The Churchill Staff Benefits Plan

Trustees' annual report and financial statements for the year ended 5 April 2021

Scheme Registration Number: 10000955

The Churchill Staff Benefits Plan
5 April 2021
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5 April 2021
Trustees and advisers

Trustees **Employer nominated** M Cairns A de Saint-Exupery	 **Member nominated** H Becker
Secretary to the Trustees First Actuarial LLP	
Principal Employer Churchill Group Limited 30 Portman Square London W1A 4ZX	
Actuary G Gregory FIA, Willis Towers Watson Limited	
Independent Auditor BDO LLP	
Investment Manager BlackRock Investment Management (UK) Limited	
Investment Adviser Willis Towers Watson Limited	
AVC Provider The Prudential Assurance Company Limited	
Legal Adviser Sacker & Partners LLP	
Banks Barclays Bank UK PLC	
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Introduction

The Trustees of The Churchill Staff Benefits Plan (the Plan) are pleased to present their report together with the financial statements for the year ended 5 April 2021.

The Plan was established under trust and is governed by a Trust Deed and Rules dated 24 July 2013. The Trustees hold Plan funds on trust for the purpose of paying pensions and other benefits in accordance with the Trust Deed and Rules.

With effect from 30 September 2012, the Plan closed to new joiners.

Management of the Plan

The Principal Employer has the power, by deed, to appoint and remove Trustees. The removal of a Member-nominated Trustee requires the agreement of all the Trustees and must be recorded in a Deed of Removal.

In accordance with the Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for member elected Trustees. The Plan's Trustee selection process, provides for at least one third of the Trustees to be nominated by Plan members. Member Nominated Trustees cease to be eligible as Trustees upon leaving employment unless they leave to become a pensioner. Employer Appointed Trustees can serve until removed by the Principal Employer.

The Trustees who served during the year under review are listed on page 2. The Trustees met once during the year. All decisions of the Trustees must be approved by a majority of the Trustees.

Principal Employer

The Plan's Principal Employer is Churchill Group Limited, whose registered address is shown on page 2.

Financial development and actuarial status

The financial statements on pages 13 to 23 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's net assets increased from £44,343,049 at 5 April 2020 to £49,728,487 at 5 April 2021.

The actuarial position of the Plan is disclosed in the Report on Actuarial Liabilities shown on page 24 of this report. The next actuarial valuation is due as at 6 April 2022.

Pension increases

Pensions in payment for service up to 31 December 2008 are subject to automatic annual increases of 5%. For pensions in payment in respect of service on and after 1 January 2009 pensions increase by the lower of the All Items Retail Prices Index and 3% per annum. The Trustees, with the consent of the Principal Employer, having taken the advice of the Actuarial Adviser may increase the pensions at a higher rate than as provided for in the Rules. No discretionary increases were granted during the year.

Increases are effective on the anniversary date of the commencement of the pension. All such increases are in accordance with the Rules of the Plan.

Preserved pensions in deferment were increased in accordance with statutory requirements.

Contributions

The contributions payable during the year are shown in the Summary of Contributions signed on page 26 and reported on by the Auditor on page 25.

Membership

	2021	2020
Active members		
As at the start of the year	42	44
Leavers with deferred pension	(14)	(1)
Retirements	(3)	(1)
As at the end of the year	**25**	**42**
Deferred members		
As at the start of the year	67	69
Transfers out	-	(1)
Actives becoming deferred	14	1
Retirements	(5)	(2)
As at the end of the year	**76**	**67**
Pensioner members (including dependants)		
As at the start of the year	146	145
Active members retiring	3	1
Deferred members retiring	5	2
Full Commutations	(1)	-
Deaths	(6)	(4)
New dependants	2	2
As at the end of the year	**149**	**146**
Total membership at the end of the year	**250**	**255**

Included within the pensioner members, there were 27 (2020: 29) dependants at the year end.

Transfer values

Transfer values are calculated and verified in the manner required by the Pension Schemes Act 1993. No discretionary benefits were allowed for in the calculation of transfer values. No transfer values were paid during the year.

GMP equalisation

Following the Lloyds judgment on 26 October 2018, the Trustees are considering their preferred approach to equalising members' post 5 May 1990 benefits before consulting with the Company. Based on an initial assessment of the likely backdated amounts and related interest, the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined.

Investments

The Trustees' investment policy

The Trustees are responsible for the Plan's investment strategy, acting on the advice of their investment adviser. In taking decisions regarding the Plan's investment strategy, the Trustees take into account the membership profile and the structure and duration of the liabilities.

The Trustees have delegated the day-to-day management of the Plan's asset portfolio, which includes full discretion for stock selection and the exercising of rights (including voting rights) attaching to investments, to the external investment manager shown on page 2.

As the Trustees' policy is to invest the Plan's assets in pooled funds, the Trustees cannot directly influence how social, environmental and ethical considerations are taken into accounts in the selection, retention and realisation of investments.

The Trustees accept that the assets invested in pooled funds are subject to the underlying investment manager's policies on corporate governance. The Trustees are satisfied that this corresponds with their responsibility to invest the assets in the best interests of members and beneficiaries and, in the case of a potential conflict of interest, in the sole interest of their members and beneficiaries.

Investment review

The Trustees have set the following investment objectives:

- The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from member and the Employer, the cost of current and future benefits which the Plan provides.
- To limit the risk of assets failing to meet the liabilities over the long term.
- To minimise the long term costs of the Plan by maximizing the return on the assets whilst having regard to the objective shown directly above.

The Trustees' policy is to seek to achieve the objectives through investing in a suitable mixture of real and monetary assets. They recognise that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile. A mixture across asset classes is targeted to provide the level of returns required by the Plan to meet its liabilities at an acceptable level of risk for the Trustees and an acceptable level of cost to the Employer.

As the Trustees' policy is to invest the Plan's assets in pooled funds, the Trustees cannot directly influence how social, environmental and ethical considerations are taken into account in the selection, retention and realisation of investments.

The Trustees' policy is therefore that the extent to which social, environmental and ethical considerations are taken into account in these decisions is left to the discretion of the investment manager.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

The Trustees ensure that, in aggregate, their portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustees will use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustees' policies, where relevant to the mandate.

Investment review (continued)

Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG (environmental, social and governance) characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

For most of the Plan's investments, the Trustees expect the investment manager(s) to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

Having taken appropriate actuarial advice, the Trustees have set the asset allocation as detailed in the table below. It is intended that allocation is reviewed every year.

The Plan's assets are invested by BlackRock in their in-house pooled funds and are split into two separate sections: a return seeking asset portfolio and a matching asset portfolio.

	Approximate asset allocation (%)	Revised strategic allocation (%)	Actual allocation as at 5 April 2021 (%)
Return-seeking assets	**50.0**	**25.0**	**24.5**
Equity portfolio	40.0		19.5
Property portfolio	10.0		5.0
Matching assets	**50.0**	**75.0**	**75.5**
Corporate bond portfolio	22.5		42.7
LDI portfolio	27.5		32.8
Total	**100.0**		**100.0**

In November 2020, the Trustees, in consultation with the Company, agreed to de-risk the existing investment strategy from 50% return-seeking, 50% liability matching down to 25% return-seeking, 75% liability matching. This involved selling half of both the equity and the property holdings and investing the proceeds in long-dated fixed-interest UK gilts. The transaction was completed in early January 2021.

The actual asset allocation would normally be expected to lie within the ranges set out in the table above. Should it move outside of these ranges, the Trustees will consider what action is necessary to re-balance the portfolio, if any.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. This Statement was last updated in September 2020 and a copy is available online at https://churchill.myscheme.online/. With the exception of the agreed, revised strategic allocations, all investments have been made in accordance with the Statement of Investment Principles during the Plan year.

Following the recent changes to The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, pension scheme trustees are required to prepare an annual statement setting out:

- how, and the extent to which, in the opinion of the trustees, the policy required under regulation 2(3)(c) of the Occupational Pension Schemes (Investment) Regulations 2005 has been followed during the year, and
- describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

The Trustees have prepared such statement for the year ended 5 April 2021. A copy of this is shown on page 28.

Custodial arrangements

Specific custodial arrangements are not appropriate where the Plan invests in pooled funds, as the Plan holds units in a policy rather than the assets themselves. In these circumstances, it is the responsibility of the Investment Manager to ensure appropriate custody arrangements are in place.

Investment performance review

The Trustees, in conjunction with their investment adviser, review investment strategy and investment performance on an ongoing basis.

During the year the average annualised returns for the Plan's investment funds were as follows:

	1 Year %	3 Years % pa	5 Years % pa
Matching assets	-5.26	6.30	8.84
Return-seeking assets	29.5	7.34	6.05

Note: the returns stated in the table above are before the deduction of fees and are provided by the investment manager.

Further information about the Plan's investments

Further details about the nature, marketability, security and valuation of investments is shown in the notes to the financial statements on pages 15 to 23.

Further details about the Plan's investment strategy in relation to risk are given in note 16 to the financial statements.

Employer related investments

There were no employer related investments held during the year (2020: £nil).

COVID-19

The disruption in the UK during year caused by Covid-19 has not caused any disruption to the systems in place at the Plan administrators. The administration of the Plan continues to operate effectively.

During the year Covid-19 has impacted a significant number of countries globally and has caused significant disruption to economic activity. This has been reflected in recent global stock market fluctuations and, in turn, the valuation of Plan assets. The Trustees consider this ever-changing situation and have designed and implemented the Plan's investment strategy taking a long-term view and have built in resilience to withstand short term fluctuations. The Trustees are continuing to monitor the appropriateness of their investment strategy.

The Covid-19 pandemic has had and continues to have a severe adverse impact on the finances of the Company. To date, the Company has paid all of its deficit reduction contributions to the Plan as they have fallen due. The Trustees and the Company agreed an updated schedule of contributions in June 2020 as a result of the Plan's 2019 valuation. In addition, the Company paid a DRC of £4m to the Plan on 30 March 2021. The Trustees continue to monitor the Company's trading performance, cash flows and available liquidity on an ongoing basis.

In March 2020, all of the Company's hotels were forced to close, with a phased re-opening of some of them from mid-June. The Company was again forced to close its hotels in November, early December and January 2021 as part of the second and third national lockdowns in England announced by the Government at the end of October and late December.

The Company has undertaken a wide range of mitigating actions to minimise the impact of Covid-19 on the business, including substantial cost cutting measures, payment deferrals and utilising government support schemes where possible.

The financial position of the Company has improved since the initial lockdown in the first half of 2020 was lifted. Following an informal review of the Employer's financial ability to support the Plan now and in the future, the Trustees agreed that the Company is fortunate to benefit from the strong support of its ultimate parent company. The ultimate parent company has indicated that they would be willing to support the company should cash funding be required, and have formalised this through a binding letter of support. Employer accounts for the year end of 31 December 2020 were prepared on a going concern basis and no material uncertainties were noted by the Employer auditor. The current funding report provided by the Plan Actuary as at 5 April 2021 shows a recent improvement in the funding level from 92% (from the latest full actuarial valuation) to 100%. The Trustees can also confirm that there are no plans in place to either wind up the Plan or to buy out the Plan's liabilities. Therefore, the Trustees consider the Scheme to be a going concern.

Statement of Trustees' responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS102) are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- 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 the liabilities to pay pensions and benefits after the end of the Plan year; and
- contain information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements 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 continue as a going concern.

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

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for monitoring 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 Act 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

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.

Contact for further information

Any query about the Plan, including requests from individuals for information about their benefits, should be sent to the Plan Administrator's address shown on page 2.

This report and the report on actuarial liabilities on page 24 were approved by the Trustees.

Signed on behalf of the Trustees on: 5 November 2021

Trustee

Trustee

The Churchill Staff Benefits Plan
Independent Auditor's Report
to the Trustees of The Churchill Staff Benefits Plan

Opinion on the financial statements

In our opinion, the financial statements:

- give 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.

We have audited the financial statements of The Churchill Staff Benefits Plan ('the Plan') for the year ended 5 April 2021 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – Financial Reports of Pension Schemes (revised 2018).

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of 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 Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities 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 wind up the Plan or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiring of trustees, and where appropriate, the administrators or consultants as to whether:
  - the Plan is in compliance with laws and regulations that have a material effect on the financial statements;
  - they have knowledge of any actual, suspected or alleged fraud;
  - any reports have been made to the Pensions Regulator.

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
BDO LLP
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BDO LLP
Statutory Auditor
Guildford
United Kingdom

Date: 05 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fund Account

For the year ended 5 April 2021

	Note	2021 £	2020 £
Contributions and benefits			
Employer contributions		4,633,073	632,518
Employee contributions		42,846	48,712
Total contributions	**4**	**4,675,919**	**681,230**
Benefits paid or payable	**5**	(1,526,397)	(1,211,679)
Payments to and on account of leavers	**6**	-	(140,634)
Administrative expenses	**7**	(146,870)	(191,305)
Other payments	**8**	(12,884)	(11,696)
		(1,686,151)	**(1,555,314)**
Net increases/(withdrawals) from dealings with members		**2,989,768**	**(874,084)**
Return on investments			
Investment income	**9**	3,229,065	2,803,325
Change in market value of investments	**10**	(747,760)	(110,253)
Investment management expenses	**11**	(85,635)	(85,134)
Net return on investments		**2,395,670**	**2,607,938**
Net increase in the fund during the year		**5,385,438**	**1,733,854**
Net assets of the Plan			
Opening net assets		44,343,049	42,609,195
Closing net assets		**49,728,487**	**44,343,049**

The notes on pages 15 to 23 form an integral part of these financial statements.

The Churchill Staff Benefits Plan
5 April 2021
Statement of Net Assets (available for benefits)

As at 5 April 2021

	Note	2021 £	2020 £
Investment assets			
Pooled investment vehicles		43,310,341	43,886,125
AVC investments		15,451	15,437
Cash		65,778	12,109
Other investment balances		18,549	16,326
Cash in transit		2,108,957	-
Total net investments	**10**	**45,519,076**	**43,929,997**
Current assets	**18**	**4,342,721**	**486,978**
Current liabilities	**19**	**(133,310)**	**(73,926)**
Net assets of the Plan at 5 April 2021		**49,728,487**	**44,343,049**

The notes on pages 15 to 23 form an integral part of these financial statements.

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 into account such liabilities, is dealt with in the Report on Actuarial Liabilities on page 24 of the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustees on: 5 November 2021

Trustee

Trustee

1. Basis of preparation

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

The financial statements have been prepared on the going concern basis.

2. Identification of the financial statements

The Plan is established as a trust under English Law. The address for enquiries to the Plan is included in the Trustees' Report.

3. Accounting policies

The principal accounting policies of the Plan are as follows:

(i) The Plan's functional and presentation currency is pounds sterling.

(ii) Contributions:

- Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employer.
- Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.

(iii) Payments to members:

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers out of the Plan are accounted for when the member liability is discharged which is normally when the transfer amount is paid.

(iv) Expenses are accounted for on an accruals basis, net of VAT. The VAT is recovered through the Company's VAT returns, then reimbursed to the Plan.

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

(vi) Income from cash and short term deposits is accounted for as investment income on an accruals basis.

(vii) 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.

(viii) Investments are included at fair value. Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

4. Contributions

	2021 £	2020 £
Employer contributions		
Normal	220,673	258,118
Deficit funding	4,412,400	374,400
	4,633,073	632,518
Employee contributions		
Normal	42,846	48,712
	4,675,919	**681,230**

The Schedule of Contributions, certified by the Actuary on 16 June 2017, required deficit funding contributions of £374,400 per annum are payable in monthly instalments of £31,200 until 31 January 2024.

A new Schedule of Contributions was certified by the Actuary on 2 June 2020. This schedule requires deficit contributions of £420,000 per annum in monthly instalments of £35,000 for the period from 1 June 2020 to 31 May 2025. A lump sum of £4 million was also to be paid on 5 April 2021 which was received by the Plan within the agreed timescale.

A reserve has been held in the Plan in respect of ongoing administrative expenses, including PPF levies which will be payable directly from the Plan. An allowance of 1.5% of Pensionable Salaries per annum to cover the cost of the increase in the reserve is included in the above reates.

5. Benefits paid or payable

	2021 £	2020 £
Pensions	1,186,950	1,114,943
Commutation of pensions and lump sum retirement benefits	339,447	96,736
	1,526,397	**1,211,679**

6. Payments to and on account of leavers

	2021 £	2020 £
Individual transfers to other schemes	-	140,634
	-	**140,634**

7. Administrative expenses

	2021 £	2020 £
Administration and processing fees	54,820	40,146
Actuarial fees	77,845	137,620
Audit fees	12,000	12,585
Legal fees	-	(1,200)
Pension scheme levies	2,062	2,028
Bank charges	143	126
	146,870	**191,305**

8. Other payments

	2021 £	2020 £
Premiums on term insurance policies	9,460	10,886
Trustees liability insurance	3,424	810
	12,884	**11,696**

9. Investment income

	2021 £	2020 £
Income from pooled investment vehicles	3,229,060	2,803,309
Interest on cash deposit	5	16
	3,229,065	**2,803,325**

10. Reconciliation of investments

	Value at 5 April 2020 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 5 April 2021 £
Pooled investment vehicles	43,886,125	19,805,003	(19,633,013)	(747,774)	43,310,341
AVC investments	15,437	-	-	14	15,451
	43,901,562	19,805,003	(19,633,013)	(747,760)	43,325,792
Cash	12,109				65,778
Other investment balances	16,326				18,549
Cash in transit	-				2,108,957
	43,929,997				**45,519,076**

10.1 Concentration of investments

The following funds represented more than 5% of net assets at the year end:

	2021 £	2021 %	2020 £	2020 %
AQ Life Over 15Y Corp Bond Index Fund	10,933,825	22	10,236,824	23
AQ Life UK Equity Index Fund	2,459,952	5	3,569,049	8
AQ Life O/S Fixed Benchmark Equity Fund	2,534,436	5	3,926,309	9
AQ Life CCY Hedge Overseas Equity Fund	2,595,896	5	3,751,510	8
BPF – UK Property Fund Dis Unit Trust	2,151,952	4	4,270,944	10
AQ Life Over 15Y UK Gilt Index Fund	7,559,108	15	-	-
ICS INS GBP Liquidity Agency Distribution Fund	6,150,519	12	3,140,176	7
LMF GBP 2052 Gilt Flex Fund	1,712,068	3	3,050,167	7
LMF GBP 2060 Gilt Flex Fund	2,000,178	4	3,694,012	8
LMF GBP 2068 Gilt Flex Fund	1,446,854	3	3,299,852	7

10.2 Transaction costs

There were no direct transaction costs during the year (2020: £nil). However, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These costs are not separately identifiable.

11. Investment management expenses

	2021 £	2020 £
Administration, management and custody fees	85,635	85,134
	85,635	**85,134**

12. Taxation

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

13. Pooled investment vehicles

	2021 £	2020 £
Bond funds	18,492,934	10,236,824
Equity funds	8,450,910	12,577,588
Property funds	2,151,952	4,270,944
Cash instruments	6,150,519	3,140,176
Liability Driven Investment funds	8,064,026	13,660,593
	43,310,341	**43,886,125**

14. AVC investments

The Trustees hold assets invested separately from the main defined benefit investments in order to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their accounts and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2021 £	2020 £
Prudential	15,451	15,437
	15,451	**15,437**

15. Fair value determination

The Plan uses the following fair value hierarchy to classify investments:

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.

At 5 April 2021				
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	43,310,341	-	43,310,341
AVC investments	-	-	15,451	15,451
Cash & cash in transit	2,174,735	-	-	2,174,735
Other investment balances	18,549	-	-	18,549
	2,193,284	**43,310,341**	**15,451**	**45,519,076**

At 5 April 2020				
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	43,886,125	-	43,886,125
AVC investments	-	-	15,437	15,437
Cash	12,109	-	-	12,109
Other investment balances	16,326	-	-	16,326
	28,435	**43,886,125**	**15,437**	**43,929,997**

16. Investment risk disclosures

16.1 Investment risks

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

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

16.1 Investment risks (continued)

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

- Currency risk: this 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: this 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: this 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 made by the Trustees to implement their investment strategy.

16.2 Investment strategy (risk management)

The Trustees have set an investment strategy that reflects the following primary investment objectives:

- The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from member and the Company, the cost of current and future benefits which the Plan provides.
- To limit the risk of assets failing to meet the liabilities over the long term.
- To minimise the long term costs of the Plan by maximising the return on the assets whilst having regard to the objective shown directly above.

It is recognised that targeting strong levels of investment return introduces investment risk which increases the volatility of the funding position.

The Trustees' strategic asset allocation is determined after considering written advice from the investment adviser and is designed to strike a balance between the above objectives.

The Trustees view the investments as falling into two broad categories:

- Return-Seeking Assets that are expected to deliver long-term returns in excess of liability growth. The use of growth assets is expected to generate strong investment returns.
- Liability Matching Assets that are expected to react to changes in market conditions in a similar way to the liabilities of the Plan. The use of liability matching assets is expected to protect the financial position of the Plan.

Day to day management of the assets is delegated to BlackRock Investment Management Ltd (BlackRock). The mandates set for the investment managers are intended to implement the Trustees' investment objectives within an acceptable level of risk, including credit risk and market risk.

The Trustees are satisfied that BlackRock has the appropriate knowledge and experience to manage the investments effectively. The Trustees consider the investment mandate carefully to ensure it is appropriate. Where pooled investment vehicles are used, it is recognised that the mandate cannot be tailored to the Trustees' particular requirements. However, the Trustees ensure that any pooled investment vehicles used are appropriate to the circumstances of the Plan.

The Trustees, in conjunction with their investment adviser, review the performance of BlackRock regularly to ensure that the manager remains competent and that the assets continue to be managed in accordance with the mandate.

The Trustees set the investment strategy taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Plan and the funding arrangement that has been agreed with the Employer.

16.2 Investment strategy (risk management)

Further information regarding the Trustees’ investment strategy is set out in the Statement of Investment Principles (SIP).

Further information on the Trustees' approach to risk management and the controls over credit and market risk is set out on the following pages. This excludes disclosures relating to AVC investment and other investment balances as these are not considered material to the Plan as a whole.

16.3 Credit risk

Credit risk arises directly from the Plan’s investments in pooled investment vehicles. It also arises indirectly from some of the underlying investments made by BlackRock. The two sources of credit risk are considered separately below:

16.3.1 Direct credit risk

The Trustees have appointed a single investment manager, Blackrock, for all pooled funds.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environment in which the pooled manager operates. The Trustees, in conjunction with their investment adviser, carry out due diligence checks on the appointment of new pooled investment managers. On an ongoing basis they monitor for any changes to the regulatory and operating environment of the investment manager.

Legal structure of the pooled funds

All investments held with BlackRock are made via unit-linked insurance contracts.

Indirect credit risk

Indirect credit risk arises in relation to underlying investments held in the bond, LDI and cash pooled investment vehicles. This risk is mitigated by only investing in funds which hold at least investment grade credit rated investments.

16.3.2 Exposure to credit risk

The Plan’s exposure to direct credit risk at the year end was as follows:

	2021 £	2020 £
Pooled investment vehicles	43,310,341	43,886,125
	43,310,341	**43,886,125**

The Plan’s exposure to indirect credit risk at the year end was as follows:

	2021 £	2020 £
Pooled investment vehicles	32,707,478	27,037,593
	32,707,478	**27,037,593**

The above pooled investment vehicles are not rated for credit risk.

16.4 Market risk, comprising currency risk, interest rate risk, and other price risk

16.4.1 Currency risk

The Plan is subject to indirect currency risk because some of the Plan's investments are held in overseas markets via pooled investment vehicles. The Trustees have set a strategy to limit the level of overseas currency exposure by investing in a combination of sterling-hedged and unhedged pooled overseas equity funds.

The Plan's exposure to indirect currency risk at the year end was as follows:

	2021 £	2020 £
Pooled investment vehicles	16,924,784	19,245,363
	16,924,784	**19,245,363**

16.4.2 Interest rate risk

Indirect interest rate risk arises principally from the Plan's allocation to Liability Matching Assets. These assets are invested in bond funds and LDI funds via pooled investment vehicles. They are held because they respond to changes in market interest rates in a similar way to the liabilities of the Plan. Their sensitivity to interest rates therefore acts to reduce the volatility of the Plan's funding position overall.

If interest rates fall, the value of liability matching assets rises to help match the increase in actuarial liabilities resulting from a fall in the discount rate. Similarly, if interest rates rise, the liability matching assets fall in value, as do actuarial liabilities because of an increase in the discount rate. At the year end exposure to indirect interest rate risk was as follows:

	2021 £	2020 £
Pooled investment vehicles	26,556,959	23,897,417
	26,556,959	**23,897,417**

16.4.3 Other price risk

Indirect other price risk arises principally from the Plan's allocation to return-seeking assets including equities and property held in pooled vehicles. To manage this risk, a diversified portfolio of return-seeking assets is held. This is designed to avoid excessive reliance on a single asset class or region and, in particular, to reduce the impact of a large fall in equity markets.

At the end of the year the Plan's exposure to indirect other price risk comprised:

	2021 £	2020 £
Pooled investment funds	10,602,862	16,848,532
	10,602,862	**16,848,532**

17. Self-investment

There was no direct self-investment during or at the year end.

18. Current assets

	2021 £	2020 £
Cash balances	4,262,477	413,136
Due from the Employer	5,345	4,848
Pensions prepaid	71,921	66,562
Other debtors	2,978	2,432
	4,342,721	**486,978**

19. Current liabilities

	2021 £	2020 £
Accrued expenses	133,310	73,926
	133,310	**73,926**

20. Related party transactions

VAT on administrative expenses is paid by the Plan and reclaimed and reimbursed by the Principal Employer. The outstanding amounts due from the Principal Employer at the year end amounted to £5,345 (2020: £4,848).

There were no employer related investments during the year.

The Trustee, H Becker is an active member of the Plan. Contributions made on her behalf are paid on the same basis as for all other members of the Plan.

Other than as disclosed, there were no related party transactions during the year (2020: £nil).

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 at 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 the Plan's members on request.

The most recent full actuarial valuation of the Plan was carried out as at 6 April 2019. This showed that on that date:

The next full actuarial valuation is due as at 6 April 2022.

The Plan Actuary has calculated an approximate update as 5 April 2021. At this date, the value of the assets was £49.7m and the estimated value of the liabilities was £49.7m, meaning that the Plan was estimated to be 100% funded.

	6 April 2019
The value of the technical provisions	£46.3m
The value of the assets was	£42.6m

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

Method

The actuarial method used in the calculation of the technical provisions is the projected unit method.

Significant actuarial assumptions

Discount interest rate: a prudent estimate of the investment return on a notional portfolio of assets having regard to the liabilities of the Plan, using a dual discount rate approach.

Future Retail Price inflation: term dependant rate derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date.

Future Consumer Price inflation: term dependant rate derived from the assumption for future retail price inflation less an adjustment equal to 1.0% per annum.

Pension increase: derived from the term dependant rate for future retail price inflation allowing for the caps and floor on pension increases according to the provisions in the Plan's rules.

Pay increase: Salary increases equal to the term dependant rate for future retail price inflation.

Mortality: S3NMA base table with a scaling factor of 130% for male non-pensioner members and a scaling factor of 110% for male pensioner members; and S3NFA base table with a scaling factor of 124% for female non-pensioner members and 130% for female pensioner members. Future improvements in line with CMI 2018 projections with a 1.5% trend applied from 2013.

Independent Auditor's Statement about Contributions to the Trustees of The Churchill Staff Benefits Plan

Statement about Contributions

We have examined the Summary of Contributions to The Churchill Staff Benefits Plan ('the Plan') for the year ended 5 April 2021, as set out on page 26.

In our opinion, contributions for the year ended 5 April 2021, as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Plan Actuary on 16 June 2017 and 2 June 2020.

Scope of work on statement about contributions

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

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Plan's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedules of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedules of Contributions.

Auditor's responsibilities for the preparation of a statement about contributions

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

Use of our report

This statement 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, made under the Pensions Act 1995. Our 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 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustees, as a body, for our work, for this statement, or for the opinions we have formed.

DocuSigned by:
BDO LLP
E4A9BFA9CEA6449...

BDO LLP
Statutory Auditor
Guildford,
United Kingdom

Date: 05 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Trustees' Summary of Contributions payable under the Schedules in respect of the Plan year ended 5 April 2021

This Summary of Contributions has been prepared by and is the responsibility of the Trustees. It sets out the Employer and member contributions payable to the Plan under the Schedules of Contributions certified by the Actuary on 16 June 2017 and 2 June 2020, in respect of the Plan year ended 5 April 2021. The Plan Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions. During the year ended 5 April 2021 the contributions payable to the Plan by the Employer were as follows:

Contributions payable under the Schedules of Contributions	£
Employer normal contributions	220,673
Employer deficit funding contributions	4,412,400
Total employer contributions	**4,633,073**
Employee normal contributions	42,846
Total contributions required by the Schedules of Contributions as reported on by the Plan Auditor	**4,675,919**
Total contributions shown in the financial statements	**4,675,919**

Signed on behalf of the Trustees of the Churchill Staff Benefits Plan on: 5 November 2021

Trustee

Trustee

This page does not form part of the statutory accounts.

The Churchill Staff Benefits Plan
5 April 2021
Actuary's Certification of Schedule of Contributions

Actuarial certification for the purposes of regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of plan: Churchill Staff Benefits Plan

Adequacy of rates of contributions

1 I hereby certify that, in my opinion, the rates of the contributions shown with this Schedule of Contributions are such that the statutory funding objective could have been expected on 5 April 2019 to be met by the end of the period specified in the Recovery Plan

Adherence to statement of funding principles

2 I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 31 May 2020.

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

Signature .... Date 2 June 2020

Guy Gregory
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited
(Willis Towers Watson)

51 Lime Street
London

EC3M 7DQ

The Churchill Staff Benefits Plan
5 April 2021
Implementation Statement

Annual Implementation Statement – for Plan year ending 5 April 2021

Churchill Staff Benefits Plan

Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustees of the Churchill Staff Benefits Plan (the "Plan") covering the Plan year to 5 April 2021.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the engagement policy under the Plan's Statement of Investment Principles ("SIP") has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this implementation statement will be made available on the following website https://churchill.myscheme.online/ and included in the Trustees' annual report and Plan accounts for the year to 5 April 2021.

Trustees' voting and engagement policy

In line with the Trustees' Statement of Investment Principles, the Trustees have delegated all day-to-day investment decisions to the Plan's sole investment manager – BlackRock Investment Management (UK) Limited ("BlackRock"). The Plan's assets are passively managed (except for the Property Fund) and invested in BlackRock pooled arrangements.

Due to the primarily passive nature of the Plan's investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Plan's investment manager is signed up to the UK FRC Stewardship Code. The Trustees encourage BlackRock to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustees will monitor the activities of its manager on a regular basis but appreciates that its applicability may be limited for certain asset classes such as bonds.

The Trustees receive regular updates from the investment consultant on the investment manager's performance and whether there have been any changes to the investment manager's research ratings. This is discussed at Trustee meetings together with whether the manager is performing in line with the Plan's objectives. The Trustees are satisfied that the manager is engaging with investee companies in a manner aligned with the Plan's long-term investment objectives.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Summary of voting over the year to 5 April 2021

The Plan's equity investments are managed by BlackRock via a number of pooled funds on an index-tracking basis. Given the indexed nature of the mandates, BlackRock are limited by the equities they must hold in the portfolio, but the Trustees believe they have a strong engagement process.

A summary of the voting on behalf of the Plan over the year to 5 April 2021 is provided in the table below:

Fund	Number of votes eligible	% of votes exercised	% of votes with mgmt.	% of votes against mgmt.	% abstained
Aquila Life Overseas Fixed Benchmark Equity	26,239	93.3%	87.3%	6.0%	0.4%
Aquila Life Currency Hedged Overseas Equity	26,239	93.3%	87.3%	6.0%	0.4%
Aquila Life UK Equity Index Fund	15,742	97.2%	91.6%	5.7%	1.8%
iShares Emerging Markets Index Fund (IE) Aggregate	23,180	96.8%	87.9%	8.9%	2.8%

Currently, BlackRock only provide voting information in respect of the Plan's equity funds.

Significant votes

The table below demonstrates some of the more significant votes cast on behalf of the Plan over the year to 5 April 2021:

Company / Date	Resolution / BlackRock Comment
Exxon Mobil 27 May 2020	**Resolutions** Item 1.2: Elect Director Angela F. Braly Item 1.4: Elect Director Kenneth C. Frazier Item 4: Require Independent Board Chair **Board Recommendation** The company recommends shareholders vote FOR the re-election of these directors and AGAINST the shareholder proposal. **BlackRock Votes** AGAINST Director Angela F. Braly for insufficient progress on TCFD aligned reporting and related action. AGAINST Director Kenneth C. Frazier for insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business. FOR the Independent Chair proposal on account of our belief that the board would benefit from a more robust independent leadership structure given the concerns noted below.

	BlackRock rationale "The issue of climate risk and transition-readiness are paramount investment concerns for BlackRock as we consider the financial risks facing companies in the years ahead. As we have discussed during our most recent conversations with Exxon Mobil Corporation (Exxon), we continue to see a gap in the company's disclosure and action with regard to several components of its climate risk management. We see this as a corporate governance issue that has the potential to undermine the company's long-term financial sustainability. Our approach to investment stewardship is grounded in an expectation that the board will oversee and advise management, influencing management's approach to key business issues. When effective corporate governance is lacking, we believe that voting against the re-election of the responsible directors is often the most impactful action a shareholder can take. The directors in the boardroom, the independence of their voices, and the value of their collective experience are meaningful determinants of their ability to provide direction and leadership to management and to oversee and drive management's performance."
Delta Airlines 18 June 2020	**Resolutions** Item 5: Report on Climate Lobbying Item 6: Report on Political Contributions Board **Board recommendation** The company recommends shareholders vote AGAINST these shareholder proposals. **BlackRock Vote** BIS voted AGAINST these proposals as the company is currently working on increasing its disclosure on political contributions and lobbying and has recently committed to becoming a carbon-neutral airline. **BlackRock rationale** "The company received a non-binding proposal to provide a report "describing if, and how, Delta Air Lines' lobbying activities (direct and through trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal)." BIS considers Delta a leader among US peers with regard to board oversight of climate risk. As previously detailed, the company has publicly committed to carbon neutrality and is working to reduce its GHG emissions footprint via airplane fleet renewal, biofuels, and increased use of grid electricity where possible. Therefore, the company has substantially implemented climate risk mitigation efforts, within current technological constraints, in its overall strategy. While the company faces material impacts to the business in the wake of COVID-19, they intend to continue to focus on their sustainability efforts, including enhancement of their Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) reporting, which is currently indexed in their latest corporate responsibility report.

	Furthermore, Delta's trade association memberships and lobbying activities are currently disclosed with clear rationales. As stated in the company's 2019 Political Contribution and Activities Report, Delta participates in trade organizations including the International Air Transport Association (IATA), the United States Chamber of Commerce, and Airlines for America (A4A). In 2009, the IATA adopted ambitious carbon reduction targets for the airline industry, including a cap on net aviation carbon emissions beginning in 2020 and the reduction of net aviation carbon emissions of 50% by 2050, relative to 2005 levels. Similarly, the A4A's climate commitments include carbon-neutral growth, and an aspirational goal of a 50% reduction in carbon emissions by 2050 relative to 2005 levels. The company adheres to local, state, and federal statutes regarding lobbying activities. Federal lobbying activities are disclosed quarterly as required under the US Lobbying Disclosure Act, in addition to reports on federal contributions which are filed semi-annually. In our engagement with the company prior to the 2020 annual meeting, senior management reiterated their focus on increasing disclosure on political contributions and lobbying. We anticipate that this will provide greater clarity into their lobbying and political activities, particularly as it relates to climate risks and opportunities. Given the progress the company has made in its consideration of and action to mitigate material climate risks, and their commitment to further enhancing their disclosures, we believe that our support for the shareholder proposal is not warranted at this time. While we acknowledge that the company is headed in the right direction, we believe the company, and aviation industry broadly, will continue to face heightened attention on emissions reduction efforts and climate-related risk inherent in their business model. It will be increasingly important for Delta to articulate its strategy in line with the Paris Agreement and a two-degree scenario. Where we believe companies have failed to consider material, climate-related risk in their long-term outlook, we will consider taking voting action at the 2021 annual meeting. Delta's current disclosure related to political spending is in line with BIS' recommendations, as articulated in BlackRock Investment Stewardship's perspective on corporate political activities, as well as with its industry peers. We also understand that the company is aggregating shareholder feedback and industry best practices to further enhance its existing disclosure. Since Delta already meets our baseline requirements on political spending disclosures and is actively aggregating feedback on best practices to further enhance their existing disclosure, we did not support this proposal at the company's 2020 annual meeting."
Volkswagen 30 September 2020	**Resolutions** Multiple **Board recommendations** FOR all proposals **BlackRock votes**

	BlackRock voted AGAINST the discharge of a number of Management Board and Supervisory Board members (items 3.1, 3.3, 3.5 and items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21) due to ongoing concerns with (i) oversight in relation to the emissions scandal, (ii) the insufficient level of independence on the Supervisory Board and its sub-committees, and (iii) the independence of the external auditor. **BlackRock rationale** We voted AGAINST item 5 to re-elect Dr. Hussain Ali Al Abdulla as Supervisory Board member due to the insufficient level of independence on the Supervisory Board. "BIS has ongoing concerns with the insufficient level of independence on the Supervisory Board and its subcommittees. BIS' policy is to withhold support from the re-election or discharge of those members who are most accountable for Supervisory Board composition through their role on the Supervisory Board or membership of relevant board sub-committees. We voted against the discharge of nomination committee members H.D. Pötsch, W. Porsche and S. Weil for the insufficient level of independence on the Supervisory Board, and of Supervisory Board chair H.D. Pötsch for the insufficient level of independence on the sub-committees. In light of BIS' concern regarding the independence of the external auditor, we voted against the discharge of Supervisory Board members B. Dietze, M. Heiß, B. Osterloh, F.O. Porsche and C. Schönhardt, all of whom served on the audit committee during fiscal year 2019. We believe Supervisory Board members should be held accountable for the level of oversight provided on governance matters. We voted against the discharge of Supervisory Board members H.D. Pötsch, H.A. Al Abdulla, H.P. Fischer, L. Kiesling, P. Mosch, B. Osterloh, H.M. Piëch, F.O. Porsche, W. Porsche and S. Weil who were already serving at the time of the emissions incident. This is consistent with our approach since VW's 2016 AGM. BIS voted against the re-election of Supervisory Board member H.A. Al Abdulla, who will reach a tenure of 12 years during the course of this new mandate, if approved, further reducing the level of independence on the Supervisory Board."
BHP Group plc 15 October 2020	**Resolution** Item 25: Approve review of advocacy activities and suspension of memberships of industry associations where COVID-19 related advocacy is inconsistent with Paris Agreement Goals **Board recommendation** AGAINST **BlackRock vote** FOR **BlackRock rationale** "The expectations of, and material implications for, companies with respect to the energy transition and climate change continue to evolve rapidly. There is ever greater recognition of the increased investment risk presented by climate-related risks, and the urgency needed to address them. BIS' engagement and

	voting policies are consequently focused on encouraging companies to continue to develop their disclosures and corporate strategies in line with these imperatives. The proposal asks the company to be rigorous in its assessment of the policy positions of the industry associations of which it is a member, encouraging it to develop and further enhance its "climate leadership" strategy. Given the global pandemic and resulting economic uncertainty, this is increasingly an important matter for companies' resilience and long -term financial performance. In BIS' vote bulletin on the 2019 BHP AGM, we highlighted BHP as "an industry leader on climate-related issues." That view remains unchanged. BHP's climate standards go beyond the Paris Agreement Goals. The company is also investing in technologies to help customers reduce emissions, making it one of the few mining companies to actively address Scope 3 emissions. The company has also demonstrated leadership among its peers regarding transparent management of industry associations. Since 2017, it has conducted regular and comprehensive reviews of industry associations on climate and energy policies in which it holds an active position. This process includes explicitly naming the industry associations of which it is a member and identifying any misalignment on key positions. In 2017, BHP left the World Coal Association after identifying material differences with its own climate and energy policy positions.5 More recently, the company suspended its membership of the Queensland Resources Council. These actions demonstrate BHP's willingness to act when it identifies material dissonance between its position and those of its industry associations. BIS believes these actions, and the company's continued efforts to monitor its trade associations, show that BHP recognizes the business risk of policy position misalignment. On balance, BIS supported the shareholder proposal (Item 25) to signal the importance of the opportunity for BHP to continue to use its leadership position to constructively influence its trade associations to further advance the global energy transition. As support for this resolution is not a signal of dissatisfaction, BIS has not voted against any members of BHP's Board of Directors, which would typically be our approach to flag significant concerns around a company's management of material ESG issues."

In the Trustees' opinion, the Statement of Investment Principles has been followed during the year to 5 April 2021 in relation to voting and engagement.

The Trustees of the Churchill Staff Benefits Plan

August 2021