continued)

4. Contributions

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Employer - Normal	**-**	1,149
Employer - Deficit funding	**9,317**	7,412
Employer - Expense funding	**812**	646
Employer – Section 75 debt	**406**	-
Other - Levies	**446**	312
	10,981	9,519

Employer deficit funding and expense funding contributions have been paid during the period in accordance with the Schedule of Contributions in place.

Deficit funding contributions have been paid in equal monthly instalments for the following amounts in respect of the period: £7,648,945 per annum from 1 April 2020 to 31 May 2020; £575,693 in June 2020; £7,402,067 per annum from 1 July 2020 to 31 March 2021; and £7,660,437 per annum from 1 April 2021.

Expense funding contributions have been paid at the following rates in respect of the period: £55,533 per month from 1 April 2020 to 31 May 2020; £50,157 in June 2020; £53,741 per month from 1 July 2020 to 31 March 2021; and £55,617 per month from 1 April 2021.

Other contributions represent amounts paid by the Employer to reimburse the Plan for the PPF Levy of £430,955 (31 March 2020: £296,866) and PPF Administration Levy of £15,176 (31 March 2020: £15,310).

Under the terms of the Merger Deed, deficit and expense contributions were held in trust by the Trustee of the Plan for the Sopra Steria Retirement Benefits Scheme's SRP Section. The contributions are transferred to the Scheme and are included as Other Payments in note 9.

Also under the terms of the Merger Deed, contributions that were originally payable to the Plan under the Schedule of Contributions became payable to the SRP Section of the Scheme when the final transfer payment was made on 2 August 2021. This included the contributions payable for July 2021 which were payable to the Plan by 19 August 2021.

5. Other income

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Compensation from Capita Pension Solutions	**2**	-

Notes to the Financial Statements (continued)

6. Benefits paid or payable

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Pensions	5,881	11,276
Commutations and lump sum retirement benefits	1,704	2,261
Lump sum death benefits	88	107
	7,673	13,644

7. Payments to and on account of leavers

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Individual transfers to other schemes	9,079	5,747
State scheme premiums	-	28
	9,079	5,775

8. Group transfers out

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Group transfers out	547,490	-

The group transfers out represents the transfers of the Plan's assets to the SRP Section of the Sopra Steria Retirement Benefits Scheme. The assets transferred comprise a combination of investments and net current assets as follows:

	Total £'000
Investments	545,308
AVC investments	1,729
Net current assets	453
	547,490

Notes to the Financial Statements (continued)

9. Other payments

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Other payments made to the Sopra Steria Retirement Benefits Scheme	6,399	-

The above payments relate to the transfer of contributions received by the Plan under the Plan's Schedule of Contributions to the SRP Section of the Sopra Steria Retirement Benefits Scheme in accordance with the Merger Deed.

10. Administrative expenses

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Administration fees	121	247
Actuarial fees	181	241
Audit fees	-	23
Legal and other professional fees	72	90
Trustee fees	58	50
Pension scheme levies	446	312
Investment consultancy fees	71	251
	949	1,214

All other administrative costs, including merger fees, were borne by the Principal Employer. The fee for the audit of this Annual Report and Financial Statements is payable from the SRP Section of the Sopra Steria Retirement Benefits Scheme.

11. Investment income

	18 months to 30 September 2021 £'000	Year to 31 March 2020 £'000
Income from bonds	2,685	5,938
Income from pooled investments	3,198	6,649
Net receipts in respect of derivatives	780	196
Interest on cash deposits	-	163
	6,663	12,946

Notes to the Financial Statements (continued)

12. Investment assets

Reconciliation of investments held at the beginning and end of the period

	Value at 01/04/2020 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Group transfers out £'000	Value at 30/09/2021 £'000
Bonds	379,030	98,185	(78,944)	6,728	(404,999)	-
Pooled investment vehicles	262,788	6,298	(111)	30,160	(299,135)	-
Steria Pooled Investment Fund	35,945	54	-	(221)	(35,778)	-
Derivative contracts (net)	(47,054)	231,035	(233,488)	11,408	38,099	-
AVC investments	1,968	672	(909)	(2)	(1,729)	-
	632,677	336,244	(313,452)	48,073	(703,542)	-
Cash and cash equivalents	23,438			-	(13,962)	-
Other investment balances	6,260			40	(1,414)	-
Net repurchase agreements	(158,500)			(1,487)	171,881	-
Total	503,875			46,626	(547,037)	-

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs include costs charged to the Plan such as fees, commissions and stamp duty. No such costs were incurred during the period under review, or in the prior period. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles and also in the fixed income portfolio managed by BlackRock.

Notes to the Financial Statements (continued)

13. Concentration of investments

The following investments were valued in excess of 5% of the net assets of the Plan at the end of the period under review:

	30 September 2021	**30 September 2021**	31 March 2020	31 March 2020
	£'000	**%**	£'000	%
UK Gilt 1.625% 22-10-2054	-	-	98,733	19.4
Blackrock All Stocks Corporate Bond Fund	-	-	77,357	15.2
UK Gilt 3.5% 22-07-2068	-	-	74,450	14.7
UK Gilt 3.25% 22-01-2044	-	-	64,072	12.6
UK Gilt 0.64% 18-06-2020	-	-	56,996	11.2
UK Gilt 0.62% 18-06-2020	-	-	43,877	8.6
Barings Global Loan Fund	-	-	42,451	8.4
UK Gilt 4.25% 07-12-2046	-	-	39,124	7.7
Steria Pooled Investment Fund	-	-	35,945	7.1
Morgan Stanley Funds UK Global Brands	-	-	30,059	5.9
MFS Global Equity Fund	-	-	26,678	5.3

14. Investment management expenses

	18 months to 30 September 2021 £'000	**Year to 31 March 2020 £'000**
Administration, management and custody	750	1,927

15. Pooled investment vehicles

The Plan's investments in pooled investment vehicles (excluding the Steria Pooled Investment Fund) at the end of the period under review comprised:

	30 September 2021 £'000	**31 March 2020 £'000**
Equities	-	79,005
Global secured bank loans	-	42,451
Bonds	-	77,357
Infrastructure	-	28,611
Property debt	-	13,030
Bank capital relief fund	-	22,334
	-	262,788

Notes to the Financial Statements (continued)

15. Pooled investment vehicles (continued)

Steria Pooled Investment Fund

Along with the Steria Pension Plan and the Steria Management Plan, the Plan held units in the Steria Pooled Investment Fund, a common investment fund which holds property investment funds. The Plan's investment in the Fund was transferred to the SRP Section of the Sopra Steria Retirement Benefits Scheme on 30 September 2020. The valuation of the units held by the Plan on 30 September 2020 was £35,778,000.

16. Other investment balances

Investment assets	**30 September 2021 £'000**	**31 March 2020 £'000**
Accrued investment income	-	569
Unsettled transactions	-	5,691
	-	6,260

Notes to the Financial Statements (continued)

17. Derivatives

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Plan as follows:

Futures – the Trustee did not want cash held to be “out of the market” and therefore bought exchange traded index based futures contracts which had an underlying economic value broadly equivalent to cash held. This related to the BlackRock active corporate bonds portfolio.

Swaps – the Trustee’s aim is to match as far as possible the notional Liability Matching portfolio of the Plan’s long term liabilities, in particular in relation to a proportion (corresponding to the Plan’s funding level on a self sufficiency basis) of their sensitivities to movements in interest rates and changes in inflation expectations. The Trustee holds “over the counter” OTC interest rate swaps that extend the duration of the fixed income portfolio to better match the long term liabilities of the Plan.

Forward FX – 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 balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Credit default swaps – the Plan’s Credit portfolio has included some credit default swaps which were entered into by the investment manager for reasons of efficient portfolio management.

	30 September 2021 Assets £’000	30 September 2021 Liabilities £’000	31 March 2020 Assets £’000	31 March 2020 Liabilities £’000
Derivatives				
Swaps	-	-	8,417	(54,549)
Futures contracts	-	-	-	-
Forward foreign currency contracts	-	-	22	(944)
	-	-	8,439	(55,493)
Net derivative contracts	-		(47,054)	

Collateral

The notional principal of a swap is the amount used to determine the swapped receipts and payments.

Collateral of £nil (31 March 2020: £51,983,495) was pledged by the Plan in respect of swaps at 30 September 2021.

Notes to the Financial Statements (continued)

17. Derivatives (continued)

Swaps

Duration	Nature	30 September 2021 Assets £'000	30 September 2021 Liabilities £'000	31 March 2020 Assets £'000	31 March 2020 Liabilities £'000
Inflation rate swaps maturity -					
0 to 10 years	Pay fixed for floating	-	-	-	(3,952)
10 to 20 years	Pay fixed for floating	-	-	-	(8,151)
20 to 30 years	Pay fixed for floating	-	-	-	(18,676)
30 years or more	Pay fixed for floating	-	-	-	(23,770)
		-	-	-	(54,549)
Interest rate swaps Maturity -					
10 to 20 years	LIBOR	-	-	1,304	-
20 to 30 years	LIBOR	-	-	577	-
0 to 10 years	Overnight Interest Rate for 6m LIBOR	-	-	693	-
10 to 20 years	Overnight Interest Rate for 6m LIBOR	-	-	3,024	-
20 to 30 years	Overnight Interest Rate for 6m LIBOR	-	-	1,805	-
30 years or more	Overnight Interest Rate for 6m LIBOR	-	-	1,014	-
		-	-	8,417	-
Total Swaps		-	-	8,417	(54,549)

Notes to the Financial Statements (continued)

17. Derivatives (continued)

Forward Foreign Exchange (FX)

The Plan had open FX contracts at the end of the period under review relating to its currency hedging strategy as follows:

	Aggregate asset £'000	Aggregate liability £'000
Total 30 September 2021	-	-
Total 31 March 2020	22	(944)

18. Repurchase agreements

At the end of the period under review , amounts payable under repurchase agreements amounted to £nil (31 March 2020: £364,237,000), and amounts receivable under reverse repurchase agreements amounted to £nil (31 March 2020: £205,737,000). At the end of the period under review fixed interest and index–linked bonds reported in Plan assets and valued at £nil were held by counterparties under repurchase agreements (31 March 2020: £188,777,428).

Collateral is exchanged in respect of the movements in the valuation of the bonds sold under repurchase agreements, subject to minimum transfer levels. At the end of the period under review collateral of £nil (31 March 2020: £34,589,977) was held by the Plan and collateral of £nil (31 March 2020: £701,439) was pledged to counterparties by the Plan.

19. AVC investments

The Trustee holds assets invested separately from the main Plan investments to secure additional benefits on a money purchase basis for those members by or for whom Additional Voluntary Contributions were paid. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the period under review.

The aggregate amounts of AVC investments are as follows:

	30 September 2021 £'000	31 March 2020 £'000
Utmost Life and Pensions	-	765
Zurich Insurance Limited	-	1,203
	-	1,968

The AVC investments were transferred to the SRP Section of the Sopra Steria Retirement Benefits Scheme on 30 September 2020.

Notes to the Financial Statements (continued)

20. Fair value determination

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

Level 1	The quoted price for an identical asset in an active market at the assessment date (e.g. exchange traded equities).
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed) 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.

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

The Plan held no investment assets and liabilities as at 30 September 2021.

The Plan's investment assets and liabilities as at 31 March 2020 fell within the above hierarchy levels as follows:

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Infrastructure funds	-	-	28,611	**28,611**
Bonds	-	379,030	-	**379,030**
Pooled investment vehicles	-	198,813	35,364	**237,177**
Derivatives	-	(47,054)	-	**(47,054)**
Steria Pooled Investment Fund	-	-	35,945	**35,945**
AVC investments	-	1,203	765	**1,968**
Cash and cash equivalents	(3,828)	27,266	-	**23,438**
Other investment balances	-	6,260	-	**6,260**
Repurchase agreements	-	(364,237)	-	**(364,237)**
Reverse repurchase agreements	-	205,737	-	**205,737**
	(3,828)	**407,018**	**100,685**	**503,875**

Notes to the Financial Statements (continued)

21. Investment risk disclosures

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

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

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

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

The SORP recommends these risk disclosures are made for all investments.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out in the Trustee's Report on pages 10 to 12. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

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

Credit risk

The Plan was subject to credit risk because the Plan directly invested in bonds and OTC derivatives, held cash balances and entered into repurchase agreements. The Plan also invested in pooled investment vehicles and was therefore directly exposed to credit risk in relation to the units held in the pooled investment vehicles.

As at 31 March 2020	Investment grade £'000	Non-investment grade £'000	Unrated £'000	Total £'000
Bonds	379,030	-	-	379,030
OTC Derivatives	-	-	(47,054)	(47,054)
Pooled investment vehicles	-	-	298,734	298,734
	379,030	-	251,680	630,710

All Plan assets as at 30 September 2021 were held by the SRP Section of the Sopra Steria Retirement Benefits Scheme.

Notes to the Financial Statements (continued)

21. Investment risk disclosures (continued)

Some credit risk arising on bonds held directly was mitigated by investing in government bonds where the credit risk is minimal. The Trustee managed credit risk associated with unrated securities by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer. Credit risk arising on other investments was mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

Credit risk arising on derivatives depended on whether the derivative was exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan was subject to risk of failure of the counterparty. The credit risk for OTC derivatives was reduced by collateral arrangements as disclosed in note 17. Credit risk on repurchase agreements was mitigated through collateral agreements as disclosed in note 18.

Cash was held within financial institutions which were at least investment grade credit rated.

The Plan's holdings in pooled investment vehicles were unrated. Direct credit risk arising from pooled investment vehicles was mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operated and diversification of investments amongst a number of pooled arrangements. The Trustee carried out due diligence checks on the appointment of new pooled investment managers, receiving appropriate advice from the Trustee's Investment Adviser at the point of appointment, and on an ongoing basis monitored any changes to the regulatory and operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangements is as follows:

	30 Sept 2021 £'000	**31 Mar 2020 £'000**
Open ended investment companies	-	185,784
Shares of limited liability partnerships	-	77,005
Steria Pooled Investment Fund	-	35,945
	-	298,734

Currency risk

The Plan was subject to currency risk because some of the Plan's investments were held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limited currency exposure from its global equity investments by targeting a hedge of approximately 75% of the US dollar, Euro and Japanese yen exposure respectively through a passive currency hedging mandate.

The Plan's total net unhedged exposure by major currency at the period end was as follows:

	30 Sept 2021 £'000	**31 Mar 2020 £'000**
Currency		
US Dollar	-	34,452
Japanese Yen	-	(366)
Euro	-	9,713
Other	-	14,689

Notes to the Financial Statements (continued)

21. Investment risk disclosures (continued)

The above analysis includes the net exposure to foreign currency arising from the underlying investment in the pooled investment vehicles held by the Plan as advised by the pooled investment managers.

Interest rate risk

The Plan was subject to interest rate risk because some of the Plan's investments were held in bonds, interest rate swaps, repurchase agreements, and cash. The Plan's corporate bond, gilt and swap holdings were managed by BlackRock in order to hedge an agreed portion of the Plan's liabilities, as measured on a self-sufficiency basis.

Under this strategy if interest rates fell the value of Liability Matching investments would rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rose the Liability Matching investments would fall in value as would actuarial liabilities because of an increase in the discount rate. At the period end the investments subject to direct interest rate risk comprised:

	30 Sept 2021 £'000	31 Mar 2020 £'000
Direct		
Bonds (including those held in pooled investment vehicles)	-	379,030
Interest rate swaps	-	8,417
Cash and cash equivalents	-	23,438

Other price risk

Other price risk arose principally in relation to the Plan's growth portfolio which included equities held in pooled vehicles, infrastructure, property and bank capital relief assets. It also arose in the Plan's Liability Matching portfolio through holdings in index-linked gilts and inflation swaps.

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

At the period end, the Plan's exposure to investments subject to other price risk was:

	30 Sept 2021 £'000	31 Mar 2020 £'000
Equity pooled investment vehicles	-	79,005
Global secured loans pooled investment vehicle	-	42,451
Property* – Steria Pooled Investment Fund	-	35,945
Bond pooled investment vehicle	-	77,357
Infrastructure pooled investment vehicles	-	28,611
Property debt pooled investment vehicle	-	79,005

Notes to the Financial Statements (continued)

22. Current assets

	30 September 2021 £'000	31 March 2020 £'000
Contributions due from employer	-	671
Cash balances	-	4,017
Due from the Steria Pension Plan	-	114
	-	4,802

23. Current liabilities

	30 September 2021 £'000	31 March 2020 £'000
Accrued benefits	-	49
Accrued expenses	-	560
	-	609

Following the transfers of the Plan's assets on 30 September 2020, fees and expenses have been paid from the Sopra Steria Retirement Benefits Scheme.

24. Related party transactions

The fees payable by the Plan to The Law Debenture Pension Trust Corporation plc are disclosed in the administrative expenses note. Trustee fees and expenses of £2,500 (31 March 2020: £6,504) were paid by Sopra Steria Limited to other Trustee Directors. In addition, David Woods was paid a fee and expenses of £20,000 (31 March 2020: £44,861) by Sopra Steria Limited to be Chairman to a number of Trustee Companies including that of the Plan. It is not possible to quantify the amount relating to the Plan.

During the period under review one Director of the Trustee Company was an employee deferred member of the Plan, and one Director of the Trustee Company was in receipt of a pension under the Plan. Pensions paid in respect of the Trustee Directors are made in accordance with the Schedule of Contributions and the Trust Deed and Rules.

David Woods, Kevin Simonis, John Rice, The Law Debenture Pension Trust Corporation plc and Independent Trustee Services Limited were also Directors of the Trustee of the Steria Pooled Investment Fund during the period under review.

David Woods, Independent Trustee Services Limited and Hilary Robertson were also Directors of the Trustees of the Steria Pension Plan, the Steria Management Plan, the Sopra Steria Retirement Benefits Scheme and the Steria Electricity Supply Pension Scheme.

The Law Debenture Pension Trust Corporation plc was also a Director of the Trustees of the Steria Pension Plan, the Steria Management Plan and the Sopra Steria Retirement Benefits Scheme.

John Rice and Kevin Simonis were also Directors of the Sopra Steria Retirement Benefits Scheme.

Appendix 1

The Trustee's Policy on Responsible Investment and Related Matters

Relevant extracts from the Trustee's Statement of Investment Principles

The planned asset allocation strategy was determined with regard to:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

- In setting and implementing the Plan's investment strategy the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

Responsible Investment Policy

1. Introduction

The assets of the Steria Retirement Plan (the "Plan") are held on trust by the Steria (Retirement Plan) Trustees Limited ("the Trustee"). Following consideration of the Trustee's core responsible investment beliefs in relation to the Plan, the Trustee's commitment to Responsible Investment ("RI") is captured in this Policy and in the Statement of Investment Principles ("SIP") to which it is appended and of which it forms part.

- This Policy covers key aspects of the Plan's RI approach including strategy, implementation and reporting.
- This Policy applies to all asset classes in which the Plan invests depending on the degree of financial materiality with a view to fulfilling the Plan's regulatory and fiduciary obligations.

The Plan's principal employer is Sopra Steria Limited. The Trustee is aware of Sopra Steria Limited's ethical principles, core values and strategic vision, including its approach to climate change, and principles of sustainability and responsible business. The Trustee seeks to align its RI approach with Sopra Steria Limited's environmental, social and governance strategy and principles, so far as is practicable

2. Responsible Investment Beliefs / Principles

The Trustee has a duty to act in the interests of the members of the Plan. The Trustee understands that it has an important role to play in safeguarding and enhancing the long-term value of the Plan's assets. The Trustee acknowledges that environmental, social and governance ("ESG") considerations (including climate change) are financially material and should be integrated into investment decision making in order to identify investment opportunities and risks.

A summary of the Trustee's core ESG beliefs are:

Environmental beliefs:

- The Trustee believes the risks posed by climate change will have an impact on the Plan's investments over the Plan's time horizon.

- The Trustee recognises that it can practically prepare for climate change and that it has a duty to do so, by helping tackle climate change (e.g. by reducing the Plan's portfolio's climate footprint).

Social beliefs:

- The Trustee believes that the Plan's investment portfolio should create social value when his is aligned with maximising financial value.

Governance beliefs:

- The Trustee believes that poorly governed companies are more likely to underperform and that good stewardship can lead to better risk-adjusted returns.

3. Responsible Investment Approach

The Trustee expects the Plan's investment managers (whether they manage pooled funds in which the Plan invests directly or segregated funds under investment management agreements) to take account of ESG considerations (including climate change) in the selection, retention and realisation of investments. Any decision should not seek to apply personal, ethical or moral judgements that are not based on the financial interests of the investors concerned (including the Plan and its beneficiaries).

The Trustee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Plan's assets and liabilities.
- As part of ongoing monitoring of the Plan's investment managers (including the managers of pooled funds in which the Plan invests), the Trustee will use ESG ratings information provided by its investment adviser, where relevant and available, to monitor the level of the Plan's investment managers' integration of ESG on a quarterly basis.
- The Trustee will request all of the Plan's investment managers to provide their responsible investment policies, on a periodic basis. Should the Plan look to appoint a new manager, the Trustee will request this information as part of the selection process. All responses will be reviewed and monitored with input from the Plan's investment adviser.
- The Trustee will meet with each investment manager periodically to discuss how it integrates ESG into its investment decision making process and examples of its stewardship activities. The Trustee will also monitor any promised corrective actions from the investment manager against completion over time.

4. Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to seek to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Plan and its beneficiaries.

The Trustee regularly reviews the suitability of the Plan's appointed investment managers and takes advice from the Investment Adviser regarding any changes. Where applicable, this advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee expects, the Trustee undertakes to engage with the manager and to seek a more sustainable position but may also look to replace the manager.

The Trustee reviews the stewardship activities of the Plan's investment managers on an annual basis, covering both engagement and voting actions. The Trustee will review the extent to which the the investment strategies, decisions policies and practices of the Plan's investment managers are aligned with the Trustee's policies. The Trustee will seek to ensure that the managers, or other third parties, use their influence to act consistently with the Trustee's policies and objectives as a responsible institutional investor. This will include voting and – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability and positive change.

The Trustee will engage with the investment managers as necessary for more information, with a view to ensuring that robust active ownership behaviours, reflective of their stewardship and engagement policies, are being carried out. This will take the form of annual reporting in the form of implementation statements to be produced from 2021 onwards, which will be made available to members on request

The Trustee has completed a survey with its Investment Adviser to identify key areas of concern around corporate stewardship and will subject its investment managers to scrutiny accordingly. It is the expectation of the Trustee that the Plan's asset managers will prioritize and actively monitor for these areas of concern within the investments, providing transparency on engagement and voting actions with respect to mitigating these concerns as appropriate consistently with long term asset return objectives.

Transparency on voting actions should include details of occasions when: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of the asset manager or (where relevant, in the case of a segregated mandate) of the Trustee.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including its performance, strategy, risks, social and environmental impact, corporate governance, capital structure and management of actual or potential conflicts of interest. Where such a concern is identified, the Trustee will engage with the Investment Adviser to consider the methods by which, and the circumstances under which, they would monitor and engage with an investment manager and/or other stakeholders.

In practice, a large portion of the Plan's assets are held in pooled fund vehicles and therefore engagement with any issuer of debt or equity in which any such vehicle invests is a matter for the investment manager concerned. However, the Trustee holds the investment managers of pooled fund vehicles to account in accordance with the policies outlines above.

5. Initiatives and Industry Collaboration

The Trustee recognises that collaboration and support of initiatives is a powerful tool to influence behaviour. The members of the Trustee’s Joint Investment Committee are members of Aon's Responsible Investment Network, which provides access to regular updates on Responsible Investment market innovations and developments, Responsible Investment focused events, and research / focus groups for discussion of key issues concerning sustainable finance and Responsible Investment.

The Trustee expects the Plan's investment managers to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed.

6. Disclosure and Reporting

The Trustee requires transparency and disclosure from the Plan’s investment managers, including reporting on voting and engagement progress and success.

This Policy is available to all members on request.

7. Commitment

The Trustee acknowledges that the Plan’s approach to Responsible Investment will need to evolve over time, both due to the changing landscape with respect to ESG issues as well as broader industry and regulatory developments. The Trustee is committed to making ongoing improvements to the Plan's approach and the processes that underpin the delivery of this Policy to ensure that it remains relevant.

The Policy will be reviewed as part of any strategic review of the Plan's investment objectives and management of risk, or as required in response to changing regulations or broader governance issue**.**

The Trustee’s Policy in relation to the Plan’s arrangements with asset managers

The Trustee’s policy in relation to the Plan’s arrangements with asset managers is captured in this Policy and in the Statement of Investment Principles ("SIP") to which it is scheduled and of which it forms part.

1. Incentivisation of alignment with the Trustee’s policies

The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies.

Where the Plan invests in funds that are regularly assessed by the Trustee's Investment Adviser, the Trustee uses conclusions drawn from this assessment on at least an annual basis to determine whether the fund and investment manager remain suitable. This process is supported by an annual letter of advice from the Trustee’s Investment Adviser under sections 34 and 36 of the Pensions Act 1995.

The Trustee receives at least quarterly reports and verbal updates from the Investment Adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan’s objectives and assesses the investment managers over the long term.

The Trustee shares the policies, as set out in this SIP, with the Plan's investment managers, and requests that the investment managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Plan invests in a collective vehicle, then the Trustee will express its expectations to the investment managers.

The Trustee believes that having appropriate governing documentation, setting out clear expectations for the investment managers (where possible), and regular monitoring of investment managers' performance and investment strategy, should incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies and expectations, or with the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

2. Duration of arrangements

There is typically no set duration for arrangements with investment managers, although the continued appointment for all investment managers will be reviewed periodically, and at least every three years. Where the Plan invests in closed ended vehicles (such as infrastructure funds), the duration may be defined by the nature of the vehicles and their underlying investments.

3. Remuneration and monitoring of portfolio turnover and other costs

The Trustee is aware of the importance of monitoring its investment managers' total costs and the impact these costs can have on the overall value of the Plan’s assets. The Trustee recognises that, in addition to annual management charges, there are a number of other costs incurred by the investment managers that can have an impact on the overall value of the Plan’s investments.

The Trustee commissions from its Investment Adviser with support from external analysts annual cost transparency reports covering all underlying investments and asks that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what it is paying investment managers. The Trustee works with the Investment Adviser and investment managers to understand these costs in greater detail where required.

The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with the Plan's underlying investments through the information provided by the investment managers to the Trustee's Investment Manager and external analysts. With the assistance of the Investment Adviser the Trustee will monitor annually the frequency within which the assets of the Plan are bought or sold compared with the expected frequency or the minimum and maximum frequency. The Trustee expects this work to be completed over the monitoring year in question. Where appropriate the Trustee may undertake analysis over longer or shorter periods should it deem this to be appropriate for the mandate in question.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across different types of investment mandates. A high level of transaction costs may be acceptable if consistent with the type of investment mandate and historic trends. Where the Trustee's monitoring identifies a lack of consistency, the matter will be raised with the investment manager concerned and the mandate may be reviewed.

The Trustee is supported in cost transparency monitoring activity by the Investment Adviser and external analysts.

Aon is paid on a mixture of a fixed fee basis for routine tasks and a time cost basis for out of scope work they undertake for the Plan. This structure has been chosen to ensure that cost-effective, independent advice is received.

4. Evaluation of performance and remuneration

The Trustee assesses the performance of its investment managers on a quarterly basis and their remuneration on at least an annual basis via collecting cost data in line with the CTI templates. Investment managers' performance targets are typically set on a longer-term basis, for example over rolling three year periods, with a view to avoiding an excessive focus on the short term.

The Trustee assesses the value for money received from its asset managers on a regular basis by benchmarking the Plan's asset managers relative to the wider market. This enables the Trustee to have a detailed understanding of the Plan's overall costs (regardless of net of fees performance) and to identify opportunities to challenge an outlier among the Plan's asset managers.

The Trustee assesses how its asset managers are remunerated as part of the appointment process. The Trustee considers the asset class, performance objective and the fee proposal as part of its decision. The Trustee also reviews the remuneration of its existing managers to ensure consistency with its remuneration policy.

5. Ongoing reporting

The Trustee will provide reporting on the implementation of the Plan's cost transparency policy to the Plan's members via the Engagement Policy Implementation Statement in the Plan's Trustee Report and Accounts each year starting with those for the year ended 31 December 2020. This will include a comprehensive breakdown of the Plan's costs by investment manager and cost type.

Appendix 2 – Engagement Policy Implementation Statement

This statement has been prepared by Sopra Steria (Retirement Benefits Scheme) Trustees Limited (the "Trustee") as trustee of Sopra Steria Retirement Benefits Scheme ("the Scheme").

It sets out how, and the extent to which, in the opinion of the Trustee, the policy set out in the Scheme's Statement of Investment Principles ("SIP") has been followed during the reporting period in relation to:

(a) the exercise of the rights (including voting rights) attaching to investments; and

(b) undertaking engagement activities in respect of investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons (including investment managers) about relevant matters (such as the management of conflicts, risks, social and environmental impact and corporate governance).

It also describes the voting action taken by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the reporting period and states any use of the services of a proxy voter during that period. Examples of the most significant votes cast, including the investment manager's justification, are included in the statement.

The Trustee does not itself manage the Scheme's investments or otherwise take day-to-day investment decisions. This statement therefore relies largely upon voting and engagement information that has been gathered from the Scheme's asset managers in relation to the investments that they manage for the Scheme or in relation to pooled investment funds managed by them in which the Scheme invests.

This statement covers the year ended 31 December 2020. Until 30 September 2020 the Scheme only had modest investments in cash. On that date, the Scheme acquired beneficial ownership of substantially all of the investments of Steria Management Plan, Steria Pension Plan and Steria Retirement Plan ("the Transferring Plans") pursuant to a sectionalised merger. The statements of investment principles, and the asset managers, of the Transferring Plans before 30 September 2020 were essentially the same as those of the Scheme since that date. This statement covers the year ended 31 December 2020 as though the investments of the Transferring Plans belonged to the Scheme for the whole of that year.

Scheme Engagement Policy

The Scheme is a formally sectionalised occupational pension scheme consisting of three sections: the SMP Section, the SPP Section and the SRP Section (together, the "Sections"). Due to the similarity between each Section's investments, the Trustee has prepared a combined statement that applies to each Section's investments. References in this statement to the "Scheme" should be read as referring to the relevant Section or Sections of the Scheme.

Set out below is an extract from the Trustee's Responsible Investment Policy as set out in the SIP (where references to the Trustee's "Investment Adviser" mean Aon). The full SIP can be found here:

https://www.ssrbs.co.uk/useful-documents

"4. Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to seek to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its beneficiaries.

The Trustee regularly reviews the suitability of the Scheme's appointed investment managers and takes advice from the Investment Adviser regarding any changes. Where applicable, this advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee expects, the Trustee undertakes to engage with the manager and to seek a more sustainable position but may also look to replace the manager.

The Trustee reviews the stewardship activities of the Scheme's investment managers on an annual basis, covering both engagement and voting actions.

The Trustee will review the extent to which the investment strategies, decisions, policies and practices of the Scheme's investment managers are aligned with the Trustee's policies. The Trustee will seek to ensure that the managers, or other third parties, use their influence to act consistently with the Trustee's policies and objectives as a responsible institutional investor. This will include voting and – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability and positive change.

The Trustee will engage with the investment managers as necessary for more information, with a view to ensuring that robust active ownership behaviours, reflective of their stewardship and engagement policies, are being carried out. This will take the form of annual reporting in the form of implementation statements to be produced from 2021 onwards, which will be made available to members on request.

The Trustee has completed a survey with its Investment Adviser to identify key areas of concern around corporate stewardship and will subject its investment managers to scrutiny accordingly. It is the expectation of the Trustee that the Scheme's asset managers will prioritise and actively monitor for these areas of concern within the investments, providing transparency on engagement and voting actions with respect to mitigating these concerns as appropriate and consistently with long term asset return objectives.

Transparency on voting actions should include details of occasions when: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the asset manager or (where relevant, in the case of a segregated mandate) of the Trustee.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including its performance, strategy, risks, social and environmental impact, corporate governance, capital structure and management of actual or potential conflicts of interest. Where such a concern is identified, the Trustee will engage with the Investment Adviser to consider the methods by which, and the circumstances under which, they would monitor and engage with an investment manager and/or other stakeholders.

In practice, a large portion of the Scheme's assets are held in pooled fund vehicles and therefore engagement with any issuer of debt or equity in which any such vehicle invests is a matter for the investment manager concerned.

However, the Trustee holds the investment managers of pooled fund vehicles to account in accordance with the policies outlines above."

Scheme engagement activity over the year

Progress to date

The Trustee has been proactive in its commitment to responsible investing ("RI") and took various actions during 2019 to demonstrate this. As a result, it was well placed regarding its preparation going into 2020 in light of the further policies required to be included in the SIP.

During 2019, the Joint Investment Committee ("JIC") of the trustees of the Transferring Plans (and more recently also of the Trustee of the Scheme) held training sessions, hosted by their investment advisers, to provide background relating to the risks that environmental, social and governance ("ESG") factors may present to their investment strategies. (Further training and consideration of these risks will be conducted on an ongoing basis, particularly as industry practices and standards evolve and mature through time.) Following this, a Responsible Investment Policy was drafted and included in the Scheme's SIP and in those of the Transferring Plans, which set out the trustees' beliefs in relation to RI and their policy in relation to ESG factors.

The members of the JIC are members of Aon's Responsible Investment Network (since 2019) and are generally supportive of industry collaboration on all such related matters. It is expected by the Trustee that the Scheme's investment managers share a similar view and take steps to encourage RI issues to be addressed, such as through collaboration where possible.

Updating the engagement policy

The Trustee has made clear that it acknowledges the importance of its role as a steward of capital and seeks to ensure the highest standards are followed with regard to responsible investment by the underlying funds. It is expected that the investment managers engage with the underlying investee companies on such issues and this will be reviewed periodically by the Trustee and its investment adviser, Aon ("Aon").

The steps taken by the Trustee to monitor and assess ESG related risks and opportunities include the following:

- Training on RI will be conducted on a periodic basis. This is to ensure an understanding of how ESG-related risk factors, including climate change, may have an impact on the Scheme's assets and liabilities.
- The efforts of the Scheme's investment managers to improve ESG integration, consistency in measurement, and reporting within their portfolios will be monitored on an ongoing basis by the Trustee. ESG ratings, as provided by its investment adviser, will be reviewed wherever relevant and available.
- Investment managers are required to provide to the Trustee their Responsible Investment Policies for review on a periodic basis. Monitoring of these will be conducted, with input from Aon as and when appropriate.
- In addition to reviewing its policies, the Trustee will meet with the investment managers periodically. This will allow for discussion regarding the integration of ESG considerations into their investment decision-making process. The engagement actions of the managers will also be discussed. The Trustee will take an active approach to ensuring that any promised actions of the managers in this context are completed as expected within the relevant timeframe.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with monitoring reports being provided to the Trustee by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies[1] is designed to assess whether investment managers integrate

[1] Where Aon has undertaken research and due diligence and has given the strategy in question its highest rating "buy", this rating can be interpreted as follows "We (Aon) recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products".

responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the manager's RI related policies and procedures, including a review of its RI policy (if it has one), active ownership, proxy voting and/or engagement policies. After a thorough review of the available materials, data and policies, as well as conversations with the fund manager, Aon's lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Typically, the JIC meet with each asset manager on an annual basis. Due to the remote working environment arising from Covid-19, the Trustee did not conduct as many manager meetings during 2020 as would typically be the case, but was able to meet with Harris Associates (twice) and discussed recent performance, outlook and ESG factors specifically. The Trustee is committed to interviewing all the managers periodically.

It is recognised by the Trustee that the Scheme's RI Policy and monitoring actions will evolve to ensure alignment with the development of ESG-related issues and wider industry/regulatory requirements.

Discussions with the Principal Employer to align applicable ESG objectives

As noted, the Trustee recognises the important of ESG considerations and was an early adopter in this respect. It is evident from the RI Policy that the Trustee is seeking to align management of the Scheme with the ESG strategy and principles of Sopra Steria Limited (which is explicitly stated). Additionally, recognition of the importance of safeguarding the Scheme's assets in accordance with the long-term value enhancing objectives is stated in this policy.

Voting and engagement activity – listed equities

All three Sections of the Scheme were invested in the following equity funds in 2020:

Manager	Fund Name
MFS	MFS Global Equity
Morgan Stanley	Morgan Stanley Global Brands
Harris Associates	Harris Associates Global Equity Fund

Set out below are the comments that the Trustee has received from these managers in relation to their voting and engagement policies.

MFS

MFS comment:

"Voting Policy

MFS has entered into an agreement with Institutional Shareholder Services, Inc. (ISS) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. While MFS also receives research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc., MFS analyses all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS' voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research they receive from their proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms. All proxy voting decisions are made in what MFS believes to be the best long-term economic interests of their clients.

MFS does not, at this time, define a vote significant to particular strategies. "Significant votes" may have the following characteristics (among others): the vote is linked to certain engagement priorities; the vote is considered to be an engagement with the issuer; the vote relates to certain thematic or industry trends.

MFS Global Equity	Q1 2020	Q2 2020	Q3 2020	Q4 2020
% of resolutions voted on for which the fund was eligible	100%	100%	100%	100%
Of the resolutions on which the fund voted, % that were voted against management	3%	6%	9%	11%
Of the resolutions on which the fund voted, % that were abstained	0%	2%	1%	0%

Significant Voting Example

In March 2020, MFS voted against management in an advisory vote to ratify named executive officers' compensation against Walt Disney. MFS assessed this vote to be "significant" on the basis that it related to ongoing engagement priorities around executive compensation and linking executive pay to long-term performance. MFS voted against the executive compensation proposal due to concerns around the structure and magnitude of the executive pay program. While they have observed positive changes in recent years in response to shareholder feedback, they continued to have concerns with the pay structure. Through their engagement efforts with the company over the past couple of years, MFS has expressed their concerns with the proposed remuneration scheme. The company has been receptive to shareholder feedback and has made some changes to the overall plan, however, concerns still remain. MFS will continue to communicate concerns with the remuneration scheme to the company and provide feedback that they believe is in the best long-term interest of the company's shareholders.

Engagement Policy

Proxy-led engagement activity is conducted on a firm-wide level. MFS's proxy voting team engages in a dialogue or written communication with a company or other stakeholders when they believe that the discussion will enhance MFS's understanding of certain matters on the company's proxy statement that are of concern to shareholders. MFS may also engage in such dialogue regarding certain thematic topics of focus for their proxy voting committee. Some of the issues they discuss with company management teams, board members and/or other company representatives include executive compensation, director accountability, as well as various environmental, social and governance issues. When engaging with companies, the proxy voting team aims to: (i) explain the rationale behind their proxy votes; (ii) exchange views on relevant ESG issues; and (iii) potentially effect positive change with respect to such issues.

Engagement Example

In December 2020 MFS engaged with Cognizant. The focus of engagement was to discuss board composition, executive compensation, sustainability, diversity and culture. MFS met with the chairman of the board and chair of the compensation committee to discuss strategy, diversity and inclusion, board refreshment, proposed compensation changes and sustainability. This engagement is still ongoing. MFS will continue to analyse and discuss the evolution of the company's executive compensation plan, the company's ongoing sustainability efforts, its corporate culture initiatives, as well as any other topics relevant to the company."

Morgan Stanley Investment Management (MSIM)

MSIM comment:

"Voting Policy

MSIM receives proxy voting research from the Institutional Shareholder Services (ISS) and Glass, Lewis & Co., Inc. The ISS voting platform is used but votes are cast by MSIM employees. MSIM Affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which the MSIM Affiliates manage assets, consistent with the objective of maximizing long-term investment returns.

Morgan Stanley Global Brands Fund	***2020***
% of resolutions voted on for which the fund was eligible	*100%*
Of the resolutions on which the fund voted, % that were voted against management	*9%*
Of the resolutions on which the fund voted, % that were abstained	*0%*

Significant Voting Example

An example of a significant vote is MSIM voting against management of Reckitt Benckiser Group in May 2020. The proposal was seeking approval on the remuneration report. MSIM stated it had concerns over the company's short term and long-term performance metrics and will continue to engage with the company on this topic. This vote was deemed significant on the basis that it is a vote against management's recommendation.

Engagement Policy

MSIM works to ensure that shareholder engagement is effective and works in the best interest of clients to improve the long-term returns from the companies in which we invest. Engagements are conducted regularly by Investment teams and the Global Stewardship Team, which is dedicated to promoting investment stewardship activities, including proxy voting and engagement, across the firm. Investment teams engage with companies throughout their investment process on a broad range of issues including a company's strategy, financial and non-financial performance, risk management, corporate governance, sustainability initiatives, and capital structure.

Engagement Example

In 2020, MSIM engaged with Microsoft to better understand the company's decarbonation strategy's and the actions they are taking to meet them. MSIM engage with senior management (the C-suite), investor relations and the sustainability team within the company. From this engagement MSIM learnt:

***Decarbonisation target**: Carbon negative*

Reduction examples

- *Significant reduction opportunity moving businesses from on-premise to Cloud.*
- *Cloud is up to 93% more energy-efficient and up to 98% more carbon-efficient than on-premise*
- *Global campus vehicle fleet to be electrified by 2030*
- *Paid for the removal of 1.3 million metric tons of carbon from 26 projects around the world.*
- *The Xbox team developed a feature reducing power in "standby" mode from 15W to less than 2W*

Recent carbon announcements

- *Heading towards 100% renewable purchase power agreements for data centres*
- *Included progress on sustainability goals as a factor in determining executive pay from next fiscal year.*
- *Committing to future carbon, water, waste, and ecosystems data to be reviewed by an independent third party*

MSIM are continuing to monitor the company's progress, including its progress towards meeting its proposed targets."

Harris Associates

Harris comment:

"*Voting policy*

Harris Associates (Harris) has long been active in voting proxies on behalf of shareholders in the belief that the proxy voting process is a significant means of addressing crucial corporate governance issues and encouraging corporate actions that are believed to enhance shareholder value. Harris has a Proxy Voting Committee comprised of investment professionals that review and recommend policies and procedures regarding their proxy voting and *ensures compliance with those policies. The proxy voting committee is responsible for recommending proxy voting guidelines, establishing and maintaining policies and procedures for proxy voting, and ensuring compliance with these policies and procedures. In most cases Harris will vote according to the Harris Associates voting policy. If the analyst covering a stock believes that they should vote contrary to this for a given agenda item, that request is made to the firm's Proxy Voting Committee, who makes the final decision.*

Harris has engaged ISS[2], an independent proxy voting service provider, to assist in voting proxies. Harris uses information from ISS as a supplement to its own internal research database regarding the companies in a client's portfolio.

Harris states that it will normally vote in line with management's recommendations, as it believes "voting with management is generally the same as voting to maximize the expected value of investments" following the extensive assessment of the company's management when choosing to invest. One example where Harris voted against management was in relation to executive officers' compensation at Liberty Global plc. Harris, along with c. 35% of shareholders voted against management regarding its remuneration policy, as it believed the CEO's compensation was excessive, and that half of it was time based, rather than performance."

[Harris does not make their voting records public so we are unable to provide voting statistics.]

"Engagement policy

Harris regularly monitors invested companies and takes appropriate action if investment returns are at risk. To ensure that the companies are acting in their shareholders' best interests, Harris regularly communicates with management about new initiatives and matters affecting the business. Annually, Harris has more than a thousand management meetings with C-level executives and board members. Harris' meetings address long-term sustainability issues and managements plans to proactively deal with business risks and opportunities, including potential environmental, social and governance (ESG) issues, when relevant.

In November 2020, Oracle faced a shareholder resolution at its annual meeting regarding gender and racial pay gap reporting. After considering the case, Harris decided to vote with management against this resolution, but engaged with the company directly to communicate the importance that Harris attach to this issue, which they will continue to monitor."

[2] *Institutional Shareholder Services*

Voting and engagement activity – other asset classes

During 2020, the Scheme also invested in a number of other asset classes and strategies, including fixed income, currency hedging, infrastructure, commercial property and bank capital relief. The following table shows the funds in which material investments were held and (with crosses) the Sections of the Scheme which held those investments.

Manager	Fund	SMP Section	SPP Section	SRP Section
BlackRock	*BlackRock Active Bonds*	x	x	x
	BlackRock Currency Hedge	x	x	x
	BlackRock Absolute Return Bonds	x		
DRC	*DRC Capital UK Whole Loan Fund*	x	x	x
Macquarie	*MIEF II (Macquarie European Infrastructure Fund II)*	x		x
Brookfield Infrastructure Partners	*BIF III (Brookfield Infrastructure Fund III)*	x		x
Global Infrastructure Partners	*GIP IV (Global Infrastructure Partners Fund IV)*		x	x
	GIP III (Global Infrastructure Partners Fund III)	x		x
	GIP II (Global Infrastructure Partners Fund II)		x	
Schroders	*Steria Pooled Investment Fund (commercial property)*	x	x	x
Christofferson Robb & Co (CRC)	*CRC Bank Capital Relief Fund XV*	x	x	x
Barings	*Barings Global Loan Fund*	x	x	x

While the Trustee acknowledges that the ability of fund managers to engage with and influence investee companies may be less direct in some of these cases than in the case of listed equity holdings, from the information received, it is encouraging that the managers are aware and active in their roles as stewards of capital.

The following examples demonstrate some of the engagement activities being carried out by the fund managers concerned over the year.

Global Infrastructure Partners (GIP) – infrastructure

GIP's stewardship policy is embedded within their ESG Policy in which GIP has stated that:

"GIP is committed to being best-in-class in ESG practices. To demonstrate our commitment, GIP became a signatory to the United Nations Principles for Responsible Investing ("UNPRI") in 2020, providing third party assurance internally and externally of our ESG performance. While GIP has always been aligned with the UNPRI principles through incorporating ESG considerations into our investment analysis, decision-making and ownership policies and practices, we believe that officially applying these principles reinforces our long-held commitment to ESG and leads to better quality investment outcomes. As part of this commitment, GIP will continue encouraging our portfolio companies via its active ownership and stewardship approach to advance GIP's ESG-related principles in a manner consistent with their fiduciary duties…"

GIP comment:

"Engagement example

2020 represented the first year of Pacific National's (Australia's largest private rail freight operator) three-year Modern Slavery action plan to comply with Australia's Modern Slavery Act and to reduce the potential risks of modern slavery in its operations and supply chain. Pacific National's journey started with identification of potential risks of modern slavery within its operations and its supply chain and continued with Board and Executive Leadership support of the detailed three-year plan. The company updated its Code of Conduct, created a Supplier Code of Conduct, and *communicated its expectations and values related to modern slavery and human rights to its employees and contractors. Pacific National's newly established cross-functional Modern Slavery Working Group oversees and implements the action plan and is responsible for managing the risk and implementation of the plan across the organization. Pacific National's actions are in line with GIP's own actions. GIP has assessed not only modern slavery risks and their impact on business operations and supply chains of our portfolio companies, but also the modern slavery risks in GIP's own business operations. GIP currently provides a statement under the UK Modern Slavery Act and is expected to do the same under the Australian Modern Slavery Act."*

Schroders – commercial property

Schroders produces an Annual Sustainability Report which addresses ESG considerations, including provision of specific case studies of Schroders' actions and resulting outcomes.

Schroders' Real Estate business participates in the Global Real Estate Sustainability Benchmark (GRESB), the industry standard Real Assets sustainability benchmark, where the Fund scores well versus its peers (outperforming its peer group on each assessed metric). Schroders acknowledge that improving the characteristics of its asset portfolio is key to efficiency and improving asset values.

Schroders requires developments and refurbishments to incorporate sustainable standards and building certifications with minimum standards in place. Schroders has also set specific targets across the Real Estate portfolio, which we view as a meaningful commitment to action. These include:

- Reduction of energy consumption by 18% over 2016-2021
- 32% reduction in greenhouse gas emissions over 2016-2021
- Zero landfill waste
- 100% consumption of renewable electricity

The Trustees recognise that the investment nature and processes may mean that stewardship is potentially less applicable or may have a less tangible financial benefit. Nonetheless, the Trustees still expect that all their managers should open a dialogue to engage with key stakeholders they invest in should they identify concerns that may be financially material. The reporting from Schroders in this area is of a high standard.

Barings – bank loans

Barings comment

"Barings' approach to engagement is set out in their Barings Global Sustainability Policy (refer to page 11 of the Policy via the following link - https://bwebprod.blob.core.windows.net/assets/user/media/Barings-Global-Sustainability-Policy-2021.pdf.

Barings firm wide company engagements can be accessed via the following link - https://bwebprod.blob.core.windows.net/assets/user/media/Barings-ESG-Engagements_2020.pdf.

At a fund level, Barings' Global High Yield Investment Group (the Group) engages with portfolio companies with a focus on changing behaviour in key risk areas and improving disclosure on key ESG topics in a part of the market, which generally lags equities and investment grade. The Group's research analysts are best placed to undertake this engagement process given their detailed knowledge of the companies and strong relationships with management and financial sponsors.

As a fundamental active manager, Barings believes in rigorous asset underwriting in evaluating whether to lend to a borrower or not. As part of this analysis, Barings' investment professionals perform the same time-tested investment process on every new primary market transaction and on a continual basis with those assets that have been approved as part of the investment thesis.

investment process on every new primary market transaction and on a continual basis with those assets that have been approved as part of the investment thesis.

Active engagement with companies, therefore, begins with their deep bench of credit analysts and portfolio managers. Barings conducts numerous on-site visits and meet with management teams as part of this rigorous due diligence process. Fundamental analysis of ESG is of increased importance given the limited disclosure on High Yield issuers and the weaker coverage by third-party ESG providers. Additionally, Barings has engaged with companies that they lend to by raising concerns about ESG risks with management teams. Their responses influence our decision to maintain or alter Barings' investment thesis.

Engagement example

A recent engagement example is a jewellery retailer, which is a loan issuer where Barings hold underweight positions across Barings loan portfolios. In March 2020, the company paid a €52m dividend out of the group which was permitted under the loan facilities agreement. This action was viewed as very poor corporate governance as the dividend payment was made at a point in time when the company knew there was potential for significant upcoming disruption to business operations from COVID-19. Barings engaged with senior management and sponsors to demand repayment of the dividend into the business. Barings also leveraged their scale as a significant lender to make their consent to a separate company amendment request to waive an excess cash flow repayment contingent on the cash being put back into the business. Ultimately, this engagement proved successful with sponsors and management making an irrevocable written commitment to repay the dividend into the business."

BlackRock – bonds and currency hedging

BlackRock state that they aim to enhance the long-term value of client assets through their proxy voting and engagement activities. BlackRock's Investment Stewardship team engage with companies in both active and indexed investment strategies, noting the importance of engagement within index-based strategies where divestment is not an option. BlackRock use engagement as a tool to raise concerns regarding governance and sustainability issues that may affect the long-term performance of the company.

The BlackRock Investment Stewardship Team's (BIS) stated key engagement priorities include:

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Compensation that promotes long-termism
- Human capital management.

BlackRock states that it has increased its engagement activity year on year significantly on a variety of key issues, including having over 400 engagements with companies where they discussed the impact of COVID-19. More information can be found in the BlackRock Investment Stewardship Annual Report 2020:

https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf

BlackRock comment:

"Engagement Example

An example of an engagement by the BlackRock BIS team was that with Exxon, a multi-national oil and gas company. In their discussion with the company, they discussed several engagement topics such as governance structure, corporate strategy, environmental risks and opportunities. These included questions from the BIS team including, the company's approach to the European regulatory environment, their views on electric vehicle penetration as a risk to their business, and their risk management in relation to physical climate change risks.

BlackRock have stated that their ongoing dialogue has been largely constructive and effective, however there have also been matters where the company wasn't adequately responsive to shareholder feedback. As a result, they voted *against the re-election of the lead independent director for the company's lack of progress on climate-related disclosure and supported a shareholder proposal seeking a report on the extreme weather resilience of certain operations. This is consistent with their view to first engage with companies on their concerns and to subsequently hold directors accountable if those concerns are not sufficiently addressed.*

BlackRock anticipate further dialogue with the board and management and remain optimistic that their recommendations to enhance governance and transparency will lead to additional positive future outcomes"

Macquarie Infrastructure and Real Assets (MIRA) - infrastructure

MIRA comment:

"MIRA have carried out a number of new initiatives recently. For example, in early 2019, they formalised a policy restricting investments in businesses with exposure to coal where no further investments will be made in standalone coal fired generation or in any asset for which more than 25% revenue is dependent on coal. MIRA is actively encouraging and supporting decarbonisation within its portfolios, and more information can be found here: https://www.mirafunds.com/assets/mira/our-approach/sustainability/infrastructure-sustainability-report-centre-line.pdf

Engagement example

MIRA's latest Infrastructure Sustainability Report was published in August 2020 on their website (link below) which includes various engagement examples in 2019:

https://www.mirafunds.com/uk/en/our-approach/sustainability.html"

MIRA was unable to provide an engagement example for 2020. However, the Trustee welcomes the steps and actions MIRA has taken so far to fulfil its commitment to sustainability.

DRC – commercial real property debt

DRC comment:

"DRC undertake technical and environmental due diligence on every asset that they finance. They are presently beta testing a detailed ESG due diligence approach alongside their technical advisors. DRC have also started a process of having quarterly ESG briefings with specialist advisors, who have the remit of monitoring developments, they also take part in the DRC Investment Committee. DRC have also confirmed that the UK Whole Loan Fund in particular has made five investments with advanced ESG aspects (c.23%) of the fund, however, have not provided further detail or transparency on these investments or how they have engaged with the asset issuers."

The Trustee welcomes that DRC became a signatory to the PRI in 2020. DRC has stated that it is currently reviewing the UK Stewardship Code 2020 and will consider becoming a signatory as part of the Savills Investment Management / DRC partnership.

The Trustee would welcome a formal responsible investment policy being made public and looks forward to increased disclosure of examples of engagement and stewardship in practice.

Brookfield - Infrastructure

Brookfield has commented it has a strong commitment toward ESG integration and detail of their policy is set out in the following link: https://www.brookfield.com/responsibility

Brookfield was unable to provide an engagement example. However, the Trustee welcomes the fact that, in February 2020, Brookfield became a signatory to the PRI, the leading proponent of responsible investment. Brookfield has stated that it expects its first reporting submission to be made public in July 2022. Reported signatory data will be available to the public via the PRI website, where investors will be able to access Brookfield's Transparency Reports.

The Trustee would like to see more public disclosure regarding Brookfield's stewardship activities.

Christofferson Robb & Co (CRC) – bank capital relief

CRC comment:

"For 18 years, CRC has been an important partner for European banks seeking Risk Sharing Transactions (RSTs). RSTs efficiently improve banks' capital ratios and provide CRC funds with investments that generate low double-digit net returns that hold up under extreme economic stress. CRC manages $5.2 bn dedicated to Risk Sharing Transactions with European banks. RSTs are sometimes called "Capital Release" or "Capital Relief" Transactions.

While relieving European banks of urgent capital pressures, CRC constructs high-yielding 'bond-like' EUR-denominated investments that are resilient to economic turmoil and insolvency of the issuing banks. Due to the nature of these RSTs, engagement is most active at the formation of the fund.

CRC's 'engagement' with each banking counterparty per transaction is an ongoing one: they bilaterally negotiate commercial terms, then bilaterally negotiate documents (non-disclosure agreement, financial guarantee, pledge agreement, deposit agreement, etc.), arrange execution, then have ongoing dialogue through, for example, the ramp up or replenishment of the deal, receive reports and even, in some cases, bilaterally negotiate termination. Once the deals are agreed, there is limited-to-none engagement with the banks until the maturity of the funds (ranging from 3 years to 6 years). CRC was unable to provide an engagement example.

CRC has developed their own ESG policy with the ESG integration embedded in their investment selection process."

Additional points

The Trustee's investment adviser, Aon, has gathered information from the Trustee's asset managers to support the production of this statement. Due to varying stewardship reporting styles, the information is not in an exactly consistent manner. Over time the Trustee expects industry-wide templates to be more widely adopted and more consistent information to be received from asset managers. Aon is working with the asset managers to improve the data they provide; in the meantime, however, the Trustee believes it is reasonable to use the information provided by them for the purpose of this statement.

This statement does not disclose stewardship information on the Scheme's liability driven investment (LDI) portfolios (which are managed by BlackRock and are largely invested in UK government gilts and swaps) or on their investments in BlackRock's Sterling Liquidity Fund (which is a cash-like money market fund) due to the limited materiality of voting and engagement to those asset classes.

This statement does not disclose information on the Scheme's additional voluntary contribution (AVC) platform providers or funds on the grounds of materiality.

In summary

Based on the activity over the year by the Trustee and its investment managers, the Trustee is of the opinion that its voting and engagement policy has been implemented effectively in practice. The Trustee notes that most of its investment managers were able to disclose and demonstrate strong evidence of voting and engagement activity.

The Trustee expects improvements in activity and disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

14 June 2021