

RENISHAW PENSION FUND (the “Fund”)

Annual statement regarding governance – for the period from 1 October 2022 to 30 September 2023

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 with 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 take 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, legal advisers have previously indicated 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 same investment strategy used for the DB assets.

Investment review

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). 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. During the period the Fund sought investment advice to transition to a portfolio that is more favourable for insurers. This involved strengthening hedge ratios to 95% on solvency and increasing the allocation to investment grade credit. Isio, who served as the Fund's risk transfer adviser, provided additional advice related to insurer transactions

The Fund is closed to future service accrual and closed to future transfers-in. The Trustee’s investment strategy from the beginning of the period was to de-risk where appropriate. Any change was 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.

In October 2022, due to an improvement in the Fund's funding position resulting from increasing gilt yields, the Fund commenced implementation of the de-risking strategy. This involved selling the Fund's equity and diversified growth holdings and reinvesting the proceeds into index-linked gilts. Specifically:

- The Trustee decided to disinvest from 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.
- The proceeds were then invested in the Aquila Life Over 5 Year Index Linked Gilt Fund. As of October 31, 2022, the Fund's allocation was approximately 75% to index-linked gilts, 10% to multi-asset credit, 4% to corporate bonds, 6% to LDI, and 5% to cash.
- In January 2023, the Trustee decided to disinvest from the Aquila Life Over 5 Year Index Linked Gilt Fund and invest in the Aquila Life Over 15 Years Corporate Bond Index.

Over the course of the Fund year, the gradual de-risking strategy continued to be implemented, by the end of Q1 2023 the Fund was invested in 60% LDI/Cash and 40% IG Credit/multi asset credit. These changes effectively reduced investment risk within the Fund, aligning the assets more closely with the expected movements in the DB liabilities. The Trustee's medium term goal for the DB assets was to move to buy-in and the de-risking supported this goal. Buy-in was achieved on 9 November 2023, after the Fund year end covered by this statement, when the DB assets were transferred to a buy-in policy with Scottish Widows.

The DC transfer-in assets were not transferred to Scottish Widows as part of the buy-in. The Trustee made the decision to invest the DC transfer-in assets in the BlackRock ISC Sterling Liquidity fund as an interim position whilst they undertake an investment strategy review for the DC transfer-in assets. This decision was made to minimise exposure to risk and volatility in the short term. In January 2024 the Trustee commissioned a review to determine the investment strategy for the DC transfers-in assets within the Fund.

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 an annual basis by the Trustee.

The Trustee has delegated the administration of the DC transfers-in to Barnett Waddingham and have 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 95% to 99% for core transactions at a Fund level. Over the 12 months to 30 September 2023 there were two retirements which were both processed within SLA timescales

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 1 = 10 days Stage 2 = 3 days
Retirement	Stage 1 = 5 Stage 2 = 3 Stages 3 to 4 = 5 days
Death	Stage 1 = 2 days

	Stages 2 to 5 = 5 days
Investment Switch	Members do not currently have any investment choice

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 Trustee's 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 – members' 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 transfers-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 Trustee has 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 year.

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 with the DB assets. As at 30 September 2023, these assets were invested broadly as follows:

BlackRock holdings c.86.1% total holdings

- c.31.8% in corporate bond funds
- c.40.1% in the LDI gilt funds.

- c.14.2% in cash funds

Ninety One holdings c.13.3% total holdings

- c.13.3% in a Multi-Asset Credit (“MAC”) fund.

The underlying assets are in the held in the following classes:

Asset class	% of holding as at 30 September 2023
Multi-Asset	13.3
Corporate bonds	31.8
Gilts	40.1
Cash	14.2

The transfers-in are administered on a DC basis; members do not hold specific units, instead their return is calculated based on the overall performance of the Fund. 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 12.6% and 13.3% of assets respectively as at 30 September 2023.*

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.

Renishaw Pension Fund – DC transfers-in	30 September 2023 Weight (%)	AMC (% p.a.)	TER (% p.a.)	Transaction Costs (% p.a.)
Fixed Income				
BlackRock - Aquila Life Over 15 Year Corporate Bond Fund**	26.70	0.14	0.14	0.06
BlackRock Buy & Maintain UK Credit**	5.10	0.19	0.19	0.63
Ninety One Multi Asset Credit*	13.30	0.75	0.92	0.35
LMF GBP 2030 GILT FLEX**	1.20	0.14	0.14	0.00
LMF GBP 2040 IL GILT FLEX**	8.10	0.14	0.14	0.00
LMF GBP 2050 IL GILT FLEX**	11.20	0.14	0.14	0.00
LMF GBP 2052 GILT FLEX**	0.90	0.14	0.14	0.00
LMF GBP 2060 GILT FLEX**	1.10	0.14	0.14	0.00
LMF GBP 2062 IL GILT FLEX**	2.60	0.14	0.14	0.02
LMF GBP 2068 GILT FLEX**	3.80	0.14	0.14	0.00
LMF GBP 2068 IL GILT FLEX**	4.30	0.14	0.14	0.03
LMF GBP INFLTN 2030-2034 SWAP FLEX**	3.70	0.14	0.14	0.00

Renishaw Pension Fund – DC transfers-in	30 September 2023 Weight (%)	AMC (% p.a.)	TER (% p.a.)	Transaction Costs (% p.a.)
LMF GBP INFLTN 2040-2044 SWAP FLEX**	3.30	0.14	0.14	0.00
Cash				
Trustee Cash Balance	0.70	n/a	n/a	n/a
BlackRock ICS Sterling Liquidity Fund*	12.60	0.25	0.25	0.00
GBP Cash	1.60	n/a	n/a	n/a

Source: Provided by BlackRock and Ninety One. Transaction charges are from 30 September 2023.

* 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 consists of a total expense charge that includes both the investment management fee as well as all additional expenses.

** The management charges are not borne by members

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.

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 sets out annualised net performance for the relevant periods for the funds in use during the Fund Year.

Funds	Annualised returns to 30 September 2023 (%)		
	1 year (% p.a.)	3 year (% p.a.)	5 year (% p.a.)
Equity			
UK Equity*	3.1	12.2	2.0
Global Equity* (GBP) – BlackRock	6.7	7.2	6.0
Global Equity (Fundamental Indexation) – BlackRock*	6.3	21.0	8.6
Fixed Income			
BlackRock - Aquila Life Over 15 Year Corporate Bond Fund	-9.5	n/a	n/aa
BlackRock Buy & Maintain UK Credit	8.5	-6.5	-1.0
Ninety One Multi Asset Credit	9.1	n/a	n/a
LMF GBP 2030 GILT FLEX**	-27.1	n/a	n/a
LMF GBP 2040 IL GILT FLEX**	-20.9	n/a	n/a
LMF GBP 2050 IL GILT FLEX**	-56.4	n/a	n/a
LMF GBP 2052 GILT FLEX**	-36.2	n/a	n/a
LMF GBP 2060 GILT FLEX**	-37.0	n/a	n/a
LMF GBP 2062 IL GILT FLEX**	-68.5	n/a	n/a
LMF GBP 2068 GILT FLEX**	-67.3	n/a	n/a
LMF GBP 2068 IL GILT FLEX**	-76.1	n/a	n/a
LMF GBP INFLTN 2030-2034 SWAP FLEX**	14.6	n/a	n/a
LMF GBP INFLTN 2040-2044 SWAP FLEX**	7.8	n/a	n/a
Cash			
BlackRock ICS Sterling Liquidity Fund	3.9	n/a	n/a

Source: BlackRock.

Performance shown net of all charges and transaction costs.

*Fund was disinvested on 19 October 2022, so 1 year performance reflects performance post 30 September 2022.

**Longer term performance unavailable for the 3 and 5 year periods as the fund has not been invested for that period of time.

Please note that there are no performance based fees over the reporting period.

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 transfers-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 providing good value on price when compared with peers:
 - o The charges for the funds offered in the Fund are generally competitive compared to other funds in the market. Out of the 14 funds, 10 have fee arrangements that are at or below the median.
 - o The transaction costs of the Fund cannot be benchmarked against other arrangements at this time. However, based on a review of the data, the transaction costs are considered to be in line with expectations and similar to those observed by other schemes.
 - o It is important to note that, except for the BlackRock ICS Sterling Liquidity Fund and the Ninety One Multi Asset Credit Fund, members will not pay the fund manager fees. The members' returns are calculated based on the overall performance of the fund, using the performance of the fund's investments. While members' funds are subject to underlying expenses and transaction costs, they are not subject to investment management charges, as these are invoiced separately and not reflected in unit prices (except for the BlackRock ICS Sterling Liquidity Fund and Ninety One Multi Asset Credit Fund).

- **Performance** - The performance assessment over the last three years to 30 September 2023 has been challenging to score as many of the funds were only introduced to the Fund in 2022 as part of the de-risking investment strategy. Therefore, three-year fund performance for the Fund is unavailable:
 - o The BlackRock Aquila Life Over 15 Year Corporate Bond Fund has outperformed against its benchmark over the 3 year period yet still delivered negative returns due to difficult market conditions.
 - o To assess the prospects for future outperformance or the ability to track a benchmark, Mercer research ratings are used as a forward-looking assessment, where available.
 - o The assessment does not include one-year performance data. It should be noted that the performance of some funds, particularly those invested in index-linked government bonds, has been poor.
 - o Following the fund year end, DC members are no longer invested in most of the funds considered in this assessment. They are now invested in the BlackRock Sterling Liquidity Fund. A review of the investment strategy is currently underway.
 - o It is important to note that the majority of members have a defined benefit (DB) underpin. Providing some protection against the downside risk. However there are some members without the security of an underpin.

- **Productivity** - In other areas, the Fund offers additional features that can also be considered to provide good 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 and service levels have been good over the year.
 - o Communications – DC members receive annual statements, summary funding statements, and retirement packs at retirement. The Trustee may communicate with them on an ad hoc basis. The cost of communications is met by the Company, again enhancing value to members.

Reporting of Costs and Charges

Using the charges and transaction cost data provided by BlackRock and Ninety-One 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. The statutory guidance provided has been considered when providing these examples.

The below illustration has taken into account the following elements:

- Value of savings;
- 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 savings, 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 pension value of £33,830. The Fund is closed to new member contributions, so any increase is based on investment return.

Illustration 1: A typical deferred member

Age	Pension savings with no Charges Incurred	Pension savings with Charges Incurred
58	£33,830	£33,830
59	£34,072	£33,982
60	£34,316	£34,135
61	£34,562	£34,288
62	£34,810	£34,442
63	£35,059	£34,597
64	£35,310	£34,752
65	£35,563	£34,908

Notes – DC transfers-in
Projected pension savings are shown in today's terms
An inflation rate of 2.5% has been assumed
The starting pot size is assumed to be £33,830
The typical median age of the existing members has been used as the starting point for the illustration above (58 years).
A gross investment return of 3.1% has been assumed, when off set against inflation, this reduces the real return to 0.6%, before charges are deducted
Members pay transactions costs which (using the asset split weighting) have been calculated to be 0.11% p.a. (average of the last five years to 30 September 2023)
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 0.15%
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
49	£17,175	£17,175
50	£17,297	£17,252
52	£17,545	£17,407
57	£18,180	£17,802
62	£18,837	£18,205
63	£18,972	£18,287
64	£19,107	£18,369
65	£19,243	£18,452

Notes – 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 £17,175
The youngest age of the existing members has been used as the starting point for the illustration above (49 years)
A gross investment return of 3.1% has been assumed, when off set against inflation, this reduces the real return to 0.6%, before charges are deducted
Members pay transactions costs which (using the asset split weighting) have been calculated to be 0.11% p.a. (average of the last five years to 30 September 2023)
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 0.15%
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)

In accordance with Section 247 of the Pensions Act 2004, the Trustee is required to maintain appropriate levels of knowledge and understanding to run the Fund effectively. Each Trustee Director must:

- Be conversant with the trust deed and rules, statement of investment principles and any other document recording policy adopted by the Trustee relating to administration of the Fund generally.
- Have knowledge and understanding of the law relating to pensions and trusts and the principles relating to the investment of the assets of occupational pension schemes, to the extent appropriate for exercising their functions as a Trustee.

From 1 July 2022, Ross Trustees Services Limited ('Ross Trustees') was appointed as sole professional Trustee. During 2023 Ross Trustees merged with ITS Trustees and are now known as IGG (Independent Governance Group).

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration during the Fund Year. The Fund's professional advisers provide regular training on changes to regulatory requirements or any other relevant matter.

The IGG carry out their own self-assessment of training needs and will discuss training needs as part of the 2 monthly Trustee meetings. An action plan on required training is then implemented regarding training gaps that have been identified.

Given the professional background of the Trustee, the length of time we have spent as Trustee of the Fund, the training activities we have completed individually and collectively and taking into account the professional advice available to us, as Chair of Trustee I am confident that the combined knowledge and understanding of the Trustee enables us to exercise our functions properly.

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 meets quarterly (or every two months where possible) 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, risks, administration, communications, legal updates and Trustee training;
- The Trustee maintains a risk register.

Trustee Induction

Independent Governance Group (IGG) (previously Ross Trustees) was appointed as the sole professional trustee from 1 July 2022. Ross Trustees merged with ITS in 2023 to form IGG. IGG have highly qualified and experienced individuals with internal secure processes in place for sharing information with those in key roles.

IGG seeks to ensure that all its pensions team professionals maintain up-to-date knowledge and skills. It is policy to ensure that staff obtain comprehensive and relevant training both on appointment and throughout their careers. New staff members must complete or have already completed the Pensions Regulator's (TPR's) Trustee toolkit and, where appointed as a trustee, meet TPR's requirements for an independent trustee.

New staff members will discuss with their manager their specific training needs which may depend on their professional background or pensions experience prior to joining IGG. The individual will then focus their training activity on that which will provide the necessary knowledge and skills. This may be with external providers, internal colleagues and with organisations with whom IGG has an association.

Ongoing mandatory learning prescribed by IGG ensures that statutory, legal, and best practice requirements are adhered to at all times. All professional trustees are required to keep under review the adequacy of their knowledge, skills and understanding to ensure they can properly discharge their responsibilities on behalf of IGG.

New colleagues joining the Renishaw Pension Fund team will be given a client specific induction to ensure they have the necessary client specific knowledge. They will be introduced to the Fund advisers, Mercer, where any questions can be answered. They will also be provided with access to the Fund documents on IGG's secure records. Additionally the Fund also uses an online document site (Board Effect) which contains important Fund documents, including among other things the Trust Deed and Rules, SIP, member booklet, recent meeting minutes, Risk Register, Business Plan, and meeting papers from past and upcoming meetings so new individuals may familiarise themselves with them.

Finally, IGG have formal processes in place for Trustee handovers should at any time in the future they step away from the role as Trustee for the Fund.

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
<p>The Trustee must describe and demonstrate a working knowledge of the Trust Deed and Rules</p>	<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 or other areas of legislation then legal advice is sought from the Fund’s legal advisers, Stevenson Harwood, who are on hand all year round to respond to queries. Over the course of the year legal advisers have attended the Trustee meeting held on 27 September 2023 to advise in relation to various projects. This demonstrates that the Trustee are conscious about understanding the Trust Rules and following them in practice.</p> <p>All guidance provided by legal advisers 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>
<p>The Trustee must describe and demonstrate a working knowledge of the current Statement of Investment Principles (SIP)</p>	<p>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> <p>During the year the SIP was updated in March 2023 to reflect investment changes. The Trustee has appointed Investment Consultants, Mercer, to advise them in relation to investment matters, including updates to the SIP.</p> <p>The SIP was then updated again in December 2023 post year end to reflect the buy-in activity.</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 • Fund calendar • Business plan • Notifiable events checklist • Principles and precedents log • Trustee meeting policy • Communication statement • Adviser appointment policy <p>The Risk Register is reviewed and updated regularly. Over the year it was reviewed and updated in September 2023 to reflect any cyber security risks and mitigations. It was also updated in March 2023 for investment and actuarial risks and their mitigations.</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>Over the year the Trustee also undertook a gap analysis of their ESOG (Effective System of Governance), this review covered all the policies and practices of the Fund. Any areas for improvement were identified and new or updated policies and procedures implemented</p>
<p>The Trustee must describe and demonstrate that they have sufficient knowledge and understanding of the law relating to pensions and trusts</p>	<p>At the Trustee meetings, which were held every two months 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 Stephenson Harwood 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 pensions and trust law.</p> <p>One particular example demonstrating that the Trustee is familiar with their duties relating to pension and trust laws is the Effective System of Governance (ESOG) analysis undertaken during the Fund year in relation to TPR's draft General Code (now final). Trustee identified which policies were already in place and which others need to be prepared. This process enabled the Trustee to evaluate its own practices and policies relative to the standards of governance expected by tPR.</p>
<p>The Trustee must describe and demonstrate that they have 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, IGG's standards are set out in the previous section.</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 Fund contains both DB and DC benefits. The Trustee appoints a Scheme Actuary to advise on funding related issues and an investment adviser to consult on investment related matters.</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 and continuing into 2023. 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 further investment changes were made during the scheme year. The Trustee decided to disinvest from the Fund's equity and diversified growth holdings and investing the proceeds into index-linked gilts. This helped the Fund prepare for the buy-in which took place in Q4 2023.</p>
<p>The Trustee must describe and demonstrate that their 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>With the continuing appointment of IGG (previously Ross Trustees) the professional trustee has wide ranging knowledge and expertise and is able to challenge the Fund'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, IGG meets a higher standard of knowledge and understanding than would be required from a lay trustee.</p>
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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 professional advisors attend formal meetings.
- The Trustee comprises of two professional Trustees 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 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 has 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.
- At the end of every Trustee meeting the Chair undertakes a self-assessment, reviewing whether the objectives for that meeting have been achieved. The outcome is recorded in the minutes.

Signature:

Name:

Position: Trustee of the Renishaw Pension Fund

Date: