

RENISHAW PENSION FUND (the “Fund”)

Annual statement regarding governance – for the period from 1 October 2021 to 30 September 2022

Introduction

Under legislation set out in Regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by The Occupational Pension Schemes (Charges and Governance) Regulations 2015 (together the “Administration Regulations”), the Trustee of the Renishaw Pension Fund (the “Trustee”) are required to prepare this annual statement on governance.

Governance rules introduced by the Government have applied to Defined Contribution (“DC”) schemes since April 2015. These rules, which include new legal requirements that came into force in April 2018, are designed to help deliver better outcomes for members. The Trustee has to provide an annual statement, which explains what action the trustee board has undertaken to meet the new governance rules.

The Fund is a DB pension scheme which historically has accepted transfers in from members. These transfers in are held on a DC basis and invested in the same way as the DB assets. A number of the transfers in have a Guaranteed Minimum Pension (GMP) underpin attached to them.

For the DC transfers in there are different possible approaches at retirement for a member to receive their benefits:

- 1) If the balance is relatively small (currently defined as less than £6,667) it can be put towards increasing the member’s DB pension,
- 2) If the balance is larger (more than or equal to £6,667) then it can be used to buy the member an annuity on the open market or transferred out to another provider.

The default arrangement

The Fund is not a qualifying arrangement for auto-enrolment compliance purposes and, as such, there is no legislative requirement to have a default arrangement in place. Furthermore, the Fund is closed to new members and new member contributions.

The transfers in are invested with the DB assets.

Investment reviews

As noted above the Fund is a hybrid arrangement and the DC transfers in are invested with the DB assets. Investment reviews are undertaken periodically (and at least triennially). Due to the DB assets making up the vast majority of the Fund assets, and the significant GMP underpins attaching to a number of the DC transfers in, the investment reviews tend to favour towards considerations of the DB assets. The last full investment strategy review was undertaken in August 2022 when a new de-risking framework was set up to manage the DB liabilities.

The Fund is closed to future service accrual and closed to future transfers in, it is expected to mature over the coming years. The Trustee’s investment strategy is to gradually de-risk where appropriate. Any change is considered within an Integrated Risk Management framework that takes into account the level of risk the Sponsor can support, the required return to meet the funding plan as well as expected investment returns and risk from the investment strategy.

The Trustee decided to implement several changes to the Fund allocation, the first of which came into effect starting from September 2022 with the implementation of a Liability Driven Investment ('LDI') solution that uses a range of leveraged LDI funds managed by BlackRock.

Post year end investment changes

After the Fund year end, in October 2022, following a significant improvement in the Fund's funding position due to rising gilt yields, the Fund de-risked the investment strategy by disinvesting from the Fund's equity and diversified growth holdings and investing the proceeds into index-linked gilts. That is, the Trustee decided to disinvest in the Aquila Life Currency Hedged World ex UK Equity Index Fund, the Aquila Life Global Developed Fundamental Weighted Index Fund, the Aquila Life UK Equity Index Fund and the BlackRock Dynamic Allocation Fund and invest the proceeds into the Aquila Life Over 5 Year Index Linked Gilt Fund. As at 31 October 2022, the Fund allocates c.75% to index-linked gilts, c.10% to multi-asset credit, c.4% to corporate bonds, c.6% to LDI and c.5% to cash. The overall impact of these changes is to reduce investment risk within the Fund, with the assets better matching the expected movements in the DB liabilities.

In January 2023, the Trustee decided to disinvest in the Aquila Life Over 5 Year Index Linked Gilt Fund and invest in the Aquila Life Over 15 Years Corporate Bond Index.

Financial transactions

As required by the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately.

The Trustee operates a system of internal controls aimed at monitoring the Fund's administration and management. Included in this system are mechanisms to ensure the prompt and accurate processing of financial transactions, including core transactions such as the transfer of member assets out of the Fund and the payment of benefits. The Fund's Risk Register outlines the risks to members who have DC benefits, and these are monitored and reviewed on a half-yearly basis by the Trustee.

The Trustee has delegated the administration of the DC transfers-in to Barnett Waddingham and has agreed minimum timescales for all services, including core financial functions. The service level agreements ("SLAs") in place cover both the accuracy and timeliness of the financial transactions. This ensures the accuracy of the data provided. The administration reports produced by Barnett Waddingham are reviewed carefully, and in detail, by the Trustee at each quarterly meeting. During the year their performance against SLAs ranged from 92% to 98% at a Fund level.

The Fund SLAs are set out in the table below.

DC Transaction	SLA
Transfer in	The Fund is closed for future contributions and does not accept transfers in
Transfer out payment (stage 2)	3 days
Retirement payment	5 days
Death Payment	2 days
Investment Switch	Members do not currently have any investment choice

Over the 12 months to 30 September 2022 there were no transfers and there was one retirement which was processed within SLA timescales.

The Trustee's bank account is managed by the sponsoring employer on the Trustee's behalf. A qualified member of staff within the Finance department monitors the Trustee bank account daily. Their role is to advise of any issues such as unexpected payments or receipts, monitor cashflows to and from the account to ensure that the account has sufficient funds to pay member benefits when requested and to take action to rectify any identified funding issues.

All banking transactions undergo checks and due diligence to ensure they are performed correctly prior to the payment being allowed. Some payments are made by Barnett Waddingham directly and others are made via the Trustee bank.

The Trustees' bank account process is set out below:

- Trustee authorises payment
- a processor must create the payment
- a checker then authorises the payment
- finally, the payment is signed off by two authorised people within Renishaw

The Barnett Waddingham transaction process is set out below:

- a processor must create the payment
- a checker then authorises the payment
- a further person who has sufficient authorisation limits will then sanction the payment

Barnett Waddingham has key controls and checks in place to ensure accuracy. These are set out below:

- Benefit calculations – Administrators following a comprehensive checklist when processing. All calculations are checked by a more senior member of the team. Calculations are scanned and saved to members files.
- Calculating increases to member’s pots for performance - Member’s money purchase transferred in benefits are increased using the latest unit price provided by the Trustee’ investment advisers on a monthly basis.

The Trustee has delegated the day-to-day investment management of the transfer-in assets to BlackRock Investment Management (UK) Limited and to Ninety One and the Trustee holds a long-term unit-linked contract arrangement with them.

The Trustees have also appointed an independent auditor (KPMG LLP) to carry out an annual audit of the Fund, including the material financial transactions that have taken place during the Fund’s year. The auditors carry out spot checks to ensure that payments made by the employer on behalf of the Fund are paid in accordance with the Fund’s rules.

The Trustee is satisfied that the Fund’s core financial transactions have been processed promptly and accurately during the period to which this statement relates. The Trustee confirms that no material issues arose over the year in relation to the Fund’s core financial transactions.

Charges and transactions costs

As required by the Administration Regulations, the Trustee is obliged to report on the investment charges and transactions costs which were incurred by members. The Trustee also needs to assess whether the charges and costs represented good value for members.

Assets in respect of DC transfers-in are invested together with the DB assets. As at 30 September 2022, these assets were invested broadly as follows:

BlackRock holdings c.89.4% total holdings

- c.53% in a global equity portfolio
- c. 20.5% in a diversified growth fund
- c.0.7% in an index linked gilt fund
- c.4.2% in a corporate bond fund
- c.6.8% in a cash fund
- c.4.2% in the LDI funds.

Ninety One holdings c.10.5% total holdings

- c.10.5% in a Multi-Asset Credit (“MAC”) fund.

The transfers-in are administered on a DC basis; members do not hold specific units, instead their return is calculated based on the overall Fund performance. The return applied is calculated using the performance of the Fund's investments. Under this calculation process, members' funds will be subject to underlying transaction costs but will not be subject to investment management charges as these are invoiced separately and not reflected in unit prices*.

** With the exception of the BlackRock ICS Sterling Liquidity Fund and the Ninety One Multi Asset Credit Fund where the investment management fees are included in the unit price of the fund, however these funds only have a small weighting of 17.3% of assets as at 30 September 2022.*

The Company currently meets all advisory costs associated with operating the Fund together with any additional bespoke member communications commissioned but DC members pay transaction charges on the investment fund. The table below includes the AMC and TER for information purposes only.

Renishaw Pension Fund – DC transfers-in	30 September 2022 Weight (%)	AMC (%p.a.)	TER (%p.a.)	Transaction Costs (% p.a.)
Equity				
Aquila Life Currency Hedged World ex UK Equity Index Fund	24.5	0.08	0.09	0.06
Aquila Life Global Developed Fundamental Weighted Index Fund	27.3	0.08	0.14	0.10
Aquila Life UK Equity Index Fund	1.2	0.08	0.08	0.53
Multi Asset				
BlackRock Dynamic Allocation Fund	20.5	0.35	0.38	0.08
Fixed Income				
Aquila Life Over 5 Year Index Linked Gilt Fund	0.7	0.04	0.04	0.03
BlackRock Buy & Maintain UK Credit	4.2	0.15	0.19	0.34
Ninety One Multi Asset Credit	10.5	0.91	0.91	0.01
BlackRock Liability Matching Fund GBP 2050 IL Gilt Flex	1.2	0.10	0.14	0.00
BlackRock Liability Matching Fund GBP 2062 IL Gilt Flex	0.8	0.10	0.14	0.00
BlackRock Liability Matching Fund GBP 2068 Gilt Flex	1.8	0.10	0.14	0.00
BlackRock Liability Matching Fund GBP 2068 IL Gilt Flex	0.4	0.10	0.14	0.00
Cash				
BlackRock ICS Sterling Liquidity Fund	6.8	0.13	0.25	0.00

Source: Provided by BlackRock and Ninety One. Transaction charges are from 30 September 2022.

** The fees for the ICS Sterling Liquidity Fund and for the Ninety One Multi Asset Credit Fund are borne by the members since they are included in the unit price and consist of a total expense charge that includes both the investment management fee as well as all additional expenses.*

The Trustee confirms that the funds referred to above are the only funds in use by the Fund for the provision of DC benefits as at the Fund year end and the charges and transactions costs have been calculated in accordance with the statutory guidance.

Net return on investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for trustees of 'relevant' occupational pension schemes.

Trustees of all relevant pension schemes are required to calculate and state the return on investments from their funds, net of transaction costs and charges.

The table below set out annualised net performance for the relevant periods for the funds in use during the Fund Year, which have been calculated in accordance with the statutory guidance.

Funds	Annualised returns to 30 September 2022 (%)		
	1 year	5 year	10 year
Equity			
Aquila Life Currency Hedged World ex UK Equity Index Fund	-16.22	5.85	9.47
Aquila Life Global Developed Fundamental Weighted Index Fund	3.58	7.73	11.63
Aquila Life UK Equity Index Fund	-3.99	2.22	6.09
Multi Asset			
BlackRock Dynamic Allocation Fund	-10.29	1.92	-*
Fixed Income			
Aquila Life Over 5 Years UK Index Linked Gilts	-29.39	-2.78	3.35
BlackRock Buy & Maintain UK Credit	-24.56	-2.58	-*
Ninety One Multi Asset Credit	-*	-*	-*
BlackRock Liability Matching Fund GBP 2050 IL Gilt Flex	-*	-*	-*
BlackRock Liability Matching Fund GBP 2062 IL Gilt Flex	-*	-*	-*
BlackRock Liability Matching Fund GBP 2068 Gilt Flex	-*	-*	-*
BlackRock Liability Matching Fund GBP 2068 IL Gilt Flex	-*	-*	-*
Cash			
BlackRock ICS Sterling Liquidity Fund	0.66	0.44	0.41

Source: BlackRock.

Performance shown net of all charges and transaction costs.

**Client specific performance for this fund is not yet available due to the implementation dates.*

Value for members

In accordance with regulation 25(1) (b) of the Administration Regulations, the Trustee is required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members, relative to peers and alternative arrangements that are available.

Given the nature of the DC legacy transfer in assets being invested with the DB assets there are various advantages in terms of costs and the buying power the Trustee has.

- **Price** – Overall the funds are assessed as proving good value on price when compared with peers and alternative investment platforms. Out of 12 funds, 6 funds (Ninety One Multi Asset Credit, LDI funds and BlackRock ICS Sterling Liquidity) are assessed as proving poor value when assessed against their total charges. However, we note that the DC members pay no direct investment management fees* as these are invoiced separately and not deducted for performance (the overall fund performance is used to calculate the return on DC assets). Therefore from a member’s perspective even these offer good value.

** With the exception of the BlackRock ICS Sterling Liquidity Fund and the Ninety One Multi Asset Credit where the investment management fees are included in the unit price of the fund, however these funds only have a small weighting of 17.3% of assets as at 30 September 2022.*

On the transaction costs, at this stage it is not possible to benchmark them against other arrangements. However, based on our review of the data we consider the transaction costs to be broadly as expected and similar to those observed by other schemes.

- **Performance** - There has been strong performance over the three years to the 30 September 2022 with almost all funds (that were available over this period) performing above or around their benchmark, with the exception of the Aquila Life Currency Hedged World ex UK Equity Index Fund and the Aquila Life Global Developed Fundamental Weighted Index, which are slightly outside their tracking error range. Nonetheless, both the Aquila Life Currency Hedged World ex UK Equity Index Fund and the Aquila Life Global Developed Fundamental Weighted Index have provided strong positive returns over the period. The Trustee is comfortable with the performance of the funds over this period.
- **Productivity** - In other areas, the Fund offers additional features that can also be considered to add value:
 - o **Fund governance and management** - The Trustee is a highly qualified and experienced professional Trustee. Qualified professional advisors are appointed to assist the Trustee in their duties. In addition, the Trustee is supported by a Pensions Manager, employed by Renishaw. The costs of the Trustee and professional advisors are met by the Company, enhancing the value that members receive.
 - o **Administration** - The Trustee uses Barnett Waddingham to administer the Fund, the costs of which are met by the Company. The Trustee reviews the SLAs on a regular basis. Should the administrator’s performance levels drop, the Trustee would query the reasons for this and ensure corrective measures are undertaken.
 - o **Communications** – DC members receive annual statements, summary funding statements, and retirement packs. The Trustee also communicates with them on an ad hoc basis. The cost of communications is met by the Company, again enhancing value to members.

Therefore, the Trustee is confident that overall the Fund presents good value for members.

Reporting of Costs and Charges

Using the charges and transaction cost data provided by BlackRock in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Fund on their retirement savings pot. The statutory guidance provided has been considered when providing these examples.

The below illustration has taken into account the following elements:

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

To illustrate the impact of charges on a typical member's pension pot, we have provided an example below. This includes all member costs, including the Total Expense Ratio, transaction costs and inflation. A typical DC transfer-in member has a starting pot size of £39,800. The Fund is closed to new member contributions, so any increase is based on investment return.

Illustration 1: A typical deferred member

Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
57	£39,800	£39,800
58	£41,101	£40,996
59	£42,445	£42,228
60	£43,833	£43,496
61	£45,266	£44,803
62	£46,745	£46,150
63	£48,274	£47,536
64	£49,852	£48,965
65	£51,482	£50,436

Notes – BlackRock DC transfers-in

Projected pension pot values are shown in today's terms

An inflation rate of 2.5% has been assumed

The starting pot size is assumed to be £39,800

The typical median age of the existing members has been used as the starting point for the illustration above (57 years).

A gross investment return of 5.7% has been assumed, when off set against inflation, this reduces the real return to 3.2%, before charges are deducted

Members pay transactions costs which (using the asset split weighting) have been calculated to be 0.12% p.a. (average of the last four years to 30 September 2022)

Members do not pay investment management fees except in respect of two of the funds. Two exceptions being the ICS sterling Liquidity fund and Ninety One Multi Asset Credit Fund.

Using the asset split weighting the TER has been calculated to be 0.14% (for this calculation the TERs of those funds were used as the additional expenses of the remaining funds)

No allowance has been made for future contributions

Illustration 2: A young deferred member

Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
48	£20,205	£20,205
49	£20,866	£20,812
51	£22,252	£22,082
56	£26,135	£25,604
61	£30,696	£29,689
62	£31,700	£30,581
63	£32,736	£31,500
64	£33,806	£32,447
65	£34,912	£33,422

Notes – BlackRock DC transfers-in

Projected pension pot values are shown in today's terms

An inflation rate of 2.5% has been assumed

The starting pot size is assumed to be £20,205

The youngest age of the existing members has been used as the starting point for the illustration above (48 years)

A gross investment return of 5.7% has been assumed, when off set against inflation, this reduces the real return to 3.2%, before charges are deducted

Members pay transactions costs which (using the asset split weighting) have been calculated to be 0.12% p.a. (average of the last four years to 30 September 2022)

Members do not pay investment management fees except in respect of two of the funds. The Two exceptions being the ICS sterling Liquidity fund and Ninety One Multi Asset Credit Fund.

Using the asset split weighting the TER has been calculated to be 0.14% (for this calculation the TERs of those funds were used as the additional expenses of the remaining funds)

No allowance has been made for future contributions

When preparing these illustrations, the Trustee has taken into account and followed specific guidance from the Department for Work and Pensions.

The Trustee acknowledges the requirement to publish these illustrations on a website and they have established a suitable web page for the purpose: <https://www.renishaw.com/go/pensions>

The annual benefit statements also include this web address in order to inform members where they can access this information.

Trustee knowledge and understanding (TKU)

Sections 247 and 248 of the Pensions Act 2004, require the Trustee to maintain an appropriate level of knowledge and understanding which, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Fund.

Some Trustee changes took place during Fund Year. At the beginning of the Fund Year, the Trustee Board continued to be comprised of 4 individual Trustees, one Trustee resigned from 1 January 2022. From 1 July 2022, Ross Trustees

Services Limited ('Ross Trustees') was appointed. As at 30 June 2022, the previous Trustees stepped down. Since 1 July 2022 Ross Trustees, a professional trustee, has been the only Trustee of the Fund.

Trustee training is of high importance to the good running of the Fund. The Trustee acknowledges how vital it is to maintain knowledge of pension law, trust law, investment principles and is conversant with the Fund documentation including the Trust Deed and Rules, SIP, statement of funding principles and Fund policies. The Trustee receives regular updates from their advisors on changes required to their Fund documentation and will update their SIP following advice from their investment consultant and following any changes made to the Fund's investments.

Training

In order to maintain this high level of knowledge, the Trustee has procedures and policies in place:

- The Fund has appointed a professional trustee, who undertakes additional training to ensure they keep up to date with changes in legislation, current issues and the latest developments;
- The Trustee met quarterly to discuss Fund issues;
- The Trustee is also prepared to meet on an ad-hoc basis in addition to scheduled meetings;
- Minutes are taken for all meetings as a record of the items discussed;
- All training activities are recorded in a training log;
- Trustee training is undertaken by the professional trustee as part of their ongoing development, if required, training sessions are planned accordingly;
- Regular agenda items include investment monitoring, scheme risks, administration, communications, legal updates and Trustee training;
- The Trustee maintains a risk register.

The previous Trustees have demonstrated their continuous commitment to learning over the period up until they stepped down on 30 June 2022, by one or more of the Trustees undertaking the following training:

- TPR Toolkit scams module in Q1 2022
- Mercer:
 - o Current DC issues – Mercer provides a monthly update on these issues
 - o CMA objectives monitoring framework in December 2021
 - o Impact of rising inflation in March 2022
 - o Pension Dashboard in March 2022
- Barnett Waddingham:
 - o New transfer scam regulations in December 2021
- Renishaw Business Systems:
 - o Cyber Security Plan in December 2021

Ross Trustees Services Limited was appointed in July 2022 as professional corporate sole trustee.

Ross Trustees is audited annually by the Audit and Assurance Faculty (AAF) and is currently AAF 02/07 accredited, which confirms that the processes adopted by Ross Trustees to govern schemes are appropriate. This includes providing regular training opportunities to all members of staff.

Ross Trustees delegates responsibility for governing the Scheme to two professional trustees, both of whom are accredited with the Association of Professional Pension Trustees ("APPT") and supported by a broad, multi-disciplined and experienced team of pensions professionals.

To maintain accreditation with the APPT, the professional trustees are required to undergo regular training, and provide the APPT with a log of their training and CPD (Continual Professional Development) record over the preceding year.

Ross Trustees has a formal take-on process with all new scheme appointments, to ensure that the professional trustees delegated to the Scheme build a working knowledge of the key documents relating to the Scheme, its Trust Deed and Rules and SIP. During the reporting period, the Trustee completed an assessment of their compliance with the new draft single code of practice (the “single code”). This assessment considered the extent to which the Trustee has adopted policies and processes expected by the single code, when these were last reviewed, and how these are utilised by the Trustee. The Trustee has developed a plan to address any gaps identified from the assessment, which will continue into the next Fund year.

Trustee Induction

For the majority of the year, under the previous Trustee board structure, there was a formal induction process in place for new Trustees. The process was as follows:

- Invitation to a formal meeting with the Pensions Manager and Chair of Trustees to receive the necessary information and background on the Fund.
- Introductions made with the Fund’s advisors, Mercer, where any questions can be raised and answered.
- Access provided to an online document storage site (BoardEffect) which contains all the important Fund documents so they can familiarise themselves with them. Among other things the site includes the Trust Deed and Rules, SIP, member booklet, recent meeting minutes, Risk Register and Business Plan.
- All new trustees are required to complete the Pensions Regulator’s Trustee Toolkit within six months of their appointment.

Given the appointment of the sole professional trustee from 1 July 2022 this process is under review as there are no longer individual trustees joining and leaving the trustee board. Ross Trustees have highly qualified and experienced individuals with internal secure processes in place for sharing information with those in key roles. Additionally, Ross Trustees have processes in place for handovers should at any time in the future they step away from the role as Trustee.

Examples Demonstrating TKU

The Trustee undertook a number of activities over the past year which demonstrate how they have a working knowledge of pension & trust law, funding & investment principles, the Trust Deed and Rules and the SIP. These activities include:

Requirement	How met
The Trustee must describe and demonstrate a working knowledge of the Trust Deed and Rules	<p>The Trustee is conversant with, and has a working knowledge of, the Trust Deed and Rules.</p> <p>If there are ever any ambiguities over the interpretation of the Rules then legal advice is sought from the Fund’s legal advisers, Burges Salmon LLP. Over the course of the year the previous Trustees received legal advice on transfer-in benefits.</p> <p>All guidance provided by Burges Salmon LLP will have had respect to the relevant clauses in the Trust Deed and Rules and thereby help the Trustee remain conversant with the Rules and important powers and duties.</p>
The Trustee must describe and demonstrate a working knowledge of the current Statement of Investment Principles (SIP)	The Trustee is conversant with, and has a working knowledge of, the current SIP. The Trustee undertakes regular training on investment matters and is confident that they have sufficient knowledge of investment matters to be able to challenge their adviser if and when appropriate. As the Trustee is a professional trustee they have extensive experience in these matters.

	<p>During the year the SIP was updated in January 2022 to reflect investment changes.</p>
<p>The Trustee must describe and demonstrate a working knowledge of all documents setting out the Trustee's current policies</p>	<p>The Trustee has access, oversight and knowledge of their current policies. The Trustee is conversant with all the policies, including but not limited to the following:</p> <ul style="list-style-type: none"> • Conflicts of interest policy • Policy on reporting to TPR • New trustee appointment • Risk policies • Training policy • CMA Objectives <p>The Risk Register is reviewed and updated annually. Over the year it was reviewed on 21 March 2022.</p> <p>The Trustee has access to the Fund governance documentation, via BoardEffect. This allows them to maintain a working knowledge of the documents setting out the Trustee's policies and principles.</p> <p>The Trustee takes formal minutes of all their meetings, which demonstrates good governance.</p>
<p>The Trustee must describe and demonstrate that it has sufficient knowledge and understanding of the law relating to pensions and trusts</p>	<p>At the Trustee meetings, which were held over the year, advisers reported on forthcoming changes to regulations, their potential impact on the Fund and the actions required to ensure compliance. In doing so, the Trustee remained informed about changes to pension laws and their duties in relation to those laws.</p> <p>The Trustee appoints Burges Salmon LLP as legal advisers. The Trustee consults with their legal advisers as and when queries arise. Having the legal advisers to consult with helps the Trustee remain conversant with important powers and duties set out in pension trust law.</p> <p>One particular example demonstrating that the Trustee is familiar with their duties is the gap analysis undertaken in September 2022 against the draft single combined Code of Practice, which is anticipated to be formally published in 2023. Each item covered by the Code was assessed and any actions taken forward. This exercise helped the Trustee to recap on the Code's provisions and, in turn, the requirements of the underlying extensive legislation that the Code aims to help trustees comply with.</p> <p>During 2022, the Trustee assessed its Effective System of Governance, identifying which policies were already in place and which others need to be prepared. This process is ongoing and is helping the Trustee evaluate its own practices and policies relative to the standards of governance expected by tPR.</p>
<p>The Trustee must describe and demonstrate that it has sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational scheme</p>	<p>All new trustees are required to complete the Pensions Regulator's Trustee Toolkit within six months of their appointment. This programme is deemed sufficient by the Pension Regulator to meet the Trustee knowledge and understanding requirements. However professional trustees are required to attain higher standards of knowledge and understanding.</p> <p>Over the Fund year the Trustee produced an Implementation Statement setting out how the principles in the SIP had been followed.</p> <p>The Trustee undertakes annual business planning, covering any legislation changes so they remain up to date in pension & trust law and funding & investment principles.</p>

	<p>The Scheme contains both DB and DC benefits. The Trustee therefore appoints a Scheme Actuary to advise on funding related issues</p> <p>Over the year, with the support of their Investment Adviser, the Trustee decided to implement several changes to the Fund allocation, which came into effect starting from September 2022. The first change was in September 2022, with the implementation of Liability Driven Investment ('LDI') solution that uses a range of leveraged LDI funds managed by BlackRock. Several changes were made after the fund year end. The Trustee decided to disinvest from the Fund's equity and diversified growth holdings and investing the proceeds into index-linked gilts.</p>
<p>The Trustee must describe and demonstrate that its combined knowledge and understanding, together with available advice, enables them to properly exercise their functions</p>	<p>The Trustee has received numerous training sessions over the year. This extensive training enables them to properly exercise their functions.</p> <p>The Trustee appoints qualified advisers including the Scheme Actuary, investment advisers, legal advisers and administrators. These advisers regularly attend meetings and keep the Trustee up to date with any relevant training.</p> <p>Some Trustee changes took place during Fund Year. At the beginning of the Fund Year, the Trustee Board was comprised of 4 individual Trustees, one Trustee resigned from 1 January 2022. From 1 July 2022, Ross Trustees was appointed. As at 30 June 2022, the previous Trustees stepped down. Since 1 July 2022 Ross Trustees, a professional trustee, has been the only Trustee of the Scheme.</p> <p>With the appointment of Ross Trustees the professional trustee has wide ranging knowledge and expertise and is able to challenge the Scheme's advisors if and when appropriate to do so.</p> <p>On-going knowledge and training is important to the Trustee. As a professional Trustee, Ross Trustees meets a higher standard of knowledge and understanding than would be required from a lay trustee.</p>

Utilising Advisors

The Trustee believes that the best run schemes utilise the combined skill and knowledge of both the Trustee and their professional advisors. The relevant skills and experience of those advisors are key criteria when evaluating advisor performance and selecting new advisors. Additionally, the following measures have applied during the period:

- The Trustee's professional advisors attend formal meetings.
- The Trustee comprises of two individuals with wide ranging skills and pension experience
- The Trustee receives briefings from their advisors on all legislative and regulatory developments at each meeting.

Assessing effectiveness

The Trustee understands that having knowledge and professional advice available is essential, but this also needs to be used effectively in order for the Fund to be run properly. The Trustee must have the necessary skills, in order to perform at a high level. An individual's skill equips them to identify opportunities, manage risks, challenge professional advice and understand the evolving needs of their members. The Fund has attained these skills by appointing a professional trustee with perspective, experience and beliefs, which brings diversification and leads to higher quality decision making and monitoring. The Trustee believes that the knowledge and understanding of the Trustee (as described above) supplemented by the advice received from the Trustee's professional advisers (as described above), enable the Trustee to properly exercise their functions as Trustee of the Renishaw Pension Fund. The examples below demonstrate the actions which have been taken to ensure this is the case:

- At the beginning of each year the Trustee produces a Business Plan. Throughout the year they regularly monitor progress against the Business Plan to ensure the board is performing effectively and is meeting the objectives set out.
- The Trustee maintains a conflicts of interest log which identifies any possible conflicts. This is on the agenda at each quarterly Trustee meeting to ensure that Trustee can declare any conflicts with items on the agenda.

Signature:

Name:

Position: Trustee of the Renishaw Pension Fund

Date: 25/04/2023