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LANDIS GRINDING SYSTEMS PENSION FUND

ANNUAL REPORT

YEAR ENDED 5 APRIL 2021

SCHEME REGISTRATION NUMBER: 10273536

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LANDIS GRINDING SYSTEMS PENSION FUND

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LANDIS GRINDING SYSTEMS PENSION FUND

TRUSTEES AND THEIR ADVISERS
FOR THE YEAR ENDED 5 APRIL 2021

Trustees
BESTrustees Limited – represented by Ann Rigby (Employer-Appointed)
A Howarth (Member-Nominated)
P Snowden (Employer-Appointed)

Principal Employer
Fives Landis Limited
Eastburn Works
Skipton Road
Cross Hills
Keighley
BD20 7SD

Plan Actuary
David Jarman
Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
CR0 2LX

Plan Administrator and Consultant
Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
CR0 2LX

Independent Auditor
Nortons Assurance Limited
Highlands House
Basingstoke Road
Spencers Wood
Reading
Berkshire
RG7 1NT

Bank
Clydesdale Bank PLC (trading as Virgin Money)
48-50 Market Street
Manchester
M1 1PW

Fiduciary Investment Manager
River & Mercantile Solutions
One Aldermanbury Square
London
EC2V 7HR

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Legal Adviser
Field Fisher
Riverbank House
2 Swan Lake
London
EC4R 3TT

Custodian
CACEIS
Broadwalk House
5 Appold Street
London
EC2A 2AG

Insurance Policy Provider
Legal and General
PO Box 6080
Wolverhampton
WV1 9RB

Enquiries
Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
CR0 2LX

Email: Landis@premiercompanies.co.uk

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Introduction

The Trustees of the Landis Grinding Systems Pension Fund (the "Plan") are pleased to present their report together with the financial statements for the year ended 5 April 2021. The Plan is a defined benefit scheme.

The Plan was established on 1 July 2005 and is governed by a definitive trust deed dated 30 June 2006.

With effect from 5 April 2008 the Plan became a Career Average Revalued Earnings ("CARE") Scheme in relation to future service. The past service benefits were calculated as at 5 April 2008 using Final Pensionable Salary as at 6 April 2008. The Plan was closed to new entrants with effect from 30 April 2012. The Plan has also been closed for future accrual with effect from November 2013. There is now a new category of Employed Deferred membership which consists of Fives Landis Limited Employees who are no longer accruing benefits due to the closure of the Plan.

Management of the Plan

A list of Trustees is on page 1.

Under the Pensions Act 2004, from 6 April 2006, scheme trustees (including those whose Sponsoring Employers opted out of the 1996 Member-Nominated Trustee requirements) are required to ensure that at least one third of trustees are nominated and selected by the members.

The Member-Nominated Trustee may be removed before the end of their three-year term only by agreement of the remaining Trustees, although their appointment ceases if they cease to be a member of the Plan.

In accordance with the trust deed, the Principal Employer, Fives Landis Limited, has the power to appoint and remove the other Trustees of the Plan.

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

During the year, five Trustee Meetings were held.

Governance and Risk Management

The Trustees have in place a risk register and business plan that sets out their objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Plan efficiently and serves as a useful reference document.

Trustee Knowledge and Understanding

The Pensions Act 2004 requires Trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Plan documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding, to assist trustees on this matter, which became effective from 6 April 2006. The Trustees receive regular training and have agreed a training plan. This enables the Trustees to meet the Trustee Knowledge and Understanding requirements.

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Recent Developments

COVID-19

A coronavirus disease, COVID-19, began to spread globally in early 2020 and has been declared a pandemic by the World Health Organization. Its emergence and reactions to it have already had a profound effect on both the domestic and global economies and financial markets. The short and long-term impacts of the COVID-19 pandemic, and the true extent of such impacts, are by their very nature uncertain and will be determined by many factors. Such factors include the effectiveness of government and other health measures to contain and prevent the spread of the virus and the effectiveness of economic stimulus, emergency relief, and other government programs, initiatives and actions implemented or taken to mitigate the economic, financial and other disruptions caused by the COVID-19 pandemic.

The COVID-19 pandemic may impact the investment and operational risks to which the Plan is exposed. The Trustees are working with the Plan's important outsourced providers to ensure continuity of services during the COVID-19 pandemic. All aspects of business as usual have continued to be successfully delivered with no interruption to services provided to the Plan membership and with the Plan Administrator continuing to meet their statutory timescales. All payments from the Plan have been made on time including pension payments to the Plan's retired members. The Plan Administrator is confident that this level of service can continue to be provided throughout any further lockdown period. The Trustees have been carefully monitoring the Plan's investments during these very volatile times.

At this time, there remains uncertainty as to how long the COVID-19 pandemic will last and as to the extent and duration of the economic, financial and other disruptions caused by the pandemic. Consequently, there remains considerable uncertainty relating to precisely how the COVID-19 pandemic will impact the investment and operational risks to which the Plan is exposed and whether or to what extent any such impact will be temporary or lasting. These activities are subject to supervision and oversight by the Trustees.

The Trustees will continue to monitor the impact of COVID-19 on their financial position through the usual governance mechanisms, including the Trustees' regular oversight. In the immediate future, the Trustees are working hard to continue to deliver member services during the COVID-19 pandemic.

The Trustees are responsible for making an assessment as to whether the 'going concern' basis is appropriate for preparing these financial statements. The Trustees have carefully assessed the long-term prospects of the Plan taking into account the current position, the main risks faced and the measures in place to monitor and manage these risks. The Trustees receive financial updates from the Employer at each Trustee meeting as well as independent advice to help assess this. The Trustees anticipate that the Plan will be able to continue to operate successfully.

Membership
Details of the Plan's membership for the year ended 5 April are given below:

	2021	2020
Pensioners		
Pensioners at the start of the year	**97**	*86*
Adjustments	**-**	*1*
Retirements	**3**	*11*
Spouses and dependents	**1**	*-*
Deaths	**(1)**	*(1)*
Pensioners at the end of the year	**100**	*97*
Deferreds		
Members with deferred benefits at the start of the year	**169**	*182*
Adjustments	**-**	*(1)*
Retirements	**(3)**	*(11)*
Transfers out	**(2)**	*(1)*
Deaths	**(1)**	*-*
Deferreds at the end of the year	**163**	*169*
Total Membership at 5 April	**263**	*266*

Deferred members at the year end included Employed Deferred members totaling 87.

These membership figures do not include movements notified to the Plan Administrator after the completion of the annual renewal. The adjustments relate to late notifications of member movements.

Included in the above are 3 *(2020: 3)* pensioners whose benefits are provided by annuities.

Financial Development of the Plan
The financial statements on pages 20 to 34 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the Plan has increased from £37,990,702 at 5 April 2020 to £41,969,005 as at 5 April 2021.

Calculation of Transfer Values
No allowance is made in the calculation of transfer values for discretionary pension increases.

Pension Increases
The increases for pensions in payment on 1 April were as follows:

	2021 **%**	*2020* *%*
GMP for service after 5 April 1988:	**0.5**	*1.7*
Pension relating to service after 6 April 1997:	**0.5**	*1.7*
Pensions relating to service after 6 April 2007:	**0.5**	*1.7*

No increase was applied to the Guaranteed Minimum Pension earned in respect of service before April 1988 since this pension is increased separately by the State. Increases calculated in this manner are guaranteed. No discretionary increases were made during the year.

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Report on Actuarial Liabilities

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

A summary of the funding position as at 5 April 2020, the date of the latest actuarial valuation of the Plan, showed the following:

	£m
Value of liabilities:	(59.9)
Value of assets:	38.0
Funding deficit:	(21.9)
Funding level:	63%

If the Employer goes out of business or decides to stop contributing to the Plan, the Plan may be "wound up" and the Employer would be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Plan's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position". A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation as insurers are obliged to take a very cautious view of the future, and they also seek to make a profit.

The actuarial valuation at 5 April 2020 showed that the Plan's assets would not have been enough to buy all members' benefits from an insurance company, as the "buy-out position" at that date was:

	£m
Estimated cost of buying benefits with an insurance company:	(89.7)
Value of assets:	38.0
Buy-out position deficit:	(51.7)
Funding level:	42%

This does not mean that the Employer is thinking of winding up the Plan. The fact that there was a shortfall at the last valuation has not affected the pensions being paid from the Plan and all members who have retired have received the full amount of their pension.

It is worth remembering that a valuation is just a "snap shot" of the Plan's funding position, and it can change considerably if there are sudden changes in share prices, gilt yields, or members live longer than expected.

Report on Actuarial Liabilities (continued)

Method

The actuarial method used in the calculation of the technical provisions is the Defined Accrued Benefits Method.

Significant Actuarial Assumptions

The key assumptions used for calculating the technical provisions as at 5 April 2020, and future contribution requirement for the Plan were:

Non-Pensioners	
Discount Rate – Post retirement	1.35% p.a.
Discount Rate – Pre retirement	1.85% p.a.
RPI Price Inflation	2.95% p.a.
CPI Price Inflation	RPI less 0.7% p.a. 2.25% p.a.
Pension Increases in Payment – Post 1997 and Pre 2007 accruals	2.25% p.a.
Pension Increases in Payment – Post 2007 accruals	1.95% p.a.
Mortality	Base table: S3PxA Allowance for future improvements: CMI_2019
Pensioners	
Discount Rate	1.10% p.a.
RPI Price Inflation	3.15% p.a.
CPI Price Inflation	RPI less 0.7% p.a. 2.45% p.a.
Pension Increases in Payment – Post 1997 and Pre 2007 accruals	2.45% p.a.
Pension Increases in Payment – Post 2007 accruals	2.5% p.a.
Mortality	Base table: S3PxA Allowance for future improvements: CMI_2019

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Report on Actuarial Liabilities (continued)

Recovery Plan
The Trustees and Employer have agreed the following Recovery Plan that will make good the deficit over a period of 12 years and 4 months from the valuation date, ending on 31 August 2032:

- Contributions of £126,600 per month between 1 April 2020 and 31 March 2021.
- Contributions of £131,411 per month between 1 April 2021 and 30 June 2021.
- Contributions of £83,333 per month between 1 July 2021 and 30 June 2024.
- Contributions of £125,000 per month payable from 1 July 2024 to 31 August 2032 (inclusive), increasing by 3% p.a. each April.

The agreed Recovery Plan allowed for an improved funding position, taking into account of factors post the effective date of the valuation, when the estimated funding position as at 31 March 3021 had improved from a deficit of £21.9m to a deficit of £14.87m.

The Actuarial Certificate in relation to the Schedule of Contributions is shown on page 35 of the Annual Report.

The next full valuation is due as at 5 April 2023.

Investment Matters

Fiduciary Investment Manager

The Trustees have entered into an Investment Management Agreement with River and Mercantile Investments Limited ('River and Mercantile Solutions') as the Fiduciary Manager of the portfolio of the Plan's assets and investments.

The Trustees have chosen to implement their investment strategy through River and Mercantile Solutions' Fiduciary Management service, an implemented solution which allows trustees to retain ownership of those decisions which have the greatest importance to the Plan's investment strategy – framing objectives, allocations to on-risk/off-risk assets, risk tolerance – whilst delegating other decisions to River and Mercantile Solutions.

In addition, the Trustees have appointed CACEIS as custodian of the Plan's assets.

Investment Strategy & Objective

The Trustees have delegated the investment of the Plan's assets to the Fiduciary Manager, which has discretion to invest the Plan assets in underlying securities and funds, either directly or through the use of other investment managers (hereafter referred to as the 'Underlying Managers') to run the portfolio on a day-to-day basis. The Trustees have acknowledged and considered with sufficient diligence the potential conflict that may arise from the Fiduciary Manager and the Investment Adviser being the same organisation.

The overall objective of the Plan is to meet the benefit payments promised as they fall due. The Trustees have set the following qualitative objectives:

1. The acquisition of suitable assets, having due regard to the risks set out in this Statement, which will generate income and capital growth to pay, together with contributions from the Sponsoring Employer, the benefits which the Plan provides as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to any statutory funding requirement.
3. To achieve a return on investments which has a reasonable chance of meeting the Plan Actuary's assumptions over the long term.

In quantitative terms, the Trustees invest in a blend of Growth assets (consisting of Dynamic Assets and an Equity Derivative Overlay Strategy) that broadly targets 3% above cash, and a liability hedge which aims to mitigate the change in the liabilities. The Trustees decide the blend of these funds to target the appropriate return for the Plan, this is shown in the Quarterly Monitoring Report.

The Trustees' long-term objective for the Plan is to target an investment return objective of approximately 2.55% per annum (net of fees) in excess of the returns on the Liability Benchmark Portfolio ("LBP").

In addition to framing the investment objective, the Trustees are responsible for setting the split of assets between return-seeking assets (known as the Growth Assets) and liability-matching assets (known as the Liability Hedging Assets).

Based on consideration of the Plan's liabilities and the desired investment objective, the Trustees have adopted a 60% Growth Assets/40% Liability Hedging Assets split, previously an 85% Growth Assets/15% Liability Hedging Assets split. The Fiduciary Manager has discretion to implement the Trustees' investment strategy in order to meet the objective, as described below.

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Investment Matters (continued)

Investment Strategy & Objective (continued)

Liability Hedging Assets (LHA)
The LHA are invested in a portfolio of directly held gilts, which are expected to move closely in line with the rise and fall in liability values, thus providing a degree of protection to the Plan's funding position. The objective for the LHA is to achieve a return in line with the LBP, after the deduction of fees.

The LHA also contains OTC derivatives, which extend the liability matching provided by the gilts to changes in interest rate and inflation expectations.

Growth Assets (GA)
The GA hold a diverse portfolio of assets that are expected, in the longer term, to exceed the growth in the value of the Plan's liabilities. The objective for the GA is to achieve a return of at least 3.125% per annum in excess of the return of cash, after the deduction of fees, over rolling three year periods.

During the year, the GA have been invested in a diversified portfolio of equities, global government, high yield, and emerging market bonds, and alternative assets such as hedge funds and leveraged loans.

The aim of the Equity Derivative Overlay Strategy (EDOS1) is to provide the Plan with exposure to potential equity market rises, whilst providing protection against falls in the equity market. Combined with a gilt investment, the EDOS1 creates a synthetic exposure to UK equity.

The following table shows the asset class restrictions of the GA as well as the asset allocation as a proportion of the GA at the current and prior year end:

Asset Class	Min %	Max %	2021 %	*2020* *%*
Equities	20	65	**52.2**	*33.9*
Property	0	20	**8.2**	*6.8*
Alternatives	0	40	**15.1**	*21.5*
Return Seeking Credit	0	45	**13.1**	*12.2*
Commodities	0	15	**0.0**	*0.0*
Cash & Sovereign Bonds	0	40	**11.4**	*25.6*
Equities & Commodities	20	70	**52.2**	*33.9*
Sub-Investment Grade Debt	0	30	**5.9**	*8.4*
Equities and Sub-Investment Grade Debt	20	80	**58.1**	*42.3*

▪ *Please note clean values have been used where applicable. All restrictions expressed as a proportion of the Dynamic Assets. Currency hedging is not included in the figures above.*

Investment Matters (continued)

Investment Performance

Performance of the Plan's assets against the objectives is shown below:

Portfolio Section	1 Year (%)	3 Years p.a. (%)	5 Years p.a. (%)
Growth Assets	21.3	5.1	6.6
Objective	3.2	3.6	3.5
Relative	18.1	1.5	3.1
Total Portfolio	13.6	6.8	9.6
Objective	1.9	5.8	7.9
Relative	11.7	1.0	1.7

Performance is shown net of fees to the extent that fees are paid from assets.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995, dated September 2020. A copy of the Statement is available on request. The main priority of the Trustees when considering the investment policy is to make available investment funds which serve to meet varying needs and risk tolerance of the Plan.

Environmental, Social and Governance Considerations (ESG)

The Trustees and Fiduciary Manager have agreed, and will maintain, formal agreements setting out the scope of the Investment Manager's activities, charging basis and other relevant matters. The Fiduciary Manager has been provided with a copy of this SIP and is required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

The Trustees have appointed the Fiduciary Manager to implement the Plan's investment strategy. The Fiduciary Manager manages assets directly on behalf of the Trustees as well as having delegated authority to appoint, monitor and change the Underlying Managers.

The Fiduciary Manager is appointed to carry out its role on an ongoing basis. The Trustees periodically review the overall value-for-money of using R&M Solutions, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustees are satisfied that these arrangements incentivise the Fiduciary Manager:

- to align its investment strategy and decisions with the Trustees' investment policies, such as their return target and the restrictions detailed in the Fiduciary Management Agreement, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Plan's performance, which is measured relative to the Trustees' long-term performance objectives.

The Plan investments are generally made via pooled investment funds, in which the Plan investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes (such as capital structure) or other financially material considerations, is delegated to the underlying managers.

Investment Matters (continued)

Environmental, Social and Governance Considerations (ESG) (continued)

The Trustees have delegated responsibility for monitoring and voting on decisions relating to their underlying manager holdings to the Fiduciary Manager. The Fiduciary Manager has in place a voting policy which sets out how it will aim to vote at general meetings of a pooled fund. For any special resolutions or extraordinary general meetings, the proposed votes of the Fiduciary Manager are subject to additional sign-off by the appropriate representative from the Investment Manager.

The Fiduciary Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The Fiduciary Manager reviews the governance structures of Underlying Managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Fiduciary Manager assesses whether Underlying Manager remuneration arrangements are aligned with the Trustees' objectives. The method and time horizon for evaluating and remunerating Underlying Managers is determined by criteria set by the Fiduciary Manager, as detailed above.

The Trustees acknowledge the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the Fiduciary Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Fiduciary Manager directly monitors these as part of their regulatory filings (where available), the Fiduciary Manager also monitors this as part of ongoing review. The Fiduciary Manager's Conflict of Interest policy is available publicly here:

https://riverandmercantile.com/Asp/uploadedFiles/file/Corporate_Governance/RMG_Conflicts_of_Interest_Policy.pdf

The Fiduciary Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Investment Manager's expectations. Where there are material deviations the Fiduciary Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

These considerations which include the below "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. All references to ESG also include climate change.

The Trustees delegate consideration of financially material factors to the Fiduciary Manager who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. As part of their ongoing monitoring, the Trustee reviews some key metrics on a regular basis that are provided by the Fiduciary Manager covering ESG which enable them to engage with the Fiduciary Manager and understand the impact of ESG on the portfolio

ESG factors and stewardship are considered, in the context of long term performance, by the Fiduciary Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Fiduciary Manager monitors the ESG implementation and on-going compliance with other factors, like stewardship as a part of overall engagement.

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Investment Matters (continued)

Custodial Arrangements

The custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Underlying investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments. The Trustees have appointed CACEIS as custodian of the Plan's assets held through River & Mercantile Total Investment Governance Solution ("TIGS").

Employer-Related Investments

There were no Employer-related investments during the year.

Investment Management Expenses

Investment management expenses are met by the Plan.

Compliance Matters

Data Protection

The Trustees are registered as Data Controllers within the meaning of GDPR guidelines (formerly under the Data Protection Act 1998) to hold such information as is necessary for the management of the Plan. Premier Pensions Management Ltd is registered as a Data Processor under GDPR guidelines (formerly under the Act).

The Pensions Regulator

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

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0345 600 1101
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

The Pension Tracing Service

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

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

MoneyHelper

For any general enquiries on their pensions, members can contact the MoneyHelper Service. A local advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

MoneyHelper
120 Holborn
London
EC1N 2TD

Telephone: 0800 011 3797
Email: contact@maps.org.uk
Website: www.moneyhelper.org.uk

Compliance Matters (continued)

The Pensions Ombudsman

Any concerns connected with the Plan should be referred to Premier Pensions Management Ltd, AMP House, Dingwall Road, Croydon, CR0 2LX as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their Plan which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with The Pensions Ombudsman. The address is:

Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Enquiries

Members can obtain information about their own pension benefits, copies of the Plan's governing documentation or further information about the Plan by contacting:

Landis Grinding Systems Pension Fund
Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
CR0 2LX

Telephone: 0800 122 3200
Email: Landis@premiercompanies.co.uk

Statement of Trustee's Responsibilities

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

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

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

The Trustees are also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustees also have 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, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received 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 Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed for and on behalf of the Trustees by:

Trustee: DocuSigned by: A P Rigby D690ADDE9CB5409... Date: 14 October 2021

Trustee: DocuSigned by: C9AF89D7A1A444F... Date: 14 October 2021

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Opinion

We have audited the financial statements of the Landis Grinding Systems Pension Fund for the year ended 5 April 2021, which comprise the Fund account, the Statement of Net Assets (Available for Benefits) and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 5 April 2021 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information.

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

Other Information (continued)

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

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement on page 16, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are 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 Trustees either intend to liquidate the Plan or to cease operations, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities including fraud:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Plan through discussions with the Trustees and other management, and from our knowledge and experience of pension schemes;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Plan, including the Pensions Act 1995;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the Trustees; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We assessed the susceptibility of the Plan's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the Trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud: and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Trustees meetings;
- enquiring of the Trustees as to actual and potential litigation and claims; and
- reviewing correspondence with the Pensions Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. The description forms part of our Auditor's Report.

Use of Our Report

This report is made solely to the Plan's Trustees, 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 Trustees 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 and the Plan's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Nortons Assurance Limited

Nortons Assurance Limited
Statutory Auditor
Reading

Date: 14 October 2021

LANDIS GRINDING SYSTEMS PENSION FUND

FUND ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2021

	Note	2021 £	*2020 £*
Contributions and Benefits			
Employer contributions	4	1,720,800	*1,665,180*
Other income	5	1,168	*2,824*
		1,721,968	*1,668,004*
Benefits paid or payable	6	(1,109,013)	*(1,470,449)*
Payments to and on account of leavers	7	(619,500)	*(220,394)*
Administrative expenses	8	(231,140)	*(267,250)*
		(1,959,653)	*(1,958,093)*
Net Withdrawals from Dealings with Members		(237,685)	*(290,089)*
Returns on Investments			
Investment management expenses	9	(205,985)	*(142,440)*
Investment income	10	331,154	*237,700*
Change in market value of investments	11	4,090,819	*667,604*
Net Returns on Investments		4,215,988	*762,864*
Net Increase in the Fund		3,978,303	*472,775*
Net Assets at 6 April		37,990,702	*35,517,927*
Net Assets at 5 April		41,969,005	*37,990,702*

The notes on pages 22 to 34 form part of these financial statements.

LANDIS GRINDING SYSTEMS PENSION FUND

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 5 APRIL 2021

	Note	2021	2020
		£	*£*
Investment Assets			
Bonds	**11**	**27,556,508**	*14,916,768*
Pooled investment vehicles	**12**	**17,131,697**	*22,134,578*
Insurance policies	**13**	**1,039,300**	*1,108,900*
Derivatives	**14**	**8,676,413**	*9,937,832*
Cash	**11**	**115,728**	*1,644,237*
Other investment balances	**11**	**67,641**	*40,089*
		54,587,287	*49,782,404*
Investment Liabilities			
Derivatives	**14**	**(13,055,942)**	*(12,099,655)*
Total Net Investments		**41,531,345**	*37,682,749*
Current Assets	**18**	**561,853**	*408,339*
Current Liabilities	**19**	**(124,193)**	*(100,386)*
Net Assets at 5 April		**41,969,005**	*37,990,702*

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with on pages 6 to 8 and the Actuarial Certificate on page 35 of the annual report and these financial statements should be read in conjunction with them.

The notes on pages 22 to 34 form part of these financial statements.

The financial statements were approved and signed on behalf of the Trustees by:

Trustee: DocuSigned by: A P Rigby D690ADDE9CB5409... Date: 14 October 2021

Trustee: DocuSigned by: C9AF89D7A1A444F... Date: 14 October 2021

1. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – the Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and with the guidelines set out in the Statement of Recommended Practice Financial Reports of Pension Schemes (revised 2018) (the "SORP").

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is registered as a trust under English law. The address for enquiries is included in the Trustees' Report.

3. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements and have been applied consistently.

3.1 Contributions and Benefits

a) Employer deficit funding and expense contributions are accounted for on the due dates in accordance with the Schedule of Contributions.

b) Benefits are accounted for on an accruals basis in the period in which they relate.

c) Pensions are accounted for on an accruals basis.

d) Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

e) Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Plan as appropriate.

3.2 Other Income

a) Interest on cash held with the Plan Administrator is accounted for as it accrues.

b) Annuity income is accounted for when the Plan is entitled to receive the monies.

3.3 Investment Income

a) Income from bonds is accounted for as it accrues.

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

c) Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

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3. ACCOUNTING POLICIES (CONTINUED)

3.4 Valuation of Investments

a) Accrued interest is excluded from the market value of fixed income and index linked securities and is included in other investment balances. Index linked securities valuations include indexation.

b) Forward foreign exchange contracts outstanding at the year end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

c) Swaps are valued based on the present value of future cash flows arising from the swap, determined using discounted cashflow models and market data at the reporting date.

d) The market value of pooled investment vehicles is based on the bid price or, if only single priced, the single unit price operating at the accounting date, as advised by the investment manager.

e) Insurance policies purchased in the name of the Trustees which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined using the most recent Actuarial Valuation Report assumptions and methodology. Annuity valuations are provided by the Plan Actuary. Annuities are secured by Legal & General.

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

3.5 Transfers

Individual transfers are accounted for when paid or once the member has notified the Trustees of their transfer option.

3.6 Administrative and Investment Management Expenses

Administrative and investment manager's expenses are met by the Plan and are accounted for on an accruals basis.

3.8 Currency

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

b) Foreign currency transactions are recorded in Sterling at the spot exchange rate at the date of the transaction. Monetary items denominated in foreign currency are translated into Sterling using the closing exchange rates at the year end.

4. EMPLOYER CONTRIBUTIONS

	2021	*2020*
	£	*£*
Deficit funding	1,519,200	*1,463,580*
Expense	201,600	*201,600*
	1,720,800	*1,665,180*

Contributions were received in accordance with the Schedule of Contributions certified by the Plan Actuary in October 2018.

In accordance with the latest Schedule of Contributions certified by the Plan Actuary on 5 July 2021 the Employer will pay deficit contributions as follows:

- Contributions of £131,411 per month between 1 April 2021 and 30 June 2021.
- Contributions of £83,333 per month between 1 July 2021 and 30 June 2024.
- Contributions of £125,000 per month payable from 1 July 2024 to 31 August 2032 (inclusive), increasing by 3% p.a. each April.

5. OTHER INCOME

	2021	*2020*
	£	*£*
Transfer calculation fees	840	*-*
Interest on cash held with the Plan Administrator	328	*2,824*
	1,168	*2,824*

6. BENEFITS PAID OR PAYABLE

	2021	*2020*
	£	*£*
Pensions	944,411	*904,983*
Commutations and lump sum retirement benefits	49,102	*565,466*
Lump sum death benefits	115,500	*-*
	1,109,013	*1,470,449*

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2021	*2020*
	£	*£*
Individual transfers to other schemes	619,500	*219,200*
Refunds and state scheme premiums	-	*1,194*
	619,500	*220,394*

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8. ADMINISTRATIVE EXPENSES

	2021	*2020*
	£	*£*
Consultancy	**95,368**	*109,674*
Administration	**66,482**	*89,439*
Actuarial	**56,539**	*52,027*
Audit	**7,210**	*7,230*
Legal	**3,345**	*5,928*
Trustee	**2,000**	*2,838*
Sundry	**196**	*114*
	231,140	*267,250*

9. INVESTMENT MANAGEMENT EXPENSES

	2021	*2020*
	£	*£*
Administration, management and custody	**205,985**	*142,440*

10. INVESTMENT INCOME

	2021	*2020*
	£	*£*
Income from bonds	**228,086**	*147,666*
Income from pooled investment vehicles	**76,490**	*61,018*
Income from insurance policies	**26,578**	*29,016*
	331,154	*237,700*

11. INVESTMENT RECONCILIATION

Reconciliation of investments held at the beginning and the end of the year:

	Value at 6 April 2020 £	Cost of Purchases and Derivative Payments £	Proceeds of Sales and Derivative Receipts £	Change in Market Value £	Value at 5 April 2021 £
Bonds	14,916,768	25,948,007	(11,988,712)	(1,319,555)	**27,556,508**
Pooled investment vehicles	22,134,578	4,866,286	(13,960,862)	4,091,695	**17,131,697**
Insurance policies	1,108,900	-	-	(69,600)	**1,039,300**
Derivatives	(2,161,823)	19,469,093	(23,075,078)	1,388,279	**(4,379,529)**
	35,998,423	50,283,386	(49,024,652)	4,090,819	**41,347,976**
Cash	1,644,237				**115,728**
Accrued Interest	40,089				**67,641**
	37,682,749				**41,531,345**

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

Where the investments are held in a unitised fund, the change in market value also includes expenses, both implicit and explicit, for the year and any reinvested income, where income is not distributed.

No direct transaction costs have been incurred. Indirect transaction costs are incurred within pooled vehicles via bid/offer spreads and charges made within those vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

12. POOLED INVESTMENT VEHICLES

The holdings of the Pooled Investment Vehicles are analysed below:

	2021	*2020*
	£	*£*
Multi Asset	**12,886,911**	*17,177,205*
Alternative	**1,998,384**	*2,804,840*
Property	**1,487,295**	*1,540,737*
Bonds	**759,106**	*608,627*
Cash	**1**	*3,169*
	17,131,697	*22,134,578*

13. INSURANCE POLICIES

The legacy annuity policies relate to benefits due for three individuals. The Trustees no longer purchase annuities to meet Plan liabilities. The value of the insurance policy is calculated by the Plan Actuary using the most recent Plan funding valuation assumptions. The value as at the 5 April 2021 was £1,039,300 *(2020: £1,108,900).*

14. DERIVATIVES

The Trustees have authorised the use of derivatives by their investment manager as part of their overall investment strategy for the Plan. The main objectives for the use of derivatives and the policies followed during the year are summarised as follows:

Forward foreign exchange – the Trustees have set the maximum foreign exchange exposure for the investment portfolio at 15% in order to balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling. In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns the underlying investment portfolio is 50% invested overseas. A currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce currency exposure if these overseas investments exceed the 15% target.

Swaps - The Trustees' aim is to match as far as possible the Plan's long term liabilities, in particular in relation to their sensitivities to interest rate movements. The Trustees have entered into interest rate swaps that extend the duration of the Plan assets to better match the long-term liabilities. Similarly, the Trustees have entered into inflation swaps to match the inflation-linked nature of the liabilities.

At the year end the Plan held the following derivatives:

Derivative Contracts	**2021 Asset £**	**2021 Liability £**	*2020 Asset £*	*2020 Liability £*
Swaps	**8,650,670**	**(13,055,894)**	*9,037,832*	*(12,019,942)*
Forward foreign exchange	**25,743**	**(48)**	*-*	*(79,713)*
	8,676,413	**(13,055,942)**	*9,937,832*	*(12,099,655)*
		(4,379,529)		*(2,161,823)*

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14. DERIVATIVES (CONTINUED)

Swaps

Type of Contract	Expiration	Nature of Swap	Notional Principal £	Assets £	Liability £
Inflation rate swaps (OTC)	2030-2045	Pay fixed for floating	7,601,060	-	(596,517)
	2024-2047	Pay floating for fixed	16,034,619	-	(714,835)
Interest rate swaps (OTC)	2025-2042	Pay fixed for floating	46,452,500	5,808,948	(406,780)
	2025-2048	Pay floating for fixed	34,350,000	487,448	(8,906,066)
Total Return swaps (OTC)	2021	Pay floating for fixed	12,694,582	-	(1,035,908)
Options swaps (OTC)	2022	European call (buy)	7,500,000	2,354,274	-
	2022	European call (sell)	7,500,000	-	(1,199,123)
	2022	European put (sell)	7,500,000	-	(196,665)
Plan 2021			**139,632,761**	**8,650,670**	**(13,055,894)**
Plan 2020			*115,575,992*	*9,937,832*	*(12,019,942)*

Included in gilts is collateral of £5,038,408 *(2020: £4,190,731)* which has been pledged to the counterparty.

Forward Foreign Exchange

Type of Contract	Settlement Date	Currency Bought	Currency Sold	Asset £	Liability £
Forward OTC	27/4/2021	US Dollar	Sterling	-	(48)
Forward OTC	27/4/2021	Sterling	Yen	2,708	-
Forward OTC	27/4/2021	Sterling	Euro	9,735	-
Forward OTC	27/4/2021	Sterling	US Dollar	13,300	-
				25,743	(48)

15. INVESTMENT FAIR VALUE HIERARCHY

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

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

For the purposes of this analysis, daily priced funds have been included in (1), weekly priced funds in (2), and monthly net asset values in (3).

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

	Level 1	**Level 2**	**Level 3**	**2021**
	£	**£**	**£**	**£**
Bonds	**27,556,508**	**-**	**-**	**27,556,508**
Pooled investment vehicles	**-**	**13,246,029**	**3,885,668**	**17,131,697**
Insurance policies	**-**	**-**	**1,039,300**	**1,039,300**
Derivatives	**-**	**(4,379,529)**	**-**	**(4,379,529)**
Cash	**115,728**	**-**	**-**	**115,728**
Other investment balances	**67,641**	**-**	**-**	**67,641**
	27,739,877	**8,866,500**	**4,924,968**	**41,531,345**

	Level 1	*Level 2*	*Level 3*	*2020*
	£	*£*	*£*	*£*
Bonds	*14,916,768*	*-*	*-*	*14,916,768*
Pooled investment vehicles	*-*	*17,991,184*	*4,143,394*	*22,134,578*
Insurance policies	*-*	*-*	*1,108,900*	*1,108,900*
Derivatives	*-*	*(2,161,823)*	*-*	*(2,161,823)*
Cash	*1,644,237*	*-*	*-*	*1,644,237*
Other investment balances	*40,089*	*-*	*-*	*40,089*
	16,601,094	*15,829,361*	*5,252,294*	*37,682,749*

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16. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks as follows:

Credit Risk: 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: comprises currency risk, interest rate risk and other price risk.

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

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage 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 Trustees by regular reviews of the investment portfolio.

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

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16. INVESTMENT RISKS (CONTINUED)

Credit Risk

The Plan is subject to credit risk because the Plan directly invests in bonds, OTC derivatives and has cash balances. The Plan also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Trustees' policy for managing credit risk is detailed in the Statement of Investment Principles.

The Plan holds £27.6m in directly held bonds, -£4.4m in OTC derivatives and £1.1m in directly held cash balances. The Plan also holds £0.8m bonds and cash through underlying pooled fund investments.

Credit risk arising on derivatives held directly depends on whether the derivative is exchange traded or over the counter (OTC). The Plan holds OTC derivative contracts which are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. Credit risk for OTC derivative contracts is mitigated by placing restrictions on River & Mercantile Solutions which ensure that new contracts are only entered into with counterparties that are investment grade. The credit risk in respect of OTC swaps is further reduced by collateral arrangements.

Credit risk arising on bonds held directly is mitigated by River & Mercantile choosing to only invest in government bonds, where the credit risk is minimal, or corporate bonds which are rated at least investment grade.

Directly held cash balances are at financial institutions which are at least investment grade credit rated. This is the position at the year-end. In all above instances, "investment grade" is defined as being rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

Indirect credit risk arises in relation to underlying investments held in bond and cash pooled investment vehicles. This risk is mitigated by the Trustees mandating River & Mercantile that the underlying investment in sub-investment grade debt may not exceed 30% of the Growth Assets.

Both direct and indirect credit risk is mitigated by holding a diversified portfolio to minimise the impact of default by any one issuer. The Trustees monitor the investment strategy adopted by River & Mercantile Solutions to ensure that the arrangement remains diversified.

Direct credit risk also arises in respect of pooled investment vehicles. The majority of the Plan's Growth Assets (£12.9m) is invested in the RAMIL Stable Growth Fund, which in turn invests in a series of underlying pooled funds. The RAMIL Stable Growth Fund is an Irish domiciled open ended investment company.

Some alternative investments (£4.2m) are accessed through direct investment in pooled funds outside of the RAMIL Stable Growth Fund. These funds have various legal structures in various domiciles. The credit risk associated with these managers, and the managers of the underlying pooled funds in the RAMIL Stable Growth Fund, is also mitigated by:

- the regulatory environments in which those managers operate;
- diversification amongst a number of pooled arrangements; an
- due diligence checks by River & Mercantile Solutions on the appointment of new pooled managers, and monitoring on an ongoing basis for any changes to the operating environment of each manager.

16. INVESTMENT RISKS (CONTINUED)

Currency Risk
The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustees' policy for managing this risk is detailed in the Statement of Investment Principles.

Currency risk is mitigated by delegating management of currency exposures at total portfolio level to River & Mercantile Solutions. implement currency hedging through the use of hedged shared classes of pooled funds (where available) and the use of forward foreign exchange contracts.

Net of currency hedging, 5.2% of the Plan's holdings were exposed to overseas currencies as at the year end. *(2020: 5.1%)*

Interest Rate Risk
The Plan's assets are subject to interest rate risk because some of the Plan's investments are held in bonds, interest/inflation rate swaps for the purpose of liability hedging. Under this strategy if interest rates fall the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise these investments will fall in value as will actuarial liabilities because of an increase in the discount rate. At the year-end, the assets held for liability hedging purposes comprised of:

	2021 £'000	*2020* *£'000*
Direct		
Bonds	**27,557**	*14,917*
Swaps	**(5,364)**	*(1,272)*
Indirect		
Bond PIVs	**759**	*609*
Cash PIVs	**-**	*3*

Other Price Risk
Other price risk arises principally in relation to the Plan's return seeking portfolio which may include various asset classes (i.e. alternatives, bonds, cash and investment properties) held in pooled vehicles. The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

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

	2021 £'000	*2020* *£'000*
Direct		
Equity Options	**958**	*(810)*
Bonds	**7,372**	*8,024*
Indirect		
Property PIVs	**1,487**	*1,541*
Alternatives PIVs	**1,998**	*2,805*
Multi Asset PIVs	**12,887**	*17,177*

Please note clean values have been used where applicable.

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17. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets as at 5 April:

	2021		*2020*	
	£	**%**	*£*	*%*
RAMIL Stable Growth Fund	**12,886,911**	**30.7**	*17,177,205*	*45.2*
0.625% Index-Linked Treasury Gilt 2042 Fund	**3,639,609**	**8.7**	-	-
0.625% Treasury Gilt 31/07/2035 Fund	**2,377,326**	**5.7**	-	-
3.5% Treasury Gilt 2068 Fund	**2,140,825**	**5.1**	-	-
3.75% Treasury Gilt 2021	**2,121,219**	**5.1**	-	-
4.25% Treasury Gilt 2040	**2,101,728**	**5.0**	-	-

18. CURRENT ASSETS

	2021	*2020*
	£	*£*
Cash held with the Plan Administrator	**338,667**	*190,822*
Employer contributions due	**143,400**	*138,765*
Pensions paid in advance	**79,786**	*78,752*
	561,853	*408,339*

The contributions due at the year end were received in accordance with the Schedule of Contributions certified by the Plan Actuary in October 2018.

19. CURRENT LIABILITIES

	2021	*2020*
	£	*£*
Investment management expenses due	**94,538**	*35,354*
Administrative expenses due	**20,731**	*56,897*
PAYE due to HMRC	**8,924**	*8,135*
	124,193	*100,386*

20. RELATED PARTY TRANSACTIONS

The Principal Employer has provided certain administrative services during the year without charge and meets the costs of all statutory levies. The Member-Nominated Trustee does not receive any remuneration for this service to the Plan but has been reimbursed for expenses of £1,500 *(2020: £2,338).* The Independent Trustee, BESTrustees Ltd, is appointed by the Employer, and the fees are paid by the Employer amounting to £24,604 *(2020: £21,301).*

21. EMPLOYER-RELATED INVESTMENTS

There were no Employer-related investments during the year.

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22. TAXATION

In accordance with the provisions of Schedule 36 of Finance Act 2004, the Plan is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004 with effect from 6 April 2006.

23. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Plan must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustees will need to equalise Guaranteed Minimum Pensions between men and women. This is likely to result in additional liabilities for the Plan for equalisation of the benefits already crystallised e.g. historical transfers out, retirement benefits etc.

As a result from the latest actuarial valuation an allowance has been made for GMP equalisation, the Plan Actuary advised the total increase to the Technical Provisions was estimated to be £1.12m.

Subsequently, on 20 November 2020, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must be potentially be increased to reflect additional liabilities arising from the equalisation of GMPs accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustees and Plan Administrator in terms of:

- Identifying transfers paid since 1990.
- Equalising the transfer payment.
- Tracking the relevant members and the arrangements they transferred to.

The Trustees are currently reviewing all options with their Plan Advisers.

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Certificate of Schedule of Contributions

Adequacy of Rates of Contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan dated 1 July 2021.

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 1 July 2021.

Signature:	*David Jarman*
Name:	David Jarman
Date of Signing:	5 July 2021
Address:	Premier Pensions Management Ltd AMP House Dingwall Road Croydon CR0 2LX
Qualification:	Fellow of the Institute of Actuaries

Note: 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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

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Independent Auditor's Statement about Contributions to the Trustees of the Landis Grinding Systems Pension Fund

We have examined the Summary of Contributions payable to the Landis Grinding Systems Pension Fund for the Plan year ended 5 April 2021 which is set out on the following page.

In our opinion contributions for the Plan year ended 5 April 2021 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 19 October 2018.

Scope of Work on Statement about Contributions

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

Respective Responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Plan's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

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

Use of Our Report

This report is made solely to the Plan's Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Plan's Trustees 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 and the Plan's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

Nortons Assurance Limited

Nortons Assurance Limited
Statutory Auditor
Reading

Date: 14 October 2021

LANDIS GRINDING SYSTEMS PENSION FUND

SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 5 APRIL 2021

During the year ended 5 April 2021, the contributions payable to the Plan by the Employer were as follows:

	2021
	£
Employer Contributions payable under the Schedule of Contributions	
Deficit funding	**1,519,200**
Expense	**201,600**
Contributions payable under the Schedule and reported in the Financial Statements	**1,720,800**

Signed for and on behalf of the Trustees by:

Trustee: DocuSigned by: D690ADDE9CB5409... Date: 14 October 2021

Trustee: DocuSigned by: C9AF89D7A1A444F... Date: 14 October 2021

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Landis Grinding Systems Pension Fund Implementation Statement

1. Introduction

The Trustees are required to make publicly available online a statement ("the Implementation Statement") covering the Landis Grinding Systems Pension Fund (the "Scheme") in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was amended once during the year ending 5 April 2021, and the changes made were predominantly for regulatory changes relating to ESG factors, corporate governance, and voting. This SIP came into force from September 2020.

A copy of the current SIP signed and dated September 2020 can be found here:
http://bit.ly/TheLandisGrindingSystemsPensionFundWebsite.

This first Implementation Statement covers the Scheme year from 6 April 2020 to 5 April 2021 (the "Scheme Year"). It sets out:

- How the Trustees' policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustees during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A copy of this Implementation Statement is available on the following website:
http://bit.ly/TheLandisGrindingSystemsPensionFundWebsite

2. How the Trustees' policies on exercising voting rights and engagements have been followed over the Scheme Year

The Scheme's SIP sets out the Trustees' policies in relation to stewardship, corporate governance and Environmental, Social and Governance (ESG) factors.

The Trustees are ultimately responsible for the investment of the Scheme assets. Where it is required to make an investment decision, the Trustees always receive advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned. The Trustees also set the investment strategy and general investment policy but have delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to professional investment managers.

The Trustees have appointed River and Mercantile Investments Limited ("R&M") as their Investment Manager using their Fiduciary Management service (and is referred to as the "Fiduciary Manager" in the Implementation Statement). R&M can appoint other investment managers in respect of underlying investments (referred to as "Underlying Investment Managers").

The Scheme invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Underlying Investment Managers where the Scheme's investments are pooled with other investors. Therefore, direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to those Underlying Investment Managers. The Fiduciary Manager appoints those Underlying Investment Managers. A copy of the SIP has been provided to the Fiduciary Manager and the Fiduciary Manager is expected to adopt that approach to corporate governance and to other financially material considerations when providing Fiduciary Management services and/or in selecting Underlying Investment Managers.

The Trustees require that the Fiduciary Manager considers stewardship activity including voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change when choosing new or monitoring existing Underlying Managers. The Trustees believe it is appropriate to delegate such decisions in order to achieve an integrated and joined up approach to ESG factors, voting and engagement. The Trustees have therefore not sought to influence voting behaviours and do not intend to change its position at this time.

Over the Scheme Year, the Fiduciary Manager provided the Trustees with monitoring of the ESG characteristics of the portfolio and stewardship activity carried out by the Fiduciary Manager on a quarterly basis. The Trustees are satisfied with the Fiduciary Manager's activity in this area.

On behalf of the Trustees, monitoring of voting and engagement policy by Underlying Investment Managers in relation to the Scheme's investments was carried out by the Fiduciary Manager through regular investment and operational due diligence meetings with the Underlying Investment Managers. In addition, the Trustees with the help of the Fiduciary Manager, monitor the performance of the Underlying Investment Managers against the agreed performance objectives at quarterly Trustee meetings held during the Scheme Year.

Following activity during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the Statement of Investment Principles over the Scheme Year.

3. Voting and Engagement Summary

The exercise of voting rights is delegated to the Fiduciary Manager and the Fiduciary Manager has in place a voting policy which sets out how it will aim to vote at a general meeting of a pooled fund. The Trustees made no changes to the voting and engagement policies contained in the SIP during the year but this will be kept under review in future years.

River and Mercantile Group, of which the Fiduciary Manager is a division, are a PRI signatory and were rated A+ by PRI in 2019 for their Strategy and Governance.

References to "ISS" relate to Institutional Shareholder Services, a proxy voting company used by the Underlying Investment Manager, BNYM.

The Trustees have considered the voting behaviour (provided in the Appendix) along with engagement activity that took place on their behalf during the Scheme Year within the growth asset portfolio and the liability hedging portfolio and are pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting activity, challenges to management and active engagement on a range of relevant topics.

Specifically, the Trustees noted that:

- Each relevant manager demonstrated very high levels of voting rights being acted on.

- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The general themes of engagement activity were in relation to environmental issues (climate strategy in particular), executive pay, board diversity and improving social outcomes.
- Within the BNYM Global Equity Fund, which makes up the majority of the Scheme's investments in return-seeking assets, the Trustees noted that BNYM prioritised engagement with each of their underlying holdings on the following areas: governance practices, executive compensation, sustainability including climate change, human capital management, and Diversity and Inclusion. An example would be their engagement with an S&P500 Real Estate Company. BNYM discussed the company's diversity and inclusion efforts, as well as its ongoing compensation policy enhancements. In addition, they outlined the areas where they would like to see improvements going forward.
- For the largest mandate within the return-seeking credit assets, engagement on improving social outcomes was noted as a significant example. The manager engaged with a leading manufacturer and distributor of blood testing equipment. They worked with senior management to encourage the company to develop social targets in addition to its existing environmental focus and to increase product distribution to at risk/at-need populations globally through donations of refurbished equipment. The manager also worked with the company to understand the impact the COVID-19 crisis would have on its long-term business strategy. They viewed the company's ability to deliver these solutions and products globally as a positive for society that would also boost the company's credit profile.
- In relation to the liability hedging mandate, the Trustees noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors, and ESG scores for counterparties are regularly monitored.

The Trustees are satisfied that the voting and engagement activity undertaken by the Fiduciary Manager and Underlying Investment Managers are in line with the Trustees' policies contained in the SIP and that no changes are required to these policies at this time. The Trustees will keep the position under review.

Appendix – Voting statistics

1. Voting in relation to underlying pooled funds, on behalf of the Trustees

Most of the rights and voting relating to the Scheme's investments relate to underlying securities investment in through pooled funds managed by underlying investment managers – this is covered in part 2 below. However, the pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees and we cover these here.

Over the year to 5 April 2021, The Fiduciary Manager voted on 206 resolutions across 52 meetings. The Fiduciary Manager voted against management on 10 resolutions which was 5% of total resolutions and abstained on 8 resolutions (4% of the total resolutions).

44 engagements were carried out in relation to the Fiduciary Manager's due diligence and voting activities, and within these 44, the Fiduciary Manager engaged on 8 separate areas on 70 occasions. The engagement topics covered a range of areas including executive board composition, Stewardship and ESG policy, auditor tenure and fund costs.

2. Underlying Managers' voting on securities, on behalf of the Trustees

There are c. 30 Underlying Managers used by the Investment Manager. Set out below is the voting statistics for the most material equity holdings during the period that held voting rights, namely BNY Mellon Global Equity. Within other asset classes there are no voting rights. However, engagement activity is very important and so examples of engagement activity for the managers that represent 2.5% or more of the portfolio have also been reviewed by the Trustees.

Summary of voting activity – BNYM Global Equity Fund

	BNYM (River and Mercantile) Global Equity Fund
Total meetings eligible to vote	1124
Total resolutions eligible to vote	14052
% of resolutions did you vote on for which you were eligible?	98%
% did vote with management?	89%
% vote against management?	9%
% abstained	1%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2%

- BNYM uses Institutional Shareholder Services, "ISS", for proxy voting services.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

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Most significant votes carried out by the Underlying Managers

BNYM Global Equity Fund

WALMART, INC.

BNYM voted for a shareholder proposal requesting that Walmart publish a report on the impact of single-use plastic bags. In terms of phasing out plastic bags, in BNYM's view Walmart does not lag its peers in the retail industry, but it lags it's peers in the grocery sector. BNYM hold companies to a high environmental standard and believe this proposal will result in Walmart acknowledging the positive impact it can have through the elimination or reduction of single-use plastic bags.

THE PROCTER & GAMBLE COMPANY

BNYM believe that Procter & Gamble lags its peers in terms of deforestation commitments and policies that monitor supplier actions. The company has been accused of contributing to the destruction of forests that have high wildlife and climate change value. The lack of information presents potential competitive and reputational risks to the company. As a result, BNYM voted for a shareholder proposal requesting the company report on efforts to eliminate deforestation. BNYM will continue to engage with the company to ensure that the lack of reporting is adequately addressed.

RIO TINTO LIMITED

In May 2020, BNYM voted for a proposal approving emission targets for Rio Tinto. BNYM believe this resolution will provide shareholders with increased transparency, allowing them to understand how the company is addressing climate change and mitigating these risks.

KELLOGG COMPANY

In an effort to promote accountability, BNYM voted for a shareholder proposal in April 2020 to declassify Kellogg's board of directors. BNYM believe it is beneficial for directors to be elected each year. BNYM maintain that a board that is refreshed annually is often best equipped with fresh viewpoints and counsel.

VISA, INC.

In January 2020, BNYM voted against the election of a director to Visa's board as the individual was serving on five boards. Generally, if an individual serves on more than five boards, BNYM vote against electing them to an additional board. BNYM expect the board members they elect to focus on their current board memberships, which BNYM believe is difficult to accomplish beyond our threshold of five boards.

ORACLE CORPORATION

BNYN withheld their vote for a director because the nominee owns a large stake in the company and pledged what BNYM believe is a disproportionate number of shares against that stake. Stock pledging can have a negative impact on the company. Should market conditions deteriorate, sudden forced selling could create an inordinate amount of technical pressure on a company's stock